

Aboriginal Peak Organisations Northern Territory (APO NT)

**An alliance of the Central and Northern Land Councils and
Aboriginal Medical Services Alliance Northern Territory**

**Aboriginal Peak Organisations NT (APO NT)
Submission to the Senate Community Affairs
Legislation Committee Social Security
(Administration) Amendment (Income Management
to Cashless Debit Card Transition) Bill 2019**

17 October 2019

Introductory Remarks and Summary of Key Concerns

The membership of Aboriginal Peak Organisations Northern Territory (APO NT) includes the Central and Northern Land Councils and the Aboriginal Medical Services Alliance NT (AMSANT). The combined constituencies and clients of our member organisations make up a significant portion of the Aboriginal population of the Northern Territory (NT) and also constitute the overwhelming majority of people who have been affected by compulsory income management. As such, APO NT has had more than twelve years of exposure to the impacts of income management, particularly on the NT Aboriginal population, since its introduction with the Commonwealth Intervention in 2007.

Income management has exposed Aboriginal income recipients to unrelenting, costly and paternalistic interventions yet over this period poverty and unemployment have worsened.¹ Considering the evidence available, APO NT opposes the current Australian Government plan to extend compulsory income management through a transfer to the Cashless Debit card (CDC). Issues we have considered in arriving at this position include in summary:

- Extending compulsory income management in the NT perpetuates the imposition of a one-size fits all policy on income recipients that largely targets Aboriginal people. It is, in every way, a top-down policy which, in the case of the NT, will be imposed on a significant number of Aboriginal people regardless of their circumstances.
- The continued imposition of compulsory income management contradicts the Commonwealth and NT governments' commitments through Closing the Gap that, "Aboriginal and Torres Strait Islander peoples must play an integral part in the making of the decisions that affect their lives – this is critical to closing the gap."²
- It also contradicts the requirement stipulated under the Order to Establish the National Indigenous Australian Agency (NIAA), that it "enable policies, programs and services to be tailored to the unique needs of communities."³
- The UN Committee on the Elimination of Racial Discrimination has expressed concern about the discrimination faced by Aboriginal and Torres Strait Islander people and recommended that Australia "maintain only opt-in" forms of social security quarantining.⁴ The Australian Human Rights Commission has also raised concerns about the compulsory CDC trials being inconsistent with the *Racial Discrimination Act 1975 (Cth)*.⁵
- The continuation of compulsory income management through the transfer to the CDC is being rushed forward despite the lack of any strong or positive evidence drawn from either the 2014 Social Policy Research Centre (SPRC) evaluation of New Income Management in the NT or the

¹ Markham, F. & Biddle, N. (2018). *Income, Poverty and Inequality*, 2016 Census Paper 2, ANU. Venn, D. & Biddle, N., 2017. Employment Outcomes. 2016 Census Papers. Paper No 5., CAEPR, ANU.

² Council of Australian Governments. (2018). *COAG Statement on Closing the Gap Refresh* [available at <https://www.coag.gov.au/sites/default/files/communique/coag-statement-closing-the-gap-refresh.pdf>]

³ Australian Government. (2019). *Order to Establish the National Indigenous Australians Agency as an Executive Agency NIAA*, [available at <https://www.legislation.gov.au/Details/C2019G00474>]

⁴ United Nations Committee on the Elimination of Racial Discrimination, (2017) *Concluding Observations on the eighteenth to twentieth periodic reports of Australia*, UN doc CERD/C/AUS/CO/18-20 (8 December 2017) [23].

⁵ Australian Human Rights Commission (2017), Submission No 30 to the Senate Community Affairs Legislation Committee, *Inquiry into Social Services Legislation Amendment (Cashless Debit Card) Bill*.

2017 Orima Research evaluation of the Cashless Debit Card Trials in Ceduna, the Goldfields and East Kimberley (Western Australia).

