



17 October 2019

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 Income Management to Cashless Debit Card Transition Bill

The St Vincent de Paul Society welcomes the opportunity to make a submission with respect to the Committee's Inquiry into the Income Management to Cashless Debit Card Transition Bill.

The Society is a lay Catholic charitable organisation that, in Australia, comprises over 60,000 volunteers and members and more than 3,000 employees who provide on-the-ground assistance to the Australian community. 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.ⁱ

The Society is a significant provider of housing and homelessness assistance, emergency relief and settlement services in Australia. Other support services are also provided including addiction services, disability services, financial counselling services, family relationships services, family and domestic violence services, children's services and community development programs.

In 2017-18, the Society:

- provided \$76.5 million in financial assistance to meet urgent and basic needs;
- delivered over 650,000 meals;
- assisted over 835,000 people; and
- conducted over 417,000 home visits.

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

- extend the end date of the cashless debit card (CDC) trials to 30 June 2021 (and December 2021 in Cape York);
- provide the Minister with the power, through a notifiable instrument, to arbitrarily set the proportion of funds controlled; and
- eliminate the need for independent evaluation to 'avoid the ethical implications of unnecessary repeat contact with vulnerable individuals.'

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

The Society believes the best form of assistance is the type that helps people to feel and recover their own dignity, as this then enables them to forge ahead and change their own destinies and those of their local communities.ⁱⁱ

We do this by listening to people, responding to them and respecting their wishes.

The evidence base demonstrates that various forms of income management have failed to produce any identifiable community level benefits. Recent data analysis from the Northern Territory, where income management has been in place for over one third of the Indigenous population for a decade, shows 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 reported assaults; and
- while alcohol consumption has fallen, there has been no reduction in the extent of risky alcohol consumption.ⁱⁱⁱ

The Society refers the Committee to the submission prepared by Professor Matthew Gray and Dr Rob Bray PSM from the ANU Centre for Social Research and Methods, which summarises the extensive research, evaluations and findings in this area.

The Society acknowledges that income management may be appropriate in very specific circumstances. For example, 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. A 'one-size-fits-all' approach, that is enforced and not adequately resourced with respect to wrap-around support services and job-readiness training, does not work.

The Society is particularly concerned by the fact that income support has been refashioned from being a 'civil benefit' to now being 'government largesse'. Further, the Society holds that a 'do first, ask later' approach that is being adopted by the Government is not only contrary to its *Best Practice Consultation Guide*,^{iv} it condemns the next generation of young Australians to a life of adversity.

739,000 Australian children, or 1 in 6 of all Australian children are currently living in poverty. The majority of these children are in households that rely on income support.^v Research shows that 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.^{vi}

Providing the Minister with the power to arbitrarily set the proportion of funds controlled through income management could result in an even further quarantining of an individual's income. This is currently very restrictive and set at 80 per cent of an individual's income for those on the cashless debit card. Reducing disposable incomes further exacerbates an already difficult situation for families who are experiencing poverty.

The Society witnesses the burden of shame that many are made to feel while on income support. A four-year, mixed-methods study by the University of Queensland has found that many unemployed people (not on income management) feel that others are 'looking down on them', 'judging' and 'blaming' them for the situation they are in. The stigma experienced by many unemployed people has a corrosive impact on their social and emotional wellbeing and this, in turn, negatively impacts on their ability to search for jobs. The impact on mental health is significant, with many unemployed people reporting feelings of anxiety, depression, worthlessness. Consequently, unemployed people are having to spend a lot of time trying to manage their emotions, maintain a degree of good mental health and be positive so that they can present well to employers. The overwhelming social messaging with being unemployed is one of moral failure. And what is even more troubling is the impact social stigma and shame have on relationships. Many unemployed people end up withdrawing from social circles to protect their dignity and emotional wellbeing. These are the very networks that are important to finding jobs.^{vii}

The evidence base indicates that the negative consequences of shame are much worse for those on various forms of income management.^{viii}

