

Submission: Social Security (Administration) Amendment (Income Management to Cashless Debit Card Transition) Bill 2019



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CatholicCare NT (CCNT)

CCNT is an established social services agency delivering a place-based model of service across 19 office locations in the NT and APY Lands. Our Mission is to contribute to a society that values all its members by strengthening individuals, families and communities in ways that respect their dignity and values. Our Vision is for healthy **families, connected communities, and honouring culture**.

Our programs and services include:

- Counselling and separation services
- Mental health services
- Parenting support
- Alcohol and other drugs counselling
- Mental health counselling
- Family and domestic violence prevention programs
- Financial wellbeing and capability programs
- Housing support services
- Employment services and community development programs
- NDIS and advocacy services

CCNT Interest in the Income Management to Cashless Debit Card (CDC) Transition

In 2014, CCNT secured Department of Social Services funding to deliver the Financial Wellbeing and Capability Program across the Northern Territory. In 2018 we commissioned Dr Jonathon Louth and Prof Ian Goodwin-Smith (now of the University of South Australia) to undertake an evaluation of the program. The evaluation employed a deep qualitative method across fourteen communities to explore the everyday experience of financial hardship and how it intersects with the program which aims to improve clients' financial wellbeing and capability. Key findings were that in the NT, financial products are not well understood; financial concepts are not well understood; there is a need for an Indigenous framework that privileges knowledge relevant to clients and Indigenous understandings of local economies built on notions of reciprocity.

CCNT believe that information gleaned from this evaluation report is useful for examinations of the Cashless Debit Card Bill. A copy of the report accompanies the submission.¹

The Australian Alliance for Social Enterprise (TAASE), University of South Australia

TAASE is a partnership between UniSA's Business School, and a variety of social service agencies in the government and non-government sectors. It is an alliance for the conduct of research in the fields of social enterprise, social policy and social service. The purpose of TAASE is to engage with people and communities, and to partner with the organisations which serve them, in order to produce research which enables evidence-led change for the social service sector and people in need of social support. TAASE research and evaluation projects cover a broad range of interconnected social service and social policy issues in metropolitan, country and remote settings. TAASE has an extensive footprint in Indigenous communities and a considerable track record of working with Indigenous people and communities in remote and non-remote settings.

¹ The report can also be accessed at: <https://www.catholicarent.org.au/wp-content/uploads/2019/04/180626-FWC-Louth-Report.pdf>

Concerns relating to the expansion of CDC

CCNT and TAASE work closely within communities to better understand their everyday challenges and how service provision can be improved. Enabling and empowering communities is central to this work. With reference to the knowledge developed through the extensive collaborative relationship between CCNT and TAASE, we offer the following observations and concerns relating to the CDC and potential impact on Northern Territorians, particularly those most likely to be subject to the Bill.

Discriminatory impact of the Bill

We are concerned that the Bill is potentially discriminatory and will disproportionately impact and restrict the rights of Indigenous Australians. We note that:

- The trial has primarily targeted Indigenous welfare recipients. We contend that this is an unacceptable methodology that further marginalises and labels these communities via a deficit and colonial lens.
- With the expansion of the program to the NT and Cape York, 87% of those on the card will be Indigenous.
- We contend that this reflects an intervention by stealth and that it has the potential to be interpreted as a regressive approach to engaging with Aboriginal and Torres Strait Islander peoples and their communities.

Evidence of crime reduction

A recurring claim is that the introduction of the CDC has the potential to reduce crime. While the data to support this claim is limited and is accompanied by significant correlations issues, we note:

- There was a drop in crime in the West Australian goldfields following the introduction of the card (from 2017 to 2018) (Mavromaras, et al. 2019). However, many are quick to point out – including police on the ground – that it is too difficult to correlate this reduction with the introduction of the card. For instance, a major police operation was underway across the same period (Operation Fortitude) (Moussalli & Joyner, 2018).
- Similarly, in the Kimberly region it is too difficult to attribute any reduction in crime with the introduction of the CDC as it occurred alongside other interventions, inclusive of a takeaway alcohol management system (Klein, 2017).
- The Government's own Orima report noted the following:

The administrative data available in relation to the levels of criminal activity across the two Trial sites generally did not show evidence of a reduction in crime since Trial commencement.

Comparisons of crime statistics in Kununurra, Wyndham and Ceduna before and after the Trial³⁹ did not show a decrease in the number of assaults (domestic and otherwise) and other offences against the person, and robbery and related offences (including theft and burglary). In East Kimberley, an overall increase in criminal incidents was recorded – this was however mirrored in the comparison site of Derby, indicating that factors other than the CDCT could have underpinned this increase. The only notable reductions were recorded in relation to drug driving offences and PIA apprehensions in Ceduna.

On the available data, we consider current claims that the CDC contributes to crime reduction to be limited and not robustly supported by the available evidence. Instead, we hold concerns that focussing on crime reduction as a possible dividend of the card's introduction is more

likely to contribute to devaluing the communities in question and sustaining a moral panic among the broader community and the commentariat.

