

# **Submission for the Social Services Legislation Amendment (Cashless Debit Card) Bill 2017 to the Senate Community Affairs Legislation**

## **Committee for inquiry and report**

### **Australian Unemployed Workers Union Submission**

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The AUWU oppose the amendment to the Social Security (Administration) Act 1999, to remove certain restrictions on the cashless debit card trial and thereby allow the extension of trial arrangements in current sites and to further sites.

The AUWU rejects Government using legislative power to disallow a minority group from having access to Commonwealth currency in its most basic form and forcing people to take the cashless card against their will. The current dismantling of social protections is an abuse of conservative politics, at best it is a patronising paternal show of power, at worst it is the wilful oppression of citizen rights and fits into a totalitarian paradigm.

The AUWU know that communities around Australia are publicly rejecting implementation of the cashless welfare card. For example, council members in Moree unanimously voted **no** in regards to introducing the cashless welfare card: <https://www.welcometocountry.org/moree-council-rejects-cashless-welfare-card/> and communities in Hervey Bay and Bundaberg mounted televised protests against the card: <https://www.frasercoastchronicle.com.au/news/protests-over-cashless-welfare-card-continue/3191768/> and <https://www.news-mail.com.au/news/first-official-cashless-card-meeting-for-hinkler-t/3209604/> . Clinton Pryor has spoken out against the card and its detrimental effects on Indigenous communities and there is strong opposition in regional areas around Victoria, South Australia and NSW.

The AUWU have received numerous phone calls about the card from welfare recipients expressing fear and frustration about the possibility of being forced onto the card and into income management. There are so many problems with the implementation of cashless welfare for unemployed people trying to survive on the fortnightly payment known as “the dole”, which is under the Henderson poverty line. In terms of progressive social policy this is the opposite. The amendment is designed to further a regressive policy which is based on the erroneous belief that the majority of unemployed people are lazy, incapable of making sensible financial choices and generally hopeless. The card is not proving to be a deterrent to poverty and has increased desperate acts of violence and crime:

<https://thewest.com.au/news/crime/crime-rates-climb-in-kununurra-after-cashless-welfare-card-introduced-ng-b88570106z>

Some of the issues that have already been reported to the Australian Unemployed Workers Union about the INDUE cashless card:

- Contrary to Government propaganda, the Cashless Welfare card is not as user friendly as Government claim it to be. Local and regional communities with high unemployed, single parent and underemployed cohorts mutually support local small business owners by working with them to mutual benefit: <https://www.theguardian.com/australia-news/2017/may/05/shop-owner-says-cashless-welfare-card-has-left-him-100000-short> Both business and individuals forced into income management will be negatively impacted by this card.
- The card is produced by the Australian company INDUE, to accept the card a business owner needs to enter into a business agreement with INDUE which may not benefit the business.
- Small business in regional and rural areas do not necessarily use Eftpos machines. The cost of small business is climbing, particularly in relation to utilities, the books are getting tighter and every cent counts. There is currently no way for small business owners to quantify how much of their takings is supplied through welfare recipient transactions, making a feasibility assessment of whether or not to invest in an eftpos terminal plus INDUE software impossible.

