



## **Social Security (Administration) Amendment (Income Management to Cashless Debit Card Transition) Bill 2019**

Prepared as a submission to the Senate Community Affairs Legislation Committee

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## Statement of Recognition

The Salvation Army acknowledges the Traditional Custodians of the lands and waters throughout Australia. We pay our respect to Elders, past, present and emerging, acknowledging their continuing relationship to this land and the ongoing living cultures of Aboriginal and Torres Strait Islander peoples across Australia.

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## Introduction

The Salvation Army welcomes the opportunity to make this submission on the Social Security (Administration) Amendment (Income Management to Cashless Debit Card Transition) Bill 2019 (the Bill)

The Salvation Army provides a wide range of services and support to people across Australia as part of realising our vision: Wherever there is hardship or injustice Salvos will live, love and fight alongside others to transform Australia one life at a time, with the love of Jesus.

Fundamental to the ethos of The Salvation Army is the idea that every single human being has inherent worth and every person should be able to live with dignity.

### **The Salvation Army recommends that this Bill does not proceed.**

The Salvation Army has major reservations around any expansion or extension of the Cashless Debit Card trial. Our fundamental concerns are around the increased stigma and potential social isolation associated with the Cashless Debit Card– leading to potentially poorer outcomes for those who are forced to use it.

This submission chiefly deals with two areas of concern:

- Concerns about sufficient evidence to support the trials – noting issues with evaluations conducted in the current trial sites and concerns about whether expansions of the Cashless Debit Card will include similar levels of additional supports provided during the trials;
- Concerns about outcomes for individuals – especially noting the negative effect of stigma on mental health, social inclusion and the pathway to employment.

Further, we strongly urge the Committee to seek out the voices and experiences of individuals and communities with a lived experience of the Cashless Debit Card. It is our belief that these experiences provide a critical layer of understanding and valuable insight into the practical workings of the Cashless Debit Card that cannot be ignored in policy development, implementation and evaluation.

## Background

Welfare quarantining has been part of the Australian social policy landscape in a number of different locations and forms since 2007 when it was introduced as part of the legislation for the Northern Territory Emergency Response.

Income Management (IM) works by quarantining a proportion of social security payments for 'priority needs', such as food, clothing, housing and utilities<sup>1</sup>. Since its introduction, the proportion of welfare payments subject to quarantining through IM has ranged from 50 to 70 per cent, with 100 per cent of any advance and lump sum payments being quarantined.

The Cashless Debit Card (CDC) quarantines up to 80 per cent of a person's income support payment and limits the individual's ability to withdraw cash as well as purchase alcohol or gamble using the card.

The *Social Security Legislation Amendment (Debit Card Trial) Act 2015* (Cth) outlined four objectives:

- reduce the amount of certain restrictable payments available to be spent on alcoholic beverages, gambling and illegal drugs; and
- determine whether such a reduction decreases violence or harm in trial areas; and
- determine whether such arrangements are more effective when community bodies are involved; and
- encourage socially responsible behaviour.

The Cashless Debit Card trial was introduced in South Australia's Ceduna region in March 2016 and in Western Australia's East Kimberley region in April 2017. The CDC trial was later rolled out in Western Australia's Goldfields region in March 2018 and in Queensland's Bundaberg and Hervey Bay region in January 2019.

In the 2019-20 Federal Budget, the government announced plans to extend and expand the trials to 30 June 2021 and transition approximately 22,500 Income Management participants in the Northern Territory and Cape York to the CDC from April 2020.<sup>2</sup>

It is estimated that there are currently 15,000 people on the CDC in Australia. The Bill seeks to:<sup>3</sup>

- extend the CDC trial in existing regions for a further year to 30 June 2021;
- transition approximately 22,500 people subject to IM onto the CDC; and
- remove the cap on the number of CDC trial participants.

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<sup>1</sup> See *Social Security (Administration) Act 1999* (Cth) s.123TH for a definition of 'priority needs'.

<sup>2</sup> Australian Government Department of Social Services, *Cashless Debit Card – further extension and expansion: 2019 Budget* (2019). Available at [https://www.dss.gov.au/sites/default/files/documents/04\\_2019/pbs-fact-sheet-cashless-debit-cardzlfexz\\_0.docx](https://www.dss.gov.au/sites/default/files/documents/04_2019/pbs-fact-sheet-cashless-debit-cardzlfexz_0.docx).

<sup>3</sup> Explanatory Memorandum, *Social Security (Administration) Amendment (Income Management to Cashless Debit Card Transition) Bill 2019* (Cth)

## Evaluating Success

### Lack of evidence of outcomes

The Salvation Army advocates for evidence-based approaches to addressing social welfare issues in Australia. There have been significant issues with the evaluation undertaken on the CDC trials to date such that we do not believe there is sufficient evidence to justify any expansion.

