

Chapter 2

Key issues

Introduction

2.1 This chapter outlines some of the key issues raised by submitters and witnesses in relation to the Social Services Legislation Amendment (Cashless Debit Card Trial Expansion) Bill 2018 (bill).

2.2 Many submitters and witnesses noted the importance of reducing the social harms caused by alcohol, gambling and drug abuse,¹ the key object of the bill. However, some submitters and witnesses raised concerns relating to the expansion of the cashless debit card trial to a new site and the operation of the card, including:

- selection of the Bundaberg and Hervey Bay area as a trial site, the participant cohort for that trial site, and the extent to which the communities of that area were consulted;
- operation of the cashless debit card; and
- ongoing concerns about the cashless debit card scheme, which may have an impact on the new site, such as:
 - communication with participants;
 - monitoring and evaluation of current trials; and
 - human rights implications.

Bundaberg and Hervey Bay area trial site

2.3 The bill defines and introduces the Bundaberg and Hervey Bay area (new trial area) as a trial site for the cashless debit card scheme.

2.4 In its submission, the Department of Social Services (Department) noted statistics that demonstrated the high levels of long-term and intergenerational welfare dependency in the region which the cashless debit card trial aims to address:

- 90 per cent of the people in the region under the age of 30 and on Newstart or Youth Allowance, had a parent or guardian who received income support at some point in the last 15 years; and
- 13 per cent of that cohort had a parent or guardian who received income support at least once each year for the past 15 years.²

1 See for example: PeakCare Queensland Inc, *Submission 95*, pp. 1, 5; Australian Association of Social Workers, *Submission 46*, p. 2; Anglicare Australia, *Submission 52*, p. 3; Name withheld, *Submissions 2, 4, 7, 8, 11, 14, 18, 19, 29, 31, 32*, and 86.

2 Department of Social Services, *Submission 69*, p. 2.

Community views on site selection

2.5 The committee received a large number of submissions from members of the new trial area community which discussed the significant problems with alcohol, drugs and gambling in the proposed trial site area and praised the introduction of the cashless debit card to address these problems.³

2.6 Witnesses at the hearing also voiced their concerns about social problems in the region. Ms Faye Whiffin told the committee that the problems of 'welfare dependency and neglected children will not go away' in the community,⁴ while Mr Steven Beer referenced a very high youth unemployment rate.⁵ The youth unemployment rate in the Wide Bay region, which includes the Hinkler electorate, was 28.7 per cent as at March 2018.⁶

2.7 However, others have expressed reservations about whether these problems were specific to the cohort of the population which would be targeted in the trial, or were more general to the region. Mr George Seymour, Mayor of Fraser Coast, in his capacity as a private citizen, submitted that he had not seen any causal evidence which linked the target cohort with alcohol, drug and gambling problems.⁷ Some submitters also questioned how the cashless debit card would solve the issue of high youth unemployment, given a low number of job vacancies in the region.⁸

2.8 Submitters and witnesses were concerned that, with discussion being focused on the social issues in the region as the purpose of the card, that participants would be stigmatised as 'bludgers' or addicts, even if they do not personally have problems with drugs, alcohol or gambling.⁹

3 Name withheld, *Submissions 2, 3, 4, 5, 6, 7, 8, 10, 11, 14, 17, 18, 19, 20, 21, 22, 23, 29, 30, 31, 32, 72, 73, 78, 86, 87, 88, 89 and 92.*

4 Ms Faye Whiffin, private capacity, *Committee Hansard*, 7 August 2018, p. 10.

5 Mr Steven Beer, General Manager Operations, IMPACT Community Services, *Committee Hansard*, 7 August 2018, p. 9.

6 Department of Social Services, answers to questions on notice, 7 August 2018 (received 10 August 2018).

7 Mr George Seymour, *Submission 25*, [p. 1].

8 Mr George Seymour, *Submission 25*, [p. 2]; National Social Security Rights Network (NSSRN), *Submission 45*, [p. 3]; Uniting Communities, *Submission 51*, pp. 8–9; Anglicare Australia, *Submission 52*, p. 3; Bundaberg Awareness Group, *Submission 74*, p. 4; Accountable Income Management Network (AIMN), *Submission 76*, p. 11; Associate Professor Janet Hunt, *Submission 79*, p. 3; UnitingCare Australia, *Submission 81*, p. 5; Australian Council of Social Service, *Submission 60*, p. 3.

9 Miss Kathryn Wilkes, Main Administrator, Say No to the Cashless Welfare Card Australia, *Committee Hansard*, 7 August 2018, p. 2; Mr George Seymour, Mayor, Fraser Coast Regional Council, *Committee Hansard*, 7 August 2018, p. 7; PeakCare Queensland, *Submission 95*, p. 5; Bundaberg Awareness Group, *Submission 74*, p. 1; ANU Centre for Social Research and Methods (ANUCSRM), *Submission 80*, p. 4. See also National Congress of Australia's First Peoples, *Submission 82*, p. 12; Respect Inc, *Submission 57*, pp. 1–2.