The Explanatory Memorandum to this Bill concludes that provisions will 'advance the protection of human rights by ensuring that welfare payments are spent in the best interests of welfare recipients

and their dependents by restricting spending on alcohol, drugs and gambling.’ However, a reduction in spending on these activities by welfare recipients has not been borne out by the evidence. In addition to the above references, Deloitte Access Economics found that income management did not appear to have a substantial or sustained impact on the level of alcohol, tobacco or gambling consumption.^{ix}

Of most concern to the Society is the fact that the Explanatory Memorandum does not make a single reference to the extensive research and evaluation undertaken by Gray et al. Instead, it relies on the ORIMA and Goldfields evaluations, which have been widely criticised for their paucity of evidence and lack of robust methodology, including by the Australian Auditor-General.^x

The ‘do first, ask later’ approach is particularly evident in the provisions to remove the requirement that ‘where the Minister causes a review of the cashless debit trial to be conducted, the Minister must cause the review to be evaluated.’ The circular reference within the legislation is purportedly addressed by replacing the requirement with a ‘desktop evaluation to lessen the ethical implications associated with avoidable repeat contact with vulnerable individuals.’

As at June 2018, the total cost of the trial in Ceduna, East Kimberley and the Goldfields regions was \$34.2 million.^{xi} To date, the Commonwealth Government has expended many millions of taxpayers’ dollars on income management and robust, independent evaluations have demonstrated that these policies have failed. A desktop evaluation removes the rigour, independence and public debate on this important issue. The approach is also contrary to the fundamental principles espoused in numerous public administration rules and guidelines, procedures and legislative frameworks, particularly with respect to applying due diligence when exercising discretion, making informed decisions and committing to the expenditure of government funds.

Any decision to commit further funds to income management must be informed by robust and independent evaluation; and the Government 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.

For the reasons outlined above, the Society recommends that the Bill should be rejected.

Yours sincerely



Mr Toby oConnor
Chief Executive Officer

ⁱ St Vincent de Paul Society. 2012. *The Rule*. 7th Edition Australia. Accessed at: https://www.vinnies.org.au/icms_docs/168122_The_Rule.pdf, para 1.3, p. 16.

ⁱⁱ St Vincent de Paul Society. 2012. *The Rule*. 7th Edition Australia. Accessed at: https://www.vinnies.org.au/icms_docs/168122_The_Rule.pdf, para 1.10, p. 17.

ⁱⁱⁱ Gray, M., Bray, R. 2019. *Submission to the Inquiry into the Income Management to Cashless Dent Card Transition Bill*. ANU Centre for Social Research and Methods. Accessed at: https://www.aph.gov.au/Parliamentary_Business/Committees/Senate/Community_Affairs/CashlessCardTransition/Submissions

^{iv} Of the ten principles for Australian Government policy makers in the Australian Government Guide to Regulation, two are related to consultation. This guidance note provides additional information for policy officers on the best practice processes for consultation when developing policy where regulation may be an option.

Department of Prime Minister and Cabinet. 2016. *Best Practice Consultation Guidance Note*. Accessed at: <https://www.pmc.gov.au/resource-centre/regulation/best-practice-consultation-guidance-note>^{iv}

^v 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>

^{vi} 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.

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- vii ABC Radio National. 2018. Life Matters. *Understanding the real reasons people are unemployed*. 12 August 2019. Dr Michelle Peterie. Professor Greg Marston. School of Social Sciences, University of Queensland. Accessed at: https://abcmedia.akamaized.net/rn/podcast/2019/08/lms_20190812_0906.mp3
- viii Gray, M., Bray, R., 2019. *Submission to the Inquiry into the Income Management to Cashless Dent Card Transition Bill*. ANU Centre for Social Research and Methods. Accessed at: https://www.aph.gov.au/Parliamentary_Business/Committees/Senate/Community_Affairs/CashlessCardTransition/Submissions
- ix Deloitte Access Economics. 2015. *Consolidated Place Based Income Management Evaluation Report 2012-2015*. Report to the Department of Social Services. Canberra: Deloitte Access Economics.
- x 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>
- xi Parliament of House. (n.d.) Senate Estimates. Questions on Notice No. 14, 21 February 2019. Accessed at: https://www.aph.gov.au/Parliamentary_Business/Senate_estimates#qon.