Submission to the Senate Community Affairs Legislation Committee

13 July 2018

Committee Secretary
Senate Standing Committees on Community Affairs
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Parliament House
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Dear Committee Secretary,

Re: Social Services Legislation Amendment (Cashless Debit Card Trial Expansion) Bill 2018

The Council of Single Mothers and their Children (CSMC) and the National Council of Single Mothers and their Children (NCSMC), congratulate the government on its concern for the well-being of the residents of the Bundaberg and Hervey Bay area. Signs of inter-generational poverty and/or unemployment and/or insufficient education and skills acquisition are always concerning.

CSMC and NCSMC will, in responding to the Explanatory Memorandum and the Proposed Legislation, contend that the Cashless Debit Card (CDC) is neither the most effective nor sustainable way to address such issues. We refer the Committee to the CSMC original submission on this matter as the issues in that are still relevant, not having been addressed in the proposed expansion.1

Given the release of the report by the Australian National Audit Office, we strongly recommend against any further expansion of the CDC at this time. With an inadequate ‘approach to monitoring and evaluation’ and thereby, no way to ‘conclude whether there had been a reduction in social harm and whether the card was a lower cost welfare quarantining approach’ii, we argue that it is now socially and morally irresponsible to expand into new areas. The lives of real people and communities are being affected.

Regards

Jenny Davidson
Chief Executive Officer CSMC

Terese Edwards
Chief Executive Officer NCSMC
Resolving conflicting views

It is clear that the Federal Member for Hinkler wants this expansion of the Cashless Debit Card to the Bundaberg – Hervey Bay regions, but it is less clear that there has been genuine and widespread community consultation.

Instead, we see a range of media presentations nominating Bunderberg as the ‘dole capital of Australia’, and a newspaper poll on whether it is a good idea. Given the reports from Shepparton and other sites about the lack of quality consultation and planning, we are concerned that a combination of a local member’s enthusiasm and some bare statistics devoid of deeper analysis, is driving the case for expansion.

Interviews with leaders of key welfare services in Shepparton note that:

- ‘There was no local consultation before the selection of the place-based trial sites, and very limited engagement since to check on the impacts of the reform measures’. iii
- The author suggests this ‘reflects a broader issue with co-opting terms like place-based to imply local buy-in that does not exist’. iv

From our interview with a trial participant in Ceduna:

- “The Cashless Debit Card was “dropped like a bomb on the town. People receiving the card did not have enough knowledge about how the system worked and local professionals didn’t have the answers either.”v

We contend that a public policy approach of this significance deserves serious investment in community consultation and examination of local and international evidence. If trials are to be genuine, we recommend they have an additional arm such as a voluntary stream with bonuses for those who progress, alongside the mandatory scheme and that both have strong support service provisions. There is evidence to suggest the voluntary plus bonus scheme in an earlier iteration of the basics card was showing promise and thus, would be a valuable part of a further trial.vi

At a time when public confidence in democracy and its key institutions is fallingvii and the numbers of citizens struggling with poverty, unemployment, mental health and drug and alcohol issues is rising, we suggest it is particularly important for governments to exercise good quality stewardship and model and lead, in practices of continuous improvement.

We recommend consultations include innovative models of deliberative democracy such as citizen juries, community and local service provider task groups, future planning and policy testing. Through these approaches, the people the government is concerned to assist, those working alongside them and those in their communities, will be directly engaged in the policy process. Government intentions to use income management to reduce levels of harm, improve employment status and the prospects of the next generation, can be examined along with discordant views including that there are too few jobs available and that locals won’t take the work that is around. These views would be explored alongside evidence health issues and their consequences, economic data on industries in the region and their trending performance, social
cohesion or the lack of it, and ways to enhance future prospects for the region through innovation and involving the people currently not connected.

Governments often resist community consultation on the basis that the local Member speaks for the area; that communities can’t possibly see the bigger picture; or that it takes too long and costs too much. Evidence shows however that once people feel they are heard, and are provided with multiple perspectives on an issue, such forums as citizen juries can present solid results. It is also true that once individuals and communities feel they have what the Canadians call ‘skin in the game’, they are more likely to feel committed and follow through.

