

End compulsory income management in Australia

Summary

- ◆ Everyone should have the ability to make decisions about how they spend their income and be treated with dignity and respect.
- ◆ Instead of effectively addressing socioeconomic disadvantage, the government controls the way that many young people, students, parents with young children, jobseekers, people with disability and carers manage their income support by restricting their spending methods and choices.
- ◆ Data and analysis from government-commissioned evaluations and independent research have failed to produce valid evidence of benefits for the populations affected.
- ◆ By removing all forms of compulsory income management, including the Cashless Debit Card Trial and the Basics Card, all Australians will have the freedom to plan for a better future.

Policy statement

The Accountable Income Management Network (AIMN) calls **for the elimination of all forms of compulsory income management in Australia**. The AIMN believes that everyone has the right to be treated with fairness, dignity and respect, regardless of background, circumstances or income status. **All people should be able to spend their income as they see fit to meet their needs and the needs of their family.**

Background

This policy statement is a response to Commonwealth legislation that allows the government to restrict the way that people can spend their income and the things they spend their income on. These restrictions are compulsory and apply to all people receiving working-age income support payments who live in selected regions of Australia. The legislation is currently implemented via the government issued and operated BasicsCard and the third party operated Cashless Debit Card, which quarantine between 50-80% of people's income support payments in a restricted bank account. The government is attempting to address social issues by limiting participants' expenditure of income support payments on alcohol, drugs and gambling, regardless of whether they previously engaged in this form of spending.

These policy approaches, commonly referred to as compulsory income management, began with an explicitly racialised policy that was first introduced in remote communities during the Northern Territory Emergency Response, specifically targeting Aboriginal and Torres Strait Islander peoples. **Such policies now infringe on the human rights of over 25,000 people relying on working-age income support payments in Australia, the majority of whom are Aboriginal or Torres Strait Islander peoples.**

The impending expansion of compulsory income management into regional Queensland marks a broadening of scope and heralds the possibility of a nationwide roll-out.

Income management erodes community wellbeing

Punitive and arbitrary measures that are applied based on race, income status and geographic region, are discriminatory and unfair. They exacerbate the social and emotional burdens placed on disadvantaged persons and create social division, stigma and shame. This has been confirmed through sustained feedback from affected communities and in numerous submissions, commentaries and research findings provided by a range of academics, institutions and organisations working with affected communities.

In spite of the stated aims to achieve reductions in violence and harm and to encourage socially responsible behaviour, **the evidence shows that these approaches are causing additional hardship.** The Australian National Audit Office found that there was no clear link between the introduction of the Cashless Debit Card and a reduction in violence and harm and concluded that the Department of Social Services had not established a

robust evidence base. Evaluations of the BasicsCard in the Northern Territory conducted by researchers at the University of New South Wales and the Australian National University found that the introduction of the card resulted in negative outcomes for child and family wellbeing.

Compulsory income management has been proven to erode participants' sense of agency, undermine confidence, and further disadvantage already marginalised people. Rather than solving problems, punitive measures create and exacerbate problems and, in some cases, cause additional harm. When individuals and families experience financial restrictions and stress, it makes it harder for them to manage other areas of their lives.

Our communities are telling us that compulsory income management is not meeting their needs. **Individuals and families struggling with issues of social marginalisation should have access to a comprehensive suite of appropriately funded social services that empower them to plan for and achieve a better future.**

Our solution

The government must eliminate all forms of compulsory income management and redirect the significant costs incurred by complex administration of compulsory income management towards providing stable funding and investment in community services. Complex social problems will be effectively addressed through the provision of a properly resourced social safety net that supports agency, wellbeing and development, with readily available services and programs that are responsive to local communities; providing timely and proactive support when, where and how it is needed.

Reinvestment in community services must be informed by:

- **Meaningful engagement** with individuals, families and communities about the issues that affect them and how they can be best supported,
- **Prevention and early intervention** principles and practice,
- Input from researchers and service providers about **evidence-informed practices** that are known to improve social outcomes and build stronger, safer communities, and
- A **realistic and culturally safe** assessment of economic opportunities and constraints in remote communities.

Our asks

- ◆ **Eliminate all forms of compulsory income management in Australia.**
- ◆ **Fund an independent, robust and transparent audit of the services provided and needed in each community that has been subject to compulsory income management.**
- ◆ **Engage in close and sustained consultation with these communities to appropriately invest funds currently allocated to administering compulsory income management in culturally safe, responsive and evidence-informed programs and best practice service provision.**
- ◆ **Collect local baseline data, based on a range of social outcomes desired by the community.**

Further reading

- ◆ Australian National Audit Office – [‘The implementation and performance of the Cashless Debit Card Trial’](#)
- ◆ Treating Families Fairly Network – [‘Statement of Principles’](#)
- ◆ Parliamentary Joint Committee on Human Rights – [‘Human rights scrutiny report: Report 6 of 2018’](#)
- ◆ Dr. Janet Hunt (2017) – [‘The Cashless Debit Card Trial evaluation: A short review’](#)
- ◆ J Rob Bray, Matthew Gray, Kelly Hand and Ilan Katz (2014) – [‘Evaluating New Income Management in the Northern Territory: Final Evaluation Report’](#)
- ◆ Uniting Communities – [‘Submission on the Social Services Legislation Amendment \(Cashless Debit Card\) Bill 2017’](#) (Submission 169) and [‘Submission on the Social Services Legislation Amendment \(Cashless Debit Card Expansion\) Bill 2018’](#) (Submission 51)