

5 June 2020

Committee Secretary
Senate Standing Committees on Community Affairs
PO Box 6100
Parliament House
Canberra ACT 2600

Dear Committee Secretary

**SUBMISSION TO THE INQUIRY INTO THE AUSTRALIAN GOVERNMENT'S RESPONSE TO THE
COVID-19 PANDEMIC**

The Accountable Income Management Network (AIMN) welcomes the opportunity to respond to the Senate Select Committee on COVID-19's inquiry into the Australian Government's response to the COVID-19 pandemic.

The 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 concerned about the provision of equitable and appropriate social security support to economically marginalised Australians. The AIMN is particularly concerned with issues raised by compulsory income management, such as through the Cashless Debit Card trials.

Our submission focuses on Minister Anne Ruston's extension of the Cashless Debit Card trials across all sites in early May 2020, but also touches on concerns about mutual obligations, the inequitable raise to social security payments during the pandemic, and the Government's aim to reduce the newly-raised JobSeeker rate before the end of the year.

The AIMN recommends that the Committee advises Government to:

- End the Cashless Debit Card trials across all sites as a matter of urgency;
- Abandon the *Social Security (Administration) Amendment (Income Management to Cashless Debit Card Transition) Bill*;
- Commit to an end to punitive welfare conditionality through the imposition of harmful mutual obligations requirements for people receiving social security payments, and address the fact that re-introducing such requirements will differentially affect people with disability and other marginalised communities during COVID-19;

- Raise the rate of the Disability Support Pension and Carer's Payment proportionate to the increase in the JobSeeker payment;
- Retain the increased JobSeeker payment rate, and;
- Establish a Social Security System Expert Group (as described in Recommendations 25 and 26 of the Senate Inquiry's report on the adequacy of Newstart and related payments).

Concerns related to the Cashless Debit Card

The Cashless Debit Card (CDC) trials currently operate across four trial sites - the East Kimberley, Ceduna, Goldfields and Hinkler. Despite being introduced by government as a 12-month trial, the CDC is now in its fifth year of operation in the first two sites and has been extended multiple times. As of 24 April 2020, 12,678 persons are subject to compulsory income management under the CDC across all sites.¹

The harms of the CDC are well-documented and include but are not limited to: increased economic insecurity, detrimental impacts to health and wellbeing, housing insecurity, and social stigma and discrimination.² The Parliamentary Joint Committee on Human Rights has previously raised concerns about the extent to which the measures included in compulsory income management programs are rationally connected to and proportionate to achieving the stated objectives of the legislation.³ The Committee took issue with the government's suggestion that the extension of the CDC trials were a proportionate limitation on human rights, noting the importance of developing and maintaining 'adequate and effective safeguards, to ensure that limitations on human rights are the least rights restrictive way of achieving the legitimate objective of the measure'.⁴

The AIMN has outlined our concerns with the CDC at length elsewhere, and we encourage the Committee to review our past submissions on compulsory income management and the CDC.⁵ In this submission, we focus on particular concerns that have emerged recently or become more pressing during the COVID-19 pandemic.

On 5 May 2020, Minister Anne Ruston announced that the CDC trials would be extended until 31 December 2020 across all sites.⁶ This was likely enabled by deferred sunset provisions in the *Coronavirus Economic Response Package Omnibus Bill 2020*, which passed on 23 March

¹ <https://data.gov.au/data/dataset/e5a6ca38-b17c-4e65-af70-84e7759a0ffa/resource/7d04ad43-172b-41e7-bc87-f7431e7d6b4b/download/cashless-debit-card-data-summary-may-2020.pdf>

² <https://static1.squarespace.com/static/5bff47d1da02bc49ad4e890b/t/5e54c6934eb2985cbbf830a5/1582614180484/Hidden+Costs+Report+-+FINAL.pdf>

³ Parliamentary Joint Committee on Human Rights, *Report 11 of 2017* (17 October 2017), pp. 126-137.

⁴ Parliamentary Joint Committee on Human Rights, *Report 8 of 2018* (21 August 2018), p. 44.

⁵ <https://accountableincomemanagementnetwork.wordpress.com/resources/>

⁶ <https://ministers.dss.gov.au/media-releases/5801>

2020.⁷ We are concerned about the fact that this extension by ministerial fiat has undermined opportunities for public input which had been previously presented to stakeholders prior to other CDC expansions. In addition to this, it is also concerning that the Bill allowed for an extension of the CDC trials in the absence of formal legislative processes accompanied by Parliamentary Committee scrutiny.

In the same release revealing the extension of the trials, Minister Ruston also announced that there would be an introduction of a 1% interest rate and contactless payment features for CDC accounts. While on the surface these features appear to make the CDC more user friendly, in reality this signals a failure to deal with the deeper ideological issues with the trials themselves, which include serious concerns about the rights of trial participants.⁸ This also appears to us to be part of the creeping normalisation of the CDC in pursuit of a national roll-out. Putting these infrastructural mechanisms in place can only ease a later government push for a nation-wide expansion of the trials.

Minister Ruston's choice to keep current trial participants on the CDC during the COVID-19 pandemic while exempting persons newly in receipt of social security payments in trial sites is also cause for concern.⁹ The CDC has been described as creating a 'banking underclass' because of its welfare quarantining function.¹⁰ This is a perception and reality entrenched by the decision to exempt persons who have recently fallen on hard times from the trial, despite their technical eligibility. This reinforces the stigma associated with government framings of 'intergenerational welfare dependence' while misrecognising the structural causes of intergenerational poverty, including, for example, a depressed labour market in the Hinkler electorate.¹¹ To clarify, the AIMN is not calling for persons accessing social security payments as a result of COVID-19 job losses to be put on the CDC - we affirm that there should be a wholesale abolition of the trials.

