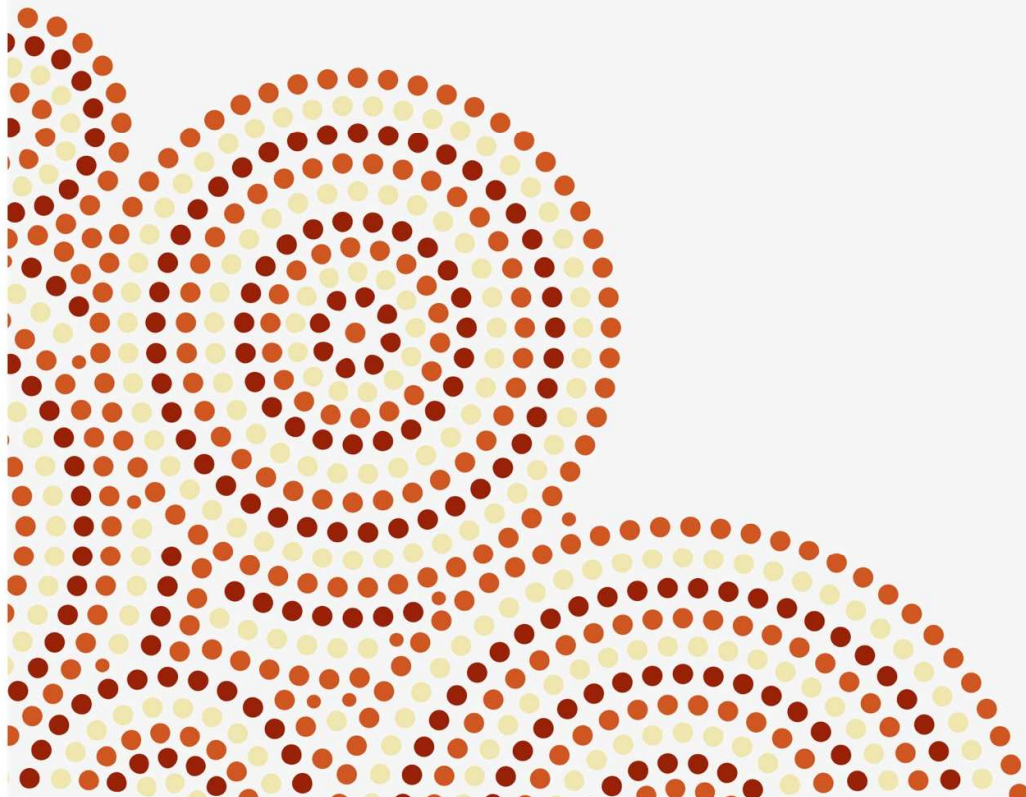


TANGENTYERE  
COUNCIL  
SUBMISSION



# Senate Inquiry into the Social Security (Administration) Amendment Bill 2022

## Repeal of Cashless Debit Card



WORKING  
TOGETHER  
WALKING  
TOGETHER

## 1. Citation

Klerck, M. (2022). Tangentyere Council, Submission to the Senate Inquiry into the Social Security (Administration) Amendment Bill 2022: Repeal of Cashless Debit Card. Alice Springs, NT: Tangentyere Council Aboriginal Corporation.

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## 2. Summary

Tangentyere Council Aboriginal Corporation (TCAC) welcomes the opportunity to provide a submission to the Senate Community Affairs Legislation Committee Inquiry into the Social Security (Administration) Amendment (Repeal of Cashless Debit Card) Bill 2022.

TCAC commends the Government on its commitment to abolish the Cashless Debit Card, this is a positive first step.

TCAC presented to the Community Affairs Legislation Committee at the Public Hearing conducted as part of the Inquiry considering the Social Security (Administration) Amendment (Income Management to Cashless Debit Card Transition) Bill 2019 on Thursday, 31<sup>st</sup> October 2019. TCAC subsequently made a Submission to the Senate Inquiry into the Social Security (Administration) Amendment (Income Management to Cashless Debit Card Transition) Bill 2019 during November 2019.

During the Public Hearing and through the written submission, TCAC outlined its opposition to the transition from Income Management to the Cashless Debit Card. Additionally, TCAC outlined its opposition to the continuation of all forms of Compulsory Income Management.

