

# Study: Restricting where and how social security payments can be spent is 'disabling'

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Restricting where and how social security payments can be spent does more harm than good, according to the first large, independent study into Compulsory Income Management (CIM) policies in Australia.

The University of Queensland's Professor Greg Marston said the majority of participants using the BasicsCard or Cashless Debit Card reported practical difficulties making purchases and paying bills, which introduced new instability into their lives.

"Income management proponents say it can stabilize recipients' lives and finances, and our study found some people have experienced these benefits," Professor Marston said.

"However many more people have faced additional financial challenges because of the policies.

"Many also found their expenses had increased as they were blocked from participating in the cash economy and burdened with new fees and charges."

The study team said CIM had often been framed as an intervention to strengthen benefit recipients' independence, build responsibility and help transition people away from "welfare dependency" and into work.

Professor Marston said previous evaluations had raised significant concerns about the capacity of income management policies to meet their stated objectives, yet income management continued to be expanded.

"There have been recent moves to extend the Cashless Debit Card across the Northern Territory, but our findings show that CIM has in fact weakened many participants' financial capabilities and autonomy," he said.

"To manage their finances, many participants have become reliant on family members, service providers or automatic payment systems."

Researcher Dr. Michelle Peterie said the study was unique for its focus on individuals' and communities' experiences with the Cashless Debit Card and BasicsCard.

"These voices have frequently been lost or ignored in the policy debate," she said.

Dr. Peterie said the research showed a voluntary, opt-in form of income management could have a place, however the social, emotional and [economic costs](#) of continuing with a compulsory, widespread system outweighed the benefits.

"The overwhelming finding is that compulsory income management is having a disabling rather than enabling affect on the lives of many social security recipients," Dr. Peterie said.

"This was true across all of our research sites."

Professor Marston said a [policy](#) approach that focused on providing employment and training opportunities and ensuring accessible social services and affordable housing would be a better starting point for creating healthy, economically secure and socially inclusive communities.

The research involved 114 in-depth interviews, conducted at four trial sites (Playford, Shepparton, Ceduna and Hinkler), and a mixed-methods survey of 199 people at [income](#) management sites across Australia.

**More information:** The [project website](#) has more information. The report, "Hidden Costs: An Independent Study into Income Management in Australia" was co-authored with researchers from Monash and Griffith universities.

Provided by University of Queensland

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