

17 December 2021

Australian National Audit Office
19 National Circuit
Barton ACT 2600

RE: Implementation and Performance of the Cashless Debit Card – Follow-up Audit

The Accountable Income Management Network (AIMN) welcomes the opportunity to make a contribution to the Australian National Audit Office's (ANAO) follow-up audit of the Implementation and Performance of the Cashless Debit Card. This submission outlines a range of ongoing concerns with the Cashless Debit Card (CDC) scheme which have either not been addressed by the Department of Social Services (DSS) or Services Australia (SA) since the initial ANAO audit of the CDC in 2018, or which have arisen as a result of post-2018 legislative changes to the scheme.

The AIMN is a nation-wide group of community members, grassroots advocates, 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 CDC trials and recent rollout of the extended CDC program.

We note that the ANAO's initial audit of the CDC in 2018 had the objectives of identifying whether 'appropriate arrangements were established to support the implementation' of the CDC, and that the CDC's performance 'was adequately monitored, evaluated and reported on, including to the Minister for Social Services'.¹ This audit raised concerns and outlined recommendations with respect to all three of the aforementioned categories, as well as others regarding risk management, procurement and cost-effectiveness. While the DSS agreed to all of the ANAO's recommendations in the 2018 report, many of the issues identified in the initial audit persist in the scheme as it currently operates.

With reference to the criteria for the present audit, our submission covers concerns regarding effective risk management, contract management and procurement, performance monitoring and evaluation, and extension and expansion of the CDC. We also note other contextual concerns that inform persistent issues with the CDC.

¹ https://www.anao.gov.au/sites/default/files/Auditor-General_Report_2018-2019_1.pdf, p. 8

Risk Management

The ANAO's 2018 audit raised concerns about the DSS' approach to risk management with respect to the CDC trials, including a failure to actively rate, report, identify and manage risks. The audit identified that several risks included in the DSS' risk management matrix were found to have been rated medium when they should have been rated high risk, including 'critical incident by a trial participant attributed to the trial' and 'aged pensioners being harassed for cash'.² We identify a concerning failure to take these risks seriously, and more broadly to appropriately identify potential negative impacts of the trial on participants and their dependents as well as risks associated with the contractor Indue Ltd, within the CDC risk management framework.³ This section addresses the persistence of these issues post-audit with specific reference to the health, wellbeing and financial security of CDC participants and their children.

Failure to Provide Adequate Support Services

As noted in the 2018 audit, there were 'delays in the deployment of additional support services',⁴ a category which included services essential to the core objective of the CDC, which is to 'reduce high levels of social harm' purportedly associated with spending welfare payments on alcohol and other drugs and gambling products.⁵ Considering firm government assertions that the welfare quarantining component of the CDC has been and will continue to be implemented alongside 'place based wrap around support' for participants,⁶ such delays are concerning.

Since the initial audit, a Government-commissioned study which involved the collection of qualitative 'baseline' data in the Goldfields region between June-September 2018,⁷ identified that 'disappointment was expressed by many respondents that the promised funding for wrap-around services to support the implementation of the CDC in the Goldfields had not materialised.'⁸ In another Government-commissioned evaluation of the CDC in the Ceduna, East Kimberley and Goldfields regions, 'many respondents (and especially CDC participants) expressed a lack of awareness of any additional support services that had been funded under the umbrella of the CDC in their locations'.⁹ Stakeholders noted poor targeting of funding, particularly regarding supports to 'address the issues causing social harm in each region', as well as a 'lack of co-ordination' in the

² https://www.anao.gov.au/sites/default/files/Auditor-General_Report_2018-2019_1.pdf p. 24

³ https://www.anao.gov.au/sites/default/files/Auditor-General_Report_2018-2019_1.pdf p. 25

⁴ https://www.anao.gov.au/sites/default/files/Auditor-General_Report_2018-2019_1.pdf p. 9

⁵ <https://www.dss.gov.au/families-and-children/programmes-services/welfare-conditionality/cashless-debit-card-overview>

⁶ <https://ministers.dss.gov.au/media-releases/6601>

⁷ Concerns related to the inappropriate collection of baseline data are discussed further in the section 'Performance Measurement and Monitoring'.

