

# Chapter 2

## Key issues

2.1 Most submitters and witnesses expressed support for the objective of the Social Security Legislation Amendment (Debit Card Trial) Bill 2015 (Bill) to reduce the social harm caused by alcohol and gambling. A number of these supported the introduction of the trial as outlined in the Bill, provided it was accompanied by appropriate of wrap-around services, community consultation and a thorough evaluation.<sup>1</sup>

2.2 However, a number of submitters and witnesses expressed concern about whether the trial would reduce alcohol and gambling related harm, and the detail in the Bill on how the trial would operate, including:

- the support services that would be provided;
- possible human rights infringements, as raised by the Parliamentary Joint Committee on Human Rights;
- how trial participants would be determined and any exemption categories;
- the level of community consultation in proposed trial sites;
- the role of community bodies;
- how the proposed debit card would operate in practice;
- the proposed evaluation of the trial; and
- cost of the proposed trial.<sup>2</sup>

2.3 The Parliamentary Secretary, the Hon Alan Tudge MP (Parliamentary Secretary) noted in his second reading speech on the Bill that the trial and accompanying support package:

...will enable those communities to become healthier, to reduce that welfare fuelled alcohol, drug and gambling abuse and, in the process, that women and children can be safer, the community can be safer and more people, overall, can lead better and healthier lives.<sup>3</sup>

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1 See: District Council of Ceduna (DCC), *Submission 1*; Yalata Community Inc, *Submission 6*; Wunan Foundation, *Submission 10*; Ceduna Aboriginal Corporation (CAC), *Submission 12*; Empowered Communities, *Submission 22*; Mr Andrew Forrest, *Submission 26*.

2 See: St Vincent de Paul Society, *Submission 9*; Australian Association of Social Workers, *Submission 13*; National Welfare Rights Network (NWRN), *Submission 17*; Carers Australia, *Submission 18*; Australian Council of Social Service (ACOSS), *Submission 27*; North Australia Aboriginal Justice Agency, *Submission 29*; Aboriginal Health Council of WA, *Submission 31*.

3 The Hon Alan Tudge MP, *House of Representatives Hansard*, 15 September 2015, p. 75.

## **Reducing alcohol and gambling related harm**

2.4 A number of submitters and witnesses expressed support for the trial as an attempt to reduce the social harm caused by alcohol and gambling, particularly in the proposed trial sites of Ceduna and the East Kimberley region.

### *Ceduna region*

2.5 The committee heard that alcohol and gambling related harm is a significant problem in the Ceduna region. The Ceduna Aboriginal Corporation (CAC) submitted that alcohol and drug abuse, including the drug ice, is a particular problem, noting that in 2013-14, there were over 500 admissions to the Ceduna Hospital Emergency Department attributed to alcohol and drug use including assault, and 4 667 admissions to the Sobering-Up Shelter. The CAC also noted that the rate of alcohol related assault in the region is 68 times the national average.<sup>4</sup>

2.6 As a result of the alcohol problems, CAC noted that 'children are going without food and essential clothing and as a result failing to attend school or are subject to all night parties, potential adult violence (assaults), including domestic violence'.<sup>5</sup> Mr Greg Franks, CEO of the Yalata Community, told the committee:

People in the community are fed up with alcohol harm, family violence, kids not attending school. There is so much harm within our communities that we have to do something.<sup>6</sup>

2.7 The Far West Community Heads Group (FWCHG) representing Indigenous communities in the Ceduna region expressed particular support for the trial.<sup>7</sup> Mr Michael Haynes, a member of the FWCHG representing the CAC, told the committee the trial provides an opportunity make a positive change in the lives of Aboriginal communities:

In the past, measures to reduce alcohol fuelled violence and chronic alcohol misuse—contributing to the premature deaths of our people—have been tried and tested and have failed. It is our belief that as a first trial site, amongst a possible three across Australia, we now have an opportunity to make positive change in the lives of our people. We also look forward to a fulsome analysis and review of the trial's impact to inform further community based consultations and strategies to reduce the impact of alcohol, substance abuse and gambling on our communities.

Collectively, we seek the support of this inquiry to understand the pain and grief many families have had to endure over many years at the loss of loved ones who have struggled with alcohol addiction, alcohol related violence,

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4 *Submission 12*, p. [3].

5 *Submission 12*, p. [2].

6 *Committee Hansard*, 11 September 2015, p. 33.

7 See: CAC, *Submission 12*, p. [2]; Yalata Community Inc, *Submission 6*, p. [5].

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premature death attributed to sleeping rough or health related disease caused by excessive drinking.<sup>8</sup>

2.8 Ms Mima Smart OAM, a member of the FWCHG representing the Yalata Community, expressed support for the debit card trial as a way to reduce alcohol abuse:

...there have been a lot of people who have died and a lot of people ending up in hospital because their life was destroyed by alcohol. Instead of being in Ceduna drinking people will now go home to be with their families and teach them culture.<sup>9</sup>

2.9 The committee heard the objectives of the trial were also supported by the non-Indigenous community. In its submission, the District Council of Ceduna (DCC) noted it 'strongly endorses and supports' the proposed trial of the cashless debit card. The DCC noted it views the trial as:

...a life saving measure which will have positive health benefits, significantly improve the quality of life for many and help to put an end to premature and tragic deaths.<sup>10</sup>

2.10 The DCC noted that over the past decade, it has initiated or assisted with a range of strategies to address substance abuse in the region, particularly in Indigenous communities. Following a coronial inquest into the deaths of six Indigenous people in the Ceduna area in 2011, the DCC reported that there has been an increased level of coordination between Commonwealth, state and local governments and Indigenous community leaders to address these issues. The DCC noted it is achieving positive outcomes 'to try and improve a very distressing situation'.<sup>11</sup> The DCC suggested that it is the 'right time' to trial limiting the availability of cash for welfare recipients to reduce the harm caused by gambling, alcohol and drug abuse, particularly the drug ice:

The best option not yet tried for restricting the availability of drugs, gambling funds and alcohol is clearly the restriction of cash for those who are on benefits. It is clear that many sufferers of alcoholism are on welfare benefits partly because of their illness. Coupled with the steps already implemented we believe that the trial together with the appropriate support measures will help immensely.<sup>12</sup>

2.11 The South Australian Liquor and Gambling Commissioner expressed its support for the trial, noting that previous measures to address issues associated with alcohol abuse have had limited success:

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8 Mr Michael Haynes, CEO, Ceduna Aboriginal Corporation, *Committee Hansard*, 11 September 2015, p. 31.

9 Quoted in: Yalata Community Inc, *Submission 6*, p. [5].

10 *Submission 1*, p. 4.

11 *Submission 1*, p. 1.

12 *Submission 1*, p. 3.