According to the Department of Social Services, the purpose of the CDC trial is to find an effective tool for supporting disadvantaged communities to reduce the consumption and effects of drugs, alcohol and gambling that impact on the health and wellbeing of communities, families and children.<sup>4</sup>

None of the evaluations regarding the CDC trial show conclusive evidence that the objectives have been met. At present, there is no credible evidence that restricting people's access to cash reduces the incidence of addiction to drugs, alcohol or gambling.

Importantly, some of the available evidence suggests that this approach could cause discrimination, restricts people's ability to manage finite resources, and ultimately leads to greater dependence on the welfare system. There is evidence that, for some, the CDC has increased financial hardship, social exclusion and stigma, while at the same time eroding self-reliance and autonomy.<sup>5</sup> In fact, the exemptions to participation in the trial, introduced in the *Social Services Legislation Amendment (Cashless Debit Card Trial Expansion) Act 2018* (Cth) acknowledge that the CDC may pose risks to a person's mental, physical or emotional wellbeing.<sup>6</sup>

In a report completed in 2018, the Australian National Audit Office noted that:

*"the approach to monitoring and evaluation was inadequate ... making it difficult to conclude whether there had been a reduction in social harm and whether the card was a lower cost welfare quarantining approach".<sup>7</sup>*

It has also been stated that some parts of the evaluations undertaken have provided conflicting and inconclusive findings and rely on piecemeal and skewed data, anecdotal evidence, and questionable research methods.<sup>8</sup>

This makes it difficult to argue that the trials have been successful on any measure. Anecdotal evidence, however, makes it clear that at least some of the people who are forced to use the CDC are experiencing additional hardship because of this policy decision.

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<sup>4</sup> Australian Government Department of Social Services, *Cashless Debit Card* (2019). Available at [www.dss.gov.au/families-and-children/programmes-services/welfare-conditionality/cashless-debit-card-overview](http://www.dss.gov.au/families-and-children/programmes-services/welfare-conditionality/cashless-debit-card-overview)

<sup>5</sup> Orima Research, *Cashless Debit Card Trial Evaluation – Final Evaluation Report* (2017)

<sup>6</sup> *Social Services Legislation Amendment (Cashless Debit Card Trial Expansion) Act 2018* (Cth) s.124PGA

<sup>7</sup> Australian National Audit Office, *The Implementation and Performance of the Cashless Debit Card Trial* (2018), p.8.

<sup>8</sup> St Vincent de Paul Society, *The Cashless Debit Card* (2019). Available at [https://www.vinnies.org.au/page/Publications/National/Factsheets\\_and\\_policy\\_briefings/The\\_Cashless\\_Debit\\_Card/](https://www.vinnies.org.au/page/Publications/National/Factsheets_and_policy_briefings/The_Cashless_Debit_Card/)

## Scalability of the Cashless Debit Card Trials

Despite the concerns stated above, we acknowledge that some aspects of the evaluations point to a number of positive aspects of the CDC trial, mainly as a result of effective implementation. This includes an implementation process based on community consultations, which had occurred prior to the introduction of the CDC trial. These consultations were said to have been extensive and inclusive, engaging not only easy-to-reach groups but also engaging appropriately and sensitively with Indigenous community groups.

Additionally, the CDC trial sites incorporated investment in additional drug and alcohol, financial and family support services.

The Salvation Army is, unequivocally, supportive of additional supports that assist individuals to overcome barriers to employment. Our experience is that financial counselling in particular can be extremely effective in helping people build financial resilience.<sup>9</sup>

Due to the provision of these additional services, as well as the nature of the policy, implementing the CDC has proved to be extremely costly. It is estimated that the CDC trial has cost \$18.9 million – over \$10,000 per participant. More than half (\$9.8 million) of the total funding was paid to the company contracted to cover all operational aspects of the CDC.

Our concern is that the level of additional supports is fundamental to any success the current trials have achieved. Any future expansion of the trials, including as proposed by the Bill, must maintain and expand these additional supports. Further, there remain gaps in the policy response to the actual level of income support being inadequate, as well as barriers to accessing housing, education, mental health and other supports.

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<sup>9</sup> The Salvation Army, *One Step at a Time: Five year financial counselling analysis* (2019). Accessible at <https://financialcapability.gov.au/files/one-step-at-a-time-five-year-financial-counselling-analysis.pdf>

## Poorer Outcomes

### Social Isolation, Stigma and Mental Health

The Salvation Army works with people experiencing deep and persistent disadvantage in Australia. Through this work we have come to recognise the effect social disadvantage can have on social isolation, stigma and mental health.