⁸ https://www.dss.gov.au/sites/default/files/documents/04_2019/cdc-baseline-data-collection-qualitative-findings-29-march-2019.pdf p. 8

⁹ https://www.dss.gov.au/sites/default/files/documents/02_2021/fac_evaluation-cdc-ceduna-east-kimberley-and-goldfields-region-consolidated-report_012021.pdf p. 186

arrangement of funding for wraparound services.¹⁰ Significantly, ‘some stakeholders and CDC participants did not feel that the CDC was assisting those experiencing substance misuse to address their addictions and questioned the effectiveness of the policy for this group’.¹¹ These findings are particularly worrying, considering that the data for this latter report was collected between April and December 2019, while the CDC has been operating in Ceduna and the East Kimberley since early 2016.

Risks to Wellbeing of Participants and Their Dependents

There has been a continued lack of attention to risks faced by participants subject to the CDC scheme and their dependents, leading to a failure to provide adequate redress for CDC-related issues. An independent study of compulsory income management conducted in 2019, *Hidden Costs*, found that ‘many IM participants [here referring to quotes from CDC participants in particular] had experienced a significant decline in their mental health and wellbeing as a result of the challenges they faced navigating their lives on the cards’.¹² While section 124PHA(1) of the enabling legislation refers to possibility of exemption from the CDC on the basis of ‘a serious risk’ to participants’ wellbeing, DSS’ failure to define this and appropriately grade such concerns in the development of risk management strategies has resulted in a failure to mitigate risks associated with wellbeing.¹³

In the Government-commissioned evaluation across Ceduna, the East Kimberley and the Goldfields, researchers identified several groups who faced particular challenges as a result of being put onto the CDC. This included people with physical and psychosocial disability who struggled to navigate both the CDC infrastructure and stigma of being on the cards. The report identified that ‘for those with pre-existing mental health issues, the transition to the CDC was perceived to have brought additional stress and anxiety due to the enormity of change’.¹⁴ Specific challenges faced by disabled CDC participants and/or participants with disabled dependents have been substantiated via independent research, where the imposition of forced income management as an ‘incentive’ to increase workforce participation neglected a lack of appropriate employment options as well as carer responsibilities.¹⁵ Older CDC participants were also reported as frequently experiencing problems with the CDC due to lower technological literacy, and ‘it was also recognised that older

¹⁰ https://www.dss.gov.au/sites/default/files/documents/02_2021/fac_evaluation-cdc-ceduna-east-kimberley-and-goldfields-region-consolidated-report_012021.pdf p. 186

¹¹ https://www.dss.gov.au/sites/default/files/documents/02_2021/fac_evaluation-cdc-ceduna-east-kimberley-and-goldfields-qualitative-supplementary-report_012021.pdf p. 62

¹² <https://static1.squarespace.com/static/5bff47d1da02bc49ad4e890b/t/5e54c6934eb2985cbbf830a5/1582614180484/Hidden+Costs+Report+-+FINAL.pdf> p. 36

¹³ <https://static1.squarespace.com/static/5bff47d1da02bc49ad4e890b/t/5e54c6934eb2985cbbf830a5/1582614180484/Hidden+Costs+Report+-+FINAL.pdf> p. 44

¹⁴ https://www.dss.gov.au/sites/default/files/documents/02_2021/fac_evaluation-cdc-ceduna-east-kimberley-and-goldfields-qualitative-supplementary-report_012021.pdf p. 61

¹⁵ <https://static1.squarespace.com/static/5bff47d1da02bc49ad4e890b/t/5e54c6934eb2985cbbf830a5/1582614180484/Hidden+Costs+Report+-+FINAL.pdf> p. 111

CDC participants were sometimes the target of financial abuse and fraud, such as having their Card stolen or their account accessed.¹⁶

The blanket application of the CDC to entire populations of welfare recipients in program areas means that any assessment of the suitability of the program for individuals is only considered post-hoc, after participants have experienced negative impacts. This suggests a failure of appropriate and timely identification and rating of risks associated with participant wellbeing.

