

Submission to the Select Committee on Poverty in South Australia

The Accountable Income Management Network, August 2018

The Accountable Income Management Network welcomes the opportunity to make a submission to the Select Committee on Poverty in South Australia.

The Accountable Income Management Network (AIMN) is a nation-wide group of community members; representatives of national, State and local non-government organisations and community bodies; academics; social researchers and public policy experts. Our members have a strong commitment to social justice and human rights and are deeply concerned about the issues raised by compulsory income management in Australia.

Introduction

This submission focuses on the use of a particular strategy applied to persons in select areas of South Australia who are either experiencing or at risk of poverty: compulsory income management. Compulsory income management has been applied in a range of sites across Australia¹ to purportedly address issues of child welfare, alcohol and other drug use, and gambling, as well as to enforce positive financial management behaviours.

Compulsory income management strategies² are currently operational in the following parts of South Australia:

- Cashless debit card (CDC): Ceduna and the surrounding areas of Koonibba, Scotdesco, Yalata and Oak Valley³.
- Other forms of income management, such as the Basics Card: Greater Adelaide, Playford and the Anangu Pitjantjatjara Yankunytjatjara Lands⁴.

As has been documented by the Australian National Audit Office⁵ and in numerous other reports⁶, the CDC and other compulsory income management regimes⁷ have failed to improve people's lives and have instead entrenched disadvantage for the most marginalised members of Australian society. We highlight some specific concerns for South

¹ <https://data.gov.au/dataset/income-management-summary-data/resource/986ef7fe-1ba8-460e-b1c4-2cf00145a948>

² Not all income management strategies applied in South Australia are wholly compulsory - both the CDC and income management afford residents of the areas mentioned the opportunity to volunteer for the card *if they are not part of the group slated for automatic enrolment into the program*.

³ <https://www.dss.gov.au/families-and-children/programs-services/welfare-quarantining/cashless-debit-card/cashless-debit-card-ceduna-region>

⁴ https://www.dss.gov.au/sites/default/files/documents/05_2018/j3169_-_income_management_maps_locations_v1.pdf

⁵ https://www.anao.gov.au/sites/g/files/net4981/f/Auditor-General_Report_2018-2019_1.pdf

⁶ http://caepr.cass.anu.edu.au/sites/default/files/docs/CAEPR_Topical_Issues_1_2017_0.pdf;

http://caepr.cass.anu.edu.au/sites/default/files/docs/Income_Management_Evaluations_WP111_2016_0.pdf

⁷ https://www.aph.gov.au/Parliamentary_Business/Committees/Joint/Human_Rights/Committee_Inquiries/stronger_futures2/Final_report

Australians who are at risk of or experiencing poverty in relation to income management, below.

Key Concerns with Compulsory Income Management in South Australia

Compulsory income management compounds disadvantage

Uniting Communities has obtained extensive commentary on the negative effects of the CDC on Ceduna residents⁸. The quotes below capture some of the challenges being compounded by compulsory income management.

“The Card has made things harder. A lot of people in Ceduna have been through trauma, grief and loss - they’ve already been through a lot. Being on the Card just makes their lives that much harder.”⁹

“My relative has a disability and is on the DSP. He rents a room in someone’s house and before he was put on the Card, it was easy for him to pay cash rent for his accommodation. With the limit on his Card, he wasn’t able to pay his rent in cash. This made life more difficult for him.”¹⁰

Regarding domestic violence, where Ceduna stakeholders identified some increase in the prevalence of domestic violence and intervention orders¹¹:

“It’s causing tensions in relationships. There’s a young girl on the card and because she didn’t give cash to her partner, he beat her up. The DV stats are up since the card.”¹²

Regarding alcohol and other drug use, there has been little hard evidence supporting the actual reduction of substance use in the Ceduna community since the start of the card- in fact, residents have indicated concerns about increased access to the drug ‘ice’ during the trial period¹³.

In Ceduna, local resident Jocelyn Wighton who is on the CDC, has spoken out publicly:

“...most of us put on the card weren’t over-consumers of those things...While some stakeholders say people’s shopping has improved ... 82% of people said there was no difference of how they shop.... [Wighton] expressed concern about ... domestic violence and crime in the community from the ongoing use of the scheme: ‘I know the cycle and used to work with Centacare, there’s a cycle of domestic violence - giving people less money makes people more needy, more desperate and leads to more crime.’”¹⁴

⁸ <https://www.unitingcommunities.org/wp-content/uploads/2017/10/Uniting-Communities-submission-to-Senate-Inquiry-into-Cashless-Debit-Card.pdf>

⁹ Ibid, p. 7.

¹⁰ Ibid.

¹¹ http://caepr.cass.anu.edu.au/sites/default/files/docs/CAEPR_Topical_Issues_1_2017_0.pdf p. 4.

¹² <https://www.unitingcommunities.org/wp-content/uploads/2017/10/Uniting-Communities-submission-to-Senate-Inquiry-into-Cashless-Debit-Card.pdf> p. 7.

¹³ http://caepr.cass.anu.edu.au/sites/default/files/docs/CAEPR_Topical_Issues_1_2017_0.pdf

¹⁴ <http://www.westcoastsentinel.com.au/story/4898273/not-complete-picture/?cs=1547>.