Recent reporting has highlighted significant delays for CDC trial participants attempting to exit the scheme.¹² People have been forced to wait up to five months to exit the trials, despite the fact that the exemption process is excessively complex and in itself constitutes a barrier to access. The wellbeing impacts of this burden of proof and processing delays can only

⁷ https://www.aph.gov.au/Parliamentary_Business/Bills_Legislation/Bills_Search_Results/Result?bId=r6521

⁸ <https://accountableincomemanagementnetwork.files.wordpress.com/2019/05/aimn-submission-to-ohchr.pdf>

⁹ <https://ministers.dss.gov.au/media-releases/5671>

¹⁰ https://www.researchgate.net/publication/285590411_Is_the_Cashless_Welfare_Card_the_forerunner_to_a_Banking_Underclass; <http://www.powertopersuade.org.au/blog/why-we-should-be-sceptical-about-the-cashless-debit-card/26/4/2017>

¹¹ <https://probonoaustralia.com.au/news/2019/02/punitive-welfare-conditions-dont-address-drug-addiction-unemployment-service-needs/>

¹² <https://www.theguardian.com/australia-news/2020/may/26/welfare-recipients-facing-five-month-delays-to-exit-cashless-debit-card-scheme>

intersect negatively with issues of health and economic insecurity inflated by the COVID-19 pandemic.

Other Concerns

In addition to specific problems with the CDC, the AIMN is concerned about several other issues in relation to the provision of social security during COVID-19. These concerns are briefly outlined below.

- *Failure to raise the rate of Disability Support Pension and Carer's Payment.* People with Disability Australia have outlined concerns regarding governmental failure to provide targeted support for people with disability during the pandemic, including providing appropriate financial support in the form of the \$550 per fortnight Coronavirus Supplement.¹³ Carers Australia has similarly outlined the significant hardship faced by carers of people with disability, mental illness, chronic illness and elderly people during COVID-19, emphasising financial hardship.¹⁴
- *Governmental push to reduce the rate of the JobSeeker payment.* While we welcome government's doubling of the rate of JobSeeker announced on 22 March 2020, we are highly concerned about recent pushes to reduce the rate to the pre-COVID-19 amount, returning it to far below the poverty line.¹⁵ The Australian Council of Social Service has amply outlined the risk of such a 'snapback', and how this will disproportionately affect socioeconomically marginalised persons and families, particularly women with caring responsibilities.¹⁶ It will also reduce the amount of money circulating in the economy and will act as an economic obstacle rather than a stimulus.
- *Return to mutual obligations requirements.*
 - *General concerns.* On 31 May 2020, Minister Ruston and Minister Cash announced that mutual obligations requirements will recommence in a 'limited capacity' from 9 June 2020.¹⁷ However, we are worried that a return to punitive welfare conditionality will mean compounding hardship for those on social security through a return to onerous reporting requirements, sanctions and the overreach of job service providers,¹⁸ more so, in a climate of economic recession where jobs are simply not available. Issues have also been raised about government failure to inform jobseekers

¹³ <https://pwd.org.au/media-release-now-is-the-time-to-act-on-pandemic-measures-for-people-with-disability/>

¹⁴ <https://www.carersaustralia.com.au/media-centre/article/?id=survey-of-family-and-friend-carers-reveals-them-doing-it-very-tough-during-covid-19-pandemic>

¹⁵ <https://www.theguardian.com/australia-news/2020/may/31/morrison-government-announces-return-to-mutual-obligation-for-jobseekers>

¹⁶ https://www.acoss.org.au/media-releases/?media_release=new-report-shows-women-with-caring-responsibilities-at-greater-risk-of-poverty-before-covid-19-and-highlights-risks-of-snapback

¹⁷ <https://ministers.dss.gov.au/media-releases/5861>

¹⁸ <https://www.themandarin.com.au/126493-opinion-pointless-and-punitive-why-jobactive-has-to-go/>

that they were exempt from mutual obligations during COVID-19 in the first place.¹⁹ Finally, we reiterate concerns that the Australian social security system is not equipped to meet the needs of inflated numbers of unemployed persons.²⁰

- *Mutual obligations and people with disability.* While we reiterate the need to end punitive welfare conditionality, we note that the impending return to limited mutual obligations requirements will differentially impact people receiving social security payments. Any plan to return to mutual obligations must have regard to the health and safety of people with disability, who will face additional accessibility-related barriers to meeting job search requirements even with the gradual easing of COVID-19 restrictions.

We strongly encourage the Committee to carefully consider the recommendations outlined above, in the interest of the human and economic rights and dignity of all people receiving social security payments, particularly those currently subject to the Cashless Debit Card.

Yours Sincerely,

Priya Kunjan
Secretariat
Accountable Income Management Network

Endorsements



¹⁹ <https://www.theguardian.com/australia-news/2020/mar/25/government-did-not-plan-to-inform-jobseekers-their-welfare-appointments-were-suspended>

²⁰ <https://www.sbs.com.au/news/fears-of-welfare-system-overload-when-mutual-obligation-requirements-return-next-week>