Risks Associated with Financial Security

Concerns raised by CDC participants with respect to financial security since the 2018 audit also indicate that there has been a failure to consider comprehensive assessment and mitigation of risks associated with economic deprivation. The *Hidden Costs* report identified that CDC participants suffered from exacerbated financial deprivation as welfare quarantining hampered their ability to participate local cash economies as well as pay rent and bills. This led to participants struggling to provide for children and other family members and was connected to a decline in wellbeing for individuals and their families.¹⁷

The Government-commissioned ‘baseline’ report on the CDC in Bundaberg and Hervey Bay, where the percentage of welfare payment quarantined cannot be varied, identified stakeholder concerns about 80% of participants’ income being restricted to particular card-only transactions:

‘This was considered by many to be too high and many expected it would result in them having insufficient cash funds. Thus, their ability to make cash purchases at the local markets, garage sales and in second-hand stores (both in town and online) was felt to be compromised and would detrimentally affect how far their weekly budget could stretch.’¹⁸

Participants in the Bundaberg and Hervey Bay area (noting that data collection occurred several months after the trial had commenced) also flagged concerns about delays in payment transactions and the need to rearrange pre-existing debts.¹⁹ The CDC exacerbated issues such as housing insecurity, bill repayment, and debt repayment, and these preliminary findings were substantiated in later participant testimony provided to researchers in the *Hidden Costs* report.²⁰

¹⁶ https://www.dss.gov.au/sites/default/files/documents/02_2021/fac_evaluation-cdc-ceduna-east-kimberley-and-goldfields-qualitative-supplementary-report_012021.pdf p. 61

¹⁷ <https://static1.squarespace.com/static/5bff47d1da02bc49ad4e890b/t/5e54c6934eb2985cbbf830a5/1582614180484/Hidden+Costs+Report+-+FINAL.pdf> pp. 35-36

¹⁸ https://www.dss.gov.au/sites/default/files/documents/08_2020/cdc-baseline-data-collection-qualitative-findings-6-august-2020-pdf.pdf p. 83

¹⁹ https://www.dss.gov.au/sites/default/files/documents/08_2020/cdc-baseline-data-collection-qualitative-findings-6-august-2020-pdf.pdf p. 84

²⁰ <https://static1.squarespace.com/static/5bff47d1da02bc49ad4e890b/t/5e54c6934eb2985cbbf830a5/1582614180484/Hidden+Costs+Report+-+FINAL.pdf> pp. 103-104

Risks Associated with Administrative Burden, Compliance Costs

Data reporting by the DSS indicates that the vast majority of applications to exit the CDC scheme have been either not approved or have been listed as withdrawn. This raises concerns regarding the administrative burden of navigating processes of exit and exemption, as well as issues of procedural fairness. At the time of data collection for the Bundaberg and Hervey Bay ‘baseline’ report, after the CDC had begun to roll out in the region, stakeholders noted that ‘the actual processes for exemption were unknown so respondents were uncertain as to how straightforward this would be.’²¹

Additionally, legal researcher Dr Shelley Bielefeld has written extensively about ‘compliance costs’ associated with the CDC, which refer to the process of navigating the technology itself to engage in routine spending activities. This includes myriad burdens such as technological failures, payment delays, card declines, insufficient funds, cardholder error issues, and problems with accessing one’s CDC balance.²²

Access to Legal Help and Advocacy

There has been a distinct lack of focus at all stages of the planning, implementation, monitoring and evaluation of the CDC when it comes to access to legal help and advocacy for participants. It is not clear whether there has been any preparation or advanced consideration regarding the nature of unmet legal needs of targeted groups under the program, or of the impacts of the CDC on participants’ legal needs. In addition to this, there has been no social security legal needs assessment in the Northern Territory or in any other jurisdiction relating to the CDC or generally. Finally, there is no specific funding available for social security legal help in the Northern Territory, and no funding model to relate the availability of legal help to levels of need.