2.9 The statement of compatibility with human rights for the bill (statement of compatibility) addresses a number of these concerns, describing that the cohort for the trial was selected in response to the community's concerns particularly about youth unemployment, intergenerational welfare and families who need assistance in meeting the needs of their children. It also observes that the area of the trial site was selected to include Bundaberg and Hervey Bay 'which have the largest population, service and employment hubs in the region' to ensure employment opportunities and support services are available to participants.¹⁰

2.10 The explanatory memorandum for the bill also provides context for the area being chosen as a trial site:

...to help in addressing key social problems that were identified during extensive consultations conducted with community stakeholders. These include the high youth unemployment and intergenerational welfare dependence as well as the high use of alcohol, drugs and gambling. Consultations also revealed significant problems with alcohol, drugs and gambling among young families.¹¹

2.11 Regarding the selection of the participant cohort for the new trial site, the statement of compatibility reports:

... targeting a younger cohort allows the Cashless Debit Card to influence positive behaviour change before welfare dependency becomes entrenched. Setting the age limit at 36 allows the Australian Government to target most young people and families with young children who are receiving welfare payments.¹²

2.12 The Department also noted that, in deciding to trial a younger cohort for the site, it had consulted extensively with stakeholders in the region, including community organisations, local councils, church groups and members of the public.¹³

Participant cohort—inclusion and exclusion

2.13 As detailed in Chapter 1, trial participants in the new trial area will be a targeted cohort aged under 36 years and receiving Newstart Allowance, Youth Allowance or Parenting Payment. Some submitters have raised questions about specific measures in the bill that include or exclude participants from this cohort.

2.14 Under proposed subsection 124PGA(4), the Secretary of the Department (Secretary) will have powers to determine that a person is not a trial participant if participation would pose a serious risk to that person's mental, physical or emotional wellbeing. Some submitters were critical of the related subsection 124PGA(5), which

10 Social Services Legislation Amendment (Cashless Debit Card Trial Expansion) Bill 2018, Statement of compatibility with human rights (Statement of compatibility), p. 2.

11 Social Services Legislation Amendment (Cashless Debit Card Trial Expansion) Bill 2018, Explanatory memorandum (Explanatory memorandum), p. 4.

12 Statement of compatibility, p. 3.

13 Department of Social Services, answers to questions on notice, 7 August 2018 (received 10 August 2018).

does not put an onus on the Secretary to enquire into whether a participant's wellbeing would be adversely affected by the card prior to them becoming a participant.¹⁴ The Parliamentary Joint Committee on Human Rights (human rights committee) made a similar observation, noting that:

It is not clear how the secretary would be made aware of whether a person's participation in the trial is impacting a person's mental, physical and emotional wellbeing.¹⁵

2.15 The Department explained that a wellbeing exemption assessment can be initiated if the Department becomes aware of a participant being at serious risk via a referral from the Cashless Debit Card Hotline, local partners, Indue Ltd, or the Department of Human Services (DHS). The participant may then be referred to a DHS social worker for assessment and, where appropriate, be exempted from the scheme.¹⁶

2.16 Professor Matthew Gray and Mr Robert Bray PSM, from the ANU Centre for Social Research and Methods, questioned why people from the new trial area would be unable to volunteer as participants if they are not in the specified cohort.¹⁷ The Department explained in its submission that:

This will allow the Government to test the impacts of the [cashless debit card] trial exclusively for the selected group, as has been asked for by the community.¹⁸

2.17 Some submitters raised the issue of people being included as participants in the trial even if they subsequently move away from the new trial area.¹⁹ The ANU Centre for Social Research and Methods submission noted that, although there is an exclusion under subsection 124PGA(3) for students from the trial area who are undertaking full-time study outside of the area on the grounds that these students 'may find it impractical to use a cashless debit card outside the trial area', there is no such exclusion for job-seekers who move out of the trial area to find employment and 'would be in the same situation'.²⁰ The Department noted that the Australian Government invests in support services across the country and that those participants who move away from the trial site will be able to access support services in the area

14 ANUCSRM, *Submission 80*, p. 2; AIMN, *Submission 76*, p. 17.

15 Parliamentary Joint Committee on Human Rights, *Report 6 of 2018*, p. 37.

16 Department of Social Services, answers to questions on notice, 7 August 2018 (received 10 August 2018).

17 ANUCSRM, *Submission 80*, p. 3.

18 Department of Social Services, *Submission 69*, p. 4.

19 Australian Human Rights Commission (AHRC), *Submission 43*, p. 2; AIMN, *Submission 76*, p. 17; ANUCSRM, *Submission 80*, p. 7.

20 ANUCSRM, *Submission 80*, p. 7. See also: Explanatory memorandum, p. 7.

they reside in. Furthermore, those participants will be able to use the cashless debit card in any store that accepts EFTPOS and at approved online stores.²¹

2.18 The committee also received a number of submissions from individuals in the new trial area receiving other welfare payments, such as Disability Support Pension or Aged Pension, or in other age groups, who questioned whether this trial would be later expanded to include them.²²

2.19 The committee notes that the bill does not include provisions to expand the new trial area's participant cohort and that any such expansion would require further legislation.

