

**NEO-LIBERALISM AND WELFARE
CONDITIONALITY IN AUSTRALIA:
A CRITICAL ANALYSIS OF THE AIMS AND
OUTCOMES OF COMPULSORY INCOME
MANAGEMENT PROGRAMS**

Philip Mendes

The welfare state is generally defined as state-protected minimum standards of income, health, housing, education and personal social services based on a notion of rights and entitlements, rather than charity (Mendes 2019). In practice, however, welfare states are highly contested and can perform both social care (humanitarian) and social control (oppressive) functions. The social care ideal constructs the welfare state as enhancing the social citizenship rights (that is, the social and economic resources, opportunities and powers) of vulnerable citizens who are unable, due to various barriers, to earn a viable income within the market. In short, the ideal welfare system provides a collective safety-net aimed at reducing entrenched disadvantage, and advancing social mobility and the common good (Ledwith 2020).

Increasingly, however, welfare programs seem to prioritise a compliance approach based on controlling and disciplining vulnerable individuals and groups. The latter are often categorised via derogatory terms such as the ‘undeserving poor’ or the ‘underclass’ as an implicit warning to the mainstream to remain economically self-reliant (Schram 2018). This adoption of neoliberal philosophy, based on a preference for the primacy of the free market and limited government intervention, is particularly reflected in manifestations of what is called ‘welfare conditionality’. This

Mendes, P. (2020)
**‘Neo-Liberalism and Welfare Conditionality in Australia: A Critical Analysis
of the Aims and Outcomes of Compulsory Income Management Programs’**
Journal of Australian Political Economy
No. 86, pp. 157-77.

term broadly refers to the tying of eligibility for income support payments to proscribed forms of behavioural change, and the associated application of either incentives or negative consequences, depending on whether or not compliance requirements are met (Carney 2015, 2019; Dwyer 2018; Parsell *et al.* 2020; Reeve 2017; Taylor, Gray and Stanton 2016; Watts and Fitzpatrick 2018).

Welfare conditionality seeks to replace older assumptions about the collective obligation of the state and community to defend the rights of the poor and disadvantaged with narrow notions of individualism and self-reliance. Within this paradigm, income support payments are constructed solely as a means of social control, primarily designed to integrate welfare recipients within the frameworks and values of the free market.

To be sure, neoliberalism is not the only philosophy that influences welfare conditionality. Long-standing colonial practice and associated racism is also reflected in the over-representation of Indigenous Australians within the compulsory income management program, as discussed below. That alignment of colonialist assumptions, which disparage Indigenous people, with a paternalistic form of neoliberalism has been discussed in depth elsewhere (Bielefeld 2014; 2016; 2018), and is necessarily beyond the boundaries of this article.

Welfare conditionality assumes that social problems, such as poverty and disadvantage, can be attributed to irresponsible individual choices and actions (*ie.* personal pathology). This ignores the significance of broader structural inequities – such as the limited availability of jobs or affordable housing in specific localities, and the general disadvantage of Indigenous communities – that lie beyond individual control (Bielefeld 2016; Shildrick 2018; Stevens 2020). For example, those individuals and families that rely on income support payments are framed as wilfully engaging in forms of anti-social behaviour such as abuse of drugs or alcohol, obsessive gambling, and/or promiscuous or immoral activities that undermine their capacity to seek and attain paid work (Peterie *et al.* 2020). They are labelled ‘welfare dependent’, which suggests that their receipt of welfare payments is the equivalent of a medical illness or addiction requiring corrective treatment (Schram 2018).

Additionally, the structures of the welfare system per se are blamed for supposedly encouraging dependence on government supports rather than motivating self-reliance. The proposed policy solution recommended by the ‘new paternalism’ framework, as devised by Lawrence Mead (1997),

is to require recipients to fulfil certain obligations, such as actively seeking paid work to demonstrate they are deserving of assistance (Taylor *et al.* 2016).

Internationally, welfare conditionality has taken a number of forms. For example, Conditional Cash Transfer (CCT) programs have been utilised in Latin America and other areas, where low income groups are offered financial incentives to improve school attendance and food nutrition, and also lift participation in primary healthcare programs (Taylor *et al.* 2016). In the United Kingdom, it has mostly involved financial sanctions when benefit recipients do not comply with requirements to seek paid work, or desist from allegedly dysfunctional behaviour (Dwyer 2018; Reeve 2018). Western European countries, such as Germany, have applied tough sanctions, such as payment reductions and suspensions to unemployed people (Watts and Fitzpatrick 2018). Similarly, New Zealand has introduced a program of compulsory income management that applies only to youth payment recipients, including young parents (Humpage *et al.* 2020).

An earlier report by the University of New South Wales Social Policy Research Centre suggested both strengths and limitations of conditional welfare programs. They identified some evidence of improved health, education and employment outcomes, whilst noting that many programs were relatively new, and the longer-term impact was still to be measured. In addition, the cost-effectiveness of many programs remained uncertain, and it appeared conditional welfare needed to be accompanied by substantial investment in public education and health facilities to work (SPRC 2010).

A detailed overview of seven evaluations of USA programs linking cash transfers to improved school attendance and enrolment also suggested a complex link between conditional programs and broader social supports. Researchers concluded that these programs only worked when utilised in combination with case management, support services and financial incentives. Program reviews suggested that non-compliance did not reflect a lack of motivation by parents, but rather limited personal skills and related social disadvantage (Campbell and Wright 2005). An overview of programs in three Latin American countries suggested effectiveness in raising school enrolment rates, enhancing preventive health care and increasing expenditure on food. Conversely, it emphasised the need to

compare the impact of these programs with alternative measures to identify the most successful policy (Rawlings and Rubio 2005).