In cases where the safety and welfare of a person, their dependents and/or the community at large is threatened as the result of excessive alcohol consumption and alcohol misuse, limiting the income that is available to those individuals to purchase liquor, will contribute to a reduction in unacceptable levels of harm within the community.<sup>13</sup>

### *East Kimberley region*

2.12 The committee also heard that alcohol related harm was a significant problem in the East Kimberley region. In its submission, the Wunan Foundation, representing Indigenous people in the Kununurra area, highlighted that Indigenous people in the East Kimberley region are among the most disadvantaged in Australia and experience high levels of social dysfunction, including widespread drug and alcohol abuse, that result in:

- high rates of family violence (in 2012-13, there were 100 reported incidents of family violence per 1000 people in the East Kimberley, compared to the next highest figure of 43 incidents per 1000 people in the south-eastern region of WA);
- high rates of child abuse and neglect (100 per cent of children in out-of-home care in the East Kimberley region are Indigenous);
- large numbers of children spending their nights on the street rather than returning to unsafe homes;
- increasing rates of Foetal Alcohol Spectrum Disorder; and
- high rates of suicide (the rate of suicide in the Kimberley is 70 per 100 000 people, compared to the national rate of 11 per 100 000 people); and
- high rates of alcohol-fuelled violence (the hospitalisation rate for assault in Kununurra is 68 times higher than the national average due to alcohol-fuelled violence).<sup>14</sup>

2.13 In his second reading speech on the Bill, the Parliamentary Secretary noted that Indigenous community leaders in the East Kimberley region representing the Wunan Foundation, MG Corporation and Gelganyem Trust wrote to the Commonwealth Government noting:

We acknowledge that agreeing to the East Kimberley being a trial site for the restricted debit card may seem to some a rather drastic step. However, it is our view that continuing to deliver the same programs we have delivered for the past forty years will do nothing for our people and, besides wasting more time and money, will condemn our children and future generations to a life of poverty and despair. As leaders in the East Kimberley, we cannot accept this.<sup>15</sup>

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13 *Submission 16*, p. 3.

14 *Submission 10*, pp 1–2.

15 The Hon Alan Tudge MP, *House of Representatives Hansard*, 19 August 2015, p. 2.

2.14 In its submission, the Wunan Foundation noted:

Too many of our people are living broken lives and our most vulnerable – our children and old people – are paying the price. Without radical reform the future looks grim. Wunan strongly believes that the proposed Restricted Debit Card trial could be the catalyst we need to break the devastating cycle of poverty and despair in the East Kimberley.<sup>16</sup>

2.15 Mr Ian Trust, Executive Director of the Wunan Foundation, explained that the expected outcome of the trial is to 'stabilise' communities, especially for children:

The people who are suffering the most in all of this are the children. They tell us they are on the street in the first place is, because they do not want to go home because it is unsafe there. There are parties going on during the week and all sorts of things are happening there, so a lot of these kids do not want to go home. It is a situation that we just cannot allow to continue. The initial outcome we would like to see is some stability brought back to these families so that the services that are currently provided by government through NGO organisations and so on can actually have some impact. At the moment, generally, they do not.<sup>17</sup>

2.16 Similarly, the East Kimberley Chamber of Commerce and Industry (EKCCI), representing 200 businesses in the region, expressed support for the objectives of the trial:

The introduction of the Cashless Debit Card means welfare income is spent on items that support families being fed, housed and educated, instead of alcohol and drugs. This can only have a positive impact on our region; leading to better education and employment opportunities for our future generations.<sup>18</sup>

### **Efficacy of income management**

2.17 A number of submitters and witnesses suggested that the proposed trial was similar to current income management programs across Australia, particularly the Basics Card. These submitters and witnesses expressed concern that income management programs have not been effective in changing behaviours in relation to alcohol abuse or improving social outcomes.<sup>19</sup>

2.18 For example, a 2014 evaluation of new income management measures in the Northern Territory, where 50 per cent of welfare payments can only be used to

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16 *Submission 10*, p. 3.

17 *Committee Hansard*, 11 September 2015, p. 44.

18 *Submission 5*, p. 2.

19 See: St Vincent de Paul Society, *Submission 9*; AASW, *Submission 13*; Financial Counselling Australia and Consumer Action Law Centre (FCA CALC), *Submission 14*; NWRN, *Submission 17*; Dr Shelley Bielefeld, *Submission 19*; Adjunct Professor Eva Cox, *Submission 24*; Dr Shelley Bielefeld, *Submission 19*; ACOSS, *Submission 27*; Law Society of NSW (LSNSW), *Submission 28*; NAAJA, *Submission 29*; Shire of Halls Creek, *Submission 32*; Professor Ilan Katz and Mr J Rob Bray, *Committee Hansard*, 11 September 2015, pp 6–12.

purchase essential goods and services using the Basics Card, found that there was 'no evidence of changes in spending patterns, including food and alcohol sales'.<sup>20</sup> Mr J Rob Bray from the Centre for Aboriginal Economic Policy Research at the Australian National University told the committee the three key findings of the 2014 evaluation were:

- income management 'did not change behaviours and it did not improve outcomes...rather than creating independence the program created greater dependence upon the welfare system';
- there was significant diversity in outcomes, tending to work 'where an individual was very specifically identified as having a problem—then, not only were they income managed but that was part of a group of services being provided to the person—and also where the person was willing to change'; and
- the system could be circumvented and 'where people wanted to get around the system they found ways to do so'.<sup>21</sup>

2.19 However, the Parliamentary Secretary suggested that the proposed trial of cashless welfare arrangements 'is not income management' as it differs significantly from existing income management programs:

There will be no compulsion for anyone to spend their payments in a particular way, although of course people will be encouraged to establish a budget. There will be complete freedom, with the exception of two restricted products [alcohol and gambling].<sup>22</sup>

2.20 Mr Andrew Forrest, who proposed the introduction of a 'Healthy Welfare Card' as part of his review of Indigenous Jobs and Training (Forrest Review), also submitted that the trial should not be considered as income management:

It is disappointing that some social service and welfare groups have made submissions attacking this trial and calling the card a form of compulsory income management, when it is not. The technology recommended in the Creating Parity Review, means the recipient of the card may use their card to purchase everything a non-cardholder can purchase, except alcohol or gambling. There is also an amount of cash allowed that can be used at the person's discretion.<sup>23</sup>

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20 LSNSW, *Submission 28*, p. 2; See: J Rob Bray, Matthew Gray, Kelly Hand and Ilan Katz, *Evaluating New Income Management in the Northern Territory: Final Evaluation Report*, Social Policy Research Centre, University of NSW and Australian National University, September 2014, p. xxi.

21 *Committee Hansard*, 11 September 2015, p. 6.

22 The Hon Alan Tudge MP, 'Solution to grog on the cards', 19 August 2015, <https://alantudge.dpmc.gov.au/media/2015-08-19/solution-grog-cards> (accessed 3 September 2015).

23 *Submission 26*, p. 5.

2.21 Similarly, Professor Marcia Langton AM told the committee that the trial differs significantly from income management programs:

It is quite a different model. Income management works in a kind of reverse way. What is being proposed here will work substantially differently and it is important to trial this in order to see if this kind of approach will work better.<sup>24</sup>

2.22 The Department of Social Services (DSS) submitted that the trial would build on the experiences of existing income management programs to develop a more effective way to deliver welfare payments and reduce alcohol and gambling related harm:

Unlike the income management programme, which directs a percentage of welfare funds to priority goods and services, trial participants would be able to use the card to buy anything other than alcohol and gambling products. In addition, cash would not be able to be withdrawn from the card, limiting the amount that can be used to purchase illicit drugs. This model will test a more mainstream delivery of welfare restrictions.

The trial is intended to be different from income management. It will build on experiences of income management models across Australia, contributing to the Government's evidence base about what works in welfare payment delivery and identifying improvements.<sup>25</sup>

### **Support services**

2.23 A number of submitters and witnesses expressed concern that the Bill does not provide for appropriate support services, including financial management and drug and alcohol rehabilitation and counselling, to accompany the introduction of the trial.<sup>26</sup> The Commonwealth Ombudsman highlighted in its submission the importance of providing support services to accompany the trial:

Restricting the amount of money a person has available to spend on alcohol is only one of a number of interventions required to address underlying problems faced by individuals. Without investment in other support services, it is difficult to see how the measure will succeed in addressing the long term, underlying causes of the social problems it proposes to address.<sup>27</sup>

2.24 Similarly, the Australian Council of Social Service (ACOSS) submitted that:

...any trial of the card should only be introduced as part of a wider legislative package that explicitly recognises a range of interventions in the trial sites, including resourcing of complementary services, case

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24 *Committee Hansard*, 11 September 2015, p. 2.

