



8 August 2022

Senate Standing Committee on Community Affairs  
Legislation Committee  
Parliament House  
CANBERRA ACT 2600

Dear Committee Secretary,

**RE: Inquiry into the Social Security (Administration) Amendment (Repeal of Cashless Debit Card and Other Measures) Bill 2022**

The St Vincent de Paul Society National Council of Australia Inc. ('the Society') welcomes the opportunity to provide a submission on the Repeal of the Cashless Debit Card and Other Measures Bill 2022.

The Society is a lay Catholic charitable organisation that comprises 45,000 members and volunteers and 6,000 employees who assist people in need by providing emergency relief, housing and homelessness services and a range of other support services.

The Society is underpinned by the principles of social justice and is committed to identifying the root causes of poverty and contributing towards their elimination. The Society's aim is to alleviate suffering and promote human dignity and personal integrity.<sup>1</sup> The Society gives people a hand up so they can reach their life potential. The best form assistance helps people to feel and recover their own dignity so they can forge ahead, changing their own destinies and those of their local communities.<sup>2</sup>

For these reasons we have advocated against mandatory income management, in all its forms, for many years through submissions on the:

- [Inquiry into the Social Security Legislation Amendment \(Debit Card Trial\) Bill 2015](#)
- [Inquiry into the Social Services Legislation Amendment \(Cashless Debit Card\) Bill 2017](#)
- [Inquiry into the Social Services Legislation Amendment \(Cashless Debit Card\) Bill 2018](#)
- [Inquiry into the Adequacy of Newstart and Related Payments 2019](#)
- [Inquiry into the Income Management to Cashless Debit Card Transition Bill 2019](#)
- [Inquiry into the Social Security \(Administration\) Amendment \(Continuation of Cashless Welfare\) Bill 2020](#)

The Society has repeatedly voiced concerns about the cashless debit card (the card) and:

- the evidence base which shows a lack of attributable, effective, long-term outcomes
- how it leads to circumvention behaviours and unintended consequences and disempowers recipients
- the adverse impacts of limiting disposable income for children living in poverty
- the way it erodes human rights, including the right to social security, privacy, equality and self-determination (see the Parliamentary Joint Committee on Human Rights Report 14 of 2020; Report 6 of 2018)
- the lack of detailed information on community consultations
- the process to exit the card, with the onus on the individual to demonstrate they can manage their own affairs (rather than applying the scheme based on individual circumstances or on a voluntary basis)
- the wellbeing exemption which requires a person to demonstrate that being on the card poses a serious risk to their mental, physical or emotional wellbeing (while the Secretary is not required to inquire into whether a person being in the program would pose a risk to the person's mental, physical or emotional well-being)

- its cost and how resources should instead be directed to support services in trial communities.

### ***Why the repeal of the cashless debit card is important***

The Society reiterates its long-held policy position that the card should be scrapped because it is discriminatory, punitive, costly and ineffective. It has not produced significant, long-term reductions in the use of habitual alcohol, gambling or illicit drugs or improvements in participants' budgeting strategies or socially responsible behaviour.

Similar views have also been expressed by National Aboriginal and Torres Strait Islander Legal Services, ACOSS, Amnesty International, and the Change the Record coalition, with all calling for solutions that are community controlled and driven.

### ***The evidence base shows a lack of attributable, effective and long-term outcomes***

In the past, the evaluation conducted by ORIMA (Ceduna, East Kimberley 2017) was heavily relied on to justify this punitive initiative. However, this evaluation was widely criticised including by the Auditor-General for its paucity of evidence and its lack of robust methodology.<sup>3</sup>

A more recent University of Adelaide evaluation found the lack of baseline data made the evaluation difficult, with mixed findings in relation to second round effects and tertiary outcomes and that:

- alcohol consumption was reduced but it was not possible to attribute this to the cashless debit card alone
- there was a 3.5 percent short term reduction in gambling
- no clear conclusion should be drawn on whether the cashless debit card influenced the personal or social harm caused by the use of illicit drugs.<sup>4</sup>

