

Submission to the inquiry into compulsory income management

Parliamentary Joint Committee on Human Rights

17 May 2024

About ACOSS

The Australian Council of Social Service (ACOSS) is a national voice in support of people affected by poverty, disadvantage and inequality and the peak body for the community services and civil society sector.

ACOSS consists of a network of approximately 4000 organisations and individuals across Australia in metro, regional and remote areas.

Our vision is an end to poverty in all its forms; economies that are fair, sustainable, and resilient; and communities that are just, peaceful, and inclusive.

Summary

As we head towards almost 20 years of compulsory income management, there remains no conclusive evidence that this policy improves the lives of people subjected to it. Instead, the evidence shows that the policy causes harm, and has failed to lift the living standards of people experiencing poverty.

The policy unambiguously discriminates against First Nations People and unjustifiably limits rights to privacy and social security. In its reviews of how compulsory income quarantining¹ complies with Australia's human rights obligations, the Parliamentary Joint Committee on Human Rights (PJCHR) has consistently raised concerns about the policy engaging and limiting these rights, without evidence of positive outcomes for affected communities.

ACOSS welcomed the Federal Government's abolition of the Cashless Debit Card as a key first step to removing mandatory income quarantining from Australia's social security system. Now the government must finish what it started and abolish compulsory income management.

¹ Includes income management and cashless debit card policies.

Recommendation 1

ACOSS recommends that the Federal Government abolish mandatory income management and redirect funding to community-led approaches to address complex health or social issues.

Recommendation 2

ACOSS recommends that the Federal Government increase JobSeeker, Youth Allowance, Austudy, Abstudy, Special Benefit and Parenting Payment to at least \$80 a day to help people cover basic costs. People subjected to compulsory income management receive the lowest rates of income support causing poverty and destitution. To address this, the government needs to substantially increase the base rates of these payments and index them to wages as well as prices.

Recommendation 3

ACOSS recommends that the Federal Government substantially increase Remote Area Allowance. As a first step, it should increase the payment in line with its loss in value over time through inflation² and apply ongoing indexation, at least to the Consumer Price Index. A review should also be conducted to benchmark the payment more appropriately to remote community living costs to improve adequacy.

² The Remote Area Allowance is not indexed and has not been increased since 2000 <https://guides.dss.gov.au/social-security-guide/5/2/6/30>.

Discussion

Compulsory income management has not achieved its objectives.

Compulsory income management³ aims to 'reduce the amount of discretionary income available'⁴ to spend on tobacco, alcohol, gambling, pornography or be withdrawn as cash. The policy aims to restrict spending to 'priority goods', to help 'people to stabilise their lives so they can better care for themselves and their children...and support [people] to join or return to the workforce.'⁵

There is no conclusive evidence that compulsory income management has achieved these outcomes. On the contrary, there is evidence to show the policy has caused harm.

Arguably the most comprehensive evaluation of compulsory income management is the University of NSW's Social Policy Research Centre's evaluation, finalised in 2014. It 'could not find any substantive evidence of the program having significant changes relative to its key policy objectives, including changing people's behaviours.'⁶ With respect to use of alcohol, drugs and gambling, which is the key target of the policy, there were mixed results, with the evaluation finding that while there was a reduction in moderate use of alcohol, drugs and gambling, serious use may have increased.⁷

This evaluation found no evidence of improved financial wellbeing, changes in spending patterns (including food and alcohol sales), nor was there any evident change in community wellbeing, including positive outcomes for children. The evaluation concluded that rather than build capacity and independence, income management had made 'people more dependent on welfare'.⁸

³ For this submission, ACOSS points to evidence regarding the now defunct compulsory cashless debit policy as well as compulsory income management, given the policies are largely the same.

⁴ DSS (2019) '11.1.1.30 Objectives of income management' Social Security Guide, <https://guides.dss.gov.au/social-security-guide/11/1/1/30>

⁵ DSS (2024) 'Income management' <https://www.dss.gov.au/our-responsibilities/families-and-children/programs-services/family-finance/income-management>

⁶ SPRC (2014) 'Evaluation of New Income Management in the Northern Territory' https://www.dss.gov.au/sites/default/files/documents/12_2014/evaluation_of_new_income_management_in_the_northern_territory_full_repor.pdf_p.xxi

⁷ Ibid. pp.185-186 & p.231

⁸ Ibid. p.xxii

Several studies since this evaluation point to the harm caused by the policy, including lower birth weights of children⁹, reduced school attendance when the policy was introduced¹⁰, shame and stigma¹¹, and people feeling they had lost control.¹²

No evaluation has found a positive effect on take-up of employment despite this being one of the goals of income management.