25 *Submission 15*, p. 1.

26 See: NWRN, *Submission 17*, p. 11; Cape York Partnership, *Submission 25*, pp 11–12; ACOSS, *Submission 27*, pp 3–4; NAAJA, *Submission 29*, p. 4.

27 *Submission 21*, p. 11.

management to co-ordinate these services and development of employment pathways.<sup>28</sup>

2.25 The importance of support services in reducing alcohol related harm was also highlighted by the recent report by the House of Representatives Standing Committee on Indigenous Affairs on its inquiry into the harmful use of alcohol in Indigenous communities. The report made a series of recommendations to address alcohol abuse, including that:

Aboriginal and Torres Strait Islander people be provided with better access to a full suite of evidence-based alcohol treatment and support options, bearing in mind that reducing the social and economic drivers of harmful drinking will ultimately make treatment and rehabilitation less necessary.<sup>29</sup>

2.26 Community groups in the two proposed trial regions noted that their support for the trial was contingent on the provision of appropriate support services. In Ceduna, the FWCHG noted that its support for the trial depended on providing 'wrap around services' to 'ensure that people with substance misuse issues can get access to appropriate counselling and treatment services', including:

- substance abuse support and counselling;
- financial counselling;
- improved early childhood education; and
- improved economic development opportunities including training and employment programs.<sup>30</sup>

2.27 Mr Greg Franks, CEO of the Yalata Community in the Ceduna region, told the committee:

...whilst we are currently very strongly in favour of the introduction of this trial, if it was to proceed without the support measures that we think are absolutely necessary, then we—certainly from the Yalata's perspective—would become severe critics of this trial. So it is fundamental to proceedings that the support packages are put in place.<sup>31</sup>

2.28 In the East Kimberley region, Indigenous community groups also highlighted that their support for the trial is contingent on the provision of additional support services.<sup>32</sup> Empowered Communities, representing eight key Aboriginal organisations in the East Kimberley noted in its submission that their support for the trial is:

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28 *Submission 27*, p. 5.

29 House of Representatives Standing Committee on Indigenous Affairs, *Alcohol, hurting people and harming communities: inquiry into the harmful use of alcohol in Aboriginal and Torres Strait Islander communities*, June 2015, p. 78.

30 CAC, *Submission 12*, pp 3–4.

31 *Committee Hansard*, 11 September 2015, p. 36.

32 See: Wunan Foundation, *Submission 10*; Empowered Communities, *Submission 22*.

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...subject to the provision of sufficient wrap around services to support its implementation. The enhancement of existing services and the provision of new services is required to cater for the consequences of the trial, which we anticipate to include increased crime and other social issues.<sup>33</sup>

2.29 Mr Andrew Forrest told the committee that his original proposal for the Healthy Welfare Card included a range of comprehensive services. Mr Forrest noted his support for the trial was based on an expectation that additional support services, including police and counselling services, would be included:

I look at this as I would look at assisting anyone else who suffers at the hands of alcohol and drug use, and that is to make available to that community and to those people full access to the counselling which they need to transform their lives. If we were to introduce the card without that support, I would be withdrawing my support for the card. People will need personal assistance, and the community will need community assistance, through the transition from the suffering they currently have at the hands of alcohol and drugs to the clarity and the ability to make proper decisions once one comes out the other side.<sup>34</sup>

2.30 In his second reading speech on the Bill, the Parliamentary Secretary noted that there would be additional supports provided to accompany the introduction of the trial:

Those additional supports will particularly include financial management and financial counselling. They will include additional drug and alcohol counselling or assistance to help people get off that addiction and they will include some mental health assistance as well. Again, we are negotiating with the local community leaders as to what makes sense in those communities to complement the introduction of the card.<sup>35</sup>

2.31 In the MOU signed between the Commonwealth Government and community groups in Ceduna, the Commonwealth Government has agreed to:

...work with the South Australian Government and community signatories to look at the current services being provided with a view to delivering a tailored package of additional assistance. The package will aim to support individuals and Indigenous communities to tackle their dependence on drugs and alcohol and to improve individual and community capabilities and opportunities.<sup>36</sup>

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33 *Submission 22*, p. 1.

34 *Committee Hansard*, 11 September 2015, p. 38.

35 The Hon Alan Tudge MP, *House of Representatives Hansard*, 15 September 2015, p. 75.

36 MOU between the District Council of Ceduna and key representatives of Indigenous Communities across the Far West Region of South Australia and the Commonwealth of Australia, 4 August 2015, <https://assets.documentcloud.org/documents/2194215/ceduna-memorandum-of-understanding.pdf> (accessed 21 September 2015).

2.32 The Mayor of the District Council of Ceduna, Councillor Allan Suter, told the committee the DCC has been satisfied with the response from the Commonwealth government to requests for support services:

With what has been discussed to date—bearing in mind we have got another meeting next Friday and then a meeting every fortnight, and the trial does not start until February—I am initially very happy with the responses that we are getting to our requests for support services. I am also very happy with the way that various government agencies are now working together effectively, probably for the first time, to address the health issues et cetera that will arise from this change.<sup>37</sup>

2.33 Mr Michael Haynes told the committee the FWCHG was currently considering a proposal from the Commonwealth government on the types of services that would be provided:

There are proposed additional alcohol and drug support services—this is to undertake intensive AOD [Alcohol and Other Drugs] case management and outreach services. There is a new alcohol and drug brokerage fund, to support the provision of rapid assistance to people affected by drugs and alcohol and their families. And there is a safe transition to the new welfare card for people with substance abuse problems. We will also be looking at supporting Indigenous early childhood services, improved community safety, economic development, employment and training opportunities and financial counselling.<sup>38</sup>

2.34 Representatives from the Department of the Prime Minister and Cabinet (DPM&C) told the committee DPM&C is currently identifying gaps in current service provision in proposed trial sites to determine what services may need to be made available:

We are doing three things. First, we are having a look at what is there now and trying to identify any gaps. There are gaps anywhere, as we all know, but we are trying to identify the particular things that might be of concern. Second, we are trying to make sure we have the capacity to respond to any increase in need. This is why we are having a trial. It is not yet clear what need we will have to respond to. Third, during the course of the trial we want to watch very carefully so that if there is some unanticipated need that we have not considered, we can respond to it.<sup>39</sup>

### **Human rights concerns**

2.35 A number of submitters and witnesses expressed concern that the Bill is paternalistic in its approach and risks infringing on the human rights of people

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37 *Committee Hansard*, 11 September 2015, p. 14

38 *Committee Hansard*, 11 September 2015, p. 35.