Critics of welfare conditionality argue that it is not effective in promoting sustainable participation in paid work; may have a disproportionate impact on particular groups such as young people, ethnic minorities and those with poor mental health; and can directly cause adverse outcomes, such as increased poverty, crime, homelessness, and ill-health (Dwyer 2018; Reeve 2017; Slater 2012; Watts and Fitzpatrick 2018).

Historically, Australian income support policies have contained a range of rights and conditions. One example of the latter was the early requirement that applicants for the Age Pension demonstrate that they were of 'good character', and the associated exclusion of groups such as Asians and Indigenous Australians on the grounds of race (Taylor *et al.* 2016). Another example was the introduction of derogatory terms for the unemployed – such as 'dole bludgers' – into Australian political discourse in the mid-1970s as part of a campaign to tighten eligibility requirements for unemployment payments. That targeting of the unemployed as a group allegedly not deserving of government assistance, influenced by the international revival of classical liberal ideas, was also a feature of the Fraser government years from 1975-83 (Mendes 2019).

According to Taylor and colleagues (2016), the last two decades have been characterised by an intensification of welfare conditionality. Prominent manifestations have included the Work-for-the-Dole program aimed at reinstating the work ethic of unemployed youth, maternity immunisation and school attendance measures, and the recent proposal (not yet passed by Parliament) for drug testing 5,000 new applicants for unemployment payments (Newstart Allowance and Youth Allowance) across three locations in New South Wales (Community Affairs Legislation Committee 2019). These policies require participants to demonstrate responsible behaviour to remain eligible for a payment or service (Parsell *et al.* 2020).

But compulsory income management (CIM) arguably entails far harsher paternalism in that it involves the control or quarantining of somewhere between 50 to 80 percent of a person's payment by the Commonwealth Government Department of Social Services. It was originally introduced in 2007 as part of the Northern Territory Emergency Response (NTER) targeting remote Indigenous communities, but has since been expanded by both Labor and Liberal-National Party Coalition governments to a wider range of groups and locations.

For example, the Labor government from December 2007-September 2013 continued and expanded the existing IM program in the Northern Territory via the *Social Security and other Legislation Amendment (Welfare Reform and Reinstatement of Racial Discrimination Act) Bill 2009*, which applied to five targeted groups of income support recipients. Labor explicitly described these measures as ‘a first step in a national rollout of income management in disadvantaged regions across Australia’ (Carr 2010: 3840). The succeeding Coalition government established the more invasive Cashless Debit Card in 2015, based on recommendations from mining magnate Andrew Forrest’s (2014) government-commissioned Indigenous Jobs and Training Review.

To date, approximately 37,000 Australians participate in CIM programs. There are about 12,000 on the Cashless Debit Card (CDC), which controls 80 percent of participant income, in four locations – the Ceduna region in South Australia, the East Kimberley and Goldsfield regions in Western Australia, and the Bundaberg and Hervey Bay (Hinkler) region in Queensland. There are also nearly 28,000 on the BasicsCard, which controls 50 percent of participant income, of whom over 25,000 reside in the Northern Territory. A significant majority of BasicsCard participants are Indigenous Australians, who also comprise at least one third of CDC recipients (Department of Social Services 2020a; 2020b). At the time of writing, the government is seeking approval for legislation (*Social Security Administration Amendment Income Management to Cashless Debit Card Transition Bill 2019*) which would shift the more than 25,000 – mostly Indigenous IM participants in the Northern Territory – onto the tougher CDC program.

The dual aims of CIM programs

Statements by successive Commonwealth governments suggest that the CIM programs aim to achieve a range of crisis prevention and beneficial outcomes. The prevention or social control objectives include reducing or ameliorating types of dysfunctional behaviour that may cause individual and social harm, such as drug and alcohol abuse, addictive gambling, crime and family violence. According to the government, these harms are directly ‘fuelled’ by welfare payments (DSS 2016; Fletcher 2019a: 13178; 2019d: 7; Ruston 2019), although no explanation is provided as to how

income support directly causes forms of anti-social behaviour that may have long predated engagement with the welfare system.

As noted by Schram (2018: 313), the aim of such controls seems to be to reduce the social and financial 'burden on the rest of society'. The focus of the welfare state shifts from empowering vulnerable groups to managing their behaviour to reduce alleged risk to others. Conversely, the beneficial or social care objectives of CIM include enhancing financial management skills, parenting capacity and general physical and mental health; promoting participation in training and employment; and facilitating greater self-reliance (AIHW 2010; McClure 2015).

The government has asserted that the Cashless Debit Card will 'help people receiving an income support payment live better lives' (Fletcher 2019d: 1, 9). They argue the CDC will 'encourage socially responsible behaviour' (Fletcher 2019b: 4) by 'supporting Australians on welfare to have more control of their lives' (Fletcher 2019c). However, it is unclear how a financial measure in isolation will fix what may be long-term addictions to alcohol or gambling.

On financial management, the government have asserted that IM is a 'financial literacy tool' (Ruston 2019) that will assist people who struggle with finances and/or have alcohol or mental health concerns to improve their budgeting. The assumption seems to be that allocating a significant proportion of their income to the payment of essential bills such as food, housing, clothes and utilities will, in itself, advance their financial stability (Australian Government 2012a; 2012b). Yet, it is unclear how CIM will assist the finances of those who know how to budget effectively, but find it difficult to manage on low incomes such as the Newstart Allowance/JobSeeker Payment and Youth Allowance.

