



25 September 2015
Committee Secretary
Senate Standing Committee on Community Affairs
PO Box 6100
Parliament House
Canberra ACT 2600

Dear Committee Secretariat,

Re: Inquiry into the Social Services Legislation Amendment (Debit Card Trials) Bill 2015

Thank you for the opportunity to participate in this inquiry. ACOSS is a national voice for people affected by poverty, disadvantage and inequality. Our vision is for a fair, inclusive and sustainable Australia where all individuals and communities have the opportunities and resources they need to participate fully in social and economic life.

The Bill being considered by the Committee would provide for a trial of 'cashless' income support payments, and, according to the Parliamentary Secretary to the Prime Minister¹, is being conducted with the intention of informing potential future arrangements for income management. As such, this submission considers not only the provisions of the Bill itself but also issues associated with any broader introduction of income management or related initiatives that may arise from trials provided for in the Bill.

The Objectives stated in the Bill are to trial 'cashless' income support arrangements in order to:

- Reduce the amount of income support available to be spent on alcoholic beverages and gambling;
- Determine whether this decreases violence and harm in trial areas and encourages socially responsible behaviour; and
- Determine whether cashless income support arrangements are more effective when community bodies are involved.

The Bill provides for income management to apply to all people who rely on (nominated) income support payments in trial sites, and specifies that a default 80% of their social security income will be quarantined to a Government nominated account that prevents cash withdrawals, requires all purchases to be made via EFTPOS or online, and prevents the purchase of alcohol or gambling products (in effect by restricting purchases at venues that retail these products).

¹<http://parlinfo.aph.gov.au/parlInfo/search/display/display.w3p;query=Id%3A%22chamber%2Fhansard%2Ffd2f3451-f05d-425a-9815-471294607839%2F0009%22>



In terms of ACOSS' broader response to income management, we have opposed compulsory forms of income management where they have been introduced or trialled in the past, except in cases where schemes have had clear individual or community support. Of particular concern are schemes which have been imposed broadly on groups of people according to type of payment or category of circumstance, rather than by reference to a specific individual's circumstances. Imposing income management according to type of social security payment misunderstands the relationship between income support and drug and alcohol problems, and attempts a technological fix for what is a complex social issue.

While there are some differences between the debit card proposed in this scheme and the former Basics Card which are intended to improve the operation of the scheme, this does not change the fact that both cards are forms of income management that attempt to address complex issues with a technological solution.

I refer the Committee to the summary of evidence on income management published by ACOSS last year² which finds that, beyond some limited successes where people have entered into a scheme voluntarily, there is no evidence of widespread or long-term benefit from income management. It also finds that compulsory income management is poor policy because it is poorly targeted; is not cost effective; and has been found to have detrimental effects - including on financial management skills. The summary points to preferred alternatives to that address the underlying causes of alcohol and drug addiction, provide employment pathways to improve long-term outcomes, and apply case management to co-ordinate service interventions.

On cost effectiveness, the ACOSS summary notes the high cost of income management schemes to date, which have varied between schemes and locations from between approximately \$2000 and \$13,000 per person. The 2015-16 Budget contained \$3 million for the Healthy Welfare Trials in three communities. Notably, the Explanatory Memorandum to the current bill does not include a detailed financial impact statement on the basis that negotiations with commercial providers are still underway, but transparency about the total cost of the proposed trials is important given the context and the ongoing questions about the efficacy of these policy approaches.

We note the 27th Report of the Parliamentary Joint Committee on Human Rights also questioned the efficacy of, and justification for, compulsory income management. It found that by limiting the means by which an individual can access and use their social security income, the Bill limits the right to a private life free of government interference.³ The Committee concluded that while the Bill's purpose of reducing drug and alcohol harm may be a legitimate reason to limit these rights, there is little evidence to indicate that income management is effective in achieving this purpose and therefore questions whether limiting human rights in this way is justified. The Committee also notes the measure would disproportionately impact on Aboriginal and Torres Strait Islander people, who

² ACOSS (2014): [Compulsory Income Management: A flawed answer to a complex problem. Policy Analysis](#)

³ Parliamentary Joint Committee on Human Rights (2015): [Human rights scrutiny report. Twenty-seventh report of the 44th Parliament.](#)



represent a large part of the community in the proposed trial sites, and finds that this may be indirectly discriminatory without a justification for such discrimination being provided by the Government.

