Submission: Thematic report to the UN General Assembly on "Welfare and Control: The paternalism of support"

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Introduction

Thank you for the opportunity to make this submission to the UN Special Rapporteur on Extreme Poverty and Human Rights for the thematic report *Welfare and Control: The paternalism of support*. I make this submission as a teaching academic and PhD student in public policy. **This brief submission addresses welfare quarantining, an ineffective, discriminatory and paternal policy implemented by the Commonwealth Government of Australia.** This submission is informed by my PhD research on welfare quarantining which has involved interviews with policymakers, analysis of government records and a review of relevant grey and scholarly literature. The views in this submission are my own and I consent to this submission being published on the Special Rapporteur's website.

Background

Welfare quarantining – known variably as income management, Enhanced Income Management, the Basics Card, the Cashless Debit Card, the Indue Card and the cashless welfare card – has been implemented by successive Australian governments since 2007. It was first introduced as part of the Northern Territory Intervention in response to a so-called 'national emergency' of child sexual assault in Indigenous communities[1].

Under welfare quarantining, a very small proportion of people[2] who receive social security support payments such as unemployment benefits have between 50 and 90 per cent of their income paid into a mandated account that is managed by a private company, Indue

[1]The Northern Territory Intervention, also called the Northern Territory Emergency Response, was implemented from June 2007 for an initial period of five years. It comprised measures including alcohol restrictions, welfare quarantining, tying social security payments to children's school attendance and suspension of the permit system that required people entering Indigenous land to obtain permission to do so. The Intervention was initially implemented by the Australian Defence Force in 500 Indigenous communities. The Commonwealth Racial Discrimination Act 1975 was suspended so that the Intervention could be applied to Indigenous people only. See Aboriginal and Torres Strait Islander Social Justice Commissioner (2007) *Social Justice Report 2007*, https://humanrights.gov.au/our-work/aboriginal-and-torres-strait-islander-social-justice/publications/social-justice-report-3 and Maher, S. (2020) *Welfare Quarantining in Australia 2007-2020. A Review of Grey Literature – Updated Version.* https://www.monash.edu/__data/assets/pdf_file/0004/2426800/WQ2020Updated.pdf

[2] See attachment: as at 27 December 2024, 31,581 people were subject to welfare quarantining compared to 5 million people in Australia who received income support payments (as at 31 March 2023), https://www.aihw.gov.au/reports/australias-welfare/income-support

Limited[3]. The money paid into the account cannot be spent on prohibited items[4]. These prohibitions include tobacco and tobacco products, pornography, alcohol and kits to brew alcohol. The funds in the quarantined account cannot be used to gamble or to buy cash like products such as gift cards. Cash cannot be withdrawn from the account.

Under the relevant legislation a person is required to have their income support payments quarantined if they live in a location that is declared a welfare quarantining site and if they receive a payment that is subject to the measure[5]. According to the latest data (see attachment), just over 31,500 people are on welfare quarantining in Australia, the majority of whom are Indigenous and subject to it compulsorily[6].

Major concerns about welfare quarantining

1. The efficacy of welfare quarantining has never been established

Despite the longevity of welfare quarantining, its efficacy has not been established. The thirteen or so government-commissioned evaluations that have been undertaken[7], have not evidenced that compulsory welfare quarantining is effective for people subject to it, or their communities[8]. Where positive perceptions or impacts have been found, these are self-reported and subject to behavioural bias[9]. Some Indigenous interviewees have said they are concerned about giving unfavourable feedback about welfare quarantining as they fear that

[3] Since 2009, Indue Limited has had a near-monopoly of welfare quarantining card contracts at an estimated value of more than AUD$70 million between February 2016 and December 2022 alone, see Ruston, A. (2021) https://parlinfo.aph.gov.au/parlInfo/download/publications/tabledpapers/d2719e6f-14de-4dd0-b06a-f8d51b6aa655/upload_pdf/OPD%201254%20-%20Senator%20Chisholm.pdf;fileType=application%2Fpdf#search=%22publications/tabledpapers/d2719e6f-14de-4dd0-b06a-f8d51b6aa655%22. The actual and total value of the government contracts awarded to Indue Limited since 2009 is undisclosed on the grounds that making public "commercial strategies, fees and pricing structures and intellectual property" "could disadvantage contracted providers and advantage competitors" (see Ruston, 2021, p. 3). Indue Limited is not a signatory to the Australian Banking Code of Practice nor the Customer-Owned Banking Code of Practice. This means that unlike other financial institutions, Indue Limited is not required to meet customer service, competency of staff, account management or dispute resolution standards. See Tennant, D. and Brody, G. (2020) 'The Fraught Relationship Between the Cashless Debit Card and Basic Transaction Accounts', *Social Alternatives*, Volume 39, Issue 1.