On parenting capacity, the government has claimed that IM will reduce child abuse and neglect by promoting financial stability and ensuring children's key needs are met (Australian Government 2012a; Deloitte Access Economics 2013; Tudge and Pitt 2017; Tehan 2018b; Fletcher 2019d). However, it is unclear how CIM will enhance the parenting skills of those whose inadequate parenting is related to personal characteristics, such as substance addiction or mental illness, rather than limited income.

On employment, the government has consistently argued that IM will progress opportunities for participating in job training and accessing employment, and reduce the level of 'welfare dependency' (Tudge and Pitt 2017; Falinski 2019: 60; Robert 2019a; Robert 2019b: 26). The

assumption seems to be that improved budgeting, including securing life essentials, will in itself advance employment outcomes (Australian Government 2012a; Deloitte Access Economics 2013; Tehan 2018a; 2018b; Fletcher 2019b; Robert 2019a); or, alternatively, that the hassle of being placed on the Card will pressure the unemployed – particularly those who are younger – to accept whatever jobs are available (Tudge and Pitt 2017). However, no reference is made to the prior employment skills and history of CIM participants or potential barriers to work engagement, such as mental health concerns, and little detail is provided on the availability of jobs suitable or otherwise in the specific CIM sites.

This article uses a series of official government evaluations of CIM programs to assess whether or not core CIM aims have been achieved. My focus is on the beneficial rather than social control objectives for two reasons. Firstly, the almost universal blanket application of CIM to specific groups in chosen sites means that there has been no individual assessment of CIM participants prior to the introduction of the CIM program.

Consequently, there is no firm evidence available from clinical examinations by an addiction specialist on the forms of behaviour preceding CIM. Nor is there any data available about the broader lives and experiences of participants prior to the commencement of CIM programs. For example, little is known regarding their educational outcomes, their level of family and broader social supports, and whether or not they have a history of trauma and/or grew up in out-of-home care. This makes it challenging, if not impossible, for evaluators to verify whether behaviour change has occurred as a result of the CIM program.

Ironically, the government's planned drug testing trial takes precisely the opposite targeted approach. That trial will place recipients of Newstart Allowance/JobSeeker Payment and Youth Allowance in three specific sites who test positive to certain illicit drugs (heroin and cocaine) on income management via the BasicsCard for two years (CALC 2019). The broader question of whether or not those trials will assist trial participants to overcome substance abuse concerns or other barriers to their participation in the workforce necessarily lies beyond the boundaries of this paper.

Secondly, the coercive powers (Parsell *et al.* 2020; Watts and Fitzpatrick 2018) involved in CIM programs – whereby the government department is given powers equivalent to those of a Guardianship Board in cases where people with a diagnosed disability lack the capacity to manage their

personal or financial affairs – can, in my opinion, only be justified if evidence is available of a positive improvement in a vulnerable individual's life situation. That principle is arguably doubly reinforced by the fact that CIM programs are primarily targeted at Indigenous groups and communities who have already suffered for many years from coercive and racist state interventions in areas such as child welfare (Bielefeld 2016; 2018; Bryson and Verity 2009; Pocock 2011).

Findings

In this section, I critically examine the official evaluation report findings in relation to key indicators of improved well-being, such as parenting capacity, financial management, employment and training outcomes, physical and mental health, and self-reliance or reduced dependence on income support payments. In doing so, I note that there is a more discrete debate about the methodological robustness of the respective evaluation reports (*e.g.* Bray 2016; Hunt 2017a; Mendes *et al.* 2014) which is only explored in-passing in this study. I also draw attention to social harms that may have been directly created by CIM programs, such as manifestations of social stigma and shame, and reduced financial autonomy.

Findings regarding the care of children have been mixed. Interviews undertaken with a relatively small sample of CIM participants (76 out of a total of 15,125 and derived from only four out of 73 affected communities) in the NTER suggested that there were improvements in the amount of food that children were eating, and also that children seemed to be healthier, had better weight levels, more accessible clothing, and were attending school more frequently. However, the same respondents indicated no change or negative changes in children's happiness, activity levels or worry levels (AIHW 2010). Also, the methodology used was arguably contentious given that participants may have felt it was in their best interests to report improvements in their children's welfare.

Greater validity can, perhaps, be granted to the findings from the larger sample of 167 persons, including community leaders, peak welfare bodies and social service agencies that participated in NTER stakeholder focus groups. They reported gains in the physical health of children due to better nutrition, emotional health and community health, and enhanced education performance. However, the AIHW acknowledged that reliability would have been strengthened if empirical evidence had been available to

confirm the reported changes, such as child health assessments concerning the proportion of babies with low birth weight (AIHW 2010). More generally, the AIHW acknowledged that the research methods used in the NTER evaluation sat low on the accepted hierarchy of evidence, especially given the absence of a control group; the lack of pre-intervention baseline data that would illuminate statistical differences prior to, during and following the introduction of CIM; and the heavy reliance on the perceptions and views of participants and stakeholders which could be subject to recall bias. Consequently, it was difficult to determine what changes had occurred in the NT, and/or whether they had occurred as a direct result of CIM or due to other policy and program interventions (AIHW 2010; Bray 2016; Mendes *et al.* 2014).

