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To the Senate Community Affairs Legislation Committee,

RE: Social Security (Administration) Amendment (Continuation of Cashless Welfare) Bill 2020

Thank you for the opportunity to provide a submission in response to the *Social Security (Administration) Amendment (Continuation of Cashless Welfare) Bill 2020*.

AMSANT strongly opposes this Bill and urges the government to abandon it.

The Aboriginal Medical Services Alliance NT (AMSANT) is the peak body for Aboriginal Community Controlled Health Services (ACCHSs) in the Northern Territory (NT). AMSANT has been established for over 25 years and has a major policy and advocacy role at the NT and national levels. Our 26 members are located right across the NT from Darwin to the most remote areas. The ACCHSs sector is the largest provider of primary health care to Aboriginal people in the Northern Territory. ACCHSs deliver comprehensive primary health care in an integrated, holistic, culturally secure framework which combines a population health approach with primary health care service delivery; in addition, ACCHSs are also involved in diverse health research activities. AMSANT provides guidance and advocacy on a wide range of research, public health issues, education, workforce, continual quality improvement programs, social and emotional wellbeing, housing and other determinants of health that affect NT Aboriginal people. AMSANT has high level collaborations with the NT and Commonwealth Governments on these issues.

AMSANT's opposition to this Bill is based on the following key points:

1. The Bill is in direct opposition to the new National Agreement on Closing the Gap
2. The Bill is paternalistic policy imposed on Aboriginal people that is not supported by evidence
3. Compulsory income management does not improve health outcomes and has been shown to contribute to adverse outcomes, including decreased birthweights
4. Evidence suggests that compulsory income management does not improve educational outcomes for children, but worsens them
5. That alcohol-related harms are more effectively addressed through evidence-based, population-level management and supply reduction strategies
6. That the cashless debit card will exacerbate food insecurity which is already experienced at high rates across the NT
7. Chronic connectivity challenges across remote Australia and extensive technical issues with cashless debit cards will place additional and undue stress on cashless debit cardholders
8. There is a lack of consideration of the increased demand for social security legal support services or adequate funding allocated to such services
9. There are extreme opportunity costs for implementation of the cashless debit card, which would be better directed to investment in meaningful, community-driven jobs and support services
10. Voluntary, opt-in income management is a more effective tool to support people to manage income and budgets.

1. The Bill is in direct opposition to the new National Agreement on Closing the Gap

AMSANT firmly believes that the Cashless Welfare Bill is in direct opposition to the new National Agreement on Closing the Gap. In July 2020, all levels of government in Australia, along with the Coalition of Aboriginal and Torres Strait Islander Peak Organisations, became signatories to the new National Agreement on Closing the Gap (National Agreement, 2020). The new approach set out by this new Agreement commits to ‘a future where policy making that impacts on the lives of Aboriginal and Torres Strait Islander people is done in full and genuine partnership’ (National Agreement, 2020).

This Bill flies in the face of the new National Agreement. There has not been ‘full and genuine partnership’. In fact, as noted in the submission made by the Aboriginal Peak Organisations Northern Territory (APO NT, 2020), consultation undertaken in the Northern Territory by the Minister for Social Services has been both inadequate and incomplete, and certainly at odds with the commitment to genuine partnership to which the Commonwealth has committed.

2. The Bill is paternalistic policy imposed on Aboriginal people that is not supported by evidence

AMSANT considers that the Cashless Welfare Bill is paternalistic and not supported by evidence. This Bill seeks to impose policy *on* Aboriginal people who will be disproportionately impacted by the cashless debit card, and especially so in the Northern Territory where it is estimated that more than 90 per cent of recipients are Aboriginal (Bray et al, 2014). This paternalistic approach completely undermines the goodwill brought to CTG negotiations by Aboriginal peak organisations. This Bill perpetuates the disempowerment of Aboriginal people that has occurred through successive bad policy, including more recently the NT Emergency Response (‘the Intervention’).

Income management has operated in the NT since 2007 when it was introduced as part of the Intervention. A comprehensive evaluation of income management conducted over 2010-2014 concluded that there was ‘no consistent evidence of income management having a significant systematic positive impact’ (Bray et al, 2014) when it was considered across a range of indicators, including: consumption patterns; financial wellbeing; alcohol, drug and gambling related incidence; school enrolments and learning outcomes; and child wellbeing outcomes (Bray et al, 2014).

