Senate Standing Committee on Community Affairs Legislation Committee Inquiry into the Income Management to Cashless Debit Card Transition Bill 2019

Submission by Professor Jon Altman and Dr Francis Markham

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We provide a brief submission to the Senate Standing Committee on Community Affairs inquiry into the Social Security (Administration) Amendment (Income Management to Cashless Debit Card Transition) Bill 2019. This Bill looks to transition persons, currently subject to income management in the Northern Territory, and involuntary participants in the Cape York Trial onto the Cashless Debit Card; to extend the end date of the Cashless Debit Card trials to 30 June 2021; to allow the Minister with the power through a notifiable instrument to arbitrarily set the proportion of funds controlled by the Cashless Debit Card instrument; and to eliminate the requirement for independent evaluation.

By way of background, we are both academics who focus our research on the broad area of Indigenous livelihoods; our grounded research is mainly undertaken in the Top End and Centre of the Northern Territory. Professor Altman is an economic anthropologist with the School of Regulation and Global Governance at the Australian National University (ANU); he has written about income management since it was first introduced in the Northern Territory in 2007. Dr Markham is an economic geographer at the Centre for Aboriginal Economic Policy Research at the ANU, where much of his research has focused on Indigenous poverty. We have collaborated in making several submissions to government inquiries most recently on the future of work, Northern Development and the adequacy of Newstart. Our focus here is on Indigenous policy mainly in remote and very remote Australia. We do not see the issue of income management[1] as separable from an over-arching poorly designed approach to Indigenous disadvantage that is top down, punitive and that has demonstrably failed to improve the prosperity of Indigenous people for at least the last decade, as demonstrated regularly by annual Closing the Gap reporting and a considerable body of statistics from the Australian Bureau of Statistics and the Australian Institute of Health and Welfare.

We begin by making four observations about income management, relating to (a) its inefficacy, (b) its politicisation, (c) its ad hoc and irrational policy design, and (d) its discriminatory nature.

First, submission no. 1 to this inquiry by our colleagues at the ANU Professor Matthew Gray and Dr Rob Bray describes the quantitative data available to date regarding the possible impacts of income management on positive outcomes in the Northern Territory. They find no evidence that income management is delivering positive outcomes, nor good value for taxpayer investment. We do not propose to revisit the quantitative data that our colleagues so expertly summarise, except to lend our support to their conclusions.

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[1] Where we use the phrase 'income management', unless further qualified, we refer to any form of welfare quarantining, including the initial Northern Territory Emergency Response Income Management, New Income Management and the Cashless Debit Card.

Second, it is our view that current approaches to income management have become increasingly detached from pursuing the original policy rationale of income management, namely child welfare. We submit that this may be a result of the way in which income management in the Northern Territory (operating since 2007) and the Cashless Debit Card (operating in a growing list of 'trial sites' since 2016) have become increasingly embroiled in party-partisan politicking along ideological lines. This politicised environment makes it difficult for official evaluators to definitively demonstrate the benefits and costs, winners and losers from these largely imposed measures. The highly politicised nature of income management makes it extremely difficult for the public sector to implement evidence-based policy reform, a possibility that seems to have been extinguished by passionate commitment by the current Australian government to continue the trials despite the lack of evidence of their efficacy. This is demonstrated, for example, in the second reading speech for the Bill in the House of Representatives where Minister Robert revealed that '[t]he government has brought forward this bill to continue the cashless debit card trials and transition income management participants onto this technology **because we believe in** the positive effect the card is having in the communities' (our emphasis). Belief as a substitute for evidence is, we submit, a poor basis for sound policy making that is likely to deliver ad hoc and poorly designed policy.

Third, the commitment to implementing income management regardless of the evidence has resulted in several peculiar policy inconsistencies between the BasicsCard and the Cashless Debit Card. We make the following observations, highlighting some of the contradictions and inconsistencies resulting from this chaotic and politicised policy-making process.

1 When income management was first introduced in 2007 as part of the NT Intervention it targeted Indigenous welfare recipients, but it was a measure with no clear logic. Fifty per cent of welfare income was stipulated for quarantining, with alcohol, tobacco, gambling products and pornography targeted as the blanket prohibited items. If the BasicsCard was a success as the government now insists (despite the myriad of contrary evidence, including that presented by Professor Gray and Dr Bray in Submission 1), then why is this measure being superseded by the Cashless Debit Card? And if tobacco and pornography are considered harmful commodities by the architects and supports of the BasicsCard, then why are they no longer considered harmful by many of the same people when advocating for the transition to the Cashless Debit Card? Is this an admission by government that the inclusion of tobacco as a prohibited item was ineffective and that the inclusion of pornographic material was unnecessary?