Services and supports for new trial participants

2.20 Several submitters have raised concerns about whether there are sufficient 'wrap-around services' in the new trial area to support participants. Such services may include employment services; services to manage drug, alcohol and gambling addiction; financial counselling and support; family violence programs; parenting programs; and housing.²³

2.21 In its submission, the Department noted that a Community Reference Group was established in the new trial area in late 2017 'to work through local policy and implementation issues', including to ensure that the trial is 'complemented by appropriate supports' for participants.²⁴

2.22 Also in late 2017, the Minister for Human Services, the Hon Alan Tudge MP, and the Federal Member for Hinkler, Mr Keith Pitt MP, issued a joint media release announcing a further investment in community services of \$1 million to 'assist in providing for any unmet need as a result of the card'.²⁵ The Department explained that these services may include drug and alcohol services, financial capability services to help people transition onto the card, employment, and families and children's programs, and that it would 'continue to work with the local community to determine how the funding would be best allocated'.²⁶

2.23 Ms Faye Whiffin told the committee that her small community of Howard currently had limited wrap-around services, but that the local community centre has a partnership with a service provider in Hervey Bay to come and provide financial

21 Department of Social Services, answers to questions on notice, 7 August 2018 (received 10 August 2018).

22 See for example: Name withheld, *Submissions 28, 40 and 55*.

23 Uniting Communities, *Submission 51*, pp. 9–10; People With Disability Australia, *Submission 58*, p. 5; AIMN, *Submission 76*, p. 11.

24 Department of Social Services, *Submission 69*, p. 3.

25 The Hon Alan Tudge MP, Minister for Human Services, and Mr Keith Pitt MP, Federal Member for Hinkler, 'Cashless welfare card for Bundaberg/Hervey Bay', *Media Release*, 17 September 2017.

26 Department of Social Services, answers to questions on notice, 7 August 2018 (received 10 August 2018).

counselling programs. She noted that the additional funding committed by the Government would mean that '[i]f the card comes here, the services will come here faster than they would without the card'.²⁷

Role of community bodies in the trial

2.24 The bill proposes a new subsection 124PE(2) be inserted into the *Social Security Administration Act 1999* (Cth) (Act), which empowers the Minister for Social Services to authorise, by notifiable instrument, an incorporated or unincorporated body in the new trial area as a 'community body'. This community body must provide, or intend to provide, services relating to the care, protection, welfare or safety of adults, children or families residing in the area.²⁸ This community body would have statutory powers under section 124PK of the Act to direct the Secretary to vary the percentage amounts applying to a participant's restricted payment.

2.25 Some submitters have noted that the role of the community bodies or panels under section 124PE has been confusing for participants in existing trial sites, with some participants being unaware of their existence or function.²⁹

2.26 The Auditor-General also noted in the report into *The Implementation and Performance of the Cashless Debit Card Trial* (ANAO report) that the Department had reviewed the role of community panels in earlier trial sites and found that they:

...were not as effective as envisaged, resulting in lengthy delays in making decisions and that they would not be introduced into new localities.³⁰

2.27 Correspondence between the Department and the Minister for Social Services in October 2017, referenced in the ANAO report, stated that community panels would not be a mandatory feature or focal point in future trial sites.³¹

2.28 The Department told the committee that the bill provides the new trial area community with the option:

...to establish a Community Panel, if it so wishes, to assess applications from participants to reduce the restricted portion of their Centrelink payments from 80 to 50 per cent if an applicant is assessed as meeting agreed social norms.³²

27 Ms Faye Whiffin, private capacity, *Committee Hansard*, 7 August 2018, p. 11.

28 Social Services Legislation Amendment (Cashless Debit Card Trial Expansion) Bill 2018, cl. 6.

29 National Aboriginal Community Controlled Health Organisation, *Submission 39*, p. 3; AIMN, *Submission 76*, p. 15; Dr Elise Klein, *Submission 44*, pp. 5–6.

30 *Auditor-General Report No.1 2018–1: The Implementation and Performance of the Cashless Debit Card Trial* (ANAO report), July 2018, p. 47.

31 ANAO report, p. 47.

32 Department of Social Services, answers to questions on notice, 7 August 2018 (received 10 August 2018).

Consultation with the new trial area community

2.29 During the second reading debate of the bill in the House of Representatives, the Attorney-General, the Hon Christian Porter MP, noted that the payment types and age group for the new trial area were selected based on feedback from over 188 meetings held in the Bundaberg and Hervey Bay area between May and September 2017, including three community information sessions:

These [meetings] canvassed views from a very broad range of stakeholders, including the community sector, service providers, community members, church groups, the business sector and all levels of government. These meetings demonstrated a clear need for support and intervention in the areas of youth unemployment, young families and intergenerational welfare dependency.³³

2.30 Submissions from individuals in the region show that the trial has significant support among the community.³⁴ However, several submitters to the inquiry have questioned whether the level of consultation with those who may become participants in the trial has been adequate.³⁵

2.31 A number of individuals impacted by the trial expansion in the Bundaberg and Harvey Bay area have expressed their concern in submissions to the committee that their voices have not been heard in the consultation process and are of the belief that the trial does not have the support of the broader community.³⁶