A further evaluation, using mixed qualitative and quantitative methods, specifically targeted income support recipients who had participated in a child protection measure IM trial (CPSIM) in Western Australia, and a group of voluntary (VIM) participants. Other stakeholders consulted included child protection caseworkers and team leaders, financial counsellors, money management advisers, Centrelink staff and community sector organisations. That study reported positive gains in parenting capacity and the well-being of children. Stakeholders suggested children were eating more food, living in improved housing, and had more and better quality clothing. Participants from both groups also stated they were able to access more food and clothing (ORIMA Research 2010). However, the latter findings may be problematic given that the CPSIM clients, in particular, may have been concerned to demonstrate to child protection authorities that they were addressing concerns about child neglect or abuse – either to retain custody of their children or, alternatively, to progress reunification with children who were currently in out-of-home care. Additionally, there was no empirical evidence presented which verified changes from pre-CIM to post-CIM. Rather, the report relied on the perceptions of program participants (WACOSS 2011).

A further evaluation of the child protection trial in WA included consultations with 32 child protection clients who were CIM participants, 111 child protection staff and a number of other government and NGO stakeholders, plus an analysis of 92 case files of current and former CPSIM participants (DSS 2014). That study reported improved child welfare outcomes, as evidenced by the provision of food and clothing and school attendance – although these changes seemed to be mainly based on self-reporting by CIM participants plus general feedback from child protection

staff rather than measurable evidence of changes (Bray 2016). There was also specific reference from case file analysis to gains for intergenerational child protection clients in terms of enhanced financial stability and access to support programs. However, the evaluators acknowledged that the absence of a control group of child protection families from another site where CIM was not offered made it difficult to ascertain whether CIM itself was responsible for these changes (DSS 2014).

A 2011 evaluation of the NTER, based on mixed method consultations with 1300 participants and over a hundred service providers in the NT, suggested CIM had contributed to healthier outcomes for children due to more money being spent on food. However, the report acknowledged that a number of other program and policy initiatives had impacted on child health (FaHCSIA 2011). A 2014 evaluation of CIM in the NT, based on mixed methods and multiple sources of information (which according to Bielefeld [2018] is the most robust evaluation report to date), found no evidence of changed spending patterns or positive impact on the wellbeing of children (Bray *et al.* 2014). A 2015 evaluation of place-based (PBIM) programs based on diverse sources of data, such as a longitudinal survey of participants, a comparison group and administrative records, included only a small number of participants (25) involved in caring for children. That study found no evidence of direct impact on care and education outcomes for children, although the greater stability in accommodation may have contributed to improved wellbeing for children (Deloitte Access Economics 2015).

A 2017 evaluation of the Cashless Debit Card in the sites of Ceduna and East Kimberley reported that 40 percent of participants with parenting responsibilities (constituting only 198 out of 470 survey respondents) had improved their parenting capacity, and 39 percent of this group indicated greater engagement with their children's homework and school. Yet, 24 percent of this cohort stated that their children's lives were worse, whilst only 17 percent felt their lives had improved (ORIMA Research 2017). All these figures relied solely on self-reporting, which the evaluators acknowledged could be subject to 'social desirability effects', in that the results may be skewed by some participants presenting the outcomes which they think the researchers want to hear (p. 27). The study also reported perceptions from community stakeholders of greater spending on essential goods for children, including school lunches, higher school attendance, and improved capacity of families to pay for school excursions and other school-related charges. However, the report added that there was

little evidence from administrative data of changes in school attendance rates (ORIMA Research 2017).

Additionally, the quality of the research design used in that evaluation has been widely challenged (Bray 2016; Hunt 2017a; 2017b; QCOSS 2017), leading an Auditor General report to conclude that the evaluation findings could not be relied upon to 'conclude whether there had been a reduction in social harm' (Department of Social Services 2018: 8).

A 2019 evaluation of the CDC in the Goldfields Region used the perceptions of interviewees (64 IM participants and 66 community stakeholders) to report improvements in child welfare and well-being, such as increased provision of nutritional food, clothes and toys, better hygiene and general health, and higher levels of school attendance and participation. However, the report acknowledged that these views were not universal, and that some of these improvements could be attributed to program initiatives other than the CDC. The study also noted stakeholder perceptions of lower incidences of child neglect and abuse, but did not present any formal child protection data to back up this assertion (Mavromaras *et al.* 2019). It has been argued elsewhere that this report was based on highly limited qualitative evidence gathered only a few months after the CDC had been introduced (Gray 2019).

Findings regarding financial management skills have also been mixed. The NTER evaluation reported that just over half the 76 participants interviewed had found it easier to pay rent and other bills, one third had purchased large or expensive items such as whitegoods, and nearly 40 percent reported saving money (FaHSCIA 2011). The stakeholder consultations also suggested improved financial management, including more funds available to purchase essential items, and improved savings capacity. But these findings relied on perceptions, rather than quantitative data collected before or after the introduction of CIM, such as the proportion of households meeting rent or utilities payments (AIHW 2010).

The evaluation of the child protection measure in WA found only small numbers of CIM participants attended financial counselling or money management programs, and no evidence of gains in budgeting or financial management skills (ORIMA Research 2010). The later 2014 evaluation of CPSIM reported that most program participants did not use the financial counselling or money management programs offered. Representatives of those services confirmed they had very limited contact with CPSIM participants (DSS 2014).

The 2014 evaluation of CIM in the Northern Territory reported no improvements in financial wellbeing or budgeting skills (Bray *et al.* 2014). The 2015 evaluation of PBIM sites reported improvements in the financial capacity of some voluntary participants, as evidenced by increased spending on food and housing, though this finding mainly relied on their self-reporting which may be subjective. There was no evidence of improvements for the CIM VULN (vulnerable measure) group. The study also noted that only a small percentage of both the voluntary and VULN participants attended money management courses, which suggested that gains in budgeting skills were unlikely to be sustained (Deloitte Access Economics 2015). The 2017 evaluation of the CDC reported that 45 percent of participants stated that they had been able to save more money, but this finding relied solely on self-reporting rather than empirical evidence. However, there was also some detail presented by community leaders, business owners and community stakeholders suggesting improved financial management, including increased purchases of essential items such as food and clothing; greater ability of participants to afford travel; more reliable payment of core bills; and reduced demand for emergency relief assistance (ORIMA Research 2017).

