Australian 'Cashless Welfare' Trials and the Policy of 'Income Management'

Tamara Walsh

Electronic version

URL: <https://journals.openedition.org/rdctss/2519>
DOI: 10.4000/rdctss.2519
ISSN: 2262-9815

Publisher

Centre de droit comparé du travail et de la sécurité sociale

Printed version

Date of publication: 1 December 2017
Number of pages: 242-246
ISSN: 2117-4350

Electronic reference

Tamara Walsh, "Australian 'Cashless Welfare' Trials and the Policy of 'Income Management'", *Revue de droit comparé du travail et de la sécurité sociale* [Online], 4 | 2017, Online since 01 November 2021, connection on 04 December 2021. URL: <http://journals.openedition.org/rdctss/2519> ; DOI: <https://doi.org/10.4000/rdctss.2519>

Revue de droit comparé du travail et de la sécurité sociale est mise à disposition selon les termes de la Licence Creative Commons Attribution - Pas d'Utilisation Commerciale - Pas de Modification 4.0 International.

TAMARA WALSH

THE UNIVERSITY OF QUEENSLAND

AUSTRALIAN 'CASHLESS WELFARE' TRIALS AND THE POLICY OF 'INCOME MANAGEMENT'

In recent months, the Australian Government has been trialling a 'cashless welfare card' scheme in certain, predominantly Indigenous, communities. Under this scheme, instead of receiving cash, 80% of a person's income support payment is quarantined onto a 'BasicsCard'. The BasicsCard is simply a debit card with a pin number, but this card can only be used at certain stores, and it can only be used to purchase items that are considered 'priority needs', such as food, rent, bills, medication, transport and clothes.¹ Quarantined funds cannot be spent on tobacco, alcohol, gambling or pornography.²

The cashless welfare card trials represent an expansion of the government's 'income management' program which has been in operation for around a decade. The relevant legislation states that the aim of income management is to 'reduce immediate hardship and deprivation by ensuring that the whole or part of certain welfare payments is directed to meeting the priority needs' of the person and their dependents and to 'encourage socially responsible behaviour, including in relation to the care and education of children'.³

Consistent with this, the Australian Prime Minister has recently described the cashless welfare card trials as 'an exercise in practical love, in compassion',⁴ and a recent evaluation has declared that the trials have been effective in reducing alcohol consumption, gambling and illegal drug use in Indigenous communities.⁵ However, there remains strong disagreement within the broader Australian community, and amongst commentators, as to whether income management is appropriate, fair and effective.

I - A BRIEF HISTORY OF INCOME MANAGEMENT

Income management was first introduced in Australia in response to the findings of an inquiry into sexual violence against Indigenous children in 2007. The report, entitled '*Little Children are Sacred*,' recommended that urgent action be taken to protect children in certain Indigenous communities in the Northern Territory.⁶ Whilst the report stressed

1 *Social Security (Administration) Act 1999* (Cth) s 123TH.

2 *Social Security (Administration) Act 1999* (Cth) s 123TI.

3 *Social Security (Administration) Act 1999* (Cth) s 123TB(a).

4 Gareth Hutchens, 'Turnbull says cashless welfare card about "practical love" while announcing new site', *The Guardian*, 1 September 2017.

5 ORIMA Research, *Cashless Debit Card Trial Evaluation: Final Report, August 2017* at 3.

6 Rex Wild and Pat Anderson, *Ampe Akelyernemane Meke Mekarle (Little Children are Sacred): Report of the Northern Territory Board of Inquiry into the Protection of Aboriginal Children from Sexual Abuse*, Northern Territory Government, 2007.

the need for extensive consultation with affected communities prior to any intervention taking place, the Australian Government immediately declared a 'national emergency', and implemented a number of 'protective' measures in over 500 Indigenous communities in the Northern Territory.⁷ 'Income management' was only one of the measures introduced; others affected communities' land rights, policing and governance. The fact that these measures discriminated directly against Indigenous people was never denied; instead, the operation of the *Racial Discrimination Act 1975* (Cth) was suspended to avoid any legal challenge based on discrimination law.