Our opposition to the to the Cashless Debit Card and to Compulsory Income Management has not changed since 2019. The primary issues identified by TCAC during 2019 included the following: (1) lack of evidence that demonstrated the value of the Cashless Debit Card and Compulsory Income Management; (2) negative impacts to participation, empowerment, and self-determination; (3) the potential for greater financial exclusion; (4) the inclusion of mechanisms allowing the adjustment of income quarantining without consultation; and (5) the lack of measures designed to build individual capacity and to address multidimensional disadvantage.

At the time of the Public Hearing, TCAC recommended to the Community Affairs Legislation Committee that Compulsory Income Management be repealed in favour of Voluntary Income Management. TCAC stands by this recommendation and the position that Compulsory Income Management does not achieve its stated intentions.

## 3. Background

TCAC is an Aboriginal Community Controlled Organisation (ACCO) delivering human services for the benefit of Aboriginal people from Alice Springs, its Town Camps and Central Australia.

TCAC has 16 Town Camp Corporate Members, over 600 Individual Members and provides services to more than 10,000 people from a region that covers approximately 873,894 km<sup>2</sup>. The TCAC Board of Directors is composed of the elected Presidents of the 11 Associations and 5 Aboriginal Corporations

The work undertaken by TCAC is aligned with action on the social, environmental, and behavioural determinants of health and wellbeing. Programs delivered throughout Central Australia include: (1) Child Protection and Wellbeing; (2) Children and Schooling; (3) Community Safety; (4) Alcohol and Other Drugs; (5) Tenancy Support; (6) Employment; (7) Aged and Disabled; (8) Chronic Disease Care Coordination; (9) Family Violence Prevention; (10) Housing Maintenance; (11) Municipal and Essential Services; (12) Construction and (15) Art and Culture.

The 16 Alice Springs Town Camp Associations/Aboriginal Corporations and TCAC were formed by Town Campers to support their efforts to gain access to Land; Housing; Infrastructure; and Municipal and Essential Services. TCAC was incorporated in 1979 as an Aboriginal Community Controlled Housing Organisation (ACCHO).

Between 1979 and December 2009 TCAC was an ACCHO for the Town Camps. Since December 2009 the Territory has been the Housing Authority for the Town Camps.

The Corporate Membership of TCAC includes the Associations/Aboriginal Corporations that hold Special Purpose and Crown Leases in Perpetuity over the Town Camps. These Associations/Aboriginal Corporations entered Tripartite Alice Springs Living Area Subleases with the Commonwealth Executive Director of Township Leasing (EDTL) and the Territory CEO of Housing (CEOH) in December 2009. The EDTL subsequently entered into Housing

Management Agreements (HMAs) with the Territory. The Territory has been the Housing Authority since December 2009.

TCAC and its Subsidiary, Tangentyere Constructions and Related Party, Community Housing Central Australia (CHCA) continue to deliver Housing Related Services under contract from the Territory.

TCAC and the Territory executed a Local Decision-Making (LDM) Agreement in July 2020. One key element of the LDM Agreement between TCAC and the Territory is to transition from Public Housing to Community Housing on the Alice Springs Town Camps. The development of a Community Housing Model is on track for this transition to coincide with the expiration of the current Housing Management Agreements between the EDTL and the CEOH.

#### 4. Cashless Debit Card

**The Cashless Debit Card has been a failure.**

Despite multiple reviews commissioned by the Government there is no evidence that the Cashless Debit Card has met objectives to reduce harm from alcohol and gambling. Not unlike broader impacts of Compulsory Income Management and the Basics Card, the Cashless Debit Card has made the lives of income support recipients more challenging through limiting access to cash and through direct stigmatisation. The Cashless Debit Card has sequestered \$100 million of taxpayer funds that could have been better used elsewhere<sup>i</sup>.

TCAC outlined that it had concerns about a lack of evidence for the potential benefits of the Cashless Debit Card during the October 2019 Public Hearing and subsequent submission. These concerns were evidenced based unlike the Cashless Debit Card. TCAC 'participated in the Evaluation of New Income Management in the Northern Territory in 2014. This Evaluation was led by the University of NSW and ANU. The final report stated that there is no evidence for significant changes to outcomes for people except for a limited improvement for people on voluntary income management. The report said that there was little improvement for: (1) Food Security; (2) AOD Harm Minimisation; (3) Gambling Harm Minimisation; (4) Financial Management Skills; and (5) Children and Schooling'<sup>ii</sup>.