2.32 At the hearing on 7 August 2018, Miss Kathryn Wilkes from Say No to the Cashless Welfare Card Australia told the committee that she believed there had been insufficient public consultation, that some individuals felt their views about the trial were being ignored, and that consultation sessions had been held at times inconvenient for potential participants, such as during school pick-up time.³⁷ Mr Peter Feerick, an individual who believes he meets the criteria for participation in the new trial area, also told the committee that a consultation session he had attended in Bundaberg was

33 The Hon Christian Porter MP, Attorney-General, *House of Representatives Hansard*, 21 June 2018, p. 33.

34 Name withheld, *Submissions 2, 3, 4, 5, 6, 7, 8, 10, 11, 14, 17, 18, 19, 20, 21, 22, 23, 29, 30, 31, 32, 72, 73, 78, 86, 87, 88, 89 and 92*.

35 Council of Single Mothers and their Children and the National Council of Single Mothers and their Children, *Submission 53*, p. 2; Mr George Seymour, *Submission 25*, p. 1; National Aboriginal Community Controlled Health Organisation, *Submission 39*, p. 3, NSSRN, *Submission 45*, [p. 6]; Uniting Communities, *Submission 51*, pp. 2–3; Anglicare Australia, *Submission 52*, p. 3; Dr Shelley Bielefeld, *Submission 68*, p. 9; Say No To the Cashless Welfare Card Australia/No Cashless Debit Card Hinkler Region (SNTCWC/NCDCHR), *Submission 75*, [p. 1]; AIMN, *Submission 76*, p. 7; Australian Council of Social Service, *Submission 60*, p 2.

36 See for example: Name withheld, *Submissions 1, 16, 24, 40, 61, 62, 63 and 64*.

37 Miss Kathryn Wilkes, Main Administrator, Say No to the Cashless Welfare Card Australia, *Committee Hansard*, 7 August 2018, pp. 1, 5.

an information session about how the card would work, rather than an opportunity for concerns about the broader scheme to be addressed.³⁸

2.33 However Mr Steven Beer from IMPACT Community Services, one of the community service organisations working with the Department to hold consultation with the community, told the committee that his experience had been that people who held concerns had been misinformed about the operation of the cashless debit card and that consultation meetings appeared to have a positive impact on people's perception of the scheme:

Once they've got information about what the card is and is not, what it looks like, how it operates and works et cetera, whilst those younger people came into those sessions with some fairly negative points of view and some great questions, most of them left thinking that it was a fairly good thing to proceed with.³⁹

Operation of the cashless debit card

Cash-like products

2.34 The bill introduces new provisions which prevent the purchase of cash-like products, such as gift cards, money orders and digital currency, which could be used to obtain alcohol or gambling, from the restricted portion of a welfare payment on a cashless debit card across all trial sites.

2.35 Submitters raised concerns that the limitations on the purchase of cash-like products restrict a trial participant's ability to participate freely in the economy of their community,⁴⁰ while others suggested that preventing people from purchasing digital currency may have the effect of locking participants out of potential engagement with the online economy.⁴¹

2.36 Individual submitters affected by the cashless debit card scheme have expressed disappointment with this provision, noting that not being able to purchase gift cards will limit their ability to purchase birthday gifts for friends and family members.⁴²

2.37 The National Social Security Rights Network also questioned in its submission whether participants will be restricted from also buying gift cards or store cards from a merchant that does not sell any of the targeted prohibited items.⁴³ Submitters told the committee that gift cards for digital stores, for example, are used

38 Mr Peter Feerick, private capacity, *Committee Hansard*, 7 August 2018, p. 5.

39 Mr Steven Beer, General Manager Operations, IMPACT Community Services, *Committee Hansard*, 7 August 2018, p. 8.

40 NSSRN, *Submission 45*, [p. 8]; AIMN, GLSC p. 4.

41 AIMN, *Submission 76*, pp. 18–19. See also: SNTCWC/NCDCCHR, *Submission 75*, [p. 4]; Name withheld, *Submission 62*, [p. 2].

42 Name withheld, *Submissions 35, 36 and 62*. See also: Dr Shelley Bielefeld, *Submission 68*, p. 1.

43 NSSRN, *Submission 45*, [p. 8].

to buy educational apps necessary for children's school devices⁴⁴ or for clinical apps for mental health or stress management.⁴⁵

2.38 The Department explained in its submission that:

These products are included as restricted goods, as has always been the intention of the program, and in line with existing cash withdrawal restrictions on the [cashless debit card] account. Clarifying this provision to include 'cash-like' products will support product level blocking amendments, and help prevent participants from circumventing the program and spending their welfare payments on alcohol, gambling and drugs.⁴⁶

2.39 In relation to gift cards for stores that do not sell restricted items, the statement of compatibility clarifies that:

Cash-like products that could not be used to obtain alcohol and gambling, such as a 'closed loop' gift card for a specific store, would not be restricted.⁴⁷

2.40 The committee also notes that participants remain able to purchase cash-like products at their discretion, as well as other restricted products, using the unrestricted portion of their welfare payment.⁴⁸