2 If the 50 per cent quarantining rate continued in the Northern Territory and Cape York and restrictions on tobacco, alcohol, gambling and pornography are viewed by the government as a success, then why is 80 per cent the proportion quarantined under the Cashless Debit Card? What is the policy logic in the difference between 50 and 80 per cent?

3 Similarly, why is the minister empowered to vary the 'restricted portion' without further legislation, opening the door to highly discretionary and arguably punitive

Commonwealth government control and the disempowerment and depoliticization of community voices. Surely this would not be necessary if income management were as successful as claimed. One only needs to recall the case of Tennant Creek, a town in the NT struggling with homelessness and overcrowding, and child-protection issues and in need of government support. The kneejerk, default reaction of the then Prime Minister Malcolm Turnbull when visiting the township in 2018 was to threaten the introduction of the Cashless Debit Card almost as if a cure-all for deeply embedded structural and systemic barriers to improved wellbeing.

4 While the Social Security (Administration) Amendment (Income Management to Cashless Debit Card Transition) Bill 2019 seeks to phase out the BasicsCard, another Bill currently before Parliament, the Social Services Legislation Amendment (Drug Testing Trial) Bill 2019 seeks to re-introduce it. In his Second Reading speech to the House, Minister Robert has suggested that those on the BasicsCard are disadvantaged relative to those on the Cashless Debit Card because 'the BasicsCard, while effective, can restrict an individual's ability of choice'. On the other hand, responding to a question on notice from Senate Estimates on 25 October 2017 regarding Drug Testing Trials, the Department of Social Services submitted that the Government opted for the BasicsCard for the Drug Testing Trial 'because it provides a more individualised approach to welfare quarantining than the Cashless Debit Card (CDC).' Why is it that those being transitioned from the BasicsCard in the Northern Territory and Cape York are unworthy of an 'individualised approach' to income management? Conversely, why are those who may be placed on the BasicsCard as part of the proposed drug testing trial not supported to exercise their freedom of choice?

5 As the Gray and Bray submission to this inquiry makes clear, that there is no compelling evidence that either the BasicsCard or Cashless Debit Card 'trials' have succeeded. A rational policy-maker assessing this evidence would be compelled to terminate the trial, but in this case, we are seeing the opposite response from Government, the extension of the trial both spatially and temporally. Spatially, the government is looking to include the entire Northern Territory and Cape York Welfare Reform 'trial' communities as 'trial' sites. The explanatory memorandum states that 'locations for the program have been chosen on objective criteria. This includes high levels of welfare dependence and community harm, as well as the outcomes of comprehensive community consultations'. There is no transparency on what measures are being used in such assessments and clearly there has not been consultations with all affected communities in the Northern Territory.

6 Referring to the Northern Territory as a 'trial site' seems to stretch the definition of the term 'trial' to breaking point. Indeed, the expansion of the Cashless Debit Card makes a mockery of the term 'trial': Cape York has been a 'trial' site since 2008, while income management in the Northern Territory was not a 'trial' but was rather an emergency measure that was set to continue to 2022 irrespective of effectiveness. At what point does a series of 'trials' become *de facto* permanent policy?

7 That these 'trials' have seemingly indeterminate end dates makes the government's plan to water down requirements for ongoing evaluation and review especially

concerning. At once this might be an honest admission that these measures will be implemented irrespective of the evidence. But this attempt to avoid public scrutiny should not then be disingenuously presented by the government as being in the interests of the 'vulnerable individuals' (welfare beneficiaries) caught in the income management web. And it does not square with the recent instructions by the Treasurer to the Productivity Commission to develop an Indigenous Evaluation Strategy (an inquiry to which we both provided separate submissions). In the Second Reading speech, Minister Stuart Robert suggested that the temporal extension of the trial across the four current trial sites will allow time for further evaluation of the card to be completed. These evaluation activities, it is stated, will build on the findings of the first evaluation report and will inform future decisions about the program. There is no recognition in all this of the extent of the critique of the first round of evaluations of the Cashless Debit Card by academic commentators. While Submission 1 to this inquiry by Professor Gray and Dr Bray, as well as Submission 2 by Dr Hunt provide a more detailed discussion of this issue, we simply note the Australian National Audit Office's conclusion that because '…the approach to monitoring and evaluation was inadequate … it is difficult to conclude whether there had been a reduction in social harm.'

These issues are symptomatic of an irrational policy making process. We can draw no other conclusion than that Cashless Debit Card is not delivering on its promised outcomes, but that instead of being terminated, the Government is doubling down on a failing policy experiment. The abandonment of a commitment to evidence has led to inconsistent and poorly designed policy, and consequent attempts to avoid further scrutiny by weaken evaluation requirements.