39 Ms Caroline Edwards, First Assistant Secretary, Community Safety and Policy, Department of the Prime Minister and Cabinet (DPM&C), *Committee Hansard*, 11 September 2015, p. 64.

receiving welfare payments.<sup>40</sup> For example, the St Vincent de Paul Society submitted that:

...we believe that the form of compulsory income management imposed by this Bill is disproportionate, and poses a significant threat to the human rights of people who will be subject to it.<sup>41</sup>

2.36 The Australian Human Rights Commissions raised particular concerns about the lack of monitoring and review processes for trial participants:

The Commission highlights the importance of ensuring the participation of affected people in all aspects of the design, delivery and monitoring of the income management measures. This would enable individuals and communities to decide on the most appropriate measures to meet their particular needs and the Government to respond to the specific circumstances of individual people and communities.<sup>42</sup>

2.37 These concerns were highlighted by the Parliamentary Joint Committee on Human Rights (PJCHR), which noted that restricting how a person can access their social security benefits:

...interferes with the person's right to personal autonomy and therefore their right to a private life. In addition, being able to only access 20 per cent of welfare payments in cash could have serious restrictions on what a person is able to do in their private life.<sup>43</sup>

2.38 However, Professor Marcia Langton AM, highlighted that the restrictions on how welfare payments may be spent have been agreed to by the local communities in the proposed trial sites and aim to protect communities from the impact of alcohol and gambling related harm:

This is not a paternalistic measure; this is a protective measure that leaders have examined closely and want for their communities because children are unsafe, women are unsafe and, more and more, people are being dragged into the drinking culture and increasing the proportion of drinkers in the community.<sup>44</sup>

2.39 Similarly, Mr Andrew Forrest told the committee:

...this card is not remotely paternalistic. Anything which gives thinking adults caring for community—experienced adults—an ability to further help their community is not paternalistic. To deny those Australians that

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40 See: AASW, *Submission 13*, p. 4; NWRN, *Submission 17*, pp 13–14; Law Society of NSW, *Submission 28*, p. [5]; Aboriginal Health Council of WA, *Submission 31*, p. 2; Australian Human Rights Commission, *Submission 33*, pp 1–6; Mrs Susan Thiselton, *Committee Hansard*, 11 September 2015, p. 19.

41 *Submission 9*, p. 7.

42 *Submission 33*, p. 4.

43 Parliamentary Joint Committee on Human Rights (PJCHR), *Human Rights Scrutiny Report: Twenty seventh report of the 44th Parliament*, 8 September 2015, p. 22.

44 *Committee Hansard*, 11 September 2015, p. 1.

basic right without a trial, to deny them access to a better technology which has transformed our own lives in this inquiry...is very paternalistic.<sup>45</sup>

2.40 Mr Greg Franks, a member of the FWCHG representing the Yalata Community told the committee the trial aims to 'reshape' rather than 'restrict' the lives of trial participants:

The card is not a prohibition. People will still have 20 per cent of their income to gamble and socialise with. It is not about restricting people's lives; it is about providing an opportunity for people to reshape their lives and to find a healthy life; and it is about putting the support measures in to help them maintain that healthy life. Returning to community, finding cultural activities to do and helping families rebuild—they are the sorts of things that will make this card work.<sup>46</sup>

2.41 In response to suggestions that the trial would 'breach the rights of welfare recipients to spend welfare payments as they choose', Mr Ian Goodenough MP noted during the second reading debate on the Bill that:

...the community has a justified expectation that governments will take responsible measures to minimise social harm, violence and child neglect. Overall, there has been little public opposition to the trial. The debit cards are less proscriptive than the current BasicsCard, as they do not set expenditure limits on prescribed categories and they are more universally accepted by retailers and service providers as part of the wider Visa, MasterCard and EFTPOS banking platforms.<sup>47</sup>

### ***Disproportionate impact on Indigenous communities***

2.42 A number of submissions raised concerns that the trial would disproportionately impact on Indigenous communities, noting that the populations of the proposed trial sites comprise a high proportion of Indigenous people.<sup>48</sup> The PJCHR's report also noted the measure may have a disproportionate impact on Indigenous people and may constitute indirect discrimination, given that the two proposed trial sites have large Indigenous populations.<sup>49</sup>

2.43 Data provided by DSS indicates that a large proportion of Indigenous people would be affected in both trial sites. In Ceduna, DSS estimated that 72 per cent of people receiving trigger payments identify as Indigenous.<sup>50</sup> In the East Kimberley

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45 *Committee Hansard*, 11 September 2015, p. 38.

46 *Committee Hansard*, 11 September 2015, p. 33.

47 *House of Representatives Hansard*, 15 September 2015, p. 24.

48 See: NWRN, *Submission 17*, pp 13 – 14; LSNSW, *Submission 28*, pp [4–5].

49 PJCHR, *Human Rights Scrutiny Report: Twenty seventh report of the 44th Parliament*, 8 September 2015, pp 26–27.

50 Department of Social Services, response to questions on notice, 11 September 2015 (received 25 September 2015).

region, approximately 91 per cent of people receiving trigger payments identify as Indigenous.<sup>51</sup>

2.44 Professor Marcia Langton AM told the committee that the trial outlined in the Bill does not discriminate on the basis of race:

The proposition is not race based. Both of these towns are open towns that have multicultural populations, including Australian settler folk, various kinds of Australians from elsewhere in the world, and very large Aboriginal populations—and much larger Aboriginal populations in the Hinterland of these towns. I was at an event on Saturday in Kununurra, where everybody in the community, whatever their cultural background, were unanimous in their support for this trial.<sup>52</sup>

2.45 The Parliamentary Secretary emphasised that the trial sites will include both Indigenous and non-Indigenous participants and have been selected:

...on the basis of high levels of welfare dependence, where gambling, alcohol and illegal drug abuse are causing unacceptable levels of harm and there is an openness to participate from within the community.<sup>53</sup>

## **Determination of trial participants**

### ***Proportion of restricted payments***

2.46 Some submitters and witnesses expressed concern that the proportion of welfare payments available in cash under the proposed trial was too low, particularly for those on the lowest support payments.<sup>54</sup> Submitters highlighted that access to cash was particularly important for people on lower incomes. Adjunct Professor Eva Cox told the committee:

The inability to have access to cash, having to find a place that takes the cards, to not be able to go to, say, markets, to not be able to trek around and buy things at garage sales and various other things—if you are poor, it actually removes your capacity to be in control of your money. Having it on that card, even if it is not a green card that you can be identified with at the cash register—which was embarrassing—is not going to be useful.<sup>55</sup>

2.47 In particular, Carers Australia expressed concern that the trial would have a disproportionate impact on formal and informal carers receiving either a carer payment or other welfare payment:

...a restricted cash amount of 20 per cent is simply too low, and has the potential to cause significant hardship to Trial participants. Carers Australia

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51 Mr Mathew Johnston, Executive Manager, Welfare Debit Card Taskforce, DSS, *Committee Hansard*, 11 September 2015, p. 58.

52 *Committee Hansard*, 11 September 2015, p. 2.

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

54 NWRN, *Submission 17*, p. 5.

55 *Committee Hansard*, 11 September 2015, p. 27.

notes that many unpaid carers with substantial caring responsibilities are not eligible for Carer Payment and are in receipt of a range of other social security payments including Newstart Allowance and the Disability Support Pension (DSP).<sup>56</sup>

2.48 However, in its submission, the CAC highlighted that the trial 'will not change the amount a person receives [in] their payment only the way in which a person receives the payment'. Table 2.1 outlines the proportion of payments that would be available in cash to selected welfare recipients, as estimated by CAC.

**Table 2.1 – Proportion of restricted payments**

Type of payment	Total	Restricted (80%)	Cash (20%)
Newstart Allowance per fortnight for a Single person in private rental	\$657	\$526	\$131
Parenting Payment Allowance per fortnight for a Single person with 4 Children in private rental	\$2 131	\$1 705	\$426

Source: Ceduna Aboriginal Corporation, *Submission 12*, pp [2–3].