An extensive evidence base on income management, developed by Professor Gray and Dr Rob Bray PSM from the ANU Centre for Social Research and Methods, was largely disregarded. When 2014 evaluation findings were compared with contemporary data on child health and wellbeing, education, crime and alcohol consumption for the Northern Territory, where income management has been in place for over one third of the Indigenous population for a decade, the ANU found 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 assaults, and
- alcohol consumption has fallen but this trend pre-dates the introduction of income management, with research identifying a range of policies, including pricing and supply limitations, as the drivers. There has been no reduction in the extent of risky alcohol consumption.<sup>5</sup>

ANU concluded that there was a continued absence of evidence of discernible, positive benefits across these measures which could be attributed to income management policies. Income management is only appropriate in very specific circumstances, such as 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.

Deloitte Access Economics also found that income management does not appear to have a substantial or sustained impact on the level of alcohol, tobacco or gambling consumption.<sup>6</sup>

Finally, the Auditor-General's first report in 2018-19<sup>7</sup> found that the Department's approach to monitoring and evaluation was inadequate, making it difficult to conclude if the cashless debit card trial was effective in reducing social harm and cost effective compared to other components of income management. The follow-on audit in June 2022 found the Department had not demonstrated that the CDC program was meeting its intended objective, particularly with respect to cost-benefit analysis, post-implementation review and evaluation.<sup>8</sup>

### ***The card disempowers people and leads to circumvention behaviours and unintended consequences***

Many income support recipients feel the burden of shame and the evidence base indicates that the negative consequences of shame are much worse for people on various forms of income management.<sup>9</sup> Of concern is the unintended consequences and circumvention behaviours that may arise when people with serious addiction are left, without adequate support. A 2016 review of income management

programs,<sup>10</sup> undertaken by the University of NSW, found that compulsory forms of income management did not result in medium or long-term behavioural change at the individual or community level. Instead, income management, and particularly compulsory forms of income management, often lead to unintended negative consequences and behaviours.

For those with serious drug and alcohol addictions, cutting off access to cash may result in 'circumvention' behaviours,<sup>11</sup> with addicts seeking out other means to access alcohol and drugs. Most often these behaviours bring detrimental consequences to those around them. In both the trial of the cashless card and other forms of income management, evidence shows that people with serious addictions have resorted to a range of circumvention behaviours. These behaviours include offering non-participants the use of their card in exchange for cash, alcohol or drugs to a lesser value, on-selling of purchased items for cash, informal work, stealing and 'humbugging', and financial harassment of relatives and other community members.

### ***The card limits disposable income leading to adverse outcomes for children***

739,000 Australian children, or 1 in 6 of all Australian children, are currently living in poverty. Most of these children are in households that rely on income support.<sup>12</sup> Research shows 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.<sup>13</sup>

Australia's Research Alliance for Children and Youth has developed an index of deprivation for five domains namely 'loved and safe', 'material basics', 'healthy', 'learning' and 'participating'. Children living in monetary poverty are more likely to experience deprivations across all five domains. The effects of poverty felt by children spread far wider than just the material basics and impact on all areas of their wellbeing.<sup>14</sup>

The Society is also concerned that almost one-third (30 percent) of people on the card are parenting payment (single) recipients.<sup>15</sup> Research shows that most people living in poverty rely on social security for their income and single parents have the highest poverty rate of family types (at 35 percent).<sup>16</sup>

The Department has advised that the average account balance for those on the card is approximately \$240.<sup>17</sup> It is no surprise that many card holders have turned to buy now pay later schemes to tide themselves over – a currently unregulated, high-risk solution for people who can ill afford exorbitant interest rates if they are unable to make planned payments. The transitioning of people off the card must include appropriate solutions for these existing arrangements and the Government should expedite the regulation of these schemes.