Fourth, we note that the income management has been implemented in a manner that is stigmatising and racially discriminatory. In the Explanatory Memorandum it is stated that '[t]he Cashless Debit Card trial ... is not a punitive measure, nor is it designed to stigmatise people.' We submit that the Cashless Debit Card as it is being implemented is punitive because it is only applied to people on welfare who are afforded no choice. And it does stigmatise people as has been made very clear by many caught up in the income management net and in numerous submissions to a number of parliamentary inquiries in the last decade.

As to whether the 'trial' is racially discriminatory, it beggars belief that the government would promote a view that the Cashless Debit Card does not affect people according to ethnicity. The Explanatory Memorandum claims that '[t]he Cashless Debit Card trial ... does not affect people according to race, religion, ethnicity or any other factor.' It is worth recalling that income management began in 2007 as an intervention measure that required the suspension of the Racial Discrimination Act because it targeted Aboriginal Australians. In 2010 the Aboriginal-only focus was revised, but almost all caught in the income management net in the Northern Territory today remain Indigenous. If welfare recipients who have their income compulsorily quarantined under the Cashless Debit Card are currently disproportionately Indigenous, this proportion will inevitably rise under the proposed transition to include the Northern Territory and Cape York where almost all being income managed are Indigenous . Furthermore, it is symptomatic of the discriminatory approach taken to income management that in the only Cashless Debit Card trial site where most recipients are non-Indigenous, the card is targeted much more tightly both by age and by payment than in other trial sites. It is noteworthy that Indigenous Australians historically experienced stolen wages and rationing as technologies of control. Income management today brings back painful memories for some of those days when Indigenous people were treated differentially as non-citizens to be paternalistically managed for their improvement by the colonial state. The supposed race-neutrality of these measures given the genealogical links with the Northern Territory Intervention and Cape York Indigenous communities looks disingenuous at best.

So, to summarise, we wonder as analysts of Indigenous policy why income management continues to be continually extended and promoted, even as overall government policy in remote and very remote Indigenous Australia is failing spectacularly. Why are significant public funds being allocated by government to manage the incomes of welfare receiving Indigenous Australians who are mainly in such relations of state dependence because of where they reside? Why is there ongoing pretence that evidence matters in this policy domain when the initial income management regime was implemented without proper evidence, consultation or policy logic? Why do we as a nation allow such imposed measures that have no opt out options, besides complicated processes for seeking exemption that are reminiscent of the petitioning for citizenship rights that Indigenous people need to endure when treated as denizens and wards of the state not that long ago.

It seems to us that the current proposal to amalgamate the BasicsCard and the Cashless Debit Card is a measure of governmental convenience. Unfortunately, it is likely to bestow inordinate power both on the Minister (to vary proportions) and on one monopolistic card provider, Indue, with associated likely inefficiencies that will result from lack of open competition. It is a form of social control and surveillance by stealth, although it is unclear for what imagined end. While the aim might be ostensibly to improve the budgeting skills and to shape the subjectivities of Indigenous welfare recipients, being on welfare condemns people to live in deep poverty as we highlighted to the Senate Standing Committee on Community Affairs in its inquiry into the adequacy of Newstart. Indigenous Australians are being punished with income management for being out of employment (and this can be because of losing a job) or for residing remotely, often on ancestral lands, where there are no jobs.

We end by making three recommendations.

First, this Bill should be rejected in its entirety.

Second, there should be a serious policy inquiry into the costs and benefits of income management that also considers the opportunity cost of these expensive measures: what alternative development and livelihood opportunities could be provided with the millions used annually to monitor and manage the incomes of welfare recipients subject to the BasicsCard measure and Cashless Debit Card experiment? In our submission to the Senate inquiry into the (in)adequacy of Newstart, we recommended that consideration be given to a universal basic income or a revisiting of the Community Development Employment Projects scheme for Indigenous Australians. Historic evidence indicates that the latter would deliver far better outcomes for investment of public money than income management measures.

Third, if there was evidence that these measures generate some clear benefits then on horizontal equity grounds (and as a second-best policy option) they should only be made available on a voluntary opt in basis.

As a final observation, it is our view that these measures are race-based and divisive; they represent a risk to Australia's international reputation. These are ultimately programs that seek (and yet fail to achieve) behavioural and cultural modifications, all while breaching Australia's human and Indigenous rights obligations. There are better ways that need to be explored to improve the circumstances and life chances of Indigenous Australians (and others) caught in the so-called welfare safety net.