Contingent amendments and cash-like products

2.41 The bill also contains contingent amendments to section 124PM of the Act, in line with other provisions in the bill to introduce the cash-like products into the list of restricted products.⁴⁹ The form of these amendments is contingent on whether the Social Services Legislation Amendment (Housing Affordability) Bill 2017 (housing affordability bill), which at the date of reporting was still before the House of Representatives, has been passed into law.⁵⁰

2.42 A small number of submitters to this inquiry have expressed reservations about provisions in the housing affordability bill which would allow a deduction of social housing rent from the unrestricted portion of a cashless debit card trial

44 Name withheld, *Submission 36*, [p. 3].

45 Name withheld, *Submission 62*, [p. 2].

46 Department of Social Services, *Submission 69*, p. 4.

47 Statement of compatibility, p. 7.

48 *Social Security Administration Act 1999*, s. 124PM.

49 Social Services Legislation Amendment (Cashless Debit Card Trial Expansion) Bill 2018, Schedule 1, Part 2.

50 Parliament of Australia, *Bills of the current Parliament: Social Services Legislation Amendment (Housing Affordability) Bill 2017*, <http://parlinfo.aph.gov.au/parlInfo/search/display/display.w3p;query=Id%3A%22legislation%2Fbillhome%2Fr5974%22> (accessed 8 August 2018). See also: Explanatory memorandum, pp. 10–11.

participant's welfare payment, leading to a reduction in available cash.⁵¹ The committee considered this matter in its report into the housing affordability bill.⁵²

Product-level blocking of restricted products

2.43 As discussed in Chapter 1, the bill introduces a provision which authorises a supplier of goods or services to decline a transaction which uses money in a welfare restricted bank account and involves obtaining restricted products (i.e. alcohol, gambling or cash-like products), which will allow merchants to introduce product-level blocking for transactions.⁵³

2.44 Dr Elise Klein, Lecturer in Development Studies at the University of Melbourne, noted that because the cashless debit card currently stops purchases of alcohol at a merchant level, some shops that serve both alcohol and food (such as pubs and restaurants) in existing trial sites are either unable to accept the card or need to have a separate till for the card to allow participants to purchase food.⁵⁴

2.45 The submission from the ANU Centre for Social Research and Methods questioned how product-level blocking would be operationalised, what the level of implementation and cooperation would be among merchants, and the extent to which legitimate purchases may be erroneously blocked.⁵⁵ The AIMN also told the committee that product-level blocking may have an unintended consequence of 'highly public' discrimination against participants if transactions are declined at the point of sale.⁵⁶

2.46 The Department explained in its submission that product-level blocking will allow merchants to be more readily able to service participants in the cashless debit card trial.⁵⁷ The statement of compatibility further notes that the provisions for product-level blocking are consistent with current processes for merchants to block purchases of restricted products, but will reduce manual management of transactions for merchants who sell both restricted and un-restricted products.⁵⁸

51 AIMN, *Submission 76*, p. 5; AHRC, *Submission 43*, p. 6.

52 Community Affairs Legislation Committee, *Social Services Legislation Amendment (Housing Affordability) Bill 2017 [Provisions]*, 6 December 2017, pp. 14–15.

53 Social Services Legislation Amendment (Cashless Debit Card Trial Expansion) Bill 2018, cl. 14; Explanatory memorandum, pp. 4, 9.

54 Dr Elise Klein, *Submission 44*, [p. 3]. Note: Indue Ltd has made available a list of excluded merchants, including merchants with a separate till for cashless debit card purchases, at <https://indue.com.au/dct/merchants/excluded/>.

55 ANUCSRM, *Submission 80*, p. 3.

56 AIMN, *Submission 76*, pp. 3–4.

57 Department of Social Services, *Submission 69*, p. 4.

58 Statement of compatibility, p. 7.

Participants' access to the restricted portion of the payment

2.47 During the committee's inquiry into the Social Services Legislation Amendment (Cashless Debit Card) Bill 2017 (2017 bill), evidence was received relating to participants' access to their restricted welfare payments for bills, online transactions and transfers, including the role of technology in using the restricted portion on the card.⁵⁹ The committee has received evidence to the current inquiry which expresses ongoing concerns about the functionality and usability of direct debit, BPAY, online shopping and other non-EFTPOS uses of the cashless debit card.

2.48 Submitters have observed that participants in existing trial sites who were unable to use technology to set up their own direct debits and bills payments have been subject to late fees after setting up their payments through Indue Ltd, the provider of the cashless debit card.⁶⁰ No Cashless Card Kalgoorlie & Surrounds described a situation where one participant was issued a breach notice for her rental property due to a mistake made in processing her rent.⁶¹ Participants also detailed frustrations in not being able to use their cashless debit card for online transactions to purchase medical devices, gifts, or other items which are not restricted.⁶²

2.49 The Department explained in its submission that, following existing trials, a number of learnings had informed and improved its communications about using the cashless debit card to address these concerns. These include:

- (a) Clear, effective messaging about setting up direct debits and automatic payments. Where appropriate, the Department will also consider refunding participants who were financially at risk due to fees associated with issues in setting-up direct debits and automatic payments from the cashless debit card.
- (b) Communication of the availability of external transfers in some circumstances, ensuring participants are aware that these can take a number of days to occur. The Department is also investigating the use of the banking sector's new payments platform, which can facilitate instant transfers between bank accounts.
- (c) Online merchant identification improvements, including streamlining processes for approval of online merchants.⁶³

2.50 During the hearing on 7 August 2018, Miss Crystal Silk, an individual who believes she meets the criteria for participation in the new trial area, told the committee her fear was that she would not be able to make direct debit payments for

59 Community Affairs Legislation Committee, *Social Services Legislation Amendment (Cashless Debit Card) Bill 2017*, 6 December 2017, pp. 20–22.