Dr Rob Bray, one of the authors of the SPRC 2014 evaluation, has reviewed several evaluations of income quarantining including those that purportedly show the policy is effective in meeting its objectives. In his review, Dr Bray concluded that "although questions about perceptions of change are frequently, although not universally, answered in the positive, these findings are not supported in studies using objective, and repeated, measures of outcomes and change."¹³ In other words, the positive effects identified by some evaluations are opinion-based, and not supported by objective data measuring health and wellbeing outcomes related to the policy's aims.

The evidence also shows that only a small number of people captured by blanket compulsory income management report the behaviours that the policy is intended to change. For example, the Orima evaluation of compulsory cashless debit found that:

- 80% of respondents said they had never gambled.
- 97% said they had never gambled or gambled more than what they could afford to lose.
- 90% said they had never used an illicit drug.
- Only 18% said they drank alcohol more than once per week, with around 81% saying they either never drank or drank less frequently than more than once per week.¹⁴

The Cape York trial, where compulsory income management is used as an option of last resort, found that very few people 'need' income management.

⁹ Mary-Alice Doyle, Stefanie Schurer, Sven Silburn (2022) 'Unintended consequences of welfare reform: Evidence from birthweight of Aboriginal children in Australia' *Journal of Health Economics*, Volume 84

<https://www.sciencedirect.com/science/article/abs/pii/S0167629622000388>

¹⁰ Cobb-Clark, Deborah A., et al. (2023) "The Effect of Quarantining Welfare on School Attendance in Indigenous Communities." *Journal of Human Resources*, vol. 58 no. 6, p. 2072-2110. *Project MUSE*

<https://muse.jhu.edu/pub/19/article/909520>

¹¹ Greg Marston, Philip Mendes, Shelley Bielefeld, Michelle Peterie, Zoe Staines and Steven Roche (2020) 'Hidden Costs: An Independent Study into Income Management in Australia' February

https://researchmgt.monash.edu/ws/portalfiles/portal/299390281/299389035_oa.pdf

¹² Ibid.

¹³ Bray, R. J. (2016) 'Seven years of evaluating income management – what have we learnt? Placing the findings of the New Income Management in the Northern Territory evaluation in context', *Australian Journal of Social Issues* Vol.51 No.4, p. 464

¹⁴ 4 DSS (2017) https://www.dss.gov.au/sites/default/files/documents/03_2017/final_cdct_evaluation_-_wave_1_interim_evaluation_report_9_february_2017.pdf pp. A33, A41

Findings from its evaluation show that only 7.7% of people receiving income support payments were income managed.¹⁵

The 2014 Northern Territory Evaluation stated that there was no evidence that compulsory income management applied to people most at risk of engaging in target behaviours.¹⁶

The PJCHR has raised concerns about the blanket approach to compulsory income management because it is not 'rationally connected' and 'effective' to achieve its objectives.¹⁷

Compulsory income management is incompatible with Australia's human rights obligations because of its blanket application and the absence of credible evidence that it works. This is discussed in greater detail below.

Compulsory income management does not meet Australia's human rights obligations.

The PJCHR is well placed to assess the compatibility of compulsory income management with Australia's human rights obligations, having assessed the merits of the policy repeatedly since its establishment in 2012.

The PJCHR has consistently found that compulsory income management, and its sister policy compulsory cashless debit, engages and limits several human rights, including the right to privacy, equality and non-discrimination, and the right to social security. Repeatedly, the Committee has concluded that compulsory income management is a disproportionate response to the issues it seeks to address and there is inadequate evidence to show that the policy meets its aims. It has consistently flagged its concerns that the policy discriminates against First Nations People, "robs individuals of their autonomy and dignity and involves a significant interference into a person's private and family life."¹⁸

¹⁵ DSS (2018) 'Strategic review of Cape York Income Management FINAL REPORT'
https://www.dss.gov.au/sites/default/files/documents/12_2018/final-report-strategic-review-cape-york-income-management.pdf p.2