The 2019 CDC evaluation reported perceptions of improvements in financial literacy and money management, as evidenced by enhanced ability to save money and purchase major items such as cars. But the report also noted contrary findings, which suggested that many participants struggled to develop competent budgeting skills (Mavromaras *et al.* 2019).

Findings regarding employment and training outcomes have also been mixed. The 2017 CDC evaluation suggested increased motivation by CIM participants to seek employment. For example, 42 percent indicated they were currently looking for work, but no comparable figures were provided for job search prior to the introduction of the CDC. There was also some feedback from community stakeholders suggesting greater job search activity by participants, including higher demand for casual or part-time work. But no empirical data was provided by employment services providers in the sites. Additionally, the report acknowledged that the limited employment opportunities in the trial sites made it challenging for participants to secure paid work (ORIMA Research 2017).

The 2019 CDC evaluation noted that there were significant job opportunities available in the mining industry. But the report also cautioned that these opportunities were cyclical and limited to particular

areas, meaning that many CIM participants might have to travel outside the region to access work. There were mixed views as to whether or not the CDC would encourage more active participation in the labour market. Additionally, it was argued that Indigenous residents – constituting 47 percent of CDC participants in the Goldfields – experienced specific barriers to employment, such as discrimination, lacking a driver's licence, and criminal records. There was some mention of new jobs being created within the CDC shopfronts, but no indication of whether any current or former IM participants had been able to secure these positions (Mavromaras *et al.* 2019).

Evidence concerning general well-being, including mental and physical health, was also mixed. The 2017 CDC evaluation reported feedback from community stakeholders of improved nutrition, increased access to and effective utilisation of health assessments and treatment, and better hygiene. But a larger number of participants in both sites reported that the CDC had made their lives worse rather than better (ORIMA Research 2017). The 2019 CDC evaluation reported a negative impact on the mental health of some IM participants due to losing control over their finances, as evidenced by 'heightened levels of anxiety and depression, emotional distress and social isolation' (Mavromaras *et al.* 2019: 106).

The findings do not suggest that CIM has enhanced the self-reliance of participants. To the contrary, a number of reports presented evidence that IM was increasing dependence on the welfare system. The 2009 NTER consultations reported that some participants felt that CIM had undermined their self-reliance and, instead, encouraged reliance on the government which was controlling their finances (Australian Government 2009). The 2010 evaluation of the child protection measure in WA reported concerns by stakeholders that IM participants would become 'dependent on the system', and struggle to manage their budget without ongoing support from income management programs (ORIMA Research 2010: 12). Similarly, the 2014 evaluation of CPISM in WA noted that all Human Services staff in the Perth Metropolitan region expressed concern about the increasing 'dependency' of participants on the budgeting support offered by the IM program (DSS 2014: 54).

The 2014 evaluation of CIM in the NT concluded that many users had become more, rather than less, reliant on welfare supports and services (Bray *et al.* 2014). The 2015 evaluation of PBIM expressed concern that voluntary users would become dependent on support from the income

management system, rather than developing financial self-reliance (Deloitte Access Economics 2015). A similar concern was expressed by the government's reference group on welfare reform, which noted concern from stakeholders that participants became dependent on the financial assistance provided by the CIM program (McClure 2015).

Unintended social harms

Evaluation reports have consistently documented manifestations of social stigma and shame. The 2008 review of the NTER reported that some Aboriginal residents in the large regional centres of the Northern Territory, particularly Darwin and Alice Springs, had experienced embarrassment and humiliation as a result of using the BasicsCard (Yu *et al.* 2008). The 2009 NTER consultations revealed similar concerns involving shame or embarrassment, particularly when the Card failed to work or there were insufficient funds at the time of purchasing goods (Australian Government 2009). The 2014 evaluation of the child protection measure in WA cited stakeholder concerns about experiences of stigma and shame for some CIM participants (DSS 2014)

A 2014 evaluation of CIM in the Northern Territory reported that 'a substantial' number of users found CIM to be 'unfair, embarrassing and discriminatory' (Bray *et al.* 2014: xxi). The evaluation of PBIM found that more than half the VULN users (52.8 percent) felt judged when using the BasicsCard, but only 28.4 percent of VIM users felt judged. Additionally, 43.7 percent of VULN users said they felt embarrassed when using the Card, but only 18 percent of VIM users experienced similar feelings (Deloitte Access Economics 2015). The 2017 CDC evaluation reported feedback from some participant interviews and 4 percent of respondents to the quantitative survey that they experienced feelings of shame and stigma, and a sense of 'being 'penalised and/or discriminated against by being forced to participate' (ORIMA Research 2017: 7).

The 2019 CDC evaluation reported widespread concern about participants experiencing 'stigma, shame and embarrassment [...] when using the card' (Mavromaras *et al.* 2019: 74-5). Some Indigenous participants described the program as 'unfairly targeting and stereotyping Indigenous people', and equated the CDC with historical policies of racism and control (p. 8).