### ***The card places the onus on recipients to meet exemption criteria***

The statistics on the applications received and approvals granted to exit or be exempt from the card speak for themselves. As at 1 July 2022, of the 13,622 people on the card, 3.0 percent applied for a wellbeing exemption (403), 1.9 percent were approved (253) and 1.1 percent were rejected (150). This has not changed significantly since September 2020, where 2.3 percent applied and 1.6 percent were approved. However, applications to exit the card have increased three-fold in the last two years but the rejection rate remains largely unchanged. In 2020, 10.5 percent applied to exit the program and only 2.6 percent were approved.<sup>18</sup> In July 2022, 34.4 percent of people (4,682) applied to exit the card but only 4.9 percent were approved (671), 7.1 percent were rejected (969) and 20.1 percent withdrew (2,732).<sup>19</sup>

The high percentage of withdrawn exit applications has not been explained but could suggest an onerous and/or lengthy process, likely to result in rejection and therefore not worth the effort. In March 2020, the Department indicated that the average processing time for exit applications was five months.<sup>20</sup>

In July 2021, the Department advised that Services Australia provides information on exit applications through its website, the CDC Hotline, through Services Australia Service Centres or by visiting a local partner. Local partners are community and local government organisations, with one identified for Cape York (Family Responsibilities Commission). Consultations were underway in the Northern Territory to identify partners there. The Department also advised that Services Australia staff are trained to proactively identify challenges and barriers to customers and offer appropriate referrals, information, resources and support.<sup>21</sup> Yet, the number of withdrawn applications far outweighs those accepted and rejected and the number of rejections remains high.

### ***The card's administrative costs are prohibitive***

In March 2020, the Department advised that approximately 40 Services Australia administrative staff were involved with processing exit applications.<sup>22</sup> In March 2022, the Department advised it had

expended \$63.2 million on the Indue contract;<sup>23</sup> while in April 2022 it had expended around \$9 million in 2020-22 on the Cashless Welfare Policy & Technology Branch.<sup>24</sup>

The ANAO cited a cost-benefit analysis report, commissioned by the Department, which found total expenditure to be \$68.3 million from 2015-20.<sup>25</sup> The ANAO also reported that for 2020-21, the costs of the trial were \$36.5 million for that year and \$22.1 million for support services from 2020-22.<sup>26</sup>

The Parliamentary Budget Office estimates that scrapping the card will save the Government \$286.5 million over four years. The Society considers that savings generated by ending the cashless debit card must be directed to support services in the trial site communities.

### ***The Society's comments on the Bill and transitioning from the card***

The Society supports the transitioning of more than 17,300 people from the cashless debit card program and enabling them to enter into an income management arrangement, if they chose to do so.

We note the ANU research findings<sup>27</sup> that income management is only appropriate in very specific circumstances, such as when it is entered into voluntarily or used in a highly targeted way for individuals who have a demonstrated incapacity to effectively manage their finances and spending.

We note that upon exit from the card, certain people may be subject to mandatory income management (in the NT) and the category of persons will be determined by the Minister, by legislative instrument. It includes those with child protection concerns, vulnerable welfare payment recipients, disengaged youth, long term welfare payment recipients, school enrolment, school attendance or other state or territory referrals.

Disengaged youth seems to capture all people aged 15-24 years in the NT on youth allowance, jobseeker payment, special benefit, pension PP (single) or benefit PP (partnered).

Long term welfare recipients include those on youth allowance, jobseeker payment, special benefit, pension PP (single) or benefit PP (partnered) who are at least 25 years of age and have been on these payments for at least 52 weeks during the test time. The general income support profile, as at December 2021, indicates that 60 percent of those on jobseeker, 81 percent of those on PP (single) and 73 percent of those on PP (partnered) are on these payments for greater than one year, with the average duration being 72 weeks, 198 weeks and 138 weeks respectively.<sup>28</sup> The reality is the majority of these income support recipients are 'long-term' and they need tailored and intensive support to be job ready and able to transition to work.