[4] Refer to: https://www.dss.gov.au/system/files/resources/161502401allregions-eimfsfa.pdf

[5] In some locations a person can be referred to mandatory welfare quarantining by a child protection or other government social worker. In 5 communities in Queensland - Aurukun, Coen, Doomadgee, Hope Vale, Mossman Gorge – welfare quarantining is administered by the Family Responsibilities Commission. In these communities people can only have their income support payments compulsorily quarantined on a case-by-case basis at the discretion of Indigenous commissioners at the Family Responsibilities Commission.

[6] In 2008, the Government introduced voluntary welfare quarantining, under which a person living in a welfare quarantining area and receiving a relevant payment can opt to have 50 per cent of their income support payments quarantined. Under this arrangement 100 per cent of lump sum payments are quarantined and a person must remain on voluntary welfare quarantining for a minimum of 13 weeks.

[7] See Maher (2020), p.79-80. A further two evaluations (at least) have been published since this list was compiled.

[8] Gray, M. and Bray, J.R. (2024) 'Submission to: Parliamentary Joint Committee on Human Rights Inquiry into Compulsory Income Management', p.27 https://www.aph.gov.au/DocumentStore.ashx?id=10eda46f-237b-4790-9080-345f163ad8ad&subId=756304

[9] Gray and Bray (2024), p.17

their children will be taken from them[10]. This mistrust of government is a legacy of the Stolen Generations under which between one in three and one in ten Indigenous children across the continent were forcibly removed from their families and communities by churches, welfare organisations and governments between 1910 and 1970[11].

While any benefits of welfare quarantining are inconclusive, economic analysis has established a causal link between income management in the Northern Territory and an 85 gram on average reduction in birthweight as well as an increase in hospital and primary care use among children up to the age of five by 4.5 days on average[12]. Other analysis has established a causal link between Northern Territory income management and a seven-month disruption to school attendance[13]. Far from the idea that safeguards should be in place to ensure that poverty is not used a pretext to remove children from the household, as your call for submissions suggests, **the Australian Government's policy of welfare quarantining has been found to cause direct harm to children whose parents rely on government support.** Despite this, the policy has remained in place more than a decade, raising the question: what is the political value of maintaining this policy?

2. The control of Indigenous people appears to be the underlying intent of welfare quarantining

In direct contravention of Article 21 of the *United Nations Declaration on the Rights of Indigenous Peoples*, the Australian Government first subjected Indigenous people to compulsory welfare quarantining under the Northern Territory in 2007 by suspending the Commonwealth Racial Discrimination Act (1975)[14]. Since then, the policy has continued to impact Indigenous people more than non-Indigenous people (see attachment). However, a lack of clear and robust data over the life of the policy seems to reflect a "deliberate strategy of obscuring the impact" of welfare quarantining on Indigenous people[15].

[10] Gray and Bray (2024), p.17

[11] Commonwealth of Australia (1997) *Report of the National Inquiry into the Separation of Aboriginal and Torres Strait Islander Children from Their Families*, https://humanrights.gov.au/sites/default/files/content/pdf/social_justice/bringing_them_home_report.pdf

[12] Schurer, S. (2024) 'Submission to: Parliamentary Joint Committee on Human Rights Inquiry into Compulsory Income Management', p.7, https://www.aph.gov.au/DocumentStore.ashx?id=fc07e73c-be10-4f76-8aa1-96f32b4667aa&subId=755900

[13] Cobb-Clarke, D. et al (2023) 'The Effect of Quarantining Welfare on School Attendance in Indigenous Communities', *The Journal of Human Resources*

[14] Article 21 of the United Nations Declaration on the Rights of Indigenous Peoples states that "Indigenous peoples have the right, without discrimination, to the improvement of their economic and social conditions, including, inter alia, in the areas of education, employment, vocational training and retraining, housing, sanitation, health and social security." https://www.un.org/development/desa/indigenouspeoples/wp-content/uploads/sites/19/2018/11/UNDRIP_E_web.pdf
Under the Racial Discrimination Act 1975 it is unlawful to discriminate against a person based on their race, colour, country of origin, ethnic origin or immigration status, see: https://humanrights.gov.au/our-work/race-discrimination/about-racial-discrimination

[15] Gray and Bray (2024), p.37

Beyond the control of Indigenous people, it is difficult to discern the policy's intent. Initially, welfare quarantining was aimed at 'protecting and nurturing' children[16], then stopping the 'flow of cash' that 'fuels drug abuse and violence'[17] and later promoting financial management skills and 'stabilising' people's lives[18]. Another official rationale for the policy was to reduce so-called 'welfare dependence' and fraud in the welfare system while promoting accountability to taxpayers[19] (Commonwealth of Australia, 2014).

These shifting and vague rationales do little to mask that welfare quarantining is a contemporary version of protectionist and assimilationist practices of misusing Indigenous people's social security payments[20]. From the 1940s, Indigenous people could receive payments such as child endowment, unemployment benefits and maternity allowance by meeting 'character' and 'lifestyle' standards[21]. Where Indigenous people were able to access social security payments, there is evidence that these payments were made to third parties such as state governments and mission managers. Often these authorities withheld the funds on payees' behalf and, in some instances, issued poor quality rations instead[22]. Then and now access to social security is conditional for some Indigenous people, based on the incorrect belief that Indigenous people cannot properly manage money[23]. This conditional approach is a means of attempting to 'control' Indigenous people's behaviour to be consistent with market-oriented norms[24].