Notably, the relevant legislation was passed with the support of both major political parties. Indeed, in 2010, the Labor Government moved to extend income management to cover all of the Northern Territory. It reinstated the operation of the *Racial Discrimination Act 1975* (Cth), claiming that the policy was no longer discriminatory against Indigenous people. Yet, it was still the case that the vast majority of people subject to 'new income management' were Indigenous.⁸ 'New income management' comprised both a compulsory and a voluntary scheme, however the vast majority of people subject to income management were under the compulsory scheme, and that remains the case today.⁹

Income management has since been rolled out in a number of other locations around Australia.¹⁰ People in selected areas can have income management imposed upon them if they: meet the criteria for 'disengaged youth' or 'long-term welfare payment recipient'; are considered to be a 'vulnerable welfare payment recipient'; are required to be subject to income management by a child protection officer; have a child who has not met the school enrolment requirements; are referred to income management by an 'approved organisation'; or volunteer to be placed on income management.¹¹

⁷ *Northern Territory National Emergency Response Act 2007* (Cth).

⁸ J Rob Bray, Matthew Gray, Kelly Hand and Ilan Katz, *Evaluating New Income Management in the Northern Territory: Final Evaluation Report, 2014* at 53-55.

⁹ *Ibid* at 51.

¹⁰ The Australian Government has insisted that the areas in which income management applies have been selected on the basis that they have experienced high and persistent rates of unemployment and disadvantage, however some commentators have questioned this, arguing that some of the selected sites do not meet these criteria: Marcus Banks and David Tennant, 'Community worker perceptions of the income management regime in Shepparton' (2016) 51(4) *Australian Journal of Social Issues* 419 at 421.

¹¹ *Social Security (Administration) Act 1999* (Cth) s 123TA.

It is still the case that the vast majority of people subject to income management are Indigenous, indeed the figure may be as high as 90%.¹² Since Indigenous people comprise only around 3% of the Australian population, it is difficult to argue that the scheme no longer discriminates against Indigenous people.

II - EVALUATIONS OF INCOME MANAGEMENT

Income management has received mixed reviews. Research conducted by an Indigenous organisation in 2008 reported an even split between those for and against income management, and found that its advantages included increased household expenditure on food and children, young men contributing to family shopping, and reductions in gambling and drinking.¹³ Other surveys have found that people subject to income management believe that it improves their capacity to manage their money, and enhances the health and well-being of children.¹⁴ Some have said that income management has reduced their dependence on alcohol and tobacco.¹⁵

However, others have said that, regardless of any reported benefits, income management is inherently disempowering, prejudicial and demeaning to Indigenous people.¹⁶ Despite the reinstatement of the *Racial Discrimination Act 1975 (Cth)*, the 'racialised underpinnings' of income management remain,¹⁷ and many have argued that income management represents a continuation of the paternalistic 'protectionist' policies of Australia's colonial past.¹⁸

Further to this, many evaluations have found no real change in spending patterns, despite perceptions to the contrary.¹⁹ It has been observed that individuals have developed strategies to avoid the restrictions, for example, by trading cards with one another, or by simply using the proportion of their payment that is not quarantined to purchase prohibited

12 J Rob Bray, 'Seven years of evaluating income management: What have we learnt?' (2016) 51(4) *Australian Journal of Social Issues* 449.

13 Central Land Council, *Reviewing the Northern Territory Emergency Response: Perspectives from Six Communities*, 2008.

14 Australian Institute of Health and Welfare, *Evaluation of Income Management in the Northern Territory*, 2010 (Occasional Paper No. 34) at 59-60. See also ORIMA Research, *Evaluation of the Child Protection Scheme of Income Management and Voluntary Income Management Measures in Western Australia*, 2010 at 122, 124, 128-129.

15 Deloitte, *Consolidated Place Based Income Management Evaluation Report: 2012-2015*, 2015 at 42-43, 58.

16 See for example National Welfare Rights Network, *State of Play: Income Management in 2014, 2014*; Aboriginal and Torres Strait Islander Legal Services and Aboriginal Peak Organisations NT, *The Future of the Northern Territory 'Intervention'*, 2010; Shelley Bielefeld, 'Income management and indigenous peoples: Nudged into a Stronger Future?' (2014) 23(2) *Griffith Law Review* 285.

17 Banks and Tennant, above n 10 at 420.

18 Shelley Bielefeld, 'Compulsory income management and Indigenous peoples: Exploring counter narratives amidst colonial constructions of vulnerability' (2014) 36 *Sydney Law Review* 695 at 698; John Altman, 'Blind-sided by Basics: Three perspectives of income management in an Aboriginal community in the Northern Territory' (2016) 51(4) *Australian Journal of Social Issues* 487 at 491.