This is yet another example of governments’ attempts to address entrenched poverty and disadvantage through interventions focused on individual behaviour, rather than through addressing the structural causes of disadvantage (AMSANT, 2018; Doyle et al; 2020).

3. Compulsory income management does not improve health outcomes and has been shown to contribute to adverse outcomes, including decreased birthweights

AMSANT opposes the assertion that the Cashless Welfare Bill will improve health and wellbeing. AMSANT is of the firm view that compulsory income management is detrimental to improving health outcomes. Indeed, there is strong evidence supporting the link between self-determination and health outcomes (Garces-Ozanne; 2016; Syme; 2004; Tsey; 2008). Compulsory income management serves to disempower people by removing their ability to manage their own affairs, whilst failing to address the underlying structural issues that perpetuate inequality and disadvantage.

Income management measures introduced in the NT under the *Welfare Payment Reform Act 2007* explicitly state the objective to ‘promote socially responsive behaviour, particularly in relation to the care and education of children’ (*Welfare Payment Reform Act 2007* (Cth) 123TB(a)). It has been made increasingly clear in the time since then that these measures have failed to realise these objectives; in fact, evidence shows that outcomes for children have been made worse through compulsory income management measures.

Birthweight is an important indicator of health in later life, with low birthweight contributing to a person's likelihood of developing chronic diseases in later life (Silburn et al, 2018). Analysis undertaken on birthweight records in the NT following the implementation of income management during the Intervention show that there was a decrease in birthweights by almost 100 grams for children who were exposed to income management in utero (Doyle et al 2020). Additionally, the analysis showed that for those babies at the lower end of birthweight distribution, the adverse effects were stronger (Doyle et al, 2020).

4. Evidence suggests that compulsory income management does not improve educational outcomes for children, but worsens them

In terms of education, evidence suggests that compulsory income management does not improve educational outcomes for children, contrary to the policy objective. It is worth noting that school attendance data shows that attendance rates across the Northern Territory were actually *increasing* prior to the introduction of income management in September 2007 (Cobb-Clark et al, 2017). Furthermore, at the point in time that compulsory income management was introduced in the Northern Territory, school attendance data shows a sharp drop in attendance rates which occurs precisely at the point of introduction of income management (Cobb-Clark et al, 2017). The authors of this study found that the greatest decrease in school attendance is seen at 60-89 days post implementation, and estimate that 'attendance fell by 2.7 percentage points on average in the short run' at the time following implementation (Cobb-Clark 2017). In the years following 2007 up to 2012, data suggests that school attendance rates for Aboriginal children continued to decrease (Gray, Bray et al, 2014). Overall, it is clear that compulsory income management does not improve outcomes for children in the Northern Territory – it worsens them.

5. That alcohol-related harms are more effectively addressed through evidence-based, population-level management and supply reduction strategies

AMSANT supports and advocates for population-level alcohol management and supply reduction strategies, based on the evidence, to address the range of alcohol-related harm across the Northern Territory. We note that one of the objectives of the cashless debit card is to 'reduce harm at a community level from the use of harmful products such as alcohol, illicit drugs and gambling' (Commonwealth of Australia, 2020). AMSANT does not support compulsory income management as an effective, community-wide intervention to address alcohol-related harm; in fact we consider it to be extremely problematic and stigmatising. AMSANT notes that Aboriginal and Torres Strait Islander people are actually 1.3 times more like to *abstain* from alcohol than non-Indigenous people (Gray et al, 2018). Dr Bielefeld et al, in their submission (Bielefeld et al, 2020), draw attention to the misleading association between welfare recipients and alcohol consumption; AMSANT agrees that this an alarming and flawed presumption that places stigma and shame on people who are under compulsory income management.

The Northern Territory has experienced notable reductions in alcohol-related harm over the last couple of years (Northern Territory Government, 2019). These drops are the direct result of a suite of alcohol reform and harm minimisation measures implemented by the Northern Territory Government. They are not attributable to compulsory income management. Gray and Bray et al found, through their extensive evaluation of income management in the NT, that:

There was no evidence of changes in spending patterns, including food and alcohol sales, other than a slight improvement in the incidence of running out of money for food by those on Voluntary Income Management, but no change for those on Compulsory Income Management. (Gray and Bray et al, 2014)

AMSANT therefore does not support the assertion that the cashless debit card is an effective tool to impose on people under the guise of addressing alcohol related harm.