Recommendation 1

That the Committee recommend there be NO expansion of the Cashless Debit Card to Bundaberg and Hervey Bay or to any other region, until consultations and evaluations are conducted and publicly reported. Indicative Models for both of these are contained in the paper by Mendes. viii

Investing in children’s futures

CSMC and NCSMC believe it is important to Australia’s future to ensure that all children are supported early in life. Evidence from around the world demonstrates that the conditions under which children grow are critical to their life outcomes and thus, to the social and economic outcomes for the country. ix Furthermore, evidence indicates that it is not necessarily issues of family design, such as single parenting, that impair children’s outcomes but poverty, and that single parents are over-represented here.

The 2016 Boyer lectures highlighted the work of Sir Michael Marmot and the relationship of social health determinants to the continuing well-being of the country. While Australia still rates well in global scales, Marmot points to growing inequalities that will affect the health of citizens and thereby, our economy. He contends that remedies include “greater equity of power, money and resources”. Research from the OECD supports an emerging consensus that “addressing high and growing inequality is critical to promote strong and sustained growth”. x

We believe the government is aware of this work and is also concerned for the future of all children. We note that these sorts of concerns are in the Explanatory Memorandum.

The real question then, is if we put a child welfare filter across the noted concerns, is the Cashless Debit Card the best way to go? Our answer is, not in its current form. Yes, there may be more money for food, but some families will find increasing levels of stress that will not be good for children. Such stress may come not only through initial subjection to the card, but the hopelessness of a situation where no matter how well or poorly they are managing their welfare payment, and no matter what they do to improve their budgeting, including completely giving up alcohol and/or gambling, they will never get off it until they get a job and if the jobs are not available, they are stuck. This message will not help inspire or enable the next generation.
The great dilemma we see in the compulsory nature of income management and the expansion of the Cashless Debit Card as proposed, is that it becomes yet one more knock to the resilience of groups of people who, for a variety of reasons, are already experiencing impaired self-esteem and often, it is this that becomes the inter-generational risk factor.

Humiliating and stressing the mother will never be a good strategy for protecting children:

- “I was in the shopping centre the other day and there was a young lady in there with the card, she had all her goods on the table, she had a little baby that was playing with whatever she’d bought for him, and the card wasn’t working... She was embarrassed.”

- A woman from Ceduna described going to another town; “… but the card declines because the businesses don’t accept the card. Every time this happens, I feel embarrassed and judged because the card marks me out”

Evaluations of the impacts of Income Management in the Northern Territory in respect of Child Protection do not support the mandatory nature of the intervention, although as in Shepparton, voluntary participation shows more positive indication.

- Child Protection Income Management was not seen as being particularly effective by many caseworkers in cases where, for example, the nature of neglect was ...based on a lack of understanding or lack of supervision that was related to problems such as inadequate parenting skills rather than alcohol, drug misuse or gambling.

- Child Protection Income Management was...seen to be most useful in those cases where there was a very specific problem [where it] could be used ... to limit expenditure, and provide structure and stabilisation to household finances... Crucially however, these impacts were seen as being effective when they were implemented as one part of a solution for a family along with supports such as the IFSS (Indigenous Free Support Service) and other services as part of a mutually reinforcing web of activities:

- The 12 cases where issues were resolved and where there were no further notifications were all cases in which the caseworker indicated that the parents were willing to engage with the department and the services arranged to support them, and where there were services available to those families to meet their needs. ... these cases were less complex and tended to involve families who had relatively short-term overall involvement with the department.

- The cases that had ended with further notifications or the removal of children, involved families that had experienced multiple and complex issues and were involved long-term with the Department of Children and Families.

- … caseworkers and other Department of Children and Families staff …interviewed saw the IFSS service model as being of great value to families referred to Child Protection Income Management and to families where neglect was an issue more broadly. Many attributed the apparently successful outcomes for families referred to Child Protection Income Management to the work of these services in helping families develop understanding of their children’s needs and the basic life skills needed to meet these needs.
The issue of inadequate support services, especially in more remote locations, was highlighted by many of the staff.\textsuperscript{xvi}

In respect of other examples of welfare conditionality, evidence from the United Kingdom reports that: ‘There is a mismatch between the mandatory support currently provided and the needs of most lone parents. For many interviewees, it was not intensive, personally tailored, or flexible enough; for some, it was too basic, generic and/or irrelevant. Access to affordable childcare remained a significant barrier for most.’\textsuperscript{xvii}