Contract Management and Procurement

The 2018 audit found that the DSS had failed to ‘document a value for money assessment for the card provider’s IT build tender or assess all evaluators’ tenders completely and consistently’.²³ Via a Freedom of Information request to the DSS, the AIMN was able to ascertain that the total cost for the implementation of the CDC program to the end of the 2019-20 financial year was \$79.754, with the FOI response noting that ‘this figure is inclusive of all costs including departmental and evaluation costs’.²⁴ However, this is impossible to independently verify, as there continues to be a lack of transparency regarding CDC-related contract values since only a few CDC-related contracts are explicitly flagged as such on AusTender.

²¹ https://www.dss.gov.au/sites/default/files/documents/08_2020/cdc-baseline-data-collection-qualitative-findings-6-august-2020-pdf.pdf p. 84

²² https://www.austaxpolicy.com/building-burdens-into-the-transfer-system-a-closer-look-at-the-cashless-debit-card/?fbclid=IwAR3M5G3oMldHtTUn3qUJrYvl_uNf3P4IY5CGgonCyrn3pqJYV9VVV3Yk98U

²³ https://www.anao.gov.au/sites/default/files/Auditor-General_Report_2018-2019_1.pdf, p. 9

²⁴ Department of Social Services, 7 September 2020. *DSS FOI 2021-017*, p. 2.

We note that while costs associated with the CDC are of significant public and Parliamentary interest and should be subject to scrutiny in both domains, there has been persistent reluctance from Government to provide a full picture of CDC-related expenditure. On Wednesday 20 October 2021, a Senate Order for the Production of Documents was moved by Senator Anne Urquhart at the request of Senators Chisholm and McCarthy to produce documents including ‘each contract for the delivery of the Cashless Debit Card, including contracts with Indue’ and ‘documents showing the total cost of the Cashless Debit Card scheme since inception’.²⁵ These were to be presented by Minister for Families and Social Services Anne Ruston by 3:30PM on Friday 22 October 2021. However, while Minister Ruston at the time indicated that Government would ‘not oppose this OPD’, these particular documents have still not been released (debate adjourned 25 November 2021), with the Minister citing public interest immunity claims.²⁶

Performance Measurement and Monitoring

Serious deficiencies in the DSS’ approach to monitoring and evaluation were found in the ANAO’s 2018 audit of the CDC, and there is little evidence that these have been rectified since.

Resistance to Ongoing Monitoring and Evaluation

In its push to expand the CDC across the Northern Territory and Cape York, the Federal Government made legislative changes further curtailing the possibility of rigorous independent evaluation of the program. As passed, the Social Security (Administration) Amendment (Continuation of Cashless Welfare) Bill 2020 includes a provision (item 114) repealing ‘subsections 124PS(2) and (3) to remove the statutory requirement that an evaluation be conducted by an independent expert within 6 months of the completion of a review of the cashless welfare arrangements’. The explanatory memorandum stated that this was to address ‘the potentially circular nature of current section 124PS,’ where ‘the repeal of subsection 124PS(3) removes the requirement on independent experts to consult program participants which, in turn, will avoid the ethical implications of unnecessary repeat contact with vulnerable individuals’.²⁷

Subsections 124PS(2) and (3), now repealed, are reproduced below:

(2) The evaluation must:

²⁵https://parlinfo.aph.gov.au/parlInfo/download/chamber/hansards/25180/toc_pdf/Senate_2021_10_20.pdf;fileType=application%2Fpdf p. 74

²⁶<https://parlinfo.aph.gov.au/parlInfo/search/display/display.w3p;query=Id%3A%22chamber%2Fnotices%2Fb53274b2-00fb-4a42-b6ae-48575687edba%2F0001%22>

²⁷ https://parlinfo.aph.gov.au/parlInfo/download/legislation/ems/r6608_ems_291e3448-b2fb-4116-b3df-d5759b59cb05/upload_pdf/JC000186.pdf;fileType=application%2Fpdf p. 27