19 Bray et al, above n 8 at 302-303; Deloitte, above n 15 at 61.

items.²⁰ Some evaluations have found that individuals and families still run out of food, indeed, some have claimed that income management may increase dependency and leave people with less skills to manage their money.²¹ Recently, there have been reports of increases in property crimes, including theft and robbery, as well as increases in threatening behaviour, as a result of income management trials.²²

III - INCOME MANAGEMENT AS A VIOLATION OF HUMAN RIGHTS

There is no doubt that income management encroaches upon Indigenous peoples' fundamental human rights. The Australian Parliamentary Joint Committee on Human Rights concluded that income management limits individuals' right to be free from discrimination, their right to social security, their right to an adequate standard of living, and their right to privacy.²³ It has also been argued that income management limits individuals' property rights: since quarantined funds can only be spent at certain stores, individuals' choices are limited as to the kinds of products they can purchase, and the price they pay for them.²⁴

Most importantly, compulsory income management fundamentally breaches Indigenous peoples' right to self-determination. By failing to consult with Indigenous people, and intervening in their communities and their lives without their agreement or consent, expert local knowledge is discarded and cultural differences are ignored.²⁵ Indeed, the Australian Indigenous Doctors Association has claimed that income management significantly affects individuals' mental health because of the shame, trauma, embarrassment and stress caused by the loss of control over their lives.²⁶

20 Elise Klein, 'Neoliberal subjectivities and the behavioural focus on income management' (2016) 51(4) *Australian Journal of Social Issues* 503 at 512; Altman, above n 18 at 494.

21 Bray, above n 12 at 458.

22 Eliza Borrello and Erin Parke, 'Greens use Kununurra theft spike to call for scrapping of cashless welfare card', *The Guardian*, 17 August 2017; Melissa Davey, 'Aboriginal leader withdraws support for cashless welfare card and says he feels used', *The Guardian*, 23 August 2017.

23 Parliamentary Joint Committee on Human Rights, *Review of Stronger Futures Measures: Final Report*, 2016 at 43.

24 Shelley Bielefeld, 'Compulsory income management, Indigenous peoples and structural violence: Implications for citizenship and autonomy' (2014/15) 18(1) *Australian Indigenous Law Review* 99.

25 Altman, above n 18 at 497.

26 Australian Indigenous Doctors Association, *Health Impact Assessment of the Northern Territory Emergency Response*, 2010 at 23.

CONCLUSION

It has been reported that income management has cost over \$1b to implement,²⁷ and commentators have rightly questioned whether this money could have been better spent on support services to improve the wellbeing of children and families in consultation with Indigenous elders and communities.²⁸ Genuine collaboration with Indigenous people is required if the entrenched disadvantage they face is to be addressed.²⁹ The legacy of colonialism, and the trauma that has been caused by the assimilationist policies of the past cannot be underestimated.³⁰ The diversity of Indigenous perspectives must also be acknowledged and respected. Many are in favour of income management, but only if it is truly voluntary and accompanied by initiatives that are aimed at promoting self-reliance and addressing structural disadvantage.³¹ Others see it as offensive, or even violent, and an unacceptable restriction of their autonomy.³² Either way, interventionist policies based on 'missionary goodwill' can only do more harm than good.³³ Real change can only occur if those affected are respected, listened to, and collaborated with.

-
- 27 Luke Buckmaster, Carol Ey and Michael Klapdor, *Income Management: An Overview*, Parliament of Australia, Parliamentary Library, 2012 at 34.
 - 28 Altman, above n 18 at 4; J Rob Bray, Matthew Gray, Kelly Hand and Ilan Katz, 'Social worker assessed vulnerable income management' (2016) 51(4) *Australian Journal of Social Issues* 469; Irene Watson, 'What is saved or rescued and at what cost in the Northern Territory intervention?' (2009) 15(2) *Cultural Studies Review* 45 at 52; Bielefeld, above n 18 at 716.
 - 29 Emma Partridge, 'Caught in the same frame? The language of evidence-based policy in debates about the Australian Government "Intervention" into Northern Territory Aboriginal Communities' (2013) 47(4) *Social Policy and Administration* 399 at 410.
 - 30 Watson, above n 28; Philip Mendes, Jacinta Waugh and Catherine Flynn, 'Income management in Australia: A critical examination of the evidence' (2014) 23 *International Journal of Social Welfare* 362.
 - 31 Philip Mendes, 'Compulsory income management: A critical examination of the emergence of conditional welfare in Australia' (2013) 66(4) *Australian Social Work* 495; Patrick McClure, Wesley Aird and Sally Sinclair, *A New System for Better Employment and Social Outcomes: Final Report of the Reference Group on Welfare Reform to the Minister for Social Services*, 2015 at 114; *Parliamentary Joint Committee on Human Rights*, above n 23 at 62.
 - 32 Watson, above n 28 at 55; Bielefeld, above n 24.
 - 33 Watson, above n 28; Altman, above n 18.