- The proposal has not been widely discussed nor explained to income recipients across the NT. It is our understanding from briefings with staff from the Department of Social Services, that consultations undertaken focused on the logistics of when and how the changes will be implemented. Many people currently on income management are unlikely to be aware of the planned changes until they are delivered a notification letter or receive a card from Indue.⁶
- The proposal has not been evaluated in the context of the impact of other social policy reforms in the NT, that are achieving the behavioural change that income management has failed to achieve, particularly in relation to alcohol consumption and related harm. The implementation of the majority of the recommendations from the 2017 Riley Review into Alcohol Policies and Legislation, has seen reductions in alcohol related assaults in all jurisdictions (including a 60% drop in Alice Springs), reductions in alcohol-related hospital emergency presentations, car accidents and deaths in most of the NT's jurisdictions, as well as a drop in alcohol consumption overall.⁷
- Income management in the NT has not had a positive impact on key indicators of health including birth weights. In a draft paper to be delivered at the National Bureau for Economic Research (NBER) Indigenous Health, Wellbeing, and Children's Outcomes workshop in Boston in November 2019, researchers identify an average drop in birth weights for income management participants of more than 100 grams with a 30% greater likelihood of a low birthweight outcome of that scale compared to prior to the 2007 Intervention and the introduction of income management.⁸
- The continuation of compulsory income management in the NT will further disempower income recipients and deny them control over their lives and is contrary to the principles of self-determination, and established evidence that disempowerment and lack of control results in worse health and wellbeing outcomes.
- Income management cannot provide a transition to employment in locations where few employment opportunities exist and those that exist are largely done by outsiders. Instead, for many Aboriginal residents of the NT, particularly those living remotely, compulsory income management is long term and, regardless of a person's lifestyle and financial management capacity, almost impossible to get off.⁹ The 2014 independent evaluation of New Income Management conducted by the Social Policy Research Centre found that:

90.2% of those on income management in the Northern Territory were Indigenous and 76.8% of those were on compulsory income management. More than 60% of this group were on income management for **more than 6 years**. Of those Indigenous people on compulsory

⁶ CLC met with DSS staff at the Central Land Council Office in Alice Springs, 23 August 2019.

⁷ Northern Territory Government. (2019). *Northern Territory Alcohol Policies and Legislation Reform*, [available at <https://alcoholreform.nt.gov.au/data-and-evaluation/assaults>]

⁸ Doyle, M. Schurer, S. Silburn, Sven. (to appear). *Why does income quarantining worsen birth outcomes in indigenous communities?*, Conference paper for presentation at the NBER workshop Indigenous Health, Wellbeing, and Children's Outcomes, Boston Massachusetts, November 2019, University of Sydney, Institute for the Study of Labour, Menzies School of Health Research

⁹ Allam, L. The Guardian, (17 September 2019), *Exiting the Cashless welfare card trial is almost impossible, critics say*, [available at https://www.theguardian.com/australia-news/2019/sep/17/exiting-the-cashless-welfare-card-trial-is-almost-impossible-critics-say?CMP=share_btn_link]

income management a mere 4.9% gained an exemption compared to 36.3% of non-indigenous people.¹⁰

It is APO NT's view that compulsory income management is a vehicle for disempowerment, continuing the stigmatisation and trauma of Aboriginal people, 'rather than building capacity and independence, for many the program has acted to make people more dependent on welfare'.¹¹ To regain health, security and social and mental wellbeing Aboriginal people want to regain control of their lives, and to be afforded their rights, especially with respect to free, prior and informed consent, over the policies that affect them. This right is enshrined in the United Declaration on the Rights of Indigenous Peoples.

We urge the Australian Government to take a new approach, which provides a real prospect of people in remote communities securing employment and, where this is not possible, provides a safety net that allows people to live a decent life. This requires an immediate increase in Newstart and related payments and investment in new jobs across remote areas that allow people to aspire to and find work. This also means recognising that Aboriginal people need to be in the driver's seat in making decisions that affect their livelihoods.

Recommendation 1:

APO NT does not support the passage of the Social Security (Administration) Amendment (Income Management to Cashless Debit Card Transition) Bill 2019 and asks that the Senate reject the Bill.