TCAC also noted that 'the Department of Social Services commissioned the evaluation of CDC in trial sites. The evaluation produced 3 reports presumably to compare conditions before, during and after the trial period. Analysis from various parties has questioned the evaluation process. Most notably the Australian National Audit Office found that the evaluation did not constitute a robust longitudinal study, that it did not properly consider baseline data and that no control group was used to make comparison'<sup>iii</sup>.

TCAC also identified concerns with respect to the potential impacts of the proposed procurement of service delivery from institutions including Indue with limited direct customer service in the NT. These concerns were based on a range of issues including: (1) limitations to digital access; (2) challenges to obtaining POI; and (3) the impact of the Anti-Money Laundering and Counter-Terrorism Act. To an extent concerns about procurement were validated by the ANAO when it noted that Department of Social Services 'procurement of the Traditional Credit Union could have bene more thorough'<sup>iv</sup>.

The issue of evidence noted ahead of the implementation of the Cashless Debit Card has continued to be a problem since implementation, internal performance measurement and monitoring processes for the Cashless Debit Card program are not effective. Monitoring data exists, but it is not used to provide a clear view of program performance due to limited performance measures and no targets'<sup>v</sup>. The ANAO also noted that the 'program extension and expansion was not informed by an effective second impact evaluation, cost-benefit analysis or post-implementation review'<sup>vi</sup>.

**TCAC supports the proposed Repeal of the Cashless Debit Card.**

## 5. Income Management

TCAC supports the Repeal of the Cashless Debit Card. However, the Social Security (Administration) Amendment (Repeal of the Cashless Debit Card and Other Measures) Bill 2022 does not abolish Compulsory Income Management. The abolition of Compulsory Income Management is a priority.

The Bill provides for the continuation of Compulsory Income Management for 4,173 in the NT who are currently on the Cashless Debit Card<sup>vii</sup>. These individuals will be transitioned to Compulsory Income Management bringing the total of those on Compulsory Income Management in the NT from 22,942<sup>viii</sup> to 27,115. Effectively those who transitioned from the Basics Card to the Cashless Debit Card will now be transitioned back to the Basics Card. The Basics Card is not a good alternative to the Cashless Debit Card and is in many respects more limited. The Basics Card for example cannot be used to make online purchases of food or other essential services including purchases of credit for prepayment phones and prepayment electricity meters.

The following table provides a breakdown of individuals who are subject to Income Management and the Cashless Debit Card. These individuals are predominantly Aboriginal people.

Measure	Number
Disengaged Youth	4,673
Long Term Welfare Payment Recipient	15,906
Voluntary Income Management	1,987
Child Protection	10
Vulnerable Welfare Payment Recipient	111
Vulnerable Welfare Payment Recipient- Youth	248
Supporting People at Risk	7
Sub-Total	22,942
Cashless Debit Card	4,173
<b>Total</b>	<b>27,115</b>

The Evaluation of New Income Management in the Northern Territory undertaken in 2014 outlined that there was no evidence for significant changes to outcomes for people except for a limited improvement for people on voluntary income management. The report said that there was little improvement for: (1) Food Security; (2) AOD Harm Minimisation; (3) Gambling Harm Minimisation; (4) Financial Management Skills; and (5) Children and Schooling<sup>ix</sup>.

Recent work by TCAC in the investigation of the issue of energy insecurity for prepayment customers of Jacana Energy (in urban and regional centers) and PowerWater (remote) has also highlighted the inability of Income Management to address the most basic needs. 91% of prepayment meter customers in Alice Springs and its Town Camps<sup>x</sup> and 91% of remote prepayment meter customers<sup>xi</sup> experience regular, frequent, and prolonged prepayment meter disconnections. Income management has done nothing to address this issue. It has been the experience of TCAC and our research partners that Income Management, the Basics Card, and the Cashless Debit Card have worsened the seriousness of energy insecurity. This observation is made with the acknowledgement that the issue is exacerbated by a range of issues including the lack of integration between systems.

