



Committee Secretary
Senate Standing Committees on Community Affairs
PO BOX 6100
Parliament House
Canberra ACT 2600

Re: Inquiry into the Social Security Legislation Amendment (Debit Card Trial) Bill 2015

Carers Australia welcomes the opportunity to comment on the Inquiry into the Social Security Legislation Amendment (Debit Card Trial) Bill 2015.

Carers Australia is the national peak body representing the diversity of Australians who provide unpaid care and support to family members and friends with a disability, mental illness, chronic condition, terminal illness, drug or alcohol problem, or those who are frail aged.

While Carers Australia supports the overarching objective of the Trial to “reduce the habitual abuse and associated harm resulting from alcohol, gambling and drugs”, we question the cashless welfare arrangements in the proposed Trial to achieve this objective. Carers Australia is also particularly concerned that the Bill lists the Carer Payment as a ‘trigger payment’ for automatic participation in the Trial.

Carers Australia shares many of the concerns outlined by the National Welfare Rights Network in their submission to the Committee¹. Specifically, we are concerned about:

- **The restricted cash amounts**

Carers Australia believes that a restricted cash amount of 20 per cent is simply too low, and has the potential to cause significant hardship to Trial participants. Carers Australia notes that many unpaid carers with substantial caring responsibilities are not eligible for Carer Payment and are in receipt of a range of other social security payments including Newstart Allowance and the Disability Support Pension (DSP).² In the proposed Trial a person on Newstart Allowance will only have \$51.90 per week available in cash. Those on Carer Payment or DSP will have just \$86 a week.

The restriction of 80 per cent of the Carer Payment going into a separate bank account could have serious implications for these carers who are responsible for significant levels of daily care and support for another person. For those who care for someone in receipt of another ‘trigger payment’

¹ National Welfare Rights Network 2015, *Submission to Senate Community Affairs Legislation Committee, Social Security Legislation Amendment (Debit Card Trial) Bill 2015*

² In 2009, an estimated 17,887 carers were in receipt of Newstart Allowance, using data from Wave 9 of HILDA. Carers Australia 2012, *Submission Inquiry into the adequacy of the allowance payment system for jobseekers and others, the appropriateness of the allowance payment system as a support into work and the impact of the changing nature of the labour market, p.10,*

such as DSP, there may also be issues around their capacity to hand over money to their carer to purchase groceries, pick up medicines or pay for medical appointments.

- **Failure to provide general exemptions**

Carers Australia shares the concerns of the National Welfare Rights Network (NWRN) that the Bill provides significantly less protection for individuals as is allowed under existing legislation. While NWRN were advised by the Department of Social Services that 'general exemption' would be available, the current Bill does not appear to include any general exemption.

- **The proposed role of the 'community body'**

The Bill creates options for a 'community body' where a person can petition for a reduction in their 'restricted' 80 per cent. However this may not be available in all sites, and there are concerns about the capacity of an individual to have decisions reviewed in a consistent, transparent and fair way. Reviews of such decisions should ultimately be made by Centrelink.

- **Banking issues**

There are concerns that:

- Participants in the trial may face difficulties with small purchases with the card if there are minimum purchase amounts enforced by merchants.
- Ultimately it is up to individual merchants to decide whether they charge fees or not. This would discriminate against those forced to purchase with the Debit Card by making purchases more expensive.
- While DSS is working with financial institutions in the Trial site to waive ATM costs for people checking their balance, participants would still face these costs outside the area.
- Those who are forced to open a separate 'unrestricted' bank account will face the inconvenience and cost of operating two separate bank accounts.

- **Promised community programs and support services in trial locations**

While the Government has committed to providing a range of social and community services to assist in addressing unmet need and service deficits locally, there is as yet no guarantee of what services will be provided, who will fund them and what will happen after the trial concludes. Further, it is unclear whether participants who move from a Trial site will still have access to these services in other areas, whilst still being subjected to cash restrictions.

- **Previous evaluations of income management haven't proved its efficacy**

The Australian Government has previously commissioned several evaluations of a range of income management trials across Australia. Specifically, the Evaluation of New Income Management in the Northern Territory (commissioned by the then Department of Families, Housing, Community Services and Indigenous Affairs) found that³:

- The evaluation did not find any consistent evidence of income management having a significant systematic positive impact.
- Rather than promoting independence and the building of skills and capabilities, New Income Management in the Northern Territory appears to have encouraged increasing dependence upon the welfare system.
- While there is some evidence to show that income management may be a successful intervention when used as part of an individually tailored program for some individuals who have been specifically targeted, taken as a whole, there is no evidence to indicate that income

³ Bray et al. 2014, *Evaluating New Income Management in the Northern Territory: Final Evaluation Report*, Social Policy Research Centre, University of New South Wales

management has any effects at the community level, nor that income management, in itself, facilitates long-term behavioural change.

In conclusion, Carers Australia shares the following sentiments of the National Welfare Rights Network;

*“The danger of imposing severe cash restrictions on entire classes of people is that there is no assessment or consideration of whether restricting 80 per cent of a person’s income support will benefit that particular person, or assist them to overcome their vulnerability, or whether income management may in fact be detrimental to their wellbeing”.*⁴

Yours sincerely

A handwritten signature in black ink that reads "A. Cresswell". The signature is written in a cursive, flowing style.

ARA CRESSWELL
Chief Executive Officer

18 September 2015

⁴ National Welfare Rights Network 2015, *Submission to Senate Community Affairs Legislation Committee, Social Security Legislation Amendment (Debit Card Trial) Bill 2015*