- (a) be completed within 6 months from the time the Minister receives the review report; and
 - (b) be conducted by an independent evaluation expert with significant expertise in the social and economic aspects of welfare policy.
- (3) The independent expert must:
- (a) consult trial participants; and
 - (b) make recommendations as to:
 - (i) whether cashless welfare arrangements are effective; and
 - (ii) whether such arrangements should be implemented outside of a trial area.²⁸

In the AIMN's submission to the inquiry into the Continuation of Cashless Welfare Bill, we noted that:

'The suggestion that ongoing evaluation triggered under section 124PS is 'circular' and therefore problematic is erroneous. The Explanatory Memorandum states that amendments in the Bill support 'a desktop evaluation to lessen the ethical implications associated with avoidable repeat contact with vulnerable individuals.' This statement is perverse, considering that the government rarely contacts 'vulnerable' individuals to consult them about such punitive policy interventions in the first place, and then traumatises these groups through the implementation, flawed evaluation, and indefinite legislative extension of income management programs. Framing the removal of face-to-face evaluation mechanisms carried out by independent experts as a mercy to trial participants is highly inappropriate.'²⁹

Issues with Quality of Recent Evaluation Reports

Government-commissioned evaluations conducted after the 2018 ANAO audit have continued to fail to conduct appropriate data collection and evaluation processes. DSS has not built evaluation into the CDC design, nor has it 'collaborate[d] and coordinate[d] data collection to ensure an adequate baseline to measure the impact of the trial, including any change in social harm.'³⁰ This speaks to a failure to integrate recommendations based on failures identified in 2018 audit, where baseline and specific targets were not set to measure the performance of the trials.

In the Goldfields 'baseline' data report:

²⁸ https://www.legislation.gov.au/Details/C2020C00395/Html/Volume_2

²⁹ <https://accountableincomemanagementnetwork.files.wordpress.com/2020/10/aimn-continuation-of-cashless-welfare-submission.pdf> p. 9

³⁰ https://www.anao.gov.au/sites/default/files/Auditor-General_Report_2018-2019_1.pdf, p. 9

- ‘Baseline’ data began being collected between June-September 2018, though the trial had begun in the region in March 2018.³¹
- Qualitative interviewee recruitment for CDC participants was ‘facilitated by DSS and our research team’s stakeholder engagement activities. The selection of stakeholders was informed by pre-fieldwork site visits and informal consultations undertaken at that time, along with advice provided by the Department and were not representative of community organisations operating in the areas.’³² This process of recruitment raises questions about whether participants interviewed can be considered an accurate cross-section of the community.
- Stakeholder representatives and CDC participants identified issues including ‘a lack of consultation and insufficient information being provided to participants and some stakeholders prior to the CDC roll-out.’³³

In the Bundaberg and Hervey Bay ‘baseline’ data report:

- ‘Baseline’ qualitative interview data was collected between January-April 2019, though the trial had begun in the region in January 2019.³⁴
- The most common implementation issue that was reported by interviewees was ‘a perceived lack of official communication and information,’ and ‘provision of information about the trial was perceived to have been poor and unstructured.’³⁵
- Some stakeholders from community organisations in the region ‘described that insufficient information hampered the ability to fully assist their clients with queries and anxieties about the CDC.’³⁶

Associate Professor Janet Hunt, based at the Centre for Aboriginal Economic Policy Research, has identified issues with the quality of the Ceduna, East Kimberley, Goldfields evaluation, including that:

‘The evaluation relies almost entirely on the opinions of CDC ‘stakeholders’ and participants on the card (including some of their family members) either through a survey or through interviews. While people’s opinions certainly count for something, these are not triangulated with any other sources of evidence except in one or two cases.’³⁷

³¹ https://www.dss.gov.au/sites/default/files/documents/04_2019/cdc-baseline-data-collection-qualitative-findings-29-march-2019.pdf p. 9, 13

³² https://www.dss.gov.au/sites/default/files/documents/04_2019/cdc-baseline-data-collection-qualitative-findings-29-march-2019.pdf p. 11

³³ https://www.dss.gov.au/sites/default/files/documents/04_2019/cdc-baseline-data-collection-qualitative-findings-29-march-2019.pdf p. 6