Another form of social harm has been the restrictions on financial autonomy and associated practical difficulties for CIM participants. The

2009 NTER consultations reported that BasicsCard holders complained that they did not have sufficient cash available to take their children to the Darwin show or the cinema, or to give money to their children who were attending Boarding Schools, or have their cars repaired. Another problem was that the card could not be used interstate when they travelled to visit family or seek employment (Australian Government 2009). Participants attacked CIM as 'discriminatory and paternalistic' (p. 28). A government evaluation of the NTER similarly noted that 'many people viewed income management as discriminatory and unfair' (AIHW 2010: vii).

A 2011 evaluation of the experiences of residents in Northern Territory communities reported concerns about failed transactions (due to difficulties establishing the balance on the BasicsCard), and restrictions on residents' freedom to travel to meet 'cultural and family obligations' (FaHCSIA 2011: 333) due to the limited application of the Card outside the Territory. That report also noted that CIM was viewed as 'discriminatory' (p. 32), and had provoked widespread 'disillusionment, resentment and anger' (p. 353) due to 'people feeling a loss of freedom, empowerment and community control' (p. 363).

The 2014 evaluation in the NT stated that 45.5 percent of non-Indigenous users felt that CIM had made their lives worse, compared to only 25.4 percent who said it had improved their lives. Concerns were raised about restrictions on shopping and travel. Many respondents expressed a desire to exit the program on the basis that they wished 'to control their own money, wanting rights back and being able to express freedom of choice' (Bray *et al.* 2014: 175). The study reported 'widespread feelings of unfairness and disempowerment', and suggested that CIM acted mainly 'as a means of control' rather than as a framework for changing behaviour or attitudes (p. 7).

The 2014 evaluation of CPSIM in Western Australia referred to the negative impact of restrictions on the use of the BasicsCard for accessing shopping outlets, transport, and entertainment venues such as the zoo and cinemas (DSS 2014). The 2015 evaluation of PBIM noted that those placed on the VULN measure, primarily due to concerns about financial deprivation or housing instability, felt that CIM had limited their freedom to organise more informal house sharing arrangements. They reported increased stress levels and 'a sense of personal injustice' at having been forced onto the program (Deloitte Access Economics 2015: 47). The 2017 CDC evaluation noted that 6 percent of respondents in the quantitative

survey expressed general concerns about a loss of freedom and rights. Additionally, 33 percent referred to specific problems, such as not being able to send money to children attending boarding schools, not having sufficient cash to spend at entertainment venues such as swimming pools and fairs, not being able to purchase second hand goods, and not having the capacity to combine funds to make larger purchases such as cars (ORIMA Research 2017). The 2019 CDC evaluation also cited concerns about lacking sufficient cash to purchase second-hand goods, or pay for childrens' school excursions and lunches (Mavromaras *et al.* 2019).

Conclusion

Consecutive Commonwealth governments from 2007-20 have claimed, on the basis of official evaluation reports, that CIM is reducing dysfunctional behaviour that causes social harm, and also advancing beneficial outcomes for participants. For example, the evaluation of the IM child protection measure in Western Australia by ORIMA Research was commended by the Labor government as indicating significant improvements in family functioning. Reference was made to increased spending on rent, food, clothing and other essentials for children (Macklin 2010). Later, the then-Coalition Minister for Families and Social Services, Paul Fletcher, cited the 2017 evaluation of the CDC in Ceduna and East Kimberley as demonstrating that CIM had produced 'a doubling of the proportion of participants trying to get paid work' (2019a: 13176), and 'an increased motivation to find employment' (2019d: 6).

There is no doubt that governments have selectively cited findings (cherry-picking the positives and ignoring the negatives), irrespective of the varied quality of the evaluations to justify their expansion of CIM programs. A number of authors have critiqued the highly selective and misleading use of the evaluation reports by government spokespersons (Bray 2016; Hunt 2017a; Wild 2011).

My overview of these evaluation reports suggests that there is only limited substantiated evidence of benefits for CIM participants. The results are, at best, mixed. Some participants have made gains in areas such as parenting capacity, financial management, and labour market participation, and some have not. At least some appear to have become more, rather than less, reliant on welfare services and programs. For those who do seem to have derived some benefits, it is often difficult to disaggregate the impact

of CIM vis-à-vis that of other health, education and social service initiatives. There does not seem to be any firm connection between participation in IM programs, and greater inclusion in the economy.

In addition, there is considerable evidence that CIM has reduced the social rights of participants – either by causing them direct stigma and shame, or by limiting their capacity to freely participate in the mainstream economic and social activities of their communities. Many Indigenous CIM participants feel that this program is overtly discriminatory, and a direct continuation of a long history of regressive welfare measures. These social harms are likely to be exacerbated in the future should CIM participants be exposed to power outages (Allam 2020) and/or natural disasters, such as floods and bushfires, where having access to ready cash can be an absolute imperative.

CIM seems to be an exemplar of the application of neoliberalism to the welfare state, whereby the emphasis shifts from helping and empowering those who have been disadvantaged by the free market, to merely controlling them to reduce any economic burden on society. In this case, the coercive measures extend well beyond a small number of individuals targeted via individual assessment to, instead, include much larger groups of people and communities solely on the basis of location or Indigenous status. These cohorts have been subjected to a harshly illiberal program of strict paternalism, even though there is no evidence that they need this intervention, or that it has provided them with verifiable benefits.

Philip Mendes is an Associate Professor in the Department of Social Work, Monash University.

philip.mendes@monash.edu

References

- Allam, L. (2020), 'Power Outages Leave Aboriginal People on NT Islands With No Food, Fuel Or Phones For Three Days', *The Guardian*, 4 March, online: <https://www.theguardian.com/australia-news/2020/mar/04/power-outages-leave-aboriginal-people-on-nt-islands-with-no-food-fuel-or-phones-for-three-days>.
- Australian Government (2009), *Report on the Northern Territory Emergency Response Redesign Consultations*, Commonwealth of Australia, Canberra.
- Australian Government (2012a), *Building Australia's Future Workforce*, Australian Government, Canberra.