¹⁶ SPRC (2014) p. 295

¹⁷ ¹⁷Parliamentary Joint Committee on Human Rights (2016) 'Review of Stronger Futures measures'
https://www.aph.gov.au/-/media/Committees/Senate/committee/humanrights_ctte/inquiries/stronger_futures_2/Final_report/2016_Review_of_Stronger_Futures_measures.pdf?la=en&hash=35F698B74D855DD56FCB5F2710C74679A4D06AD3 p.61

¹⁸Parliamentary Joint Committee on Human Rights (2016) 'Review of Stronger Futures measures'
https://www.aph.gov.au/-/media/Committees/Senate/committee/humanrights_ctte/inquiries/stronger_futures_2/Final_report/2016_Review_of_Stronger_Futures_measures.pdf?la=en&hash=35F698B74D855DD56FCB5F2710C74679A4D06AD3 p.61

A key issue the PJCHR has identified with income management is its compulsory nature. In 2016, the PJCHR said that while income management 'may be of some benefit to those who voluntarily enter the program, it has limited effectiveness for the vast majority of people who are compelled to be part of it'.¹⁹

This analysis by the PJCHR is endorsed by former Aboriginal and Torres Strait Islander Social Justice Commissioner June Oscar AO in the Australian Human Rights Commission's submission on the Social Services Legislation Amendment (Cashless Debit Card Trial Expansion) Bill 2018.²⁰ The Commission views compulsory cashless debit as incompatible with Australia's international human rights obligations because:

- it engages and limits the right to privacy, social security and non-discrimination and equality.
- it limits rights without sufficient justification, arguing that just because the government says the policy reduces harm does not mean it does reduce harm.
- It is not a proportionate response to the issues it seeks to address.
- Consent from communities affected had not adequately been sought.²¹

How compulsory income management engages and limits specific human rights is detailed below.

Compulsory income management indirectly discriminates against First Nations People

Around eight in ten people subjected to compulsory enhanced income management in the Northern Territory are First Nations People.²² Although the policy applies to anyone in a designated area who receives a trigger income support payment,²³ the disproportionate application of the policy on First Nations People represents indirect discrimination. There is also evidence that First Nations People are greatly underrepresented among people who receive an exemption from the policy. For example, most applications for an exemption from compulsory income management are from non-Indigenous people, who

¹⁹ Ibid. p. 52

²⁰ Aboriginal and Torres Strait Islander Social Justice Commissioner June Oscar AO (2019) 'Submission to the Senate inquiry into Social Security (Administration) Amendment (Income Management to Cashless Debit Card Transition) Bill 2019' Australian Human Rights Commission https://humanrights.gov.au/sites/default/files/19.10.02_ahrc_submission_re_cashless_debit_card_trial_expansion.pdf

²¹ Ibid.

²² DSS 'Number of income management participants by location and measure as at 29 September 2023' https://www.aph.gov.au/-/media/Estimates/ca/supp2324/Social_Services/08_TabledDoc_ServicesAustralia_IncomeManagementData.pdf?la=en&hash=E57B772CA879CF43D466827D734B74D14732788B

²³ And meets certain other criteria.

are also more likely to receive an exemption compared with Indigenous people who apply.²⁴

Indirect discrimination is unlawful where the policy unreasonably and unfairly targets people with a particular attribute.²⁵ Indirect discrimination is not unlawful where there 'policy is reasonable, having regard to the circumstances of the case'.²⁶ Given there is no evidence that compulsory income management delivers positive outcomes, no reasonable basis can be established for the policy to warrant indirect discrimination. The policy therefore indirectly discriminates on the basis of race given the overwhelming majority of people affected by it are Aboriginal and Torres Strait Islander people. For this reason, the PJCHR, the Australian Human Rights Commission, and many other stakeholders argue that compulsory income management contravenes the human right to equality and non-discrimination.

Compulsory income management unjustifiably limits the right to privacy.

Compulsory income management limits the right to privacy by infringing upon a person's freedom to purchase excluded goods and services or access cash as they wish. The policy also breaches privacy by revealing that someone receives income support and is under income management, particularly where someone has the distinctive BasicsCard. While the Enhanced Income Management Smart Card seeks to address this issue, people are still restricted as to where they can purchase goods and services and banned from purchasing gift cards and withdrawing cash.

The policy further infringes someone's privacy by banning companies from providing refunds directly to people subjected to compulsory income management. Instead, companies must direct the refund to Services Australia, which then deposits the refund into the person's income managed account. This represents a gross breach of someone's privacy and autonomy because what should be a private transaction between a merchant and consumer includes a government agency.