- Single parents already suffer rent stress and many spend the majority of their welfare on rent and utilities. The card offers no solution to these rising costs and it prohibits individuals from pooling resources with others to organise cheap alternatives to mainstream retail, including broadly shopping online, organising bulk wholesale purchases and shopping in alternative venues such as farmer direct, community bake sales and markets etc.
- You cannot purchase second-hand vehicles, tools, white goods etc on a cashless card.
- Users of the INDUE card will be identifiable and may feel stigmatized and further isolated from mainstream community. Being unemployed is shameful to many, as reported through the AUWU's advocacy telephone service. Great efforts are taken by some recipients to disguise the fact of their unemployment, particularly in regional communities where discrimination is noted, including dressing as workers in fluoro work clobber. The stigma of being unemployed is compounded by being prevented to make cash transactions like everyone else.
- The cashless card is geared towards bigger business such as Coles and Woolworths, where shopper anonymity is encouraged, particularly with the installation of Cashier Terminals where no human contact is necessary for a transaction to take place. People who feel stigmatized by the cashless welfare card may choose to stop shopping with smaller businesses.
- There are allegations that the INDUE company is part owned by the National Party:  
<https://theaimn.com/lnp-welfare-card-true-facts-exposed-corruption-disguised-philanthropy/>  
The AUWU has been unable to either verify or disprove these allegations due to lack of resources.
- Unsurprisingly and in keeping with neoliberal business practices, big supermarkets and INDUE itself are the same businesses that co-own the Eftpos Australia business, so they stand to take the lion's share of transaction profits that Government welfare will provide under this card. Eftpos Australia: <https://www.eftposaustralia.com.au/about/> is a company which makes money from transactions and card production, it is wholly owned by its 18 Members so all

profits from cashless welfare transactions will go to the following companies:

- Adyen
  - Australia and New Zealand Banking Group Limited
  - Australian Settlements Limited
  - Bank of Queensland Limited
  - Bendigo and Adelaide Bank Limited
  - Citigroup Pty Limited
  - Commonwealth Bank of Australia
  - Coles Group Limited
  - Cuscal Limited
  - First Data Network Australia Limited
  - Indue Limited
  - ING DIRECT
  - National Australia Bank Limited
  - PayPal Australia
  - Suncorp Bank
  - Tyro Payments
  - Westpac Banking Corporation
  - Woolworths Limited
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- The AUWU understands that the INDUE card is very different from a bankcard. It operates as a credit card in the sense that funds are not the property of the recipient, so a recipient has no claim to interest accrued on funds over time. In the case of persons becoming ill and spending a period of time in hospital, (elderly, chronically ill and mental health patients who are unable to access the Disability Support Pension under the current Government) this can amount to regular periods of many months. Interest accrued on funds becomes a significant revenue stream for the company INDUE who have full ownership of accrued interest across millions of Newstart recipients. In other words, INDUE gets to keep the sum total of all our small change, the change that would usually go into the jar above the fridge and comes in handy to

pay the winter electricity bill with, top up transport cards or scrounge together to make up rent. This amounts to welfare spending contributing directly to the profit margins of big business, advantaging shareholders and enabling a corporate business monopoly of larger and larger areas of the market, diminishing the growth of our smaller, local business economies.

- There are moral, ethical and structural questions to be asked around the fact that the “People's Money” is being used to expand the profits of private business; would these earnings (profits) be better spent on expanding a social system that genuinely benefits the unemployed? Is it ethical that Government support big business networks out of budgets allocated for social protections?

Is skimming off the back of welfare recipient funds not unlike digital hackers taking one cent from everyone's bank accounts, which is a Federal crime, as we understand it?

- The app designed for people to check their account on their smartphone is reported to be glitch-ridden. In areas with poor internet reception the app is reported to be a useless utility.
- The low amount of cash that can be accessed through compulsory income management is not enough to participate in alternate markets such as farmers markets, trash and treasures, local craft markets, alternate food and goods banks and many charity shops which deal exclusively in cash transactions. In regional and rural areas food and produce such as eggs, mulch, livestock (in particular laying chooks) and fresh vegetables can often be purchased from road side sales points and co-ops dealing only in cash, these healthy options for people on low incomes will be impossible to access with the cashless card.
- The small economy becomes impossible under income management, how do you pay the babysitter with an INDUE card? How do you give \$50 to the man up the road who fixes your lawn mower or \$20 to the teenager who mows your lawn if you are unable to? How do you support your children and teenagers to participate in school fetes and local excursions that require lunch money? How do you give your child pocket money and taxi money for an emergency, such as having no safe option to get home from a late party? How do you teach your kids how to handle cash?