- Australian Government (2012b), *Place Based Income Management in Greater Shepparton*, Australian Government, Canberra.
- Australian Institute of Health and Welfare (2010), *Evaluation of Income Management in the Northern Territory*, Canberra: Commonwealth of Australia.
- Bielefeld, S. (2014), 'Compulsory Income Management and Indigenous Peoples – Exploring Counter Narratives Amidst Colonial Constructions of Vulnerability', *Sydney Law Review*, 36, pp. 695-726.
- Bielefeld, S. (2016), 'Neoliberalism and the Return of the Guardian State: Micromanaging Indigenous Peoples in a New Chapter of Colonial Governance', in W. Saunders (ed), *Engaging Indigenous Economy*, ANU Press, Canberra, pp. 155-69.
- Bielefeld, S. (2018), 'Government Mythology on Income Management, Alcohol, Addiction and Indigenous Communities', *Critical Social Policy*, 38(4), pp. 749-70.
- Bray, J.R., Gray, M., Hand, K. and Katz, I. (2014), *Evaluating New Income Management in the Northern Territory: Final Evaluation Report*, Social Policy Research Centre, Sydney.
- Bray, J.R. (2016), *Income Management Evaluations - What Do We Now Know? Placing the Findings of the Evaluation of New Income Management in the Northern Territory in Context*, Centre for Aboriginal Policy Research, Australian National University, Canberra.
- Bryson, L. and Verity, F. (2009), 'Australia: From Wage-Earners to Neo-Liberal Welfare State', in P. Alcock and G. Craig (eds), *International Social Policy*, Palgrave Macmillan, Houndmills.
- Campbell, D. and Wright, J. (2005), 'Rethinking Welfare School-Attendance Policies', *Social Service Review*, 79(1), pp. 2-28.
- Carney, T. (2015), 'Conditional Income Transfers and Choice in Social Services: Just More Conditions and More Markets?', in S. Goodwin and R. Philipps (eds), *Markets, Rights and Power in Australian Social Policy*, Sydney University Press, Sydney.
- Carney, T. (2019) 'Conditional Welfare: New Wine, Old Wine or Just the Same Old Bottles?', in P. Saunders (ed), *Revisiting Henderson: Poverty, Social Security and Basic Income*, Melbourne University Publishing, Melbourne.
- Carr, K. (2010), 'Speech to The Senate', *Hansard*, 21 June, p. 3840.
- Community Affairs Legislation Committee (2019), *Social Services Legislation Amendment (Drug Testing Trial) Bill 2019 Provisions*, Commonwealth of Australia, Canberra.
- Deloitte Access Economics (2013), *Evaluation Framework – Place Based Income Management*, Department of Families, Housing, Community Services and Indigenous Affairs, Canberra.
- Deloitte Access Economics (2015), *Consolidated Place Based Income Management Evaluation Report 2012-2015*, Department of Social Services, Canberra.
- Department of Families, Housing, Community Services and Indigenous Affairs: FaHCSIA (2011), *Northern Territory Emergency Response Evaluation Report 2011*, Australian Government, Canberra.
- Department of Social Services (2014), *A Review of Child Protection Income Management in Western Australia*, Department of Social Services, Canberra.

- Department of Social Services (2016), *Cashless Debit Card Trial – Third Site*, Australian Government, Canberra.
- Department of Social Services (2018), *The Implementation and Performance of the Cashless Debit Card Trial*, Australian Government, Canberra.
- Department of Social Services (2020a), *Income Management Program Data Summary November 2020*, Australian Government, Canberra.
- Department of Social Services (2020b), *Cashless Debit Card Data Summary November 2020*, Australian Government, Canberra.
- Dwyer, P. (2018), *Welfare conditionality: Sanctions, Support and Behaviour Change*, University of York, York.
- Falinski, J. (2019), 'Speech to House of Representatives', *Hansard*, 26 November, pp. 59-60.
- Fletcher, P. (2019a), 'Speech to House of Representatives', *Hansard*, 13 February, pp. 13176-178.
- Fletcher, P. (2019b), *Social Security (Administration) Amendment (Income Management and Cashless Welfare) Bill 2019 Explanatory Memorandum*, Parliament of the Commonwealth of Australia, Canberra.
- Fletcher, P. (2019c), 'Morrison Government Extends Successful Cashless Debit Card', *Media Release*, 25 March.
- Fletcher, P. (2019d), 'Welfare, Personal Responsibility and the Cashless Debit Card', *Speech to Sydney Institute*, 25 March.
- Forrest, A. (2014), *Creating Parity, the Forrest Review*, Commonwealth of Australia, Canberra.
- Gray, M. (2019), 'Presentation to Senate Community Affairs Legislation Committee Social Security (Administration) Amendment (Income Management to Cashless Debit Card Transition) Bill 2019 Inquiry', *Hansard*, 14 October.
- Humpage, L., Peterie, M., Marston, G., Mendes, P., Bielefeld, S. and Staines, Z. (2020), *Helping or Harming? Compulsory Income Management in Australia and New Zealand*, University of Queensland, Brisbane.
- Hunt, J. (2017a), *The Cashless Debit Card Trial Evaluation: A Short Review*, Centre for Aboriginal Economic Policy Research, Australian National University, Canberra.
- Hunt, J. (2017b), *The Cashless Debit Card Evaluation: Does it Really Prove Success?*, Centre for Aboriginal Economic Policy Research, Australian National University, Canberra.
- Ledwith, M. (2020), *Community Development: A Critical and Radical Approach*, Policy Press, Bristol.
- McClure, P. (2015), *A New System for Better Employment and Social Outcomes: Report of the Reference Group on Welfare Reform to the Minister for Social Services*, Australian Government, Canberra.
- Macklin, J. (2010), 'Income Management is Improving Lives in Western Australia', *Media Release*, 8 October.