Recommendation 2:

APO NT supports voluntary income management programs being made available for all people on income management with consideration for short-term, supported compulsory income management in situations involving Child Protection or extreme vulnerability. All referrals for compulsory income management for Aboriginal people must involve a relevant and locally endorsed local Aboriginal Controlled Health or Community Service organisation.

Recommendation 3:

That the Senate Community Affairs Legislation Committee recommend further research into the development of a Voluntary Income management scheme for remote Aboriginal communities that reflects the principals of the Arnhem Land Progress Association FOODcard model and that this process involve consultation with APO NT and key Aboriginal Controlled organisations in the NT.

Discussion of key concerns

1. Lack of Evidence to support Compulsory Income Management

It is APO NT's view that effective public policy must be grounded in evidence. Unfortunately, despite the original objectives of improving the situation of children, reducing family and harmful behaviours around use alcohol and drugs and enhancing social and financial wellbeing under Income Management (2007) and New Income Management (2010), there is very limited evidence of success.

This view is drawn from the findings of the 2014 independent evaluation of New Income Management commissioned by the Australian Government and developed by the Social Policy Research Centre. In summary the evaluation did not find:

¹⁰ Bray et al. (2014). Evaluating New Income Management in the Northern Territory, pp xx

¹¹ *Ibid* pp xxii

- “any substantive evidence of the program having significant changes relative to its key policy objectives, including changing people’s behaviours”
- “evidence of any overall improvement in financial wellbeing, including reductions in financial harassment or improved financial management skills.
- any evidence of changes in spending patterns, including food and alcohol sales, other than a slight possible improvement in the incidence of running out of money for food
- “evidence to indicate that income management has any effects at the community level, nor that income management, in itself, facilitates long-term behavioural change”
- “evidence of improvement, including for children” for “general measures of wellbeing at the community level show”
- All groups reported a relative reduction in the incidence of there being any problems, but no change or an increase in severe problems. Only those on Voluntary Income Management reported a relative reduction in alcohol problems in their family, but, along with others, no improvement in problems with drinking in their community.

The evaluation did find that the cohort most keen to stay on income management were those undertaking it on a voluntary basis (80%). One critical point made by the evaluators was that while “many people, especially in urban areas, reported problems with the BasicsCard, others more so in remote locations, appear to value the fee free banking service it provides.”¹² This practical innovation was clearly welcome after many years of remote people being forced to pay up to 20% of their income on ATM transaction fees or \$10 per transaction.¹³ It is APO NT’s view that the Australian Government should require adequate and free banking services in remote and regional communities as an equity issue without them being contingent on the imposition of compulsory income management.

The proposed extension to income management in the NT is proposed to be through a transfer to the Cashless Debit Card, a program which is also not supported by adequate evidence. The 2017 evaluation of the Cashless Debit Card Trials (CDCT) in Ceduna, East Kimberley and Goldfields by Orima Research, attracted serious criticism from a range of quarters including the Australian National Audit Office (ANAO). The ANAO reported that the “approach to monitoring and evaluation was inadequate. As a consequence, it is difficult to conclude whether there had been a reduction in social harm and whether the card was a lower cost welfare quarantining approach.”¹⁴ Specifically the ANAO found that Social Services “did not build evaluation into the CDCT design, nor did they collaborate and coordinate data collection to ensure an adequate baseline to measure the impact of the trial, including any change in social harm.”¹⁵ The second evaluation of the Goldfields and Ceduna trials is not scheduled to report until late in 2019.

Despite this, we are now facing a push to extend compulsory income management across the NT in a manner that will apply to a broader cohort of income recipients without the requirement that exists under New Income Management of being a ‘long term recipient’ or ‘disengaged youth’.