[16] Brough, M. (2007) *House Of Representatives Social Security and Other Legislation Amendment (Welfare Payment Reform) Bill 2007 - Second Reading Speech*, https://formerministers.dss.gov.au/2921/social-security-and-other-legislation-amendment-welfare-payment-reform-bill-2007-second-reading-speech/

[17] Martin, S. (2017, August 9) 'Malcolm Turnbull to be shown 'war zone' video from regional towns in push for cashless welfare card' The West Australian, https://thewest.com.au/news/wa/wa-violence-video-aims-to-shock-pm-ng-b88561650z

[18] Ruston, A. and O'Sullivan, M. (2021) *Grant round now open to support Cashless Debit Card participants become job ready*, https://formerministers.dss.gov.au/19465/grant-round-now-open-to-support-cashless-debit-card-participants-become-job-ready/

[19] This rationale is included in Commonwealth of Australia (2014) *The Forrest Review: Creating Parity*, https://www.niaa.gov.au/sites/default/files/documents/publications/Forrest-Review.pdf . 'Welfare dependence' is a contentious term defined as the so-called passive and long-term, self-destructive reliance on unearned economic support, or 'welfare', See O'Connor, B. (2001) 'The Intellectual Origins of "Welfare Dependency"', *Australian Journal of Social Issues*, Volume 36, Issue 3
The actual extent of fraud within the Australian social security system is estimated to be miniscule, with prosecutions for the crime are around 0.015% of the social security population, see Wilcock, S. (2017) *Governing Social Security Fraud and Non-Compliance in Australia* http://unsworks.unsw.edu.au/fapi/datastream/unsworks:51372/SOURCE02?view=true .

[20] These were policies from the late 1800s to the 1980s regulated every aspect of the lives of Indigenous people including where to live, who to marry and where to work, see: Commonwealth of Australia (2006) *Unfinished business: Indigenous Stolen Wages*, https://www.aph.gov.au/~/media/wopapub/senate/committee/legcon_ctte/completed_inquiries/2004_07/stolen_wages/report/report_pdf.ashx

[21] Commonwealth of Australia (2006) *Unfinished business*, Chapter 3

[22] Commonwealth of Australia (2006) *Unfinished business*, Chapter 3

[23] Klein, E. and Razi, S. (2018) 'Contemporary tools of dispossession: the cashless debit card trial in the East Kimberley', *Journal of Australian Political Economy*, Issue 82

[24] Klein and Razi (2018), 'Contemporary tools of dispossession'

Recommendation

The Australian Government should abolish mandatory welfare quarantining.

Welfare quarantining has caused harm to children's health and wellbeing and is a contemporary version of protectionist and assimilationist policies that controlled every aspect of Indigenous people's lives. As a matter of urgency, the Australian Government should abolish this ineffective, paternalistic and discriminatory policy and instead raise the rate of income support payments so that people can afford to live. People on unemployment benefits are currently paid AUD$56 per day[25], such that food has become a discretionary item[26] and there are almost no properties across Australia that are affordable for someone on a youth allowance or unemployment benefits to rent[27].

[25] Equivalent to approximately USD$35.25 (on 27 January 2025, according to xe.com)
[26] Johnson, P. (2024, November 26) 'One in five Australian renters are living without essential items and in poverty, peak body study finds', ABC News, https://www.abc.net.au/news/2024-11-26/one-in-five-renters-living-without-essential-items-study-finds/104649400
[27] Withers, C. (2024, April 23) 'Rental affordability in Australia is as bad as it has ever been, according to new Anglicare Australia report', ABC News, https://www.abc.net.au/news/2024-04-23/anglicare-australia-rental-affordability-report/103754274

Attachment:
Estimated[28] number of people subject to welfare quarantining as at 27 December 2024

	Total number of people on welfare quarantining	People on voluntary welfare quarantining		People on welfare quarantining who are Indigenous	
State/Territory	**-**	**%**	**N**	**%**	**N**
Northern Territory	29,365	7	2,058	84	24,811
Queensland	755	3	25	38	286
Western Australia	492	74	362	75	368
South Australia	452	32	144	61	278
Other/unknown	311	1	4	58	181
New South Wales	106	12	13	25	26
Victoria	100	29	29	27	27
TOTAL	**31,581**	**8**	**2,635**	**82**	**25,977**

Source: https://data.gov.au/data/dataset/australian-government-income-management-program/resource/7c2c2f74-e72e-461c-a8e6-5374596d1a6d

[28] The data presented in this attachment are an estimate because to tabulate the data, results in the source listed as <5 have been converted to 4, and results listed as 'n.p.' (not provided) have been converted to zero. Numbers and percentages may not add due to rounding.