2.49 The Parliamentary Secretary noted that the proportion of available cash was developed and agreed to by community leaders in Ceduna. While the Forrest Review recommended that 100 per cent of payment be placed on a restricted card, community leaders in Ceduna noted this was not practical:

We're not yet in a cashless economy. There's still some things you do need cash for. It might be the kids [sic] tuck shop, it might be the local bus, things like that. In addition, this was what was agreed with the community leaders. We discussed this at length and the community leaders settled on this figure that 80 per cent should be placed on the card and 20 per cent into people's cash accounts.<sup>57</sup>

### **Trigger payments**

2.50 A number of submissions raised concerns that determining trial participants by trigger payments rather than individual circumstances may risk having a detrimental impact on the wellbeing of welfare recipients.<sup>58</sup> The Australian Association of Social Workers (AASW) submitted that:

Within the trial sites there will be a large number of welfare recipients who manage their scarce resources well and who do not have a problem with

56 Carers Australia, *Submission 18*, p. 1.

57 The Hon Alan Tudge MP, Parliamentary Secretary to the Prime Minister, Doorstop, Ceduna, 5 August 2015, <https://alantudge.dpmc.gov.au/media/2015-08-05/doorstop-ceduna-sa> (accessed 6 October 2015).

58 See: Commonwealth Ombudsman, *Submission 21*, p. 5; NWRN, *Submission 17*, pp 8–10; ACOSS, *Submission 27*, p. 2.

alcohol, illegal drugs or gambling. Their normal patterns of financial management will be disrupted yet they will gain nothing from the trial.<sup>59</sup>

2.51 The committee heard from a number of people living in the proposed trial site region of Ceduna who expressed concern that they may be affected by the trial.<sup>60</sup> One Ceduna resident noted in their submission that as they receive one of the trigger payments listed in the EM, they may be subject to the trial, even though they have no history of alcohol or gambling abuse, expressing concern that:

...as a person who suffers chronic illnesses the proposed changes and implementation of income management will take away one of the few areas of dignity and worth I feel that is open to me that being the ability to manage our financial affairs and act in an independent manner.<sup>61</sup>

2.52 Mr David Pav, a Ceduna resident, told the committee he was concerned about the lack of a targeted approach to assist those members of the community with significant alcohol abuse problems:

...we are probably concerned more about the shotgun or blunderbuss approach to dealing with the problem rather than a surgical attack on the problem. There are 40 to 100 people who are considered as hard-core drinkers and problematic. The mayor has been on record countless times saying that. Why are we attacking the problem with a shotgun rather than targeting those people who are at risk and are the problem?<sup>62</sup>

2.53 In the Ceduna region, DSS estimated that of the 4 227 people in the region, 807 are receiving trigger payments. The largest proportion receive the Newstart allowance (347) followed by disability support pension (196) and single parenting payment (95).<sup>63</sup> In the East Kimberley region, DSS estimated that of the approximately 11 300 people in the total population, around 2 700 would be receiving trigger payments.<sup>64</sup>

### ***Mandatory participation and lack of exemptions***

2.54 A number of submitters and witnesses expressed concern about the mandatory nature of the trial, noting that existing income management strategies were shown to be most effective when participation was voluntary.<sup>65</sup> Financial Counselling Australia

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59 AASW, *Submission 13*, p. 4.

60 See: Mr Peter Pav, *Submission 2*; Name withheld, *Submission 3*; Name withheld, *Submission 4*; Mrs Suzanne Haseldine and Mrs Susan Thiselton, *Submission 7*; Mr Grant Thiselton, *Submission 7*; Mrs Rosemary Manchin, *Submission 30*.

61 *Submission 3*, p. 6.

62 *Committee Hansard*, 11 September 2015, p. 23.

63 DSS, response to questions on notice, 11 September 2015 (received 25 September 2015).

64 Mr Mathew Johnston, Executive Manager, Welfare Debit Card Taskforce, DSS, *Committee Hansard*, 11 September 2015, p. 58.

65 See: Law Society of NSW, *Submission 28*, p. [5]; NWRN, *Submission 17*, p. 17.

and the Consumer Action Law Centre expressed concern about the 'the imposition of mandatory income management' in improving financial capability, noting that:

Financial counsellors work from a model of empowerment and in a non-judgmental way – the best way to effect positive and sustainable change is for people to make and give effect to their own choices.<sup>66</sup>

2.55 Further, a number of submitters expressed concern about the lack of exemption categories, and the lack of incentives to transition from the trial and welfare dependence.<sup>67</sup> Mr Ian Trust from the Wunan Foundation told the committee:

...we need to know exactly how we are going to assist people in trying to get off that card, besides full-time employment. You have single mothers with a couple of kids who cannot have full-time employment... You have got many young people sitting in the East Kimberley Job Pathways for four hours a day. If they are going to be affected too and get only 20 per cent of their dollars... why should they go and work four hours a day if their money is going to be restricted anyway?<sup>68</sup>

2.56 The Cape York Partnership (CYP) suggested that the Bill does not go far enough to reform how welfare payments are delivered. CYP noted that the model of income management in Cape York had been successful in building financial capability, but is supported by a range of measures and incentives to assist people transition from welfare dependence:

Motivating communities, families and individuals to change must be central to the task of overcoming welfare dependence. Reforms to the welfare system must link people to increased opportunity. In this way we can far more effectively mobilise people to change their lives, and those of generations to follow, for the better.<sup>69</sup>

2.57 Similarly, the Commonwealth Ombudsman recommended consideration of the recommendation by the Australian National Audit Office (ANAO) in its 2013 review of new income management in the Northern Territory to develop:

...strategies to assist customers to exit income management where appropriate. This office supports the ANAO's position and suggests that, given the proposed debit card scheme has a similar objective of encouraging socially responsible behaviour, this recommendation should be considered in the context of the Bill.<sup>70</sup>

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66 *Submission 14*, p. 2

67 See: NWRN, *Submission 17*, pp 8–9; Cape York Partnership, *Submission 25*, pp 11–12.

68 *Committee Hansard*, 11 September 2015, p. 48.

69 Cape York Partnership (CYP), *Submission 25*, p. 12. For further examination of the differences between the Cape York Welfare Reform Trial and the proposed Debit Card Trial, see: Professor Ilan Katz and Mr J Rob Bray, response to question on notice, 11 September 2015), received 6 October 2015.

70 *Submission 21*, p. 12.

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2.58 Further, the Commonwealth Ombudsman recommended the introduction of safety net provisions:

...to ensure that vulnerable people impacted by the scheme are able to be exited from the measure, where appropriate, to ensure they are not further disadvantaged.<sup>71</sup>

2.59 According to the EM, trial participants will be determined by legislative instrument. The legislative instrument may use multiple factors to determine whether trigger payments will apply. For example, the legislative instrument may determine that a trigger payment will only apply in respect of a particular class of person living within the trial area.<sup>72</sup> Representatives from DSS clarified that the 'class of person' defined by the legislative instrument 'could incorporate both people on a particular payment and potentially other features such as being under a certain age'.<sup>73</sup>

### ***Impact on non-trial participants***

2.60 Submitters expressed concern about the possible impact of the trial on community members who do not participate in the trial. The Shire of Halls Creek expressed particular concern that elderly people on the age pension will be particularly vulnerable to 'humbugging' (pressured to provide money to relatives), or theft as they will continue to receive their payments in cash.<sup>74</sup>

2.61 Professor Marcia Langton AM explained the concept of 'humbugging' or 'demand sharing' in Indigenous communities to the committee:

...demand sharing is requests from relations, even distant kin folk. These societies have become perverted by generations of poverty and welfare dependence to the extent that it is now impossible for a social security dependent nuclear Aboriginal family—they are never really nuclear, but let us say a typical household in a typical house in a town—to be able to afford to feed their family in the second week after the payment. The reason is the pressure they are under to give money to people. They can even have their money taken from them by force...The humbugging is the critical problem and most of the humbugging is done by men—of all ages. They take the money for alcohol, drugs, gambling or pornography, or they just take it because they can.<sup>75</sup>

2.62 As noted in the EM, under proposed section 124PH, people on the age pension or other welfare payments are able to volunteer for the trial to protect themselves from potential 'humbugging' and may withdraw at any time:

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71 *Submission 21*, p. 12.