In our submission to the Federal Government's consultation on the proposed 'Healthy Welfare card', undertaken as part of its response Forrester Review, we indicated any trial of the card should occur only where there is strong and broad community support and where the policy is targeted narrowly and accompanied by other interventions and supports.⁴ This would make the debit card a small part of a broader approach, rather than the centrepiece of a strategy.

Our understanding is that, as with the introduction of income management in other locations, community views on the trial of the card in the sites where it is proposed to be introduced remains mixed, with much work still to be done to inform community members about the trial. ACOSS has undertaken consultations with a range of community members over the last month to inform this submission, and notes a number of recurring themes in these discussions:

- Concerns about current under-resourcing of key services for which there may be greater demand once the trial commences, particularly financial counselling and drug and alcohol services;
- Recognition and concern that the trial may limit the ability of people to access legitimate goods and services, or travel, due to lack of access to cash and other technological constraints with the card;
- Concerns and uncertainties about how the Community Panel would function – particularly concerns about privacy and community relationships;
- Recognition that, while there exists a level of community support, a number of people in the trial sites are not in agreement or are not fully informed about the changes proposed; and
- Concern that people will be able to circumvent the card to continue to access alcohol and drugs.

In light of the above issues, there are a number of questions we consider the Committee should investigate with respect to the trial to determine whether the Bill is appropriate. These include:

- The extent to which adequate consultations have taken place in the proposed trial sites which have resulted in broad community support. To ensure the transparency and accountability of the process in a sensitive policy area, we strongly recommend that the Government release a report of the consultations including information provided to community members, concerns raised, community perspectives, numbers reached and outcomes.
- Whether the Government has committed to adequately fund necessary support services, including drug and alcohol counselling; financial counselling; employment pathway

⁴ ACOSS (2014): [Submission to the Forrester Review of Indigenous Training and Employment Programmes](#)



programs (and case management to co-ordinate these); and crime-prevention programs without diverting funds from other programs or regions.

- The extent to which the proposed Community Bodies (or Panels), which form the only administrative mechanism by which individuals may have the quarantined component of their payment reduced (to not less than 50%), will be resourced and supported to address their likely case load and to adequately manage the difficult and personal issues which will come before it.
- Whether there are mechanisms in place to ensure proper procedure, adequate privacy safe guards, reasonable criteria for making determinations, and an appeals mechanism for decisions made by the proposed Community Bodies.
- Whether the large number of technical constraints on the effective operation of the card that we have been informed about will be fully resolved prior to the commencement of the trials. These constraints will have a real impact on the ability of individuals to reasonably manage their lives, and include:
 - the capacity of the card to allow rent to be paid within a sub-let arrangement;
 - the capacity of the card to permit transactions for the legitimate sale of goods (such as second-hand consumer durables, which normally occurs in cash or by funds transfer);
 - the capacity of the card to give people the ability to access mixed retail venues, including supermarkets that also sell alcohol, or licenced venues such as clubs that also provide meeting spaces, dinner and events;
 - the very high EFTPOS fees in some local stores; and
 - the capacity for individuals to make small purchases including at local markets or in smaller shops or canteens.
- Whether the Government will release the audit it has undertaken of these technical constraints; or has assessed the effects of these not being addressed on people's access to goods and services they need, mobility, or the likelihood of a stigma attached to use of the card.
- Whether the Government has done a comprehensive assessment of the means by which people have circumvented income management in past instances where it has been introduced to continue to access alcohol and drugs, and systematically resolved these issues, making that information publically available.
- Whether an evaluation framework will be agreed prior to the trial that:
 - provides for an evaluation baseline;
 - includes agreed mechanisms for the collection and sharing of data;
 - captures local circumstances; and
 - recognises the impact of additional interventions provided for outside the scope of the Bill and provides for a control group.

A control group could be provided for by providing the services resourced alongside the trial of income management in other similar communities without introducing the income management component in those communities. The Government should also establish a broad based reference group that includes representatives within and outside of the trial areas.



Supporting the Bill ahead of resolving these issues could result in trials being undertaken with limited chance of meeting the Bill's objectives, and would be likely to have significant detrimental impacts on people in the trial locations.

Further, any trial of the card should only be introduced as part of a wider legislative package that explicitly recognises a range of interventions in the trial sites, including resourcing of complementary services, case management to co-ordinate these services and development of employment pathways.

We do not have capacity to provide more detailed comments on the likely impacts of Bill in the tight timeframe available but refer you to our policy analysis, *Compulsory Income Management: A flawed answer to a complex question (2014)*, referred to above (attached), as well as our submission to the Government's consultations on the Forrest Review (also attached).

Yours sincerely,

Cassandra Goldie
ACOSS CEO