Financial and digital literacy

TAASE and CCNT have collaborated extensively around issues relating to financial wellbeing and capabilities. Our research illustrates the richness and diversity of Indigenous economies. However, mainstream financial products and services are not well understood in many remote communities. This means new products or services are likely to exacerbate gaps that already exist (Louth & Goodwin Smith, 2017). The introduction of the CDC needs to be viewed through this lens. We raise the following concerns and points of focus:

- Mobile phone turnover and connectivity is a genuine issue. Claims of technological solutions (e.g. advances in 'fintech') for complex social problems will not translate to many remote settings.
- We note that the card can be used alongside an app to track spending etc. This is seen as a benefit and is promoted as such. However, it is of limited benefit in remote settings given levels of digital literacy and the aforementioned high turnover of mobile phone devices. We are also concerned that it may also allow access to financial information to perpetrators in family and domestic violence situations.
- It is not clear if Indue is equipped to work with Indigenous communities, especially in respect to distance, language and literacy. We have reservations that Indue does not have the capability to resolve issues like transfer limits and lost cards in remote settings. Transfer limits are already emerging as an issue, particularly in relation to paying rent.
- In larger remote townships like Katherine, our research has evidenced the links between financial wellbeing and housing (Louth & Burns, 2018). Putting tenancies at risk through onerous requirements to adhere to processes or communication with an external entity like Indue may further exacerbate housing insecurity. From our research it is clear that when some clients are presented with too many obstacles they may simply 'give-up' and no longer engage with services.
- Small purchases where eftpos facilities are not available (e.g. bus fares, school lunches) may be an issue (Martin, 2019). This is particularly relevant for our clients in Darwin, Palmerston and Alice Springs.
- Price point sensitivity – with card payments as the primary mechanism in communities where financial literacy is lower, we are concerned that the CDC may have detrimental impact on spending habits.
- With any introduction of new financial markets, services or products there is a risk that predatory financial practices may emerge. For instance, this may involve predatory retailers taking advantage of community members through regular eftpos or bpay payment plans for unnecessary or overpriced goods. Evidence of this already exists and we hold a concern that the limitations of the card may further encourage such practice (see Louth & Goodwin-Smith, 2017).

Evaluation and the selective use of data

There needs to be a commitment to ongoing, open and transparent evaluation. We note that:

- The Government and/or Department is selective with outcome reporting from current and past evaluations. This is inclusive of both cherry-picking data and confirmation

bias (“positive impact” claims are made and can be upheld, but they ignore the significant countervailing points of view).

- For example, in the most widely reported study to justify the expansion of the program, claims around reduced drinking and gambling related to self-reporting or observation from key stakeholders (Orima, 2017).

The same report also notes that identified improvements have occurred alongside increased service interventions. The issue of correlation is vexed and is simply not taken seriously enough.

Wraparound service provision and community involvement

The card on its own is unlikely to deliver on outcomes. The belief that controlling how the very limited financial resources of some of the most marginalised and vulnerable communities will change behaviours is naïve at best.

It is necessary to ensure that other services and community involvement occurs alongside the introduction of these measures (if it is deemed that they must go ahead). Many of these services are already in place, so the question is: what value does the card add? How is it integrated into a wraparound approach? Are there any plans around a whole of community approach? Where is the community voice? Does the community actually have any power?

We attach the CCNT financial wellbeing and capability (FWC) theory of change model as an example of a compressive community-based wraparound model.

On the basis of the current evidence, neither CCNT nor TAASE are convinced that there is a serious commitment to community centred and informed wraparound service provision that prioritises the needs and wants of the communities that are most likely to be impacted by the rollout of the CDC.

Shame

Our research has aligned with earlier and current research around shame. Specifically, in relation to the CDC, emerging research highlights the significance of shame.

The concept of shame for Indigenous peoples is considerably broader and more expansive than as used by non-Indigenous people (Malcolm & Grote, 2007; Hamilton, et al. 2015). Unlike Western liberal perspectives – where its avoidance *may* be viewed as a form or source of motivation – shame in many Indigenous settings extends beyond a disciplining guilt. It is a manifestation of an embarrassment that occurs at the intersection of different worlds. At this intersection, it is the Western perception of how things *ought* to be that is imposed on Indigenous worldviews. In this sense, shame needs to be understood as connected to the continued impact of colonisation and marginalisation. Shame within this context can actually drive further isolation and withdrawal (Habbis, et al., 2016), with emerging research from the Ceduna CDC trial site indicating that shame is an overwhelmingly significant factor for trial participants (Vincent, 2019). In short, shame has the capacity to impede progress towards the objectives of the CDC, and to drive unintended negative effects.

To put this simply: Shame will not motivate or change behaviour. It will do damage. It will widen gaps. And it will likely lead to disengagement and withdrawal.

Unintended consequences: The card is a radical and paternalistic approach. It will have unintended effects. The Government and the Department need to acknowledge and take responsibility of the risks associated with the introduction of the card and that includes being held responsible for any significant impacts that occur as a result of the introduction of the card.

Final Comment

We contend that if the rollout of the CDC is unavoidable then a more pronounced appreciation of the alternative economies at play in remote settings needs to be developed. Government (and now Indue) must better understand that the circulation of resources occurs in accordance with different cultural obligations and notions of reciprocity.

Connecting with FWC services will need to be a vital component of the card's rollout, and these should be FWC services that are accustomed to working with Indigenous and/or remote settings. This must incorporate community and cultural literacy agendas that are connected into strength-based whole of community approaches.

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