60 NSSRN, *Submission 45*, [p. 5]; SNTWC/NCDCHR, *Submission 75*, [p. 3]; No Cashless Card Kalgoorlie & Surrounds, *Submission 37*, [pp. 2–3].

61 No Cashless Card Kalgoorlie & Surrounds, *Submission 37*, [p. 2].

62 Name withheld, *Submissions 33, 34, 36 and 85*.

63 Department of Social Services, *Submission 69*, p. 5.

her car loan using the cashless debit card, which requires direct debit to be made from a bank account.⁶⁴ The Department explained that, in such an instance, a trial participant can contact the cashless debit card hotline and set up a higher recurring transfer limit to allow for the loan payment amount to be transferred to another bank account.⁶⁵

2.51 Other witnesses raised concerns about participants in the new trial site being able to access loan products in the first instance. Mrs Annette Mason and Mrs Patti Webb from the Bundaberg and District Neighbourhood Centre described that the process for people on low income to access a No Interest Loan Scheme (NILS) loan requires verification of their spending habits, generally through copies of applicants' bank statements, and questioned whether applicants would be able to provide similar statements in relation to a cashless debit card.⁶⁶ The Department confirmed that participants receive a downloadable bank statement via the Indue Ltd online portal or mobile app and may also choose to have a physical statement mailed each month.⁶⁷

Participants' access to the unrestricted portion of the payment

2.52 A number of submitters and witnesses raised concerns about the cashless debit card scheme directing only 20 per cent of a participants' income for unrestricted use, limiting their access to cash for purposes such as farmers' markets, second-hand goods, tank water and firewood, and whether lack of access to cash for these purposes could lead to undue hardship and stress for some participants.⁶⁸

2.53 These concerns were also raised by submitters to previous inquiries into the cashless debit card scheme and are discussed by the committee in its reports into the Social Security Legislation Amendment (Debit Card Trial) Bill 2015⁶⁹ (2015 bill) and the 2017 bill.⁷⁰

64 Miss Crystal Silk, private capacity, *Committee Hansard*, 7 August 2018, p. 2.

65 Mrs Selena Patrick, Branch Manager, Welfare Quarantining and Gambling Branch, Department of Social Services, *Committee Hansard*, 7 August 2018, p. 18.

66 Mrs Annette Mason, NILS Coordinator, and Mrs Patti Webb, Retired NILS Coordinator, Bundaberg & District Neighbourhood Centre, *Committee Hansard*, 7 August 2018, pp. 3–4.

67 Department of Social Services, answers to questions on notice, 7 August 2018 (received 10 August 2018).

68 Name withheld, *Submissions 1, 12, 24, 55, 56, 62 and 63*; Australian Council of Social Service, *Submission 60*, p. 4; UnitingCare Australia, *Submission 81*, p. 4; National Congress of Australia's First Peoples, *Submission 82*, p. 12; Dr Elise Klein, *Submission 44*, [p. 6]; NSSRN, *Submission 45*, [p. 5]; People With Disability Australia, *Submission 58*, p. 6; Australian Unemployed Workers Union, *Submission 59*, [p. 1]; Bundaberg Awareness Group, *Submission 74*, p. 2. See also: Commonwealth Ombudsman, *Submission 27*, p. 3.

69 Community Affairs Legislation Committee, *Social Security Legislation Amendment (Debit Card Trial) Bill 2015*, 12 October 2015, pp. 17–18.

70 Community Affairs Legislation Committee, *Social Services Legislation Amendment (Cashless Debit Card) Bill 2017*, 6 December 2017, pp. 20–22.

2.54 As discussed previously in this chapter, the Secretary will have powers to determine that a person is not a trial participant if participation would pose a serious risk to that person's mental, physical or emotional wellbeing. The Department explained in its submission that this power 'will be used to ensure vulnerable people are not adversely affected by the trial'.⁷¹

2.55 The committee also notes the Department's submission to the 2017 bill inquiry, which observed that the 80 per cent restricted/20 per cent unrestricted payment ensures that income support recipients have enough money available for life's essentials and that the cashless debit card will have very little impact for people who already spend their money responsibly.⁷²

Other issues related to the cashless debit card scheme

2.56 Across the course of this inquiry the committee received a wide range of evidence from submitters and witnesses that, although not specific to the expansion of the cashless debit card trial proposed in the bill, related to the cashless debit card scheme in a more broad sense. The committee notes that several submitters and witnesses expressed an opinion that any ongoing concerns with the cashless debit card scheme should be addressed before further expansion into new trial sites, as proposed in the bill.⁷³