Compulsory income management undermines Indigenous Rights

The CDC has contributed to the disenfranchisement and marginalisation of Indigenous South Australians. Indigenous participants make up 77% of all those subject to the CDC in Ceduna and surrounding areas¹⁵. The racialised impact of compulsory income management has been extensively documented¹⁶, and NACCHO has publicly condemned the CDC as a punitive and ineffective solution for social concerns experienced by Aboriginal Australians¹⁷.

In the words of a Ceduna resident on the Card:

“We’re starting to feel like we’re back in the ration days when white people managed our lives and everything else and treated us like children. It’s the same now. We’re treated like children and so we can’t make decisions for ourselves. We’re moving backwards, not forwards.”¹⁸

Community support is essential for the success of welfare mechanisms

There is a lack of community support for compulsory income management regimes such as the CDC in Ceduna and surrounding communities, exemplified by withdrawals of support from the Community Chairs of the Yalata and Oak Valley communities in 2016¹⁹. Despite this, the trial has been extended in these areas, and continues to expose residents to financial hardship.

ACOSS has noted that communities in Ceduna and Kununurra, WA, have articulated a need for comprehensive wrap-around services including mental health programs, youth programs, financial counselling, domestic violence services, and so on²⁰- issues that are barely addressed by the CDC program.

Compulsory income management and poverty premiums

SACOSS uses the term ‘poverty premiums’²¹ to refer to the extra costs accruing to people living on a low income precisely because of their low income. As SACOSS has noted:

“...they are costs on those that are living in poverty that others with higher income or more resources can buy their way out of, avoid or minimise.”²²

¹⁵ https://www.anao.gov.au/sites/g/files/net4981f/Auditor-General_Report_2018-2019_1.pdf p. 16.

¹⁶ <https://www.unitingcommunities.org/wp-content/uploads/2017/10/Uniting-Communities-submission-to-Senate-Inquiry-into-Cashless-Debit-Card.pdf>;
<https://nacchocommunique.files.wordpress.com/2018/07/naccho-submission-on-cashless-debit-card-final.pdf>;
<https://theconversation.com/the-cashless-debit-card-causes-social-and-economic-harm-so-why-trial-it-again-74985>

¹⁷ <https://nacchocommunique.files.wordpress.com/2018/07/naccho-submission-on-cashless-debit-card-final.pdf>

¹⁸ <https://www.unitingcommunities.org/wp-content/uploads/2017/10/Uniting-Communities-submission-to-Senate-Inquiry-into-Cashless-Debit-Card.pdf> p. 6.

¹⁹ Ibid.

²⁰ https://www.acoss.org.au/wp-content/uploads/2018/02/010218-Cashless-Debit-Card-Briefing-Note_ACOSS.pdf

²¹ <https://www.sacoss.org.au/sites/default/files/public/documents/Reports/APW%20Statements/A-P%20Week%20Statement%202017%20-%20FINAL.pdf> p. 2.

²² Ibid.

The application of compulsory income management has particular relevance to such premiums, as the small unrestricted cash portion of an income-managed person's Centrelink payment may need to be utilised to cover the cost of emergency expenditures. This reduces the amount of accessible cash available to participants and can have an impact on their ability to spend on basic needs. The following quote from a Ceduna resident illustrates the financial insecurity introduced by welfare quarantining measures:

“If you've got cash you can make better choices and get second-hand things instead of brand-new expensive things. We used to be able to save more money when we had more cash and could buy more cheaply.”²³

Being subject to compulsory income management means that people who are already experiencing financial hardship are further disadvantaged by virtue of being burdened with the poverty premium of buying new and more expensive goods. This locks people out of many cheaper options such as buying second-hand goods or fresh fruit and vegetables from suppliers who only accept cash.

Conclusions and Recommendations

We recommend that compulsory income management should not be considered for application in South Australian communities, as it entrenches disadvantage for persons experiencing or at risk of poverty and does not address the drivers of social inequality and marginalisation. In particular, the CDC in Ceduna and surrounding areas exemplifies how an intervention introduced to supposedly improve outcomes for disadvantaged Australians has instead exposed them to further financial and social hardship and entrenches inequality and compounds their already difficult experience of living in poverty²⁴.

We advocate for greater funding support for comprehensive social services including financial counselling, alcohol and other drug and gambling support services, family and child support, and for culturally safe approaches to social support for Aboriginal and Torres Strait Islander South Australians. These services have been identified as priorities by community members in Ceduna and the surrounding area during the ORIMA Research evaluation of the CDC trial²⁵.

We also encourage the Committee to attend to the Anti-Poverty Network of SA and SACOSS' recommendation to the South Australian Government to raise the level of the Newstart Allowance to a liveable rate²⁶.

²³ <https://www.unitingcommunities.org/wp-content/uploads/2017/10/Uniting-Communities-submission-to-Senate-Inquiry-into-Cashless-Debit-Card.pdf> p. 7.

²⁴ For further information, see the Accountable Income Management Network's submission to the Senate Community Affairs Legislation Committee's inquiry into the *Social Services Legislation Amendment (Cashless Debit Card Trial Expansion) Bill 2018*, available at:

²⁵ http://caepr.cass.anu.edu.au/sites/default/files/docs/CAEPR_Topical_Issues_1_2017_0.pdf

²⁶ https://www.sacoss.org.au/sites/default/files/public/documents/Reports/Cost%20of%20Living%20Reports/Cost%20of%20Living%20Update35_Newstart_SA.pdf