- Marston G., Mendes P., Peterie M., Staines, Z., Bielefeld, S. and Roche, S. (2020), *Hidden Costs: Preliminary findings From a Mixed Methods Study into Compulsory Income Management in Australia*, The University of Queensland, Brisbane.
- Mavromaras, K., Moskos, M., Isherwood, L. and Mahuteau, S. (2019), *Cashless Debit Card Baseline Data Collection in the Goldfields Regions: Qualitative Findings*, The University of Adelaide, Adelaide.
- Mead, L. (1997), *The New Paternalism: Supervisory Approaches to Poverty*, Brookings Institution Press, Washington.
- Mendes, P. (2019), *Empowerment and control in the Australian welfare state: A critical analysis of Australian social policy since 1972*, Routledge, London.
- Mendes, P., Waugh, J. and Flynn, C. (2014), Income Management in Australia: A Critical Examination of the Evidence, *International Journal of Social Welfare*, 23, pp. 362-72.
- ORIMA Research (2010), *Evaluation of the Child Protection Scheme of Income Management and Voluntary Income Management Measures in Western Australia*, Department of Families, Housing, Community Services and Indigenous Affairs, Canberra.
- ORIMA Research (2017), *Cashless Debit Card Trial Evaluation*, Department of Social Services, Canberra.
- Parsell, C., Vincent, E., Klein, E., Clarke, A. and Walsh, T. (2020), 'Introduction to the Special Issue on Welfare Conditionality in Australia', *Australian Journal of Social Issues*, Doi: 10.1002/ajs4.102.
- Peterie, M., Bielefeld, S., Marston, G., Mendes, P., and Humpage, L. (2020), 'Compulsory Income Management: Combatting or Compounding the Underlying Causes of Homelessness?', *Australian Journal of Social Issues*, DOI: 10.1002/ajs4.79.
- Pocock J. (2011), 'Compulsory Income Management Adding to the History of Failed Child Welfare Interventions', *Developing Practice*, 28, pp. 8-11.
- Queensland Council of Social Service (2017), *Review of the Cashless Debit Card Trial and Evaluation*, QCOSS, Brisbane.
- Rawlings, L. and Rubio, G. (2005), 'Evaluating the Impact of Conditional Cash Transfer Programs', *The World Bank Research Observer*, 20(1), pp. 29-55.
- Reeve, K. (2017), 'Welfare Conditionality, Benefit Sanctions and Homelessness in the UK: Ending the Something for Nothing Culture or Punishing The Poor?', *Journal of Poverty and Social Justice*, 25(1), pp. 65-78.
- Robert, S. (2019a), 'Speech to House of Representatives', *Hansard*, 11 September, pp. 17-8.
- Robert, S. (2019b), 'Speech to House of Representatives', *Hansard*, 27 November, p. 26.
- Ruston, A. (2019), 'Pilot Project to Improve Cashless Debit Card Technology', *Media Release*, 29 November.
- Schram, S.F. (2018), 'Neoliberalizing the Welfare State: Marketizing Social Policy/Disciplining Clients', in D. Cahill, M. Cooper, M. Konings and D. Primrose (eds), *The Sage Handbook of Neoliberalism*, Sage, Los Angeles.
- Shildrick, T. (2018), *Poverty Propaganda: Exploring the Myths*, Policy Press, Bristol.
- Slater, T. (2012), 'The Myth of Broken Britain: Welfare Reform And The Production Of Ignorance', *Antipode*, 46(4), pp. 948-69.

- Social Policy Research Centre (2020), *Evaluation Framework for New Income Management*, SPRC, Sydney.
- Stevens, K. (2020), 'Subversive Control Via Punitive Means: The Role of Stigma And Profit in Australia's Cashless Debit Card Policy', *Social Alternatives*, in press.
- Taylor, D., Gray, M. and Stanton, D. (2016), 'New Conditionality in Australian Social Security Policy', *Australian Journal of Social Issues*, 51(1), pp. 3-26.
- Tehan, D. (2018a), 'Cashless Debit Card Legislation Introduced', *Media Release*, 30 May.
- Tehan, D. (2018b), *Social Services Legislation Amendment (Cashless Debit Card Trial Expansion) Bill 2018 Explanatory Memorandum*, Parliament of the Commonwealth of Australia, Canberra.
- Tudge, A. and Pitt, K. (2017), 'Cashless Debit Card for Bundaberg/Hervey Bay', *Media Release*, 21 September.
- Watts, B. and Fitzpatrick, S. (2018), *Welfare Conditionality*, Routledge, London.
- Western Australian Council of Social Service (2011), *Analysis of the ORIMA Research Evaluation of the Child Protection Scheme of Income Management and Voluntary Income Management Measures in Western Australia*, WACOSS, Perth.
- Wild, R. (2011), 'Intervention, Interference or Invasion? Dealing with Indigenous Rights in The Northern Territory, 2007-2011', *Presentation to Human Rights Conference*, Monash University, Melbourne.
- Yu, P., Duncan, M. and Gray, B. (2008), *Northern Territory Emergency Response: Report of the NTER Review Board*, Commonwealth of Australia, Canberra.

