**Submission to UN regarding Cashless Welfare 16/5/19** By Nijole Naujokas

The introduction of “Income Management” in the Northern Territory in 2007 was introduced by the LNP Howard government under the guise of the Northern Territory Emergency Response (NTER). Using the justification from the “Little Children Are Sacred” report in April 2007, the government used the issues raised of child protection and substance abuse to introduce a form of social security payment that was restricted to 50% cash. This restriction of 50% of income meant that half a person’s money was put into a Basics Card account which restricted the purchase of alcoholic beverages, tobacco products, pornographic material, home brew concentrates and home brew kits, gift cards and gambling services. It was also supposed to stop the process of ‘humbugging’ where family members might pressure social security recipients to give money.

To introduce this measure the Howard government had to suspend part of the Racial Discrimination Act. It was accepted that the vast majority of people who would be affected by the Basics Card would be Indigenous. The roll out of the Basics Card was incredibly quick for government standards. Little consultation was had with the Indigenous communities affected and as it was a blanket measure many people were put onto Income Management who had no trouble with their finances or managing their money.

In 2010 under the Rudd Labor government, the program was expanded to include the rest of the Northern Territory and Social Security recipients who were deemed “at risk.” The terminology of this was open to interpretation. When you judge a person’s ability to manage money on a very low payment below the poverty line, is this a reason to restrict their money further? The Basics Card was then further expanded in 2012 under the Gillard Labor government to other areas of Australia: Bankstown, NSW, Logan, Qld, Rockhampton, Qld, Playford, SA and Greater Shepparton, Vic.

As one of the activists who was incredibly concerned about the introduction of the Basics Card in Playford, South Australia, I was witness to the many arguments put forth by bureaucrats in government who claimed it would only affect those who “couldn’t manage their money” and those who were put on for Child Protection reasons. Activists from Socialist Alliance and other organisations held information nights in the local areas of Elizabeth and raised concerns about the expansion of the Basics Card, and further rolling out of the program to all welfare recipients, severely reducing the autonomy of clients. Concerns about access to cash for large purchases like washing machines or car repairs, the ability to buy second hand goods and clothing, and the ability to save money by buying market produce were all raised concerns. This was met with outright derision and hostility from government bureaucrats and certain Non- Government organisations, who accused activists of “spreading fear in the community over nothing”. In one particular meeting there was a member of the audience who stood up and said that we were “causing fear for no reason, spreading misinformation, and this will only affect those who cannot manage their money.” We found out later that particular audience member was from Anglicare, (who had not introduced themselves) and that they had won a financial counselling contract from the government to provide financial counselling services to those on the Basics Card. At the very least this was a conflict of interest.

I was heavily involved in numerous community meetings and demonstrations against the Basics Card, and unfortunately us activists saw every single one of our “unfounded fears and misinformation” become true. A group of activists and community members including myself founded the group “Stop Income Management in Playford” (SIMPLA) and held weekly meetings to discuss the emerging issues. The Basics Card was expanded further in 2013 to the categories of “Unreasonable to Live at Home Allowance” for young people and for people who had recently come out of jail and under 25. This massively expanded the pool of welfare recipients on the card, and caused multiple issues for young people especially. The “Unreasonable To Live At Home” allowance is for young people who cannot live with their parents due to relationship breakdown, family violence, or being classed independent as wards of the state. Some of these young people had been managing their own money for years with great success. To then be told “you are not capable” was incredibly distressing and demoralising for them. One young person on the card told us “My family thought the Basics card was only for people who gamble or drink. I did neither. They didn’t understand why I was on it.” This same participant was forced to use the Basics Card for her rent, but an administration error with her Basics Card payments put her in arrears in her rent for the first time in her life. The added stress of card malfunctions was another key experience of people put on the card. The machine in the Munno Parra Shopping centre to check the Basics Card balance was frequently broken, making it very difficult to check remaining funds. Other people felt shame and stigma using the card at shops, with one ignorant shop clerk refusing to let a young man buy a chocolate box for his mother as she wrongly thought “he wasn’t allowed to” on the card.

