

# QCOSS Position Statement

## Cashless Debit Card (CDC) Trial

### Our position

- QCOSS does not support the expansion of mandatory income management through a Cashless Debit Card.
- QCOSS believes addressing complex health and social issues, such as alcohol, drug and gambling problems, through the welfare system is fundamentally flawed.
- The government should be increasing inadequate income support payments, such as Newstart. This is more helpful in supporting vulnerable people than punitive measures such as the Cashless Debit Card trial.
- Participation in any Cashless Debit Card trial should only be on a voluntary basis and supported by a suite of relevant support services.
- QCOSS cautions that the Cashless Debit Card may further stigmatise welfare recipients in areas where there are limited economic options and has the potential to divide communities.

### Recommended actions

QCOSS calls on the Australian Government to:

- Explore alternative options, to be developed, tested and evaluated to identify the most effective response to these social issues. This includes seeking expert clinical advice regarding the scientific understanding of substance use and addictive disorders, in the context of wider community socio-economic problems.
- Based on this, work with all levels of government and the community to develop an evidence based strategy for addressing alcohol, drug and gambling problems in target communities.
- Adopt a place-based, citizen-led, strengths-based approach to address the effects of alcohol, drug and gambling problems, that ensures people impacted are involved in decision-making.
- Make any participation in income management voluntary, and supported by a suite of relevant, adequately funded, holistic services such as legal services and counselling for alcohol, drug and gambling problems.
- In all locations, ensure that the strategy incorporates an economic development focus to ensure participants have a pathway to employment.

### Rationale

- The Cashless Debit Card Trial is intended to target the reduction of consumption of alcohol, drugs and gambling and the associated adverse effects on the community.
- The Trial is a blanket, deficit-based approach imposed on communities without understanding local context, cause and effect of issues, and community assets which would be better suited to addressing issues.
- As confirmed by the Auditor-General's report, the Trial evaluation does not present conclusive evidence that the Cashless Debit Card addresses consumption of alcohol, drugs and gambling (ANAO, 2018).
- There is a lack of evidence of a causal link between people receiving income support and those with alcohol, drug and gambling problems.
- An evaluation by Australian National University's Centre for Aboriginal Economic Policy Research on various Australian income management schemes found the most effective schemes generally were voluntary and specifically target people with high-needs as part of a holistic set of services (Klein, 2017).
- High youth unemployment and inter-generational unemployment in the Hinkler electorate in Queensland is a result of historical and entrenched economic issues, which will not be solved by the mandatory quarantining of people's income.

### About the Cashless Debit Card trial

The Cashless Debit Card (CDC) is intended to decrease the level of consumption of drugs, alcohol and gambling. Beginning in March 2016, recipients of working age income support payments who live in Ceduna, South Australia and the East Kimberley in Western Australia receive a CDC. (The Kalgoorlie Goldfields in

Western Australia was added in March 2018.) People on the Age Pension, a veteran's payment or who earn a wage can volunteer for the CDC.

The CDC doesn't change the amount a person receives from Centrelink. It changes the way in which people receive and spend fortnightly payments:

- 80 per cent is paid onto the Cashless Debit Card.
- 20 per cent is paid into a person's regular bank account.

The CDC operates somewhat like a normal bank card, except it cannot be used to buy alcohol or gambling products, or to withdraw cash. The card can be used in some stores that accept EFTPOS. It will work at approved online stores, to pay bills including recurring payments and for online banking through an app.

In March 2017, the Australian Government announced the extension of the CDC in Ceduna and the East Kimberley to 30 June 2018 following the first wave independent evaluation. The government also attempted in September 2017 to expand the CDC to two new locations from early 2018, namely the Goldfields region in Western Australia and the federal electorate of Hinkler (Hervey Bay and Bundaberg), in Queensland.

However, in February 2018, they were only able to include Kalgoorlie Goldfields, WA, (until at least 2019) in the legislation that passed the Senate. In June 2018 the government introduced legislation to extend the CDC to Hinkler, for recipients of Newstart, Youth Allowance (Jobseeker) and Parenting Payment under the age of 36.

### **Australian National Audit Office (ANAO) Report**

The July 2018 Auditor-General report on the implementation and performance of the CDC Trial, indicated:

1. The approach to monitoring and evaluation was inadequate, so it is difficult to conclude whether there had been a reduction in social harm.
2. The total cost of the CDC Trial for the two initial sites was \$18.3 million, (which works out to be more than \$8,500 per trial participant).
3. Department of Social Services (DSS) did not actively monitor risks and there were deficiencies in the procurement processes (eg. Indue was awarded the card contract from a desktop review with no competitive tender and Orima's evaluation ended up costing \$1.6 million, more than double the originally agreed amount).
4. Aspects of the proposed wider roll-out of the CDC were informed by learnings from the trial, but the trial was not designed to test the scalability of the CDC and there was no plan to do further evaluation.
5. DSS did not complete all the activities identified in the strategy to monitor and analyse the CDC Trial (including cost-benefit analysis) and did not do a post-implementation review of the CDC Trial.
6. There was no review of KPIs during the trial and KPIs have not been established for its extension. There was no measure of the available drug and alcohol, or financial and family support services in the community or their effectiveness.
7. DSS did not build evaluation into the CDC Trial design, nor did they coordinate data collection to ensure an adequate baseline or specific targets to measure the impact of the trial, including any change in social harm, such as frequency of problematic drug, alcohol or gambling usage or violent crime.
8. DSS regularly reported on aspects of the performance of the CDC Trial to the Minister but the evidence base supporting some of its advice was lacking. This included alcohol-related hospital admissions, St John Ambulance call-outs and school attendance, each of which had been inaccurately reported and did not support CDC Trial outcomes.
9. The trial did not test the scalability of the CDC Trial. Many of the findings from the trial were specific to the cohort (predominantly indigenous) and remote location, and there was no plan in place to continue to evaluate the CDC to test its roll-out in other settings. (ANAO, 2018 p. 8-10, 18, 37, 43, 45, 55)