72 EM, p. 4.

73 Dr Roslyn Baxter, Group Manager, Families Group, DSS, *Committee Hansard*, 11 September 2015, p. 67.

74 *Submission 32*, p. 3.

75 *Committee Hansard*, 11 September 2015, p. 2.

An age pension recipient may choose to volunteer for cashless welfare arrangements if they are experiencing financial harassment and wish to safeguard the use of and access to their income support through a restricted account.<sup>76</sup>

### **Consultations with potential trial sites**

2.63 A number of submitters highlighted the importance of engaging local communities through consultation prior to the introduction of the trial.<sup>77</sup> In the Ceduna region, the committee heard that the community groups consulted were largely supportive of the trial. Mayor Allan Suter told the committee that the DCC had publicised widely and received strong support from both the Indigenous and non-Indigenous communities:

...we let it be known publicly that we were investigating the possibility of a trial of the cashless debit card. There has been quite a bit of publicity in the local press and on ABC Radio. We have, through the nine elected members of council, consulted extremely widely, and I am very confident when I say that in excess of 95 per cent of the residents of the Ceduna district are supportive of this trial.<sup>78</sup>

2.64 Similarly, Mr Ron Redford from the Ceduna Business and Tourism Association noted that the community response had been largely positive:

...by and large the Ceduna Business and Tourism Association is wholly and solely behind the initiative. In fact, I have not heard one word against the proposal from anybody within our committee. The feedback, as I understand it, from the members who have been contacted has been very positive.<sup>79</sup>

2.65 In his second reading speech, the Parliamentary Secretary noted that the Indigenous representatives from the FWCHG strongly supported the trial, advising that:

We want to build a future for our younger generation to aspire to and believe we cannot do this if our families are caught up in the destructive cycle of alcohol or drugs that destroys our culture, our lands and our communities.

At the heart of this reform is a change that is being shaped specifically to meet our local needs. It has been a true collaboration to ensure that we can give our mob and our Communities every chance to create real and genuine change in their lives.

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76 EM, p. 5.

77 See: NWRN, *Submission 17*, p. 3; ACOSS, *Submission 27*, p. 3; NAAJA, *Submission 29*, pp 4-5.

78 *Committee Hansard*, 11 September 2015, p. 12.

79 *Committee Hansard*, 11 September 2015, p. 18.

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We have grasped this initiative; we have helped shape this initiative; and we are confident that this initiative is for the betterment of all people within our region.<sup>80</sup>

2.66 In their submission, the CAC noted that local Indigenous communities were supportive of the trial and actively engaged in determining how it would operate:

Overall, Leaders across all communities in the far west region have been given the opportunity to work with Local, State and the Federal to help shape what we believe are adequate measures to ensure our peoples entitlements are not misused in manners that are detrimental to themselves and families.<sup>81</sup>

2.67 Mr Corey McLennan, a member of the FWCHG representing the Koonibba Community Aboriginal Corporation, told the committee that local Indigenous communities had taken a leadership role in the debit trial consultations:

We have taken the stance to lead the government in this particular initiative. The government has not come to us and said that this is the ideal way for us to be moving forward. They came to us with some options. We, as a community collective leadership group, who meet once a week about all issues surrounding our people, thought this was an opportunity that we helped build the parameters around so that it can be of benefit for our community.<sup>82</sup>

2.68 Mr Andrew Forrest noted in his submission that participation in the trial was supported and led by local Indigenous communities:

It is these communities and their respective elders and local councils who want the trials. The trials are to test whether the debit cards will work for the majority of those who battle with their addictions. We acknowledge that it is not going to work for every recipient, but it is a start on a long road of providing communities with the power and the resources to help themselves.<sup>83</sup>

2.69 However, some submitters and witnesses from the Ceduna region expressed concern that they were not consulted on the introduction of the trial. For example, Mr Peter Pav told the committee:

The first time we heard of the trial of this card that is supposed to be trialled here was when it was announced that it had been signed off on.<sup>84</sup>

2.70 These witnesses expressed concern that the organisations consulted did not represent the whole community. Mrs Suzanne Heseldine told the committee:

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80 The Hon Alan Tudge MP, *House of Representatives Hansard*, 19 August 2015, p. 2.

81 *Submission 12*, p. [4].

82 *Committee Hansard*, 11 September 2015, p. 32.

83 *Submission 26*, p. 4.

84 *Committee Hansard*, 11 September 2015, p. 20.

You are speaking to the few people out of an organisation, you are not speaking to the people, the community. You are just talking to a few people that it would never affect anyway unless they got awfully sick and had to go on a Centrelink payment.<sup>85</sup>

2.71 In the East Kimberley region, the Shire of Halls Creek submitted that it did not support the introduction of the trial in Halls Creek. The Shire noted that DPM&C did not engage in consultations until after the Bill was already introduced, indicating that 'the views of the Shire of Halls Creek were not considered'.<sup>86</sup>

2.72 In the 2015 Budget, the government announced \$2.7 million for consultation and testing the feasibility of the debit card trial.<sup>87</sup> At the 2015 Budget estimates, DSS advised that community consultations in proposed trial sites included:

Aboriginal leaders, family violence service providers, family support services, education providers, health providers, rehabilitation service providers, police, local government, State Government agencies, and Commonwealth Department of Human Services local staff.<sup>88</sup>

2.73 The committee heard that DPM&C had led consultations with DSS and a range of community groups in the Ceduna and East Kimberley region. DPM&C provided the committee with an extensive list of organisations consulted in both the Ceduna and East Kimberley regions that included Indigenous and non-Indigenous groups.<sup>89</sup>

### **Role of community bodies**

2.74 A number of submitters expressed concern about the lack of detail in the Bill about how community bodies may be appointed, how they will be funded and what appeals processes would be available to individuals seeking to alter the restricted proportion of their welfare payments.<sup>90</sup> The National Welfare Rights Network expressed particular concern that the Bill does not provide Centrelink discretion to vary the proportion of welfare payments, and that a person in dispute with a community body would have no effective appeal mechanism.<sup>91</sup>

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85 *Committee Hansard*, 11 September 2015, p. 22.

86 *Submission 32*, p. 7.

87 Budget 2015–16, *Budget Paper No. 2: Budget Measures*, Part 2: Expense Measures, Social Services, [http://budget.gov.au/2015-16/content/bp2/html/bp2\\_expense-20.htm](http://budget.gov.au/2015-16/content/bp2/html/bp2_expense-20.htm) (accessed 3 September 2015).

88 DSS, answer to question on notice SQ15-000691, 4 June 2015 (received 13 July 2015), [http://www.aph.gov.au/Parliamentary\\_Business/Senate\\_Estimates/claccte/estimates/bud1516/Social%20Services/index](http://www.aph.gov.au/Parliamentary_Business/Senate_Estimates/claccte/estimates/bud1516/Social%20Services/index) (accessed 3 September 2015).