This is one of the key problems with the Basics Card and Income Management in general, including the more recent incarnation the “Cashless Welfare Card” introduced in 2016. It is bizarre that a businessman billionaire, Andrew ‘Twiggy’ Forrest, recommended the Cashless Welfare Card with NO social work experience and was commissioned by the Abbott LNP government to make a report on equality and poverty issues. The stigma and visibility of the cards seems to embolden others in the community to discriminate and insult welfare recipients. The immediate assumption is that a person on these types of payment cannot manage money. In reality this is a pure ideological myth: a way to demonise those who are unemployed or single parents. As an activist who has been involved in actions against Income Management, I have not heard one case of where someone on the card then magically “found a job” or had their lives improve in any way. It does not address deep seated community issues of substance abuse, violence, school attendance or well-being for those on it. Monash University’s report “The Place-based Income Management Trial in Shepparton: A best practice model for evaluation” notes the negative effects of the Basics Card during this period:

*“Main Negative Outcome Findings*

*A major negative impact is that many people have felt disempowered, embarrassed and ashamed at being subject to income management, especially when shopping. Some people have experienced practical problems in using the Basics Card such as it not being accepted at a wide range of outlets and not being able to easily check the card’s balance. Other limitations of income management are that it has not necessarily helped with keeping children engaged with school and some people are not necessarily managing their finances any better (FaHCSIA 2008; AIHW 2010; ORIMA Research 2010; KPMG 2010; National Partnership Agreement for Closing the Gap in the Northern Territory2011; Bray et al 2012).There are concerns that people may become reliant on income management as a tool for managing their finances rather than being able to rely on their own skills (ORIMA Research 2010: 14 & 15;Bray et al2012: 261). There has not been a large uptake in using financial management support services to learn financial management skills (ORIMA Research 2010: 13;Bray et al2012:105 & 106). The ORIMA research said that 15 per cent of those on child protection income management who did not attend financial counselling cited, ‘not needing money management skills when having their money income managed’ as a reason for not using financial management services (ORIMA Research 2011: 13 & 14). The KPMG and SPRC evaluations note that there is no clear pathway between managing money responsibly and exiting from income management (KPMG 2010: 85; Bray et al 2012: 257). (Page 23).*

Putting aside the horrible social and mental effects of Income Management, another worrying aspect is the disturbing lack of privacy for individuals forced onto the scheme. The private right to bank with whoever one chooses is removed for welfare recipients. Their information and also their funds do not have banking protection as Indue, the company who administers the Cashless Welfare Card, is not a bank. The transferral of valid cash amounts from Indue to a cash account (which the Department allows) can attract “transfer fees” of $10 and can take up to 28 days. There has been constant reports from those on the “Indue” Cashless Welfare Card which is the latest incarnation of Income Management, that their card will not work regularly in shops and sporting venues for their children, severely affecting their quality of life as they must go without groceries and essentials. To be refused at the counter of a shop where you are trying to buy life essentials is a humiliating, dehumanising process. The recent Indue blackout in Bundaberg caused massive problems for Centrelink recipients, with people unable to buy food, nappies and formula for their children.

The collation of welfare recipient data through the Income Management policy amounts to a mass social experiment that does not have consent from participants. This is a violation of human rights, to have the right to determine one’s own purchases and keep one’s own money in whatever bank they choose, to spend on purchases without the scrutiny of massive private corporations, to be able to choose how to manage one’s own funds as an adult. This kind of toxic, discriminatory, venomous policy must be stopped. Welfare recipients are not lab rats and they did not consent to these stripping of human rights. Witnessing the distress of people who have been forced onto the card is a kind of helpless despair activists witness. We see the mental health toll and feel the rage of people who just don’t understand why they are being treated like irresponsible toddlers.

We urge the United Nations to recognise Income Management and the blanket application of it onto welfare recipients as a violation of human rights, and ask the United Nations to condemn the policy.

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