## **Issues**

### **Social / health**

- The CDC is a paternalistic intervention which undermines personal freedoms (McGlade, 2017).
- Theft and property offences in Wyndham and Kununurra have risen (Davey, 2017).
- The CDC will not address alcohol, drug and gambling problems and harmful effects (Nelson-Cox, 2017).
- Stakeholders felt that the Trial was not evidence-informed by expert addiction advice (Orima, 2017).
- A problematic user will still find access to substances. No evidence that providing a card that prevents purchase of substance will change the behaviour around the use of that substance (SCALC, 2017).
- There is ongoing harm caused to individuals and communities, multiple negative impacts, ongoing circumvention behaviours, and ongoing adverse consequences (Orima, 2017; QCOSS, 2017).

## Economic / financial

- The Bill cites ‘Youth Unemployment’ as a reason for selecting Hinkler (DSS, 2018), and yet the CDC is not targeted at employment, nor is there evidence of employment outcomes of the CDC Trial. (Orima, 2017).
- There is evidence that a black market in cash has developed, with reports of grog running, taxi cashbacks, fake service transactions (Orima, 2017, p. 86).
- Residents who do not gamble or have an alcohol or drug problem are also affected by the cashless card, (Orima, 2017, p. 88).
- Local businesses that are largely cash based are affected. Added fees are accrued due to credit required to be selected for payment and minimum spend charges at some businesses (Orima, 2017, p. 91)
- The card limits cash users who must pay for informal renting arrangements, second-hand goods, cash purchases of locally grown produce, and pocket money for children (Orima, 2017, p. 89).

## Consultation / decision-making

- The mayors of both the Bundaberg and Fraser Coast (that covers Hervey Bay) Regional Councils, oppose the CDC trial being expanded to Hinkler (Walker, 2017; Smee, 2018).
- The government consulted only a select group of like-minded individuals and their organisations to roll out the card to their communities, rather than the broader community (Orima, 2017, p. 105-106).
- The Mayor of Ceduna, said council would support the trial if the community supported the idea and play a role in shaping how such a card might work. However, there was clear opposition to the card expressed at public meetings, strikes and petitions, that has been dismissed and ignored (Orima, 2017, p. 105-106).
- A significant majority (80%) of the 172 submissions to the 2017 inquiry opposed the CDC (SSCOCA, 2017).
- The trial is expanding despite the evaluation finding that 32 per cent of participants said it had made their lives worse and 24 per cent of participants reported that their children were worse off (Orima, 2017, p. 6).
- The \$1.6 million for promised support services to Community leaders who agreed to host the trial in the East Kimberley, turned out to be inappropriate and delivered late (Davey, 2017).

## Human Rights

- The CDC Bill acknowledges that it limits human rights of social security, privacy and equality (DSS, 2018). Privacy issues include applications for an increase in the cash percentage being decided by a panel of community members, and the card issuer sharing transaction information with government (Tennant, 2017). It also signifies who is on welfare, which may lead to people being treated differently (Martin, 2017).
- The government has not demonstrated that the limitations on human rights by the CDC are rationally linked and proportional to the objective. (Law Council, 2017; PJCHR, 2017).
- The Bill uses the Trial Evaluation as evidence for a rational connection between human rights limitation and the CDC objective (DSS, 2018). However, this is inadequate given the flawed nature of the Evaluation (QCOSS, 2017; ANAO, 2018). The government has not demonstrated a link between income management and reduction in the consumption of drugs, alcohol or gambling (ANAO, 2018).
- Human rights limitations are disproportionate given the CDC is compulsory. Both those with alcohol, drug or gambling problems and those without are compulsorily subjected to the CDC. (QCOSS, 2017)

## Flawed evaluation

- The Trial Evaluation contains multiple negative results, ongoing circumvention behaviours, ongoing adverse consequences and evidence of a lack of community support (Orima, 2017; QCOSS, 2017).
- It has been criticised by aboriginal leaders, drug and alcohol experts, social and indigenous policy experts, social services and peak bodies, and financial services (Nelson-Cox, 2017; Davey, 2017; McGlade, 2017; Hunt, 2017; Klein, 2017; Tennant, 2017; Martin 2017).
- As confirmed by the Auditor-General’s report, the evaluation figures (based on small samples and on specific time frames), do not align with administrative data intended to validate the survey results, (ANAO, 2018; Hunt, 2017; Orima, 2017).
- The evaluation was unable to separate the findings from other programs operating in the trial sites, such as the Takeaway Alcohol Management System in the East Kimberley (Orima, 2017, Codeswitch, 2016).

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