

CPSA



**COMBINED PENSIONERS &
SUPERANNUANTS ASSOCIATION**

Social Security (Administration) Amendment (Continuation of Cashless Welfare) Bill 2020

Submission to the Senate Community Affairs Legislation Committee

October 2020

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CPSA is a non-profit, non-party-political membership association founded in 1931 which serves pensioners of all ages, superannuants and low-income retirees. CPSA's aim is to improve the standard of living and well-being of its members and constituents. CPSA receives funding support from the NSW Government Departments of Communities & Justice and Health and the Australian Government Department of Health.

CPSA welcomes the opportunity to make a brief submission to the Senate's Community Affairs Legislation Committee's inquiry into the *Social Security (Administration) Amendment (Continuation of Cashless Welfare) Bill 2020* (the Bill).

The Bill paves the way for the establishment of the Cashless Debit Card (CDC) as an ongoing program and transitions Income Management (IM) in the Northern Territory and the Cape York region to the CDC.

CPSA is opposed to the IM program and to its proposed successor the CDC program. IM has made miserable the lives of many. IM restricting access to cash is a major issue. For example, a woman on IM said that she did not receive enough cash to pay for her two children to attend school excursions, because the school did not accept card payments. She also said that she could not buy a second-hand appliance from a neighbour and had to buy the appliance new, which meant she spent beyond her means, the opposite of what IM aims to achieve.

IM takes away the independence and dignity of people in the name of protecting them and teaching them how to manage their money properly, while achievement or progress towards achievement of these and other stated objectives cannot be objectively demonstrated¹.

CPSA does not only represent Age Pensioners. It also represents mainly older Disability Support Pension and Carer Payment recipients under pension age, as well as people on JobSeeker over 55. What all these people have in common is their horror of this most undignified, patronising and useless program.

CPSA is concerned that IM is being rolled out gradually with a view for it to become the universal social security payment delivery vehicle not only for recipients of working age but also for those of pension age. There are several indications that this is the intent.

First, the current Minister for Social Services was reported as saying that for CDC "to be a mainstream financial literacy tool for Australia it does need to be rolled out away from just rural and regional communities, and that's the conversation we need to have with the Australian public over the coming months". She added: "It does need to have a broader application than perhaps the social harm reduction that the original policy was designed on".² A letter by CPSA asking the Minister for Social Services to specifically rule out extending Income Management to Age Pensioners received no response.

¹ <https://www.acoss.org.au/wp-content/uploads/2020/10/Cashless-debit-cards-1.pdf>

² "Financial literacy tool": Bid to take cashless welfare card national' <https://www.smh.com.au/politics/federal/financial-literacy-tool-bid-to-take-cashless-welfare-card-national-20200131-p53wfm.html>

Also note that on page 4 of the Bill's explanatory memorandum it says that making CDC permanent will "signal the Government's long-term commitment to the future of the CDC with financial institutions", the big banks in other words, which apparently are only interested if CDC is rolled out to much larger numbers of people. Including the largest category of social security payment recipients, Age Pensioners, in IM/CDC would be likely to sharpen the appetite of financial institutions. Clearly, there's a plan, but that plan is not about income management, lifestyle concerns and protection of vulnerable people.

Second, IM is framed in legislation as a universal program and specifically includes Age Pensioners and Age Service Pensioners by including their payment type as a trigger payment. Rather than specifically excluding people of pension age from participation in the Income Management program generally by excluding their payments from the list of trigger payments, a separate provision for each trial area individually excludes people of pension age from participation. The proposed transition from Income Management to CDC would be a good opportunity to put a general exclusion of social security recipients of pension age in place, but the Bill contains no such exclusion.

Third, Income Management measures are targeted at people assessed by the Department of Social Services (DSS) as requiring protection from economic abuse. As recent inquiries have shown, financial elder abuse is rife in Australia, making it logical (if you believe in the effectiveness of IM/CDC as the Government does), to compulsorily include social security recipients of pension age as participants. To be clear, CPSA believes that IM and CDC would be ineffective in preventing financial elder abuse. Restricting access to cash will not stop financial abusers, who will simply buy things with the CDC they can sell for cash.

People have told CPSA how very fearful they are of being put compulsorily on IM/CDC if the Government is not stopped. Here is a selection of letters and emails received by CPSA:

I am in my 82nd year. I married at 18 and we had four children, who we loved, reared, fed, clothed and educated. A self-catering holiday by the beach was our yearly holiday. We purchased a house, car and interstate truck which we paid off in 16 years. My husband drove the truck and this was our only income. What we couldn't afford we didn't have. Therefore, after managing on a modest income for 64 years, I was completely horrified to read about the Cashless Welfare Card that may be attached to my gratefully received Age Pension. This cannot and must not happen to the Age Pension. It would be an invasion of my personal privacy, freedom of choice and take away my independence especially in my declining years. This is also undemocratic and un-Australian.

The Cashless Welfare Card is financial abuse being perpetrated on the poorest, most vulnerable Australian citizens. It is a crime and must be treated as such. Those affected and those who care should revolt.

I am on a Disability Support Pension from Centrelink and I'm concerned about the Cashless Welfare Card. I am worried if I get the card, I would end up homeless, incarcerated or commit suicide. I have ASD1 and a mild hearing loss in both ears. I'm struggling to get some part time work. It's not easy.

I am very worried about the threat of being forced onto the Cashless Welfare Card and I feel very upset for the people who are already on it against their will.

I am a 57-year-old woman on a Disability Support Pension. I am worried about this Cashless Welfare Card witch hunt. It seems the government is targeting the poor and injured. It's going to cost millions to implement and yet they can't give us an increase to bring us above the poverty line. I am disgusted like so many others at this abhorrent treatment. They treat taxpayers' money as if it was their own to do as they wish. We need to remind them that they are employed by the taxpayer and they work for us. I was a taxpayer all my life until I found myself unable to work.

CPSA's ultimate campaign goal is for IM/CDC to be abandoned, CPSA's specific reason for making this submission to the Community Affairs Legislation Committee's inquiry into the Bill is to highlight and oppose the stipulation in the Bill that Age Pensioners can be compulsorily made CDC participants in the Cape York area.

New sections 124PGD and 124PGE establish the criteria that lead to a person becoming a program participant in the Cape York area or the Northern Territory. The criterion in subparagraph (c) of subsections 124PGE(1), (2) and (3) will exclude Age Pension recipients in the NT from becoming compulsory program participants. However, Age Pension recipients may be compulsorily placed onto the CDC in the Cape York region if referred to CDC by the Queensland Family Responsibilities Commission (FRC).

According to the Bill's explanatory memorandum, the FRC does not support the exclusion of Age Pension recipients from becoming compulsory program participants in the Cape York Region on the basis that it may put people at risk of financial abuse in a vulnerable position.

Putting every Age Pensioner in the Cape York trial area onto the CDC would be a dangerous precedent and a big step in the direction of the Minister for Social Services' plan for CDC, viz that CDC "does need to have a broader application than perhaps the social harm reduction that the original policy was designed on".

CPSA's recommendation to the Community Affairs Legislation Committee is therefore that, if CDC is to be the successor of IM, people of pension age in Cape York should be excluded from compulsory participation in CDC as they are in other trial areas. CPSA's preferred option is for CDC to operate with a general exclusion rather than an exclusion specific to individual areas.