- The cashless card will see women impoverished, mothers will become cash targets for their adult children, humbugging and begging has been reported in Ceduna and throughout remote communities where the Basics Card has long been a failing trial.
- Residents in Ceduna have reported their mortgage payments have become more expensive due to added transaction fees.
- People cannot contribute to share house costs with a cashless card. How can you pay your landlord if they only accept cash?
- There are reports that people on income management are begging, are buying food and then reselling it at lower prices to get access to cash so they cover costs like share-room rent, private studio and caravan rent, getting around town using alternate transport systems (throwing in some cash to help with petrol for a friend who gives them a lift somewhere etc) and providing pocket money for their kids, which effectively makes welfare recipients even poorer than they already are.
- Compulsory income management stigmatizes people and separates them from mainstream society even further, disallowing social mobility and scapegoating poverty.
- Cheap shopping alternatives such as Aldi are excluded from participating in the scheme because there is no separation between the liquor store and the main store, thus preventing cheap goods being obtainable to people on tight budgets.
- AUWU have first-hand information that organized crime gangs in Victoria are already strategizing around how they can recruit a labour force, to achieve criminal goals, from the pool of unemployed on income management who need access to cash.
- The only people with access to cash in welfare demographics will be elderly pensioners and disability pensioners who will be made vulnerable targets for criminals.

- Cashless welfare, in a society where the welfare payments don't lift people over the poverty line, forces people to use mainstream shopping outlets that are just too expensive for limited budgets.
- Emergency situations requiring cash will be impossible to manage. For example, in fire prone areas where people are required to leave their homes and seek shelter elsewhere, cash is a necessary resource.
- Using drink machines and food dispensers, buying take away food in country towns, putting money in parking meters, obtaining small amounts of anything, requires cash.
- People in welfare demographics will not be able to “chip in” or help each other financially from fortnight to fortnight.
- INDUE are not a bank and may not provide the privacy and security measures that banks provide. Our data may be open to organizations who collect data to profile and target consumers. The Government may not be able to guarantee our privacy because INDUE are not a Government organization, regardless of assurances and agreements put forward by current Government. This lack of privacy is already an ongoing issue with Job Network Providers who are reported to be repeatedly breaching the privacy rights of their clients.
- There are reports of people manufacturing bootleg liquor because they can no longer buy alcohol. The cashless card has already created a back-yard market in liqueur and gambling in exchange for resalable goods.
- The card encourages black market labour hire and the exploitation of individuals because more people will be compelled to accept cash work that pays below the minimum wage in order to access cash.
- For underemployed people who declare income when they manage to find work, the card

presents several logistical problems. What mechanism will the Government / Tax department employ to check that recipients are correctly declaring income? This is already a huge issue with Robodebt failures which continue across the country. Will underemployed people be placed in a situation where they are forever appealing false debts with Centrelink, year after year?

- Underemployed people travel far and wide to obtain work, sit interviews and network for gigs. The cashless card is prohibitive to mobility because not every business in Australia accepts the card. People on the card run the risk of being stranded with no access to cash if they wish to move around in seeking work.

In conclusion the AUWU question the current level of government scrutiny around welfare spending which is frighteningly reminiscent of totalitarian states. Considering all money is Commonwealth property, it seems strange that only some can use it to get high, including those members of Parliament who show up to work so hungover that they fall asleep in their chairs. By far at the better end of the Commonwealth funded stick, ministers throughout our Colonial history have been seen out and about completely pickled to the point of slurring, stumbling and even breaking Commonwealth furniture. Contemporary Ministers are routinely photographed guzzling beers in pubs to appeal to the stereotype of a "Working Joe" and their sons and daughters of have reportedly been up to their ears in drink driving offences and even connected to ice related crime. Yet it is the unemployed who are being forced to "take the card". Such hypocrisy does not inspire faith in Government officials, on either side of the Bench. The rhetoric of common politicking is so transparent and hypocritical that Australia has long lost its lucky country reputation. Instead a much bleaker image emerges, one of a tinpot authoritarian nation in dire need of democrattizing. This reform is clearly an attack on Australia's social protections for the benefit of a very few corporate businesses and individuals who stand to make profit from the further consolidation of an Australian underclass.