CSMC and NCSMC are acutely aware that 40% of children living in single parent families in Australia are living in poverty. We support the suggestions in the ACOSS report that the Federal government can reduce child poverty in Australia by:

1. Committing to reducing poverty by at least 50 per cent by 2030, in line with the Sustainable Development Goals
2. Increasing Newstart Allowance, including for single parents
3. Establishing a single parent supplement that increases as children grow older and they cost more to support
4. Indexing working age and family payments to wage movements as well as prices
5. Improving employment and training programs for single parents, including career counselling and vocational training
6. Guaranteeing secure affordable housing, including working with state and territory governments to abolish no-cause evictions
7. Restoring two days of weekly subsidised child care available to parents not in paid employment.\textsuperscript{xviii}

These ideas do not necessarily mean some forms of income management should not continue but as recent research from the Social Policy Research Centre at the University of NSW finds:

- ‘Single parents receiving Newstart Allowance are unable to afford a minimum and healthy standard of living. At $544 per week (including Newstart Allowance, Family Tax Benefits and Rent Assistance), their social security payments fall short of a minimum budget by $132 per week’.
- Further, ‘social security payments for single parents fall as their children grow older and become more expensive.
  - When their youngest child turns five, Family Tax Benefits drop by $23 per week.
  - When the child reaches eight years, the parent is moved from Parenting Payment to the lower Newstart Allowance, cutting the family’s income by another $85 a week’.

- In 2016, 600,000 children under 16 years (one in eight or 13 per cent) were in families without paid work, including 6 per cent of children in couple families and 45 per cent in single parent families.\textsuperscript{xx}

Research published by the Australian Institute of Family Studies suggests that:

- ‘Defining poverty as social exclusion rather than as a lack of income or material resources offers a lens that leads to a broader and potentially more effective range of policy solutions’.\textsuperscript{xxi}
An examination of changes in the percentage of children living with single parents between 1990 and 2011 and State mathematics and reading scores on the National Assessment of Educational Progress in the United States, revealed that:

- ‘Changes in the percentage of children living with single parents were not associated with test scores’.
- ‘Increases in maternal education, however, were associated with improvements in children’s test scores during this period.’
- The researchers conclude that: ‘...these results do not support the notion that increases in single parenthood have had serious consequences for U.S. children’s school achievement’.

Finally, on the basis of our members’ experiences and considerable evidence, we argue that if the Australian government were to fix the problems of unpaid child support, the social and economic position of single parent families would be greatly improved, with a consequent improvement of the position and prospects for the children.

- ‘Child support reduces poverty among single mothers in Australia and does not discourage employment or reduce the number of hours worked. My analysis of data from the Household, Income and Labour Dynamics in Australia survey studies how the amount of child support a single mother receives, affects how much she works’.

**Recommendation 2:**

That the well-being and rights of the child are critical determinants of practice involving any parent subject to the CDC or other form of income management or welfare conditionality. This particularly means considering voluntary engagement for parents in the first instance. Should any parent be compulsorily subject to these programs, they and their children need to be strongly supported with skilled community services and never subject to financial penalties.

**Recommendation 3:**

The government seek whole of government and bi-partisan support for a package of measures that will greatly reduce child poverty. These include and are not limited to:

- The Child Support System is overhauled so that it is fair to all parties and commitments are paid in full.
- Single and partnered disadvantaged mothers are strongly supported with education and training and with free childcare to support them in learning, volunteering and in early career work or until they reach a certain income level.
Sustainable solutions: avoiding risk and enhancing resilience

Evidence from work with many groups including older people, older women, Aboriginal and Torres Strait Islander people, young people and people with a disability, shows that long term unemployment has debilitating impacts on those who experience it. If we couple this evidence with that from neurological fields showing that those already experiencing some form of disadvantage like childhood trauma or poverty, mental health issues, bullying in school or the workplace, may be the most vulnerable to long term unemployment and other situations of social disadvantage, we can see the accumulation of issues that may mitigate against any sustained improvement in the situation.