We believe that every single human being has inherent worth and every person should be able to live with dignity. A major consideration for any social policy proposition is the impact it will have on the mental health and social inclusion of welfare recipients. This is critical because welfare should provide a safety net from harm and because poor mental health outcomes and social isolation are major barriers to moving from welfare to work.

A study undertaken by the Centre for Aboriginal Economic Policy Research in 2019 reveals the potential impact that welfare reform measures have on an individual's sense of worth and social belonging. This study recorded some of the feelings associated with the use of the CDC, including people who found the card 'an insult', making them feeling 'targeted or 'punished'. Other comments were related to the belief that the card was designed to induce shame.<sup>10</sup>

The Salvation Army is concerned that further expansion of the CDC creates an unreasonable and unnecessary risk in terms of both perceived and actual stigma and the practical issues of using the card. We consider that the approval of the Bill in its current form will further stigmatise Australians already experiencing disadvantage.

Any aspect of the system that dehumanises a recipient, diminishes their personal agency, or negatively affects their sense of community connection causes us concern. We consider that the CDC, especially given the rhetoric that has built up around its use, would exacerbate the negative effect on the mental health and community connection of welfare recipients.

Many of our clients have expressed a sense of shame for being on welfare. They talked about going to considerable lengths to ensure the outside of their accommodation looked good so that people would not know how hard times had become. They talked about declining to see their friends so their friends would not carry the burden of always paying for coffee. Some also talked about feeling that they were being punished because they could not secure a job, despite their best efforts.

At this time, The Salvation Army believes that the risks associated with the widespread use of the CDC, including social isolation, stigma and mental health, have not been assessed by any of the evaluations, and therefore, the risks are too great.

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<sup>10</sup> Vincent E, *Lived Experiences of the Cashless Debit Card Trial, Ceduna, South Australia* (2019). Working Paper 129/2019, Centre for Aboriginal Economic Policy Research, Australian National University, Canberra



## The Evaluation Process

The Explanatory Memorandum accompanying the Bill states that:

*The Social Security Administration Act presently requires that, where the Minister causes a review of CDC trial to be conducted, the Minister must cause the review to be evaluated. This requirement is potentially circular and, unless resolved, might generate ongoing evaluation under section 124PS. The proposed amendments address this issue and support a desktop evaluation to lessen the ethical implications associated with avoidable repeat contact with vulnerable individuals.*

As a result of this amendment, the Bill removes the statutory requirement of an independent expert evaluation within six months of the completion of a review. Additionally, amendments to the Bill remove the requirement on independent experts to consult trial participants which, in turn, will avoid the ethical implications of unnecessary repeat contact with vulnerable individuals.

In our view, moving away from full evaluations to desktop reviews is a negative move. Although we acknowledge the very sound desire to avoid unnecessary intrusion into the lives of people on the CDC, we believe that the quality of evaluations should not be compromised. In particular, we believe strongly that the voice of people most affected, including their subjective experiences of the CDC, must be considered in any evaluation.

## Conclusion

The Salvation Army does not support the extension of the CDC trial and the transition of 22,500 people subject to IM onto the CDC. We urge the Committee to recommend against the progression of the Bill.

We believe that any policy proposal that curtails the freedom of income support beneficiaries must be thoroughly evaluated to determine its effectiveness.

## About The Salvation Army

The Salvation Army is an international Christian movement with a presence in 128 countries. Operating in Australia since 1880, The Salvation Army is one of the largest providers of social services and programs for people experiencing hardship, injustice and social exclusion.

The Salvation Army Australia has a national operating budget of over \$700 million and provides more than 1,000 social programs and activities through networks of social support services, community centres and churches across the country. Programs include:

- Financial inclusion, including emergency relief
- Homelessness services
- Youth services
- Family and domestic violence services
- Alcohol, drugs and other addictions
- Chaplaincy
- Emergency and disaster response
- Aged care
- Employment services.

As a mission driven organisation, The Salvation Army seeks to reduce social disadvantage and create a fair and harmonious society through holistic and person-centred approaches that reflect our mission to share the love of Jesus by:

- Caring for people
- Creating faith pathways
- Building health communities; and
- Working for justice.

We commit ourselves in prayer and practice to this land of Australia and its people, seeking reconciliation, unity and equity.

### Further Information

The Salvation Army would welcome the opportunity to discuss the content of this submission should any further information be of assistance.

Further information can be sought from Major Brad Halse, National Head of Government Relations,