

27th September, 2019

Committee Secretary
Senate Standing Committees on Community Affairs
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Dear Sir/Madam

Re: Senate Submission Social Security (Administration) Amendment (Income Management to Cashless Debit Card Transition) Bill 2019.

Thank you for the opportunity to comment on the Cashless Debit Card.

Yours faithfully,

Tracey Hoolachan

Senate Submission Social Security (Administration) Amendment (Income Management to Cashless Debit Card Transition) Bill 2019.

1. What Really is Cashless Debit Card?

Dept of Social Services (DSS) reports Cashless Debit Card (CDC) is “testing whether reducing the amount of cash available in a community will reduce the overall harm caused by welfare fueled alcohol, gambling and drug misuse”¹⁰. In reality CDC is plastic Scrip that: -

- 1.1 is an alternate form of monetary tender;
- 1.2 has been issued historically by “especially those in the mining and logging industry”¹¹. It creates an exclusive market place & aids the creation of monopolies. Though the web of Merchants may start large, differing terms of trade that favour other entities over others, the speed of Merchant reimbursements in normal legal tender & adverse trade restrictions & conditions, ultimately results, in smaller Merchants forced out of the changed market place. (We’ve seen how disruption of cashflows can negatively impact on small contractors in NDIS recently). The Scrip issuer or revenue provider, often has a profitable relationship with the favoured monopoly Merchant(s);
- 1.3 disempowers free trade & market places. The monopolies result in increased product costs for Scrip users & non-users alike. When Scrip payers are the income providers & they are allied to the monopoly Merchants, who accept the alternate currency Scrip, they then drive up the price of their products. Ultimately workers end up needing to work longer hours to make ends meet. Our current casual-workforce, shows all the signs of being prepared for this. The need to work longer hours, accessing a casual job, finds an over-saturated casual job seeker availability. This of course keeps wages down;
- 1.4 thrives in remote areas, where there is already in a smaller market place to dominate;
- 1.5 has been used previously in other countries & made illegal due to its predatory nature on communities as it weakens Govt control of trade. “In the U.S., payment of wages in Scrip became illegal under the Fair Labor Standards Act of 1938”¹. “29 CFR § 531.34 - Payment in Scrip or similar medium not authorized”². Mexico’s Supreme Court found Walmart guilty of Scrip use in recent years³.

2 Effects on small business

- 2.1 Merchants have no choice about CDC use. The percentage of social security recipients is too high to risk financial loss from non-participation. Instantly, some entities will struggle. Market traders eg. farmers selling wares direct will lose a large slice of their readies. Prices of 2nd hand goods are likely to drop as garage sales will struggle with less cash for their target customer base. The retail margin between new & 2nd hand large items will likely be greater due to this drop. This will make buying new less appealing. Low cash for garage sales means unprofitable to run & less newspaper advertising. No garage sales in the bin with small items a Council rubbish problem.
- 2.2 As a long-time bookkeeper who lived in a minor rural town, I frequently could only use cash, due to failed ATM network connections. Many small businesses in town would only deal in cash, because they incur transaction fees & increased administration. I have a long history as a senior book-keeper. I’m well aware of the additional till processing & reconciliations for handling card transactions. Instantly small businesses opting to use CDC are disadvantaged to larger entities with more available staff & more advanced cash register compliance programs to handle the increased accounting & restricted trading conditions.

2.3 Businesses are reliant upon their money being quickly processed, so their cash flow is not affected. This is a poorly monitored trial, with unsatisfactory data, upon which we can judge Govt's performance to date on CDC. Govt has however, shown a terrible record on paying money owed via NDIS to Contractors. Many of the Contractors have left the industry & now there is a major problem with service supply²⁴.

2.4 Already there are reports of CDC blocks & totally unrealistic damage control from a Minister. *"Social Services Minister Anne Ruston says participants should call the program hotline if legitimate purchases are blocked. "The Govt is working with industry to test new ways of declining individual products, rather than specific stores or terminals, which over time will allow participants to purchase non-restricted items, from any merchant, including those selling primarily restricted items,"* ⁴. It's embarrassing enough to be caught at a register with a