We agree the Bill advances the protection of human rights. However, we are concerned that certain people will continue to be subject to indefinite mandatory income management and that the previous exit or exemption processes (for the card), were onerous and often resulted in rejection.

The Society agrees that transitioning will be complex and fully supports a communication strategy and face-to-face engagement, including with local support services. We note the intention for a further Bill, post consultation, to address the transitioning of individuals and communities who access income management arrangements. Drafting of this Bill should include regular reviews for those on mandatory income management, supported by simplified and timely exit/ exemption processes.

We support amendments that do not enable exit determinations made by the Secretary to be revoked.

To ensure people have the skills and support to successfully transition off the card and ultimately off income support, the estimated \$286.5 million in savings should be reinvested into the trial sites, in the form of support services, training and job-readiness programs.

Please do not hesitate to contact me if you require further information.

Yours sincerely



Mr P Toby oConnor  
**Chief Executive Officer**

<sup>1</sup> St Vincent de Paul Society. 2012. *The Rule*. 7<sup>th</sup> Edition Australia. Accessed at: [https://www.vinnies.org.au/icms\\_docs/168122\\_The\\_Rule.pdf](https://www.vinnies.org.au/icms_docs/168122_The_Rule.pdf), para 1.3, p. 16.

<sup>2</sup> *ibid.*, para 1.10, p. 17



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- <sup>3</sup> Auditor-General Report No.1 2018–19 *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>
- <sup>4</sup> Auditor General Report No. 29, 2021-22. *Implementation and Performance of the Cashless Debit Card Trial — Follow-on*. para 4.30. p. 60. Accessed at: [https://www.anao.gov.au/sites/default/files/Auditor-General\\_Report\\_2021-22\\_29.pdf](https://www.anao.gov.au/sites/default/files/Auditor-General_Report_2021-22_29.pdf). With reference to Evaluation of the cashless debit card in Ceduna, East Kimberley and the Goldfields regions. Consolidated report. University of Adelaide. Jan 2021. Accessed at: [https://www.dss.gov.au/sites/default/files/documents/02\\_2021/fac\\_evaluation-cdc-ceduna-east-kimberley-and-goldfields-region-consolidated-report\\_012021.pdf](https://www.dss.gov.au/sites/default/files/documents/02_2021/fac_evaluation-cdc-ceduna-east-kimberley-and-goldfields-region-consolidated-report_012021.pdf)
- <sup>5</sup> Bray J.R. 2020. *Measuring the social impact of income management in the Northern Territory: An updated analysis*. Working Paper no. 136/2020. Centre for Aboriginal Economic Policy Research. Australian National University. Accessed at <https://doi.org/10.25911/5ed0e50bd56dc>
- <sup>6</sup> Deloitte Access Economics. 2015. *Consolidated Place Based Income Management Evaluation Report 2012-2015*. Report to the Department of Social Services. Canberra: Deloitte Access Economics.
- <sup>7</sup> Auditor-General Report No.1 2018–19. *op.cit*.
- <sup>8</sup> Auditor General Report No. 29, 2021-22. *op.cit*
- <sup>9</sup> 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](https://www.aph.gov.au/Parliamentary_Business/Committees/Senate/Community_Affairs/CashlessCardTransition/Submissions)
- <sup>10</sup> Parsons, K., Katz, I., Macvean, M., Spada-Rinaldis, S., & Shackleton, F., 2016. *Alternatives to Income Management*. SPRC Report 08/16. Social Policy Research Centre, UNSW Australia and the Parenting Research Centre: Sydney. Accessed a: [https://www.aboriginalaffairs.nsw.gov.au/pdfs/research-and-evaluation/TAB-A-Alternatives-to-IM-Report\\_FINAL.pdf](https://www.aboriginalaffairs.nsw.gov.au/pdfs/research-and-evaluation/TAB-A-Alternatives-to-IM-Report_FINAL.pdf)