6. That the cashless debit card will exacerbate food insecurity which is already experienced at high rates across the NT

Remote Aboriginal communities in the NT already experience high levels of food insecurity and AMSANT is concerned that rushing through a Bill that locks a high proportion of Aboriginal people in the Northern Territory into cashless welfare will further exacerbate this. The cashless debit card decreases the cash component of the card which is available to cardholders. For people living in remote Aboriginal communities, options for purchasing food and essential items are already limited and prices are often much higher when compared with equivalent purchases in an urban supermarket, as indicated by the most recent NT Market Basket Survey (Department of Health, 2019). This showed that the average cost of a healthy food basket was 60% greater in a remote store than an urban store. For people living in remote communities and outstations, travelling into an urban town for appointments usually means there is an opportunity to pool funds to shop for essential items where there is greater choice and better value for money. The cashless debit card restricts peoples' ability to do this, which is counter to supporting those on welfare to manage their financial affairs and to purchase basic and essential items.

7. Chronic connectivity challenges across remote Australia and extensive technical issues with cashless debit cards will place additional and undue stress on cashless debit cardholders

Across the NT, issues with connectivity are regular and widespread, causing major disruption to phone, data and communications systems. AMSANT has actively advocated on behalf of our member services as it seriously compromises their ability to deliver timely and safe clinical services. Outages in fact regularly cause loss of communications in communities and prevent stores from processing electronic transactions. There is no indication that these connectivity challenges will be resolved in the near to medium term. We are concerned that these issues of connectivity will place additional stress on cashless debit cardholders, who would already have restricted access to cash through income management measures. Reports received by AMSANT during widespread network outages earlier this year suggested that people living in remote communities were unable to access money to meet basic needs such as purchasing food, or to buy petrol to travel into the nearest town centre to purchase food and essentials.

Disruptions to connectivity that occur regularly in remote Australia will also impact on people's ability to effectively manage their finances at a bare minimum, let alone attempt to seek exemption to exit the system. In their submission to this Bill, the Aboriginal Peak Organisations Northern Territory (APO NT) have refuted claims made by Minister Ruston that one of the benefits of the cards is that of convenience, noting that there are significant challenges experienced by remote Aboriginal communities, including that access to internet and mobile coverage is not guaranteed, technological proficiency is often not high and English can be a third or fourth language (APO NT, 2020). This is compounded by limited support from Centrelink for people living remotely. AMSANT notes the submission led by Dr Shelley Bielefeld (Bielefeld et al, 2020), which provides extensive detail of the copious technical difficulties encountered by cardholders and the onerous burden on and immense stress experienced by people when trying to resolve these issues.

8. Lack of consideration of the increased demand for social security legal support services or adequate funding allocated to such services

AMSANT supports the points raised by APO NT in their submission drawing attention to the reduction in support services available to people living in remote Northern Territory communities. APO NT notes the reported increase in people seeking support for assistance to access financial and other online

services. AMSANT agrees that, should the cashless debit card be rolled out across the NT, the demand for client support services will undoubtedly increase. This adds an additional, and unnecessary, burden that will disproportionately impact Aboriginal people and especially those living remotely. Whilst AMSANT does not support the Cashless Welfare Bill going ahead on any basis, for it to proceed without a clearly articulated plan for, and appropriate allocation of, social security legal supports is unacceptable.

9. There are extreme opportunity costs for implementation of the cashless debit card, which would be better directed to investment in meaningful, community-driven jobs and support services

In their submission, Dr Bielefeld et al draw attention to the 'extreme' opportunity costs of the cashless debit card, noting that in the 2019-20 financial year implementation and other costs associated with the CDC cost close to \$80 million (Bielefeld et al, 2020), which could have been directed to investment in jobs and support services to communities where they are most needed. APO NT, in their submission, encourage the Government to consider the Fair Work and Strong Communities Proposal, which would create up to 5,000 jobs in communities by providing wage packages to enable Aboriginal community controlled organisations to take on new workers. AMSANT urges the Government to consider alternatives to the cashless debit card that would create meaningful opportunities through redirecting investment into evidence-based approaches.

10. Voluntary, opt-in income management is a more effective tool to support people to manage income and budgets.

AMSANT is supportive of a voluntary, opt-in model of income support that is only ever expanded to areas where it is requested and supported by local community members and organisations. Gray and Bray et al (2014) note that there was a strong association between people on voluntary income management who also utilised Centrepay (41.7%), which suggests that these voluntary measures are more effective tools to support people to manage their incomes and budgets. Such measures are more compatible with a human rights approach.

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