Not unlike other measures introduced since the Northern Territory National Emergency Response (NTNER) and Stronger Futures in the NT (SFNT) improvements to child mortality, school attendance, alcohol related harm, antisocial behaviour, and crime are contestable. This observation extends to individuals, families, households, and systems. Recent decisions by the NT Department of Territory Families, Housing and Communities to write off alleged tenancy debts and to implement a dwelling-based rent system are partially underpinned by a failure of integration

between Australian Government income support and Territory public housing systems. Income support recipients and social housing tenants are collateral damage while both levels of government experiment with social policy.

**Compulsory Income Management has failed to deliver improvements to health and wellbeing. Compulsory Income Management needs to be repealed.**

## 6. Transition

The Government is taking decisive steps to repeal and abolish the Cashless Debit Card. Its decision to consult with communities in the NT about the future of Compulsory Income Management however is too open ended.

Compulsory Income Management was enforced on Aboriginal people as a key component of the Northern Territory National Emergency Response (NTNER). The targeting of Aboriginal people from remote communities, family outstations and Town Camps was clearly discriminatory. Subsequent steps under later legislation including Stronger Futures NT provided some extension of Compulsory Income Management but it still disproportionately impacts Aboriginal people in the NT.

The implementation of these policies and measures destroyed community led responses to the matters that they aimed to address. These policies were not designed to build capacity in individuals and subsequent withdrawal of investment in services including financial counselling services has undermined the stated intentions of Income Management.

Consultation should not delay the repeal of and abolition of Compulsory Income Management. If the Cashless Debit Card can be repealed with such efficiency, then so to can Compulsory Income Management. The Government possesses sufficient feedback from Aboriginal communities, leaders, individuals, Aboriginal Community Controlled Organisations, Land Councils, NGOs, and Researchers to provide ample evidence about the failure of Compulsory Income Management. No further consultation is required. Unlike the lack of evidence for its implementation there is ample evidence for its repeal.

The withdrawal from Compulsory Income Management must be a considered process but it must commence now. **The first step is not to hastily exit individuals from Income Management but to provide them the immediate and straight forward opportunity to opt out of Income Management. This would thus convert existing Compulsory Income Management to Voluntary Income Management.** TCAC makes this recommendation in recognition that the current system is connected to multiple transactions including- rent; utilities; school contributions; loan repayments; fine recovery; and other purchases including food.

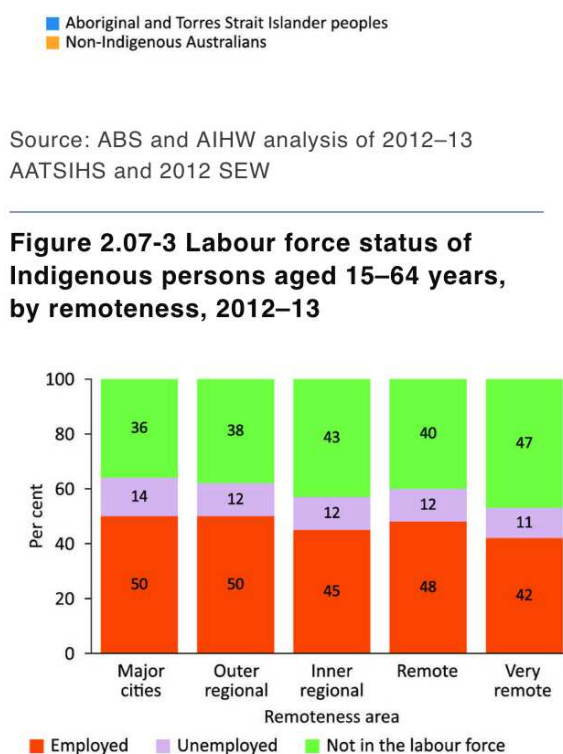
The co-design of a new system can commence once Compulsory Income Management is repealed. **Prior to and during the co-design/consultation phase the Government needs to consider investing in services including financial counselling services to ensure the much-needed development of increased capacity.**

**Investment in financial counselling should reverse the trend of increased consolidation of financial counsellors in urban centred non-Indigenous NGOs. Financial counselling services need to be geographically, culturally, and linguistically accessible to those individuals who need them most.**

## 7. Income Support Services

TCAC supports the resourcing of services aimed to ensure that people develop the capacity to gain and maintain income support.

According to the following table only 42% of Aboriginal people aged 15-64 from very remote areas are employed, 11% are unemployed and the remainder are not in the labour force. TCAC is concerned that many people designated as 'not in labour force' simply don't receive any income. Those who are eligible to receive income support should be supported to access this income support. The imperative for income has individual, family, household, community, and NT wide ramifications.



