

Chapter 1

Introduction

Referral

1.1 On 20 August 2015, the Senate referred the Social Security Legislation Amendment (Debit Card Trial) Bill 2015 (Bill) to the Senate Community Affairs Legislation Committee for inquiry and report by 12 October 2015.¹

Conduct of the inquiry

1.2 Details of the inquiry, including a link to the Bill and associated documents, were placed on the committee's website. The committee also wrote to 32 organisations and individuals, inviting submissions by 18 September 2015.

1.3 The committee received 34 submissions. Submissions are listed at Appendix 1 and published on the committee's website.

1.4 The committee held a public hearing in Canberra on 11 September 2015.

Background

1.5 In 2013 the then Prime Minister, the Hon Tony Abbott MP, asked Mr Andrew Forrest to lead a review of Indigenous training and employment programs (The Forrest Review).² The Forrest Review made a number of recommendations aimed at ending the disparity in employment outcomes between Indigenous and non-Indigenous Australians, including the introduction of a cashless welfare system known as the Healthy Welfare Card.³ Mr Forrest suggested that a cashless welfare system for vulnerable Australians:

...poses a way of providing stability for families and individuals so they can concentrate on finding employment, providing adequately for their families, and sending their children to school.⁴

1.6 The Bill seeks to enable a trial of cashless welfare arrangements in response to the Forrest Review's recommendations. The Explanatory Memorandum (EM) notes that the purpose of the trial is to test whether cashless welfare arrangements can reduce the habitual abuse and associated harm resulting from alcohol, gambling and illegal drugs. The trial will also test whether cashless welfare arrangements are more effective when community bodies are involved.⁵

1 *Journals of the Senate*, No. 110–20 August 2015, p. 3007.

2 See: Department of the Prime Minister and Cabinet, *Indigenous Jobs and Training Review*, <https://indigenousjobsandtrainingreview.dpmc.gov.au/> (accessed 24 August 2015).

3 Mr Andrew Forrest, *Creating Parity – the Forrest Review*, 2014, pp 27–29.

4 Mr Andrew Forrest, *Creating Parity – the Forrest Review*, 2014, p. 103.

5 Explanatory Memorandum (EM), p. 2.

1.7 In his second reading speech on the Bill, the Parliamentary Secretary (Parliamentary Secretary) to the Prime Minister, the Hon Alan Tudge MP, noted the 'potential upside' of the trial could be:

...a transformed community where women are safer, less money is spent on alcohol and gambling, and more money is available for children's needs.⁶

Purpose and key provisions of the Bill

1.8 The Bill proposes amendments to social security legislation to enable a trial of cashless welfare arrangements during the period 1 February 2016 to 30 June 2018.⁷

Schedule 1 – Trial of cashless welfare arrangements

1.9 This schedule proposes to split welfare payments into restricted and unrestricted portions with the payment of the restricted portion to a bank account to be subject to certain restrictions on access and use.⁸

Restricted bank accounts

1.10 Under the proposed measure, 80 per cent of payments received by trial participants receiving a working age welfare payment would be placed in the restricted bank account. The remaining 20 per cent of payments would be available for use at the trial participant's discretion. The proportion of payments made to the restricted bank account may be varied by legislative instrument.⁹

1.11 In trial locations, payments made to the restricted bank account would be accessed by a debit card. The debit card would not allow the purchase of alcohol and gambling products or cash withdrawals.¹⁰

Role of community bodies

1.12 The measure allows for community bodies in the trial area to participate in the trial. With the agreement of trial participants, the community body may direct the Department of Human Services to lower the restricted proportion of a person's welfare payment (to no less than 50 per cent).¹¹

Determination of trial participants

1.13 Under the proposed measure, the Minister for Social Services (Minister) would determine trial participants by legislative instrument based on a combination of class of person, receipt of particular welfare payments (known as a trigger payment)

6 The Hon Alan Tudge MP, Parliamentary Secretary to the Prime Minister, *House of Representatives Hansard*, 19 August 2015, p. 4.

7 EM, p. 4.

8 EM, p. 2.

9 EM, p. 2.

10 EM, p. 3.

11 EM, p. 2.

and particular trial areas.¹² Other welfare recipients in the trial area would be able to volunteer to participate in the trial.¹³

Trial areas

1.14 The trial would be conducted in up to three discrete trial areas with no more than 10 000 trial participants at any particular time. Trial areas would be selected on the basis of high levels of welfare dependence and where gambling, alcohol and/or drug abuse are causing 'unacceptable levels of harm'.¹⁴

1.15 In his second reading speech on the Bill, the Parliamentary Secretary noted that Ceduna in South Australia would be the first trial area, and that advanced discussions are underway with leaders in the East Kimberley region of Western Australia.¹⁵ In August 2015, the Commonwealth Government signed a Memorandum of Understanding (MOU) with local government and Indigenous groups in Ceduna supporting the trial of the debit card.¹⁶

Financial implications

1.16 The EM notes that the funding associated with the Bill is not publicly available as negotiations with potential commercial providers are yet to be finalised.¹⁷

Consideration by other committees

1.17 The Parliamentary Joint Committee on Human Rights (PJCHR) found the Bill engages and places limits on a number of human rights, including right to a private life, right to social security, right to equality and non-discrimination and right to privacy and sought advice from the Minister on whether the measures were justifiable.¹⁸ The PJCHR had not published the Minister's response prior to the tabling of this report.

Acknowledgement

1.18 The committee thanks those individuals and organisations that made submissions and gave evidence at the public hearing.

12 EM, p. 4.

13 EM, p. 2.

14 EM, p. 4.

15 The Hon Alan Tudge MP, Parliamentary Secretary to the Prime Minister, *House of Representatives Hansard*, 19 August 2015, p. 3.

16 The Hon Alan Tudge MP, 'Ceduna signs MOU to be first trial site for Cashless Welfare Debit Card', Media release, 5 August 2015, <http://alantudge.dpmpc.gov.au/media/2015-08-05/ceduna-mou-cashless-welfare-debit-card> (accessed 2 September 2015).

17 EM, p. [iii].

18 Parliamentary Joint Committee on Human Rights, *Human Rights Scrutiny Report: Twenty-seventh report of the 44th Parliament*, 8 September 2015, pp 20–29.

Note on references

1.19 References to the committee *Hansard* are to the *Proof Hansard*. Page numbers may vary between the proof and official Hansard transcript.