³⁴ https://www.dss.gov.au/sites/default/files/documents/08_2020/cdc-baseline-data-collection-qualitative-findings-6-august-2020-pdf.pdf p. 15

³⁵ https://www.dss.gov.au/sites/default/files/documents/08_2020/cdc-baseline-data-collection-qualitative-findings-6-august-2020-pdf.pdf p. 81

³⁶ https://www.dss.gov.au/sites/default/files/documents/08_2020/cdc-baseline-data-collection-qualitative-findings-6-august-2020-pdf.pdf p. 82

³⁷ <https://antar.org.au/news/cashless-debit-card-extended-despite-limited-evidence-effectiveness>

Despite some issues with more recent Government-commissioned reports on the CDC, they still serve to highlight persistent questions about whether the CDC is a fit-for-purpose scheme in places it has been rolled out. In Senate Estimates in late 2020, Minister Ruston stated she had not read the first findings of the evaluation process covering the Ceduna, East Kimberley and Goldfields areas prior to Government pushing to make the program permanent via the Social Security (Administration) Amendment (Continuation of Cashless Welfare) Bill 2020. Ruston claimed that ‘the purpose of the evaluation report was never the premise on deciding whether’ it would be continued or not.³⁸ This has been a repeated pattern – Government-commissioned evaluations have continually raised questions about whether the CDC is achieving its stated goals, with these concerns then glossed or downplayed by relevant Ministers.

For example:

- In the Bundaberg and Hervey Bay area, ‘issues relating to unemployment in the region were felt by some to be systemic rather than caused by the lack of individual motivation and, therefore, the CDC could only have a minimal impact.’³⁹
- CDC participants in the Bundaberg and Hervey Bay region clearly identified a need for targeted support, where ‘in particular, gaps in service provision relating to wrap-around services and the addressing of drug, alcohol and mental health issues were noted by respondents.’⁴⁰
- In the Ceduna, East Kimberley and Goldfields evaluation report, researchers stated that ‘what emerges from this evaluation is a picture of a small number of participants who find the CDC useful and would like to remain on the card to help them manage their money (approximately 11-20% depending on the site). But around half of these (7-10% depending on the site) would like less of their payment on the card and more in cash. However, an overwhelming 70-76% wanted to get off the card. Participants were much more likely to think that the trial should end, while ‘stakeholders’ were more likely to want it to continue.’⁴¹
- Regarding the of Social Security (Administration) Amendment (Income Management and Cashless Welfare) Bill 2019, Associate Professor Hunt noted that: ‘once again, the ORIMA evaluation was used to justify the extension, which would allow time for the findings of a second evaluation of the program to be finalised. By then, the ‘trial’ will have been underway for five years in the original sites. (In fact this evaluation had not reported before a further extension was proposed in all sites to 30 June 2021.)’⁴²

³⁸ <https://www.abc.net.au/news/2020-10-30/anne-ruston-cashless-welfare-card-report-unread-nt/12833372>

³⁹ https://www.dss.gov.au/sites/default/files/documents/08_2020/cdc-baseline-data-collection-qualitative-findings-6-august-2020-pdf.pdf p. 91

⁴⁰ https://www.dss.gov.au/sites/default/files/documents/08_2020/cdc-baseline-data-collection-qualitative-findings-6-august-2020-pdf.pdf p. 92

⁴¹ <https://antar.org.au/news/cashless-debit-card-extended-despite-limited-evidence-effectiveness>

⁴² https://socialalternatives.com/wp-content/uploads/2021/02/janet_hunt_39_1.pdf p. 25

Extension and Expansion of the Program

Despite the issues outlined in sections above, the Social Security (Administration) Amendment (Continuation of Cashless Welfare) Bill 2020 in its original form pushed to turn the CDC trials into a permanent program, aiming to remove the sunset clause in legislation it was set to supersede. This was ultimately thwarted by amendments to the Bill but indicates Government's intent to pursue the expansion of the CDC in the face of multiple significant concerns.