89 DPM&C, Consultations in Ceduna and the East Kimberley, tabled 11 September 2015, [http://www.aph.gov.au/Parliamentary\\_Business/Committees/Senate/Community\\_Affairs/Debit\\_Card\\_Trial/Additional\\_Documents](http://www.aph.gov.au/Parliamentary_Business/Committees/Senate/Community_Affairs/Debit_Card_Trial/Additional_Documents) (accessed 30 September 2015).

90 See: Name withheld, *Submission 4*, p. 3; NWRN, *Submission 17*, p. 7; ACOSS, *Submission 27*, p. 4; NAAJA, *Submission 29*, pp 14–15;

91 NWRN, *Submission 17*, p. 7.

2.75 Representatives from DPM&C told the committee that the role and function of community bodies would be developed in consultation with the communities involved:

That is a matter we will want to work through with the community. We are expecting the community would nominate that and work up the proposal. It is something that we are providing as an option in a location that would be a trial. It is one that both the Ceduna community and those we have been talking to in Kununurra are interested in. It is really at a reasonably early level of development, because we want it to be led. It could be a range of different arrangements.<sup>92</sup>

### *Privacy issues*

2.76 Submitters, including the Office of the Australian Information Commissioner (OAIC), expressed concern about proposed sections 124PN and 124PO of the Bill that allow the disclosure of information about a person involved in the trial between DHS, financial institutions and community bodies.<sup>93</sup> These proposed sections would invoke the exception in Australian Privacy Principle 6.2(b) contained in the *Privacy Act 1998* which permits the use and disclosure of personal information where it is authorised or required by law. The OAIC noted that in considering personal information handling issues:

...it is important to note the potential for an individual to be embarrassed or discriminated against as a result of the mishandling of this information, particularly in small regional or remote communities. The challenge is to ensure that the scheme contains appropriate privacy safeguards regarding the handling of individuals' personal information, while meeting the overall public policy objective.<sup>94</sup>

2.77 The PJCHR also raised concerns about provisions which allow the disclosure of information about a person involved in the trial, noting the disclosure of information 'engages and limits the right to privacy'. The PJCHR sought advice from the Minister on whether the limitation is reasonable and proportionate.<sup>95</sup>

2.78 The OAIC encouraged the use of a Privacy Impact Assessment now and at the conclusion of the trial in 2018 to assess:

...the potential privacy impacts of the trial and ensure that the personal information handling activities are accompanied by an appropriate level of privacy safeguards and accountability.<sup>96</sup>

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92 Ms Caroline Edwards, First Assistant Secretary, Community Safety and Policy, Department of the Prime Minister and Cabinet, *Committee Hansard*, 11 September 2015, p. 66.

93 See: NWRN, *Supplementary Submission 17*, pp 1–2.

94 *Submission 20*, p. 1.

95 PJCHR, *Human rights scrutiny report, twenty-seventh report of the 44<sup>th</sup> Parliament*, 8 September 2015, pp 28–29.

96 *Submission 20*, p. 2.

2.79 In response to the OAIC's concerns, DSS provided the committee with a copy of the Privacy Impact Assessment prepared for the trial, outlining the proposed safeguards to manage the handling of personal information. DSS explained that:

There is a clear, rational connection between sections 124PN and PO and the objectives they are trying to achieve. In the absence of these sections, information could not be shared between Government and the financial institution(s)/community body, and the trial could not be implemented. Sections 124PN and PO do not provide a blanket exemption from privacy laws for Government/the financial institution(s)/the community body – they simply allow the sharing of information that would otherwise be prohibited. This means there are still safeguards in place to protect individual privacy.<sup>97</sup>

### **Operation of debit card**

2.80 A number of submissions expressed concern about the lack of detail in the Bill about the practical operation of the debit card, including accessibility in trial locations, replacement of lost cards and how alcohol and gambling products would be prohibited.<sup>98</sup>

2.81 In addition, submitters raised concerns about whether fees would be applied by financial institutions for the use of the restricted bank account. For example, Financial Counselling Australia and the Consumer Action Law Centre expressed concern that the trial could interfere with consumer sovereignty recommended that account fees and charges on restricted back accounts be prohibited.<sup>99</sup>

2.82 Representatives from DSS clarified that the proposed debit card:

...would look and operate like a normal banking card and would work at all shops except those that are selling the restricted products of either alcohol products or gambling services. It will also not be able to be used to withdraw cash. A commercial financial institution would be responsible for providing both the accounts and the debit cards, and trial participants would become customers of that financial institution...That financial institution would be responsible for providing all services, general account inquiries, forgotten PINS, replacement cards and handling complaints. There would be a number of services available to support people who would be using the restricted debit card, including online services, access to mobile apps and SMS, if people need to receive extra account balances that way. To all intents and purposes the idea is that it would operate like a normal banking product.<sup>100</sup>

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97 DSS, response to question on notice, 25 September 2015 (received 6 October 2015).

98 See: NWRN, *Submission 17*, pp 9–11; ACOSS, *Submission 27*, pp 3–4; NAAJA, *Submission 29*, pp 7–13.

99 *Submission 14*, p. 3.

100 Dr Roslyn Baxter, Group Manager, Families Group, DSS, *Committee Hansard*, 11 September 2015, p. 53.

2.83 Mr Forrest told the committee he had received advice that the technology was available to facilitate the implementation of a cashless debit card:

I did go straight to the chief executives of the four major banks before including the card as a cornerstone of the *Creating Parity* review and was assured by them that the technology was available. They knew that there would be some work involved on their side, which fortunately we have now gone through, and now we have a situation where the technology can be applied...It will be a mainstream bank-issued debit and credit card, which is, of course, entirely different to the clunky, non-financial-services-orientated BasicsCard.<sup>101</sup>

2.84 In its submission to the Forrest Review, the Australian Bankers' Association (ABA) warned that there would be a number of technical and practical challenges to implementing a cashless debit card and would require substantive changes at all levels of the electronic payment system.<sup>102</sup> In its submission to the inquiry, the ABA noted that it was:

...pleased the Federal Government has taken on board our concerns regarding the technical and practical feasibility of the Healthy Welfare Card as originally contemplated and has decided to conduct a 12 month pilot in a different and less complicated form.<sup>103</sup>

2.85 The Parliamentary Secretary noted in his second reading speech, that the government was 'still working through that [operation of the card] with the financial services provider that we are contracting with to deliver the card'.<sup>104</sup> Representatives from DSS noted they are 'still in negotiations and conversations with financial institutions as to the exact arrangements' of how the restricted bank account would function.<sup>105</sup>

### **Evaluation of trial**

2.86 A number of submissions highlighted the importance of conducting a thorough evaluation of the trial to determine its effectiveness in reducing alcohol and gambling related harm.<sup>106</sup> The AASW expressed concern that a 12 month trial would not be long enough to assess the impact of the debit card trial on the proposed communities.<sup>107</sup>

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101 *Committee Hansard*, 11 September 2015, p. 39.

102 Australian Bankers' Association, 'Submission to *Creating Parity – the Forrest Review*', 19 September 2014, p. 3, [http://indigenousjobsandtrainingreview.dpvc.gov.au/sites/default/files/get-involved/public-submissions/australian\\_bankers\\_association.pdf](http://indigenousjobsandtrainingreview.dpvc.gov.au/sites/default/files/get-involved/public-submissions/australian_bankers_association.pdf) (accessed 2 September 2015).

103 *Submission 23*, p. 1.

104 The Hon Alan Tudge MP, *House of Representatives Hansard*, 15 September 2015, p. 75.

105 Dr Roslyn Baxter, Group Manager, Families Group, DSS, *Committee Hansard*, 11 September 2015, p. 54.

106 See: ACOSS, *Submission 27*, p. 4; NAAJA, *Submission 29*, p. 3.

107 *Submission 13*, pp 3–4.