The PJCHR found that income management "limits the rights to social security and a private life insofar as it interferes with an individual's freedom and autonomy to organise and make decisions about their private and family life. The right to privacy is linked to notions of personal autonomy and human

²⁴ Senate Community Affairs Legislative Committee (2021) 'NT applications for exemptions to Income Management' Additional Estimates 25 March, <https://www.aph.gov.au/api/qon/downloadattachment?attachmentId=e5e4ceab-a914-4dc2-8ccc-7928c4f51b78>

²⁵ Australian Human Rights Commission 'Quick guide to discrimination law' <https://humanrights.gov.au/education/employers/quick-guide-discrimination-law>

²⁶ Ibid.

dignity. It includes the idea that individuals should have an area of autonomous development; a 'private sphere' free from government intervention and excessive unsolicited intervention by others."²⁷

Compulsory income management represents a clear intervention by government into an individual's 'private sphere' without credible justification that it provides a benefit.

Compulsory income management unjustifiably limits the right to social security.

While compulsory income management does not directly limit someone's right to social security, it denies access to income support in a variety of circumstances, including where the BasicsCard is not accepted, when there are power outages and eftpos cannot be used, and where a merchant is cash only.

It also requires someone to give up other rights – like rights to privacy and non-discrimination – to receive income support payments. As Economic Justice Australia has pointed out, the right to social security should not be contingent on giving up other human rights.²⁸

People should be able to receive their income support payments without restrictions on how those payments may be used.

Inadequate income support drives poverty and financial distress

Income management is described as 'a tool that helps people budget their welfare payments and ensures they are getting the basic essentials of life, such as food, housing, electricity and education.'²⁹ Setting aside the lack of evidence that compulsory income management facilitates the above, this statement ignores the gross inadequacy of JobSeeker, Youth Allowance and related income support payments to meet basic costs.³⁰ At \$55 a day, the JobSeeker Payment is not enough to cover 'priority needs', with people Australia-wide receiving this payment regularly going without food, medication and other

²⁷ Parliamentary Joint Committee on Human Rights (2022) 'Human rights scrutiny report', Report 5 https://www.aph.gov.au/-/media/Committees/Senate/committee/humanrights_ctte/reports/2022/Report_5/Report_5_of_2022.pdf?la=en&hash=3D7DE576159D9428DB320FC11686FD4D0DECF058 p.44

²⁸ Economic Justice Australia (2023) https://www.ejaustralia.org.au/wp-content/uploads/Enhanced-Income-Management-Bill-inquiry-EJA-submission_final.pdf p.8

²⁹ DSS (2024) 'Income Management' <https://www.dss.gov.au/our-responsibilities/families-and-children/programs-services/family-finance/income-management>

³⁰ Economic Inclusion Advisory Committee (2024) <https://www.dss.gov.au/groups-councils-and-committees-economic-inclusion-advisory-committee/economic-inclusion-advisory-committee-2024-report>

essentials.³¹ Youth Allowance is even less at \$45 a day, sitting more than \$240 a week below the pension.

Research suggests that poverty rates among First Nations people in very remote areas is as high as 57%.³² Furthermore, the price of food and other essentials is 39% higher in remote areas than in urban centres, resulting in severe deprivation among people living in these communities.³³

People receiving income support payments are among the best managers of money in the country because they need to be. Rather than compulsorily managing people's income support payments, the Federal Government should lift income support payments to at least \$80 a day to help people cover basic costs. The Federal Government should also increase Remote Area Allowance so that it better reflects costs in remote areas.

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ACOSS recommends that the Federal Government increase JobSeeker, Youth Allowance, Austudy, Abstudy, Special Benefit and Parenting Payment to at least \$80 a day to help people cover basic costs and index these payments to wages as well as prices.

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³¹ ACOSS (2023) 'It's not enough: why more is needed to lift people out of poverty' https://www.acoss.org.au/wp-content/uploads/2023/09/ACOSS_COL_Report_Sep_2023_Web.pdf

³² Dr Frances Markham (2023) Submission to the inquiry into the extent and nature of poverty in Australia, <https://www.aph.gov.au/DocumentStore.ashx?id=9cff3504-f70f-42a7-b379-a5fda9f7b2dc&subId=750035>

³³ Dr Frances Markham (2024) 'The poor pay more; why the remote area allowance needs urgent reform' <https://www.austaxpolicy.com/the-poor-pay-more-why-the-remote-area-allowance-needs-urgent-reform/>