Lack of Cost-Benefit Analysis

Additionally, the DSS recently admitted that it has come up against the issue of not having adequate data to conduct a cost-benefit analysis of the CDC. As stated by DSS Deputy Secretary Families and Communities Liz Hefren-Webb on Thursday 28 October 2021 in Supplementary Budget Estimates:

'This arose out of a recommendation from an ANAO report provided in 2018. There was a recommendation that the department commission a cost-benefit analysis of the cashless debit card. There was a company engaged to undertake a cost-benefit analysis. We ran into issues with a lack of data to inform that piece of analysis. That work will be progressed. We are currently building a data repository, essentially. The cashless debit card data is not just Commonwealth data we need to be looking at; it is state and territory data. We are pulling together a data repository. The cost-benefit project will be progressed.'⁴³

Lack of Transparency

There has been a lack of transparency with respect to Government-commissioned evaluation reports concurrent with legislative pushes to roll out the CDC further. The most recent example of this is delays with the release of findings from the evaluation of the CDC in the Ceduna, East Kimberley and Goldfields regions while rushing the Social Security (Administration) Amendment (Continuation of Cashless Welfare) Bill 2020 through Parliament. Transparency around tender assessment and documentation of decisions were also identified in 2018 audit as areas for improvement – and yet as outlined above, it is still hard to tell exactly how much has been spent by all relevant government agencies on the CDC. Without clear labelling of CDC-related contracts, it is also not possible to identify which contracts were open tender. At present, it is not possible to tease out expenditure on contracts covering building the technological infrastructure for product-level blocking, integrating mobile payment capacity, and so on.

In addition to the concerns outlined above, we draw the ANAO's attention to ongoing concerns around consultation with communities designated as future targets for the CDC, where expansion has been repeatedly proposed by Government with little to no engagement with those who stand to be impacted the most by welfare quarantining. We have covered this in some detail in our submission to the inquiry into the Social Security (Administration) Amendment (Continuation of

⁴³https://parlinfo.aph.gov.au/parlInfo/download/committees/estimate/25213/toc_pdf/Community%20Affairs%20Legislation%20Committee_2021_10_28.pdf;fileType=application%2Fpdf#search=%22committees/estimate/25213/0000%22 p. 38

Cashless Welfare) Bill 2020, including the significant issue of failing to appropriately consult with and listen to Aboriginal community-controlled organisations and remote Indigenous communities.⁴⁴

Concluding Comments

The deficit rationale upon which compulsory income management programs are based has been proven to be a fundamentally detrimental approach to addressing social harm.⁴⁵ This form of policy intervention relies on the assumption of individual responsibility for socioeconomic hardship and marginalisation, neglecting structural factors such as racial discrimination, inadequate social security payments, and sustained government divestment from social support services. Many of the issues identified by the ANAO in its 2018 audit of the CDC, as well as novel issues included in this submission, stem from a deficit framing which positions social security recipients as irresponsible, disengaged and lacking capacity rather than as contributing and valued members of their communities. This has been consistently raised by trial participants in both independent research and government-commissioned evaluations of the CDC, such as in the Bundaberg and Hervey Bay region.⁴⁶

We acknowledge that the present audit does not seek to examine the merits of the policy itself but suggest that the DSS and SA's approach to implementing the CDC cannot be divorced from the overarching deficit rationale used to justify welfare conditionality. Government departments' failure to respond in good faith to recommendations from the 2018 audit – that is, to take on board not just the text of the recommendations but to engage them in their full meaning, including implications for the transformation of organisational culture – is clearly linked to issues informing the initial policy design.

⁴⁴ <https://accountableincomemanagementnetwork.files.wordpress.com/2020/10/aimn-continuation-of-cashless-welfare-submission.pdf>

⁴⁵ See previous AIMN submissions on the CDC, available here:
<https://accountableincomemanagementnetwork.wordpress.com/resources/>

⁴⁶ https://www.dss.gov.au/sites/default/files/documents/08_2020/cdc-baseline-data-collection-qualitative-findings-6-august-2020-pdf.pdf pp. 90-91