- 2.87 In his second reading speech, the Parliamentary Secretary noted that:
- ...there will be a detailed evaluation process which will be undertaken. It will be an independent evaluation, and by and large we will be tracking the main harm indicators in the community as well as taking some qualitative assessments.<sup>108</sup>
- 2.88 The Parliamentary Secretary further noted that in each trial location:
- ...the trial will last just 12 months unless of course there is a demonstrable improvement and there is a desire for the trial to continue beyond that. The firm intent is that this is a 12-month trial in each particular location.<sup>109</sup>
- 2.89 In its submission, DSS emphasised that it will undertake a thorough evaluation of the trial:
- The trial is limited in scope – a trial in the true sense – and will include an independent comprehensive evaluation considering the impact of limiting the amount of welfare funds on community level harm. The evaluation will include qualitative and quantitative data analysis providing clear findings for Government and the communities.<sup>110</sup>
- 2.90 Representatives from DSS clarified that the proposed 'independent and comprehensive' evaluation would include:

...both quantitative and qualitative information to look at the measurable social change in the trial communities. We are looking at exploring data sets that include both commonwealth, and state and territory government collections. We anticipate that they will have a level of detail that has not been available in previous evaluations. It is likely to include, but not be limited to, hospitalisations, incidence of domestic violence, crime, changes in demand for drug and alcohol services, alcohol sales, gambling rates and any indicators that we are able to obtain in relation to drug use as well.

In the planning stages that we are up to at the moment we are anticipating that the evaluation will also canvass the opinions of trial participants, service providers in the community and individuals in the community so that we can really develop our understanding of the broader impact of the trial on community functioning. We are also looking at a specialist analysis that will explore the card's electronic function—how its functionality has worked and how viable that has been. There will be a stream of it that looks at that commercialisation piece and how effective that has been. Again recognising the stage of the evaluation that we are at, the objectives are whether the introduction of a cashless card in that community has corresponded with this change in community harm.<sup>111</sup>

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108 The Hon Alan Tudge MP, *House of Representatives Hansard*, 15 September 2015, p. 75.

109 *House of Representatives Hansard*, 15 September 2015, p. 75.

110 *Submission 15*, p. 2.

111 Dr Roslyn Baxter, Group Manager, Families Group, DSS, *Committee Hansard*, 11 September 2015, pp 58–59.

## Cost of trial

2.91 A number of submissions raised concerns about the cost of the trial noting the high costs of existing income management programs.<sup>112</sup> According to the Parliamentary Library, between 2005–06 and 2014–15 income management has cost the Commonwealth Government around \$1 billion.<sup>113</sup> In the 2015–16 Budget, the government announced funding of \$146.7 million over two years for the continuation of income management in existing sites until 30 June 2017.<sup>114</sup>

2.92 The Parliamentary Secretary has said that the operating costs of the proposed debit card 'will be significantly lower than the operating costs of the BasicsCard'.<sup>115</sup> The Forrest Review suggested that the use of existing terminals would be more cost effective to manage than the BasicsCard as it would not require any specialised infrastructure.<sup>116</sup>

2.93 DSS noted at the committee's public hearing that it was unable to discuss the final costs of the trial as negotiations with financial institutions were still in process.<sup>117</sup> DSS confirmed advice provided at the 2015 Budget estimates, that funding for the trial 'might be found in the contingency reserve', but that appropriation details have not yet been decided.<sup>118</sup>

## Committee view

2.94 The committee acknowledges that the Bill offers an opportunity to trial measures to reduce alcohol and gambling related harm and improve outcomes in welfare dependent communities. The committee recognises that DPM&C and DSS have consulted widely with Indigenous and non-Indigenous community groups to ensure that the trial has significant community support. While the committee acknowledges that there may be some opposition to the trial, it is satisfied that the ongoing consultation process will ensure these concerns will be addressed as the trial is implemented.

2.95 The committee also acknowledges that the trial outlined in the Bill is not a panacea to resolve social dysfunction caused by alcohol and gambling related harm

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112 See: NWRN, *Submission 17*, p. 15; Dr Shelley Bielefeld, *Submission 19*, p. 15.

113 Don Arthur, 'Income management', *Parliamentary Library Budget review 2015-16*, [http://www.aph.gov.au/About\\_Parliament/Parliamentary\\_Departments/Parliamentary\\_Library/pubs/rp/BudgetReview201516/Income](http://www.aph.gov.au/About_Parliament/Parliamentary_Departments/Parliamentary_Library/pubs/rp/BudgetReview201516/Income) (accessed 2 September 2015).

114 DSS, answer to question on notice SQ15-000805, 4 June 2015 (received 15 July 2015), [http://www.aph.gov.au/Parliamentary\\_Business/Senate\\_Estimates/claccte/estimates/bud1516/Social%20Services/index](http://www.aph.gov.au/Parliamentary_Business/Senate_Estimates/claccte/estimates/bud1516/Social%20Services/index) (accessed 3 September 2015).

115 The Hon Alan Tudge MP, Doorstop, Canberra, 19 August 2015, <https://alantudge.dpmc.gov.au/media/2015-08-19/doors-canberra> (accessed 3 September 2015).

116 *Creating Parity – the Forrest Review*, 2014, p. 106.

117 Dr Roslyn Baxter, Group Manager, Families Group, Department of Social Services, *Committee Hansard*, 11 September 2015, p. 54.

118 Mr Finn Pratt, Secretary, DSS, *Estimates Hansard*, 4 June 2015, p. 72.

and must be accompanied by a range of support services, including financial counselling and drug and alcohol rehabilitation. The committee is satisfied that the consultation process DSS and DPM&C are undertaking with proposed trial communities to develop a support tailored support package will ensure services are provided to meet their specific needs.

2.96 The committee further acknowledges concerns, such as those raised by the PJCHR, that the Bill risks infringing on the human rights of trial participants. However, the committee is satisfied that the trial is strongly supported by community leaders in the proposed trial communities in Ceduna and the East Kimberley. The committee considers that the expected benefits of the trial to reduce the social harm caused by alcohol and gambling, particularly for children, justify the measures outlined in the Bill.

2.97 The committee recognises that practical details about how the trial will operate are not included in the Bill, such as the determination of trial participants, role of community bodies, practical operation of the debit card and evaluation process, and will be outlined in a proposed legislative instrument. The committee is satisfied that consultation processes to be undertaken by DSS and DPM&C will ensure the proposed communities have the opportunity to contribute to the development of these measures as the trial is implemented. The committee is also satisfied that the proposed legislative instrument will be subject to parliamentary scrutiny.

2.98 The committee recognises particular concerns about the need for safety net provisions raised by the Commonwealth Ombudsman to ensure disadvantaged welfare recipients are not further disadvantaged by the introduction of the trial. The committee considers that these issues should be addressed prior to the implementation of the trial in February 2016.

2.99 The committee recognises concerns about the potential cost of the trial. The committee is satisfied that by using existing infrastructure, the implementation of the trial will be significantly more cost effective than the Basics Card and other income management programs.

**Recommendation 1**

**2.100** The committee recommends that the Minister for Social Services include safety net provisions in the proposed legislative instrument to ensure that vulnerable people impacted by the trial are able to be exited from the trial, where appropriate, to ensure they are not further disadvantaged.

**Recommendation 2**

**2.101** The committee recommends that the Bill be passed.

**Senator Zed Seselja**

**Chair**