At present services exist for those already on income support but those who are not in receipt of income support are an invisible cohort. Individuals without income cannot contribute to rent, utilities and the purchase of food. **Case management services for those who are not in receipt of income support are imperative.**

For many maintaining income support in face of punitive responses to mutual obligation can be a challenge. TCAC acknowledges the lack of specialist social security legal advice and assistance. Support is required to ensure that individuals understand penalties, payment plans and payment eligibility. **TCAC supports the resourcing of specialist social security legal support to address these gaps.**



## 8. Conclusion

TCAC supports the abolition of the Cashless Debit Card but calls on the Government to repeal Compulsory Income Management.

Some key points from our submission are summarised below:

- TCAC supports the repeal of the Cashless Debit Card.
- TCAC supports the repeal of Compulsory Income Management.
- Compulsory Income Management to convert in the first instance to Voluntary Income Management to be accompanied by clear opt out clauses.
- Consultation and co-design should commence after Compulsory Income Management is repealed.
- Geographically, culturally, and linguistically accessible financial counselling services to be resourced within Aboriginal Community Controlled Organisations.
- Additional support services to be resourced to ensure that those eligible for income support can gain and maintain income support payments. Services to include case management (applicants) and legal support.

TCAC would like to acknowledge several concerns that align to income support, income management and the Cashless Debit Card. These include the regular, frequent, and prolonged disconnection of prepayment meter customers from household power and rent related debt. The issue of rental debt in the NT is significant and is partly related to the current rental rebate system in the NT. In addressing the issue of rent debt, the NT Government is seeking to abolish income-based rent in favour of dwelling-based rent. The imposition of dwelling-based rent will increase the rent payable by 68% of remote households. Many households will pay significantly more rent. It is our consideration that the issue has arisen in part due to the disconnection between Australia Government income support and NT public housing and essential services.

The issue of energy insecurity and rent reform are outside the scope of this inquiry but they are metrics of poverty that highlight systemic failures in systems designed to provide a safety net. It is our recommendation that the following two papers be considered by the committee as part of the inquiry:

- Longden, T., Quilty, S., Riley, B., White, L., Klerck, M., Davis, V., & Frank, N. (2022). Energy insecurity during temperature extremes in remote Australia. *Nature Energy*, 7, 43–54.
- Markham, F. & Klerck, M. (2022), Simplifying the system or deepening poverty? The new Remote Rent Framework in the Northern Territory (Topical Issue No. 3/2022), Centre for Aboriginal Economic Policy Research, Australian National University. <https://doi.org/10.25911/YWW2-3J38>



## 9. References

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- <sup>i</sup> Australian National Audit Office (2022). Implementation and Performance of the Cashless Debit Card Trial- Follow-on: Auditor-General Report No. 29 2021-22
- <sup>ii</sup> Klerck, M. (2022). Tangentyere Council, Submission to the Senate Inquiry into the Social Security (Administration) Amendment Bill 2019: Income Management to Cashless Debit Card Transition. Alice Springs, NT: Tangentyere Council Aboriginal Corporation.
- <sup>iii</sup> Ibid.
- <sup>iv</sup> Australian National Audit Office (2022). Implementation and Performance of the Cashless Debit Card Trial- Follow-on: Auditor-General Report No. 29 2021-22
- <sup>v</sup> Ibid.
- <sup>vi</sup> Ibid.
- <sup>vii</sup> Department of Social Services (2022). Cashless Debit Card Summary- July 2022.
- <sup>viii</sup> Department of Social Services (2022). Income Management Data Summary- July 2022.
- <sup>ix</sup> Bray, J. R., Gray, M., Hand, K., & Katz, I. (2014). Evaluating New Income Management in the Northern Territory: Final Evaluation Report (SPRC Report 25/2014). Sydney: Social Policy Research Centre, UNSW Australia.
- <sup>x</sup> Klerck, M. (2021). Essential Services Commission of South Australia Prepayment Meter System Code Review. Alice Springs, NT: Tangentyere Council Aboriginal Corporation.
- <sup>xi</sup> Longden, T., Quilty, S., Riley, B., White, L., Klerck, M., Davis, V., & Frank, N. (2022). Energy insecurity during temperature extremes in remote Australia. *Nature Energy*, 7, 43–54