2.57 Several key themes raised by submitters in relation to the scheme are discussed below.

Communication with participants in the trial

2.58 Beyond concerns about communication of the operation of the cashless debit card itself, as discussed above, some submitters noted general issues relating to communication between the Department, other stakeholders, and participants.⁷⁴

2.59 The ANAO report found that the Department had developed and implemented a communication strategy that was largely effective, but had also identified areas for improvement.⁷⁵

2.60 The Commonwealth Ombudsman told the committee that, in the small number of complaints received in relation to the cashless debit card trial, a common theme was 'poor or inadequate communication of the arrangements that apply to a person when they become a participant in the trial'.⁷⁶

71 Department of Social Services, *Submission 69*, p. 3.

72 Community Affairs Legislation Committee, *Social Services Legislation Amendment (Cashless Debit Card) Bill 2017*, Department of Social Services, *Submission 8*, [p. 1].

73 See for example: AHRC, *Submission 43*, p. 3; Council of Single Mothers and their Children and the National Council of Single Mothers and their Children, *Submission 53*, p. 8.

74 Dr Elise Klein, *Submission 44*, [p. 5]; People With Disability Australia, *Submission 58*, p. 5.

75 ANAO report, p. 9.

76 Commonwealth Ombudsman, *Submission 27*, p. 3.

2.61 The Community and Public Sector Union (CPSU) reported that both community engagement and the need for better resourcing and coordination between DHS and the Department has been a common theme among its members. CPSU described that frontline staff from DHS had been unable to help trial participants to fix problems that arose with their cashless debit card. CPSU noted that even where DHS staff provided the appropriate contact number for the Department, participants still attended DHS offices to try and find a face-to-face solution to their problem due to a lack of knowledge that the Department, and not DHS, managed the card.⁷⁷

2.62 Uniting Communities raised a similar concern about participants not being able to receive face-to-face information or help relating to their card, noting that 'not everyone is literate or numerate, and technology can be confusing, overwhelming and alienating'.⁷⁸

2.63 The Department explained that Indue Ltd contracts local organisations to provide face-to-face services for trial participants in each trial location.⁷⁹ A list of all local partners providing these services in existing trial sites is published on Indue Ltd's website.⁸⁰

2.64 The Department reported that the local organisations that would provide services in the new trial site had yet to be identified and that this would be done through consultation with the Community Reference Group.⁸¹

Monitoring and evaluation

2.65 As discussed in the committee's report for the inquiry into the 2017 bill, submitters and witnesses to that inquiry questioned the methodology and characterisation of the results of the final evaluation report prepared by ORIMA Research in 2017 about the cashless debit card trial. In evidence to the committee at a hearing for that inquiry, the Department informed the committee that ORIMA Research had recognised in its reports the limitations of some of the data sources and provided caveats where necessary.⁸²

77 Community and Public Sector Union, *Submission 50*, p. 1.

78 Uniting Communities, *Submission 51*, p. 7.

79 Mrs Selena Patrick, Branch Manager, Welfare Quarantining and Gambling Branch, Department of Social Services, *Committee Hansard*, 7 August 2018, p. 17.

80 Indue Ltd, 'Local partners', <https://indue.com.au/dct/localpartners/> (accessed 10 August 2018).

81 Mrs Selena Patrick, Branch Manager, Welfare Quarantining and Gambling Branch, Department of Social Services, *Committee Hansard*, 7 August 2018, p. 17.

82 Community Affairs Legislation Committee, *Social Services Legislation Amendment (Cashless Debit Card) Bill 2017*, 6 December 2017, pp. 13–15.

2.66 Submitters to this inquiry reiterated their concerns about the quality of the ORIMA Research evaluation as evidence of the efficacy of the cashless debit card trial, with many also noting the Auditor-General's findings in relation to this matter.⁸³

2.67 In the ANAO report, the Auditor-General found that while the Department had developed 'high level guidance' which informed its evaluation processes, it had not been 'fully operationalised'. The report further found that:

Social Services did not build evaluation into the [cashless debit card trial] design, nor did they collaborate and coordinate data collection to ensure an adequate baseline to measure the impact of the trial, including any change in social harm.⁸⁴

2.68 In response to these concerns about the evaluation processes for the cashless debit card trial, the Auditor-General recommended that:

Social Services should fully utilise all available data to measure performance, review its arrangements for monitoring, evaluation and collaboration between its evaluation and line areas, and build evaluation capability within the department to facilitate the effective review of evaluation methodology and the development of performance indicators.⁸⁵

2.69 The Department responded to the ANAO report findings, noting that it was in the process of implementing this recommendation and making improvements, including appointing a Chief Evaluator and establishing a new evaluation policy.⁸⁶

2.70 The Department explained that it is 'actively working' on these improvements and that it is:

...also looking at its procedures and guidance material relating to its procurement practices and developing new approaches to data monitoring and evaluation.⁸⁷

2.71 The Department also informed the committee that it is currently in the process of putting out a tender to seek a provider to conduct a second evaluation of the current trial sites. This second evaluation will build on baseline data currently being collected in the Goldfields region.⁸⁸

83 See: National Aboriginal Community Controlled Health Organisation, *Submission 39*; AHRC, *Submission 43*; Dr Elise Klein, *Submission 44*; Adjunct Professor Eva Cox, *Submission 49*; Dr Shelley Bielefeld, *Submission 68*; Associate Professor Janet Hunt, *Submission 79*; ANUCSRM, *Submission 80*; among others.