Additionally, communities tagged with negative images associated with imposed Income Management, can experience reduced resilience and more social divisions. The work of Tony Vinson and others in place-based community development in Australia, noted and took steps to avoid the damming experiences in Britain where some early examples led to extreme social breakdown. ‘The stated principles underlying effective place based programs include the enhancement of local capacity and resources, and the devolution of policy development to local groups with local expertise in order to define both problems and solutions (Australian Social Inclusion Board, 2011)’. xxiv

Unfortunately, the experiences in Shepparton show that the area did not meet the Vinson criteria for disadvantage, and that the impact of being selected by government for income management programs, have been seen as negative: The narrative that describes Shepparton is one of failure. xxv

The placing of such large investment in the Cashless Debit Card in its current form is in our view, a risk both for the communities and the individuals involved. We fear it will become one more disempowering experience that even as it may show improvement in some indicators including critical ones such as more money for food, may do far more damage to the spirit and resilience of the person, leading to them being less likely to use any respite gained by being on the Card, to better the long term prospects for themselves and their families.

The kinds of investment that we think will produce better long term outcomes include:

- Support to study: Work being undertaken with disadvantaged young people and early school leavers shows that with the right supports, study can be resumed and completed.

- Consideration of Intensive Service Delivery Models, possibly coupled with a time-limited income management scheme. The Federal government established some such schemes which were disbanded prematurely to reduce debt, but may have shown enough evidence to support their consideration in this environment. We accept these options may cost more at the outset, but if they deliver lasting benefits, this will be worth it.

- Voluntary rather than compulsory income management with bonuses at six monthly intervals to reinforce improvements.
• Investments in co-operative business models including supports for micro-enterprises, shared resourcing, peer and community learning, recognising that particularly in rural and regional areas, traditional forms of work are not offering full employment.

Significant work in the United Kingdom concludes that:

- ‘Benefits are necessary in order to exercise other human rights’ xxvi
- Welfare is better delivered with ‘Less conditionality and more dignity’ through clarifying values of ‘Dignity and respect, Fairness and equality, [and] Continuous improvement’. These values are enacted in principles taking a ‘Whole person approach, Drive towards real jobs, Local adaptation [and] Reward(ing) job outcomes and progress towards work.’
- Welfare conditionality ‘exacerbates people’s existing mental health impairments’ xxvii

A diverse range of groups have questioned whether compulsory forms of income management should continue. The Australian Council of Social Service and the National Welfare Rights Network have both recommended that Income Management schemes be based on community development principles, and limited to voluntary participants. A Fellow at the Institute of Public Affairs attacked the “overzealous paternalism applied to welfare recipients” within income management schemes, and the associated ”heavy-handed intervention” by Centrelink bureaucrats in the lives of jobseekers.xxviii With this range of opposition, CSMC AND NCSMC does not support the expansion of the CDC to the Bundaberg / Hervey Bay region.

Recommendation 4

Rather than expansion, and given the widespread concerns nominated in this paper, along with the recent release of the ANAO report, CSMC and NCSMC contend it is an opportune time for the government to halt any further expansion of the CDC and to:

- Appoint an independent reference committee to consider whether or not IM is helping participants, or alternatively further disempowering them.
- Conduct open and transparent evaluations with the welfare sectors, general community and trial participants in existing locations that not only seek to understand the impacts to date, but to explore improvements on the model.
- Consider greater voluntary involvement supported by individual incentives and benefits and solid support structures.

i Submission Number 43 CSMC, 2017: Available at: https://www.aph.gov.au/Parliamentary_Business/Committees/Senate/Community_Affairs/CashlessDebitCard/Submissions
iv Ibid


xiv ibid

xiv ibid

xiv ibid

xiv ibid


xvii ibid


xix 2015: Single-Parent Households and Children's Educational Achievement: A State-Level Analysis Paul R. Amato, Sarah Patterson, and Brett Beattie. Available at: https://www.ncbi.nlm.nih.gov/pmc/articles/PMC4508674/
Fisher H., 2017: *Higher child support doesn't lead to welfare dependency for single mums* Available at: https://theconversation.com/higher-child-support-doesnt-lead-to-welfare-dependency-for-single-mums-73902


Dr Julie Novak 2014: *Heavy-handed welfare state attacks the most vulnerable* Available at: https://www.smh.com.au/opinion/heavyhanded-welfare-state-attacks-the-most-vulnerable-20140808-101rdz.html