- <sup>11</sup> Catholic Social Services Australia. 2017. *The Cashless Debit Card: Learnings from Trial Site Communities and Recommendations*. Accessed at: <https://www.cssa.org.au/storage/cssa-report-cashless-debit-card-trial-nov17-final.pdf>.
- <sup>12</sup> 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>
- <sup>13</sup> 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.
- <sup>14</sup> Sollis, K. 2019. *Measuring Child Deprivation and Opportunity in Australia: Applying the Nest framework to develop a measure of deprivation and opportunity for children using the Longitudinal Study of Australian Children*. Canberra: ARACY. Accessed at: <https://www.aracy.org.au/publications-resources/area?command=record&id=282>
- <sup>15</sup> Australian Government. Australian Government Cashless Debit Card Program. Summary, July 2022. Accessed at: <https://data.gov.au/data/dataset/australian-government-cashless-debit-card-program>
- <sup>16</sup> ACOSS. UNSW. n.d. Poverty and Inequality. Poverty in Australia. Accessed at: <https://povertyandinequality.acoss.org.au/poverty/>
- <sup>17</sup> Senate Community Affairs Legislation Committee, Additional Estimates – 3-4 June 2022. Answer to Question On Notice, DSS SQ21-000503, Accessed at: [https://www.aph.gov.au/Parliamentary\\_Business/Senate\\_estimates#qon](https://www.aph.gov.au/Parliamentary_Business/Senate_estimates#qon)
- <sup>18</sup> Australian Government. Australian Government Cashless Debit Card Program. Updated 17/9/2020. Accessed at: <https://data.gov.au/data/dataset/e5a6ca38-b17c-4e65-af70-84e7759a0ffa/resource/bfd433d0-f41f-4d2b-8848-287d16e0cdd8/download/cashless-debit-card-data-summary-september-2020.pdf>
- <sup>19</sup> Australian Government. Australian Government Cashless Debit Card Program. Summary, July 2022. *op.cit*.
- <sup>20</sup> Senate Community Affairs Legislation Committee, Additional Estimates – 5 March 2020. Answer to Question On Notice, DSS SQ20-000098, Accessed at: [https://www.aph.gov.au/Parliamentary\\_Business/Senate\\_estimates#qon](https://www.aph.gov.au/Parliamentary_Business/Senate_estimates#qon)
- <sup>21</sup> Senate Community Affairs Legislation Committee, Additional Estimates – 21 June 2021. Answer to Question On Notice, DSS SQ21-000564, Accessed at: [https://www.aph.gov.au/Parliamentary\\_Business/Senate\\_estimates#qon](https://www.aph.gov.au/Parliamentary_Business/Senate_estimates#qon)
- <sup>22</sup> Senate Community Affairs Legislation Committee, Additional Estimates – 5 March 2020. *op. cit*
- <sup>23</sup> Senate Community Affairs Legislation Committee, Additional Estimates – 2 March 2022. Answer to Question On Notice, DSS SQ22-000113, Accessed at: [https://www.aph.gov.au/Parliamentary\\_Business/Senate\\_estimates#qon](https://www.aph.gov.au/Parliamentary_Business/Senate_estimates#qon)
- <sup>24</sup> Senate Community Affairs Legislation Committee, Additional Estimates – 7 April 2022. Answer to Question On Notice, DSS SQ22-000141, Accessed at: [https://www.aph.gov.au/Parliamentary\\_Business/Senate\\_estimates#qon](https://www.aph.gov.au/Parliamentary_Business/Senate_estimates#qon)
- <sup>25</sup> Auditor General Report No. 29, 2021-22. *op. cit.* para 4.59, p.65.
- <sup>26</sup> Auditor General Report No. 29, 2021-22. *op. cit.* para 1.4-1.5, p. 14.
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<sup>27</sup> Bray J.R. 2020. *op.cit.*

<sup>28</sup> Australian Government. DSS Payment Demographic Data, December 2021. Accessed at:  
<https://data.gov.au/dataset/ds-dga-cff2ae8a-55e4-47db-a66d-e177fe0ac6a0/details?q=demographic>