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Cashless welfare: Labor vows to end compulsory use of basics card

Opposition last year committed to scrapping the cashless debit card and says continued use of basics card will be voluntary

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Labor has given a clear signal it will end the basics card as a compulsory scheme, allowing more than 20,000 welfare recipients in the Northern Territory to exit the program.

[Anthony Albanese last year committed](#) to scrapping the cashless debit card, which operates in trial sites in Western Australia, Queensland and South Australia and until recently was run solely by the private banking provider Indue.

The opposition has since launched a scare campaign claiming the [Coalition](#) plans to place age pensioners on to the card, despite the Morrison government repeatedly ruling out such a move and the prime minister labelling it a “despicable lie” on Tuesday.

The cashless debit card is a form of income management that usually quarantines up to 80% of a person’s welfare payment on to a card that can’t be used to withdraw cash, or buy alcohol or gambling products.

While it is supposed to reduce social harms, the government has yet to present definitive evidence it is effective, while [other experts have panned it](#). Meanwhile critics say it is causing stigma and stress to participants, breaches human rights principles and locks cardholders out of the cheaper local cash economy.

Similarly, the basics card program quarantines a person’s payments – usually 50% – on to a card. It was initially given to First Nations people in remote communities under the Howard government’s 2007 NT intervention, but Labor expanded it to a wider cohort of jobseekers – and not just Aboriginal people – in 2010.

While the opposition’s cashless debit card commitment has garnered the most publicity – in part because of the political fight over the Labor scare campaign about pensioners – there are still more welfare recipients subjected to the basics card, which is

government-run and longstanding policy. Both schemes have high numbers of Indigenous participants.

Asked on Tuesday by Guardian Australia what Labor would do about the basics card, the party's social services spokesperson, Linda Burney, confirmed it would be voluntary.

"Our fundamental principle on the basics card and the cashless debit card, it should be on a voluntary basis," she said. "If people want to be on those sorts of income management, then that's their decision. It's not up to Labor or anyone else to tell them what to do. At the moment it's compulsion and that's not Labor's position."

Burney said in the case of the cashless debit card - being trialled in Ceduna, South Australia; the East Kimberley and Goldfields regions of Western Australia; and the Bundaberg and Hervey Bay region, Queensland - the scheme would be replaced by wraparound services such as financial counselling.

Government data shows there are 24,018 people on the basics card in the Northern Territory, with only 2,400 of those people on the card on a "voluntary basis". The others have been placed on the card after being classified by Centrelink as long-term unemployed or "disengaged youth".

There are also 1,723 basics cardholders across small income management schemes in other parts of the country.

The Coalition has been calling on the opposition to "come clean" on its plans for "income management and the basics card" in May.

It remains committed to income management, saying that the card is supported by the communities where it operates. It is seeking to move those in the Northern Territory from the basics card to the cashless debit card, which it believes is a superior platform.

In December, Guardian Australia reported that people in the NT community of Maningrida were unable to buy food and other supplies [after an internet outage that left people on income management particularly exposed](#).

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Lenore Taylor
Editor, Guardian Australia