2. Evidence of Harm

¹² Bray et al. (2014). Evaluating New Income Management in the Northern Territory, pp xxi

¹³ Financial Counselling Australia (2012)., *ATM Fees hit indigenous communities hardest*, reported on Rate City website [available at <https://www.ratecity.com.au/bank-accounts/news/atm-fees-hit-indigenous-communities-hardest>]

¹⁴ Australian National Audit Office. (2018). The Implementation and Performance of the Cashless Debit Card Trial, [Available at: <https://www.anao.gov.au/work/performance-audit/implementation-and-performance-cashless-debit-card-trial>]

Evidence does exist, however, that income management is not only causing few positive impacts but may also be causing harm. Using detailed birth data from across the NT, a recent Life Course Centre study indicates that rather than an increase in birth weight occurring under income management between 2007 and 2009, there was a drop of birthweight on average of more than 100 grams and an increased likelihood of lower birthweight of 30% compared to before the introduction of income management in 2007.¹⁶ The research team anticipated an increase of birthweight given the anticipated behavioural change around consumption of healthier foods, however this was not reflected in their findings. In fact the drop in birthweight represented a more significant impact than premature birth. This finding is of great concern given that birthweight is the most reliable medical indicator of long-term disadvantage.

While the study is based on an 18 month timeframe leading up to 2009, following the introduction of income management in 2007, the findings are pertinent to the current debate given that NT Aboriginal birthweight outcomes have not improved since 2009. This is despite the fact the income management has been in place since that time.

There is also very strong evidence established about the social determinants of health that supports the finding of harm caused by compulsory income management and the likelihood of harm to result from the introduction of the CDC. It has been shown that the less control people have over their lives and environment, the more likely they are to suffer ill health.¹⁷ Disempowerment is a risk factor for ill-health and poor social and emotional wellbeing.¹⁸

3. Lack of Consultation

The proposed transfer of New Income Management participants to the CDC from April 2020 has not been subject to extensive consultation in the NT, particularly in remote areas where most people who are affected by income management live. The last qualitative evaluation of New Income Management in the NT was five years ago with no subsequent consultation with participants about the impacts of ongoing income management.¹⁹ Our understanding is that the main purpose of DSS consultations in the lead up to the change is largely to explain the process of transfer. This should not be considered consultation, but rather merely information sharing.

Despite rhetoric from all levels of government about ground up policy development, Closing the Gap, place-based solutions and self-determination we find ourselves, once again, responding to a Bill and a set of reforms that have not been the subject of meaningful prior consultation. The Government repeatedly says that it wishes to do things with Aboriginal people, not to. Yet the story of income management has been one of top down decision making from the 2007 Intervention and the first iteration of income management to this Bill. It is APO NT's firm view this Bill should not pass, because the measures have not been negotiated with the Aboriginal people it will largely impact. No Bill of this type should be adopted until and unless the Government provides evidence that it has consulted fully and openly with affected communities and they have given their free, prior and

¹⁵ Doyle, M. Schurer S. Silburn S. (2017) Do Welfare Restrictions Improve Child Health? Estimating the Causal Impact of Income Management in the Northern Territory, Life Course Centre, The University of Queensland, The University of Melbourne, The University of WA and The University of Sydney

¹⁷ Marmot M, Siegrist J, and Theorell T, Health and the psychosocial environment at work, in Social determinants of health, Marmot M and Wilkinson R, Editors. 2006, Oxford University Press: Oxford.

¹⁸ Tsey, K., et al., Social determinants of health, the 'control factor' and the Family Wellbeing Empowerment Program. Australasian Psychiatry, 2003. 11(3 supp 1): p. 34–39.

¹⁹ Social Policy Research Centre, 2014.

informed consent. As an alliance of peak Aboriginal organisations in the NT, and as part of a wider alliance of Aboriginal organisations, we are telling you that we have not been asked for our view in relation to this proposal and we do not consent to its passage.

4. Barriers to exiting compulsory income management

The process for exiting New Income Management in the Northern Territory has been onerous and prohibitive for the majority of Aboriginal people. Only 4.9% of Aboriginal people succeeded when they applied compared to xx% of non-Aboriginal people.²⁰

The exemptions that exist under the current income management scheme would not apply to those in the CDC trial, except for the fulltime student exemption. Instead, there are two ways in which the Government can approve someone leaving the CDC trial. The first mechanism for exiting the system, is if the “Secretary determines that being a trial participant is a serious threat to the person’s mental, physical or emotional wellbeing.” The second is through the Department of Social Security’s consideration of a number of criteria including:

- the interests of any children the person is responsible for
- any convictions or prison sentences in the last 12 months
- risks of homelessness
- health and safety and the health and safety of the community
- responsibilities and circumstances²¹

Both are likely to be difficult for people living in remote communities, particularly given how difficult it has been for Aboriginal people in remote communities to apply for, and succeed with, an exemption under Income Management. There are also many aspects of these criteria that are outside the control of participants including the health and safety of the community in which they live. In current circumstances of reduced police presence in remote NT communities, this is a factor that residents are powerless to change. Consideration of risk of homelessness is also concerning when “the Northern Territory had a rate of more than 10 times the next highest state, New South Wales,”²² and the highest rate of overcrowding in the country.

A recent article in the Guardian also reported that only 100 of the 5,000 participants on the Cashless Debit Card Trials have been allowed off the scheme and raises questions about the transparency of the process.²³

In her recent address to the Canberra Press Club, Professor Marcia Langton explained why she no longer supports the CDC trials, attributing her changed views to the failure of government to implement the design put forward by Aboriginal leaders in Kununurra that would enable a local committee to support people who are known to manage their lives well to exit the program.

“The local leadership wanted it to be trialled and they contributed to its design. Now an essential part of the design that has not been implemented and has led to the failure of the program is the local committee of people who live in the community and understand the

²⁰ Bray et al. (2014). *Evaluating New Income Management in the Northern Territory*, pp xxii

²¹ Australian Government. (2019). *Social Security (Administration) Amendment (Income Management and Cashless Welfare) Act 2019*,

²² Australian Bureau of Statistics. (2016). *Estimating Homelessness* reported on .iD the population experts [available at <https://blog.id.com.au/2018/population/australian-census/who-are-australias-homeless/>]

²³ Allam, L. The Guardian, (17 September 2019), *Exiting the Cashless welfare card trial is almost impossible, critics say*, [available at https://www.theguardian.com/australia-news/2019/sep/17/exiting-the-cashless-welfare-card-trial-is-almost-impossible-critics-say?CMP=share_btn_link]

community making decisions regularly on those people who should be taken of the cashless debit card and allowed to have 100% of their income in cash and that would be those people who live responsibly.

“They’ve let them down badly and now the system has been brought into disrepute by the viciousness of its implementation.”²⁴

It is APO NT’s view that the exiting processes for income management or the CDC trials have not been achievable or accessible particularly to income recipients who are Aboriginal and more so if they reside on a remote community. In addition they lack transparency with respect to how they are determined. It is our position that the only way to overcome the issues inherent in a blanket approach to income management is to replace the scheme with a voluntary program that is not punitive but provides the supports needed to transition people overtime to financial independence.

5. Alternative models for voluntary income management

APO NT recognises that the ability to put money aside for food and other essentials is valued by many Aboriginal and non-Aboriginal people. As such, we are supportive of a broad-based program of voluntary income management to be made available to all income recipients. One example of a voluntary model that has had a positive level of participation in a number of Top End communities is the ALPA FOODcard. The underlying principle outlined by the ALPA Board of Directors has been to resolve the issue of lasting funds across a pay cycle and for each customer to make their own choice about how much money they wish to allocate to the card.

The FOODcard was first trialled in Galiwin’ku in 2007 with many other ALPA stores taking up the FOODcard in 2008. The aim of the card was to limit humbug and ensure enough money was available to meet basic needs of families. Importantly, the model was co-designed with local people and is available to any person who is a regular customer at an ALPA community store whether they are employed or on income payments. The broad-based nature of the scheme prevents the stigma associated with compulsory income management and does not make a distinction between the type of income a person is receiving. The introduction of Income Management at the time the card was started has meant that a significant number of people have been excluded from the scheme as they no longer have the choice.

Extensive community consultation has included most grocery food items and baby requirements in line with ALPA’s healthy choice policy. Excluded items include soft drinks, cigarettes, tobacco and toys. Categories are refined and evaluated based on feedback from cardholders, store committees and the ALPA Board of Directors.

²⁴ Professor Marcia Langton, Address to the National Press Club, 25 September 2019. [Available at: <https://iview.abc.net.au/show/national-press-club-address>]

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