84 ANAO report, p. 38.

85 ANAO report, p. 44.

86 ANAO report, p. 44.

87 Ms Elizabeth Hefren-Webb, Deputy Secretary, Families and Communities, Department of Social Services, *Committee Hansard*, 7 August 2018, p. 13.

88 Ms Elizabeth Hefren-Webb, Deputy Secretary, Families and Communities, Department of Social Services, *Committee Hansard*, 7 August 2018, pp. 13–14.

Human rights considerations

2.72 Other notable issues raised by submitters were the extent to which the bill engages and limits certain human rights and the disproportionate impact of the bill on the rights of Aboriginal and Torres Strait Islander peoples, who are overrepresented in current trial cohorts.⁸⁹ As reported in Chapter 1, the human rights committee raised similar concerns.⁹⁰

2.73 These issues were also raised by submitters to previous inquiries into the cashless debit card scheme and are discussed by the committee in its reports into the 2015 bill⁹¹ and the 2017 bill.⁹²

2.74 The statement of compatibility recognises that the scheme engages and limits three human rights: the right to social security; the right to a private life; and the right to equality and non-discrimination. The statement of compatibility notes that, to the extent that the bill may limit human rights:

...those limitations are reasonable and proportionate to achieving the objectives of the welfare quarantining measures. The Cashless Debit Card will assist to reduce immediate hardship and deprivation, reduce violence and harm, encourage socially responsible behaviour, and reduce the likelihood that welfare payment recipients will remain on welfare and out of the workforce for extended periods of time.⁹³

2.75 In relation to concerns about the disproportionate impact of the cashless debit card scheme on Aboriginal and Torres Strait Islander peoples, the statement of compatibility acknowledges previous concerns about the indirect impact the trial may have on the right to equality and non-discrimination in existing trial sites. The statement of compatibility explains that cashless debit card scheme is not applied on the basis of race or culture, but is trialled in communities chosen on objective criteria such as high levels of welfare dependence and community harm, and that the indirect impact on Aboriginal and Torres Strait Islander peoples was a consideration in selecting a new trial site with an urban population. With the addition of the new trial area in Bundaberg and Hervey Bay, the proportion of Indigenous participants across all cohorts will be approximately 33 per cent.⁹⁴

89 Goldfields Land and Sea Council, *Submission 9*, pp. 3–4; Queensland Council of Social Service, *Submission 41*, Attachment A; AHRC, *Submission 43*, pp. 1–3; NSSRN, *Submission 45*, [p. 8].

90 Parliamentary Joint Committee on Human Rights, *Report 6 of 2018*, pp. 33, 38.

91 Community Affairs Legislation Committee, *Social Security Legislation Amendment (Debit Card Trial) Bill 2015*, 12 October 2015, pp. 14–17.

92 Community Affairs Legislation Committee, *Social Services Legislation Amendment (Cashless Debit Card) Bill 2017*, 6 December 2017, pp. 24–26.

93 Statement of compatibility, p. 11.

94 Statement of compatibility, p. 9. See also: Department of Social Services, *Submission 69*, p. 4.

Committee view

2.76 The committee notes the wide support for solutions to reduce the social harms caused by alcohol, gambling and drug abuse. However, the committee recognises that views continue to differ on whether the cashless debit card is the most appropriate and effective solution to reduce these social harms in the target communities.

2.77 The committee notes that there has been extensive consultation conducted in the Bundaberg and Hervey Bay area by the Department of Social Services and that a high level of community support has been fundamental to the proposed introduction of the cashless debit card to the area. The committee believes that the cashless debit card trial will address the community's concerns about youth unemployment, intergenerational welfare, and families who need assistance in meeting the needs of their children in the region.

2.78 It is the committee's view that the results of the independent evaluation have shown the cashless debit card to have had a positive effect on communities in existing trial sites. The committee acknowledges concerns about the evaluation process and recognises the significant steps being taken by the Department of Social Services to improve its evaluations in the future, including the appointment of a Chief Evaluator, following recommendations by the Auditor-General.

2.79 The committee also recognises the frustrations of some participants in existing trial sites who believe that communication about the cashless debit card scheme to date has not been clear or easy to understand. The committee is encouraged that the communications strategies employed by the Department of Social Services, particularly around the operation of cashless debit card, have been informed and improved by this feedback.

2.80 The committee acknowledges that this bill may limit a participant's human rights. However, the committee remains satisfied that the cashless debit card scheme only limits those rights to the extent required to achieve the objective of reducing the social harms caused by alcohol, drugs and gambling.

Recommendation 1

2.81 The committee recommends that the bill be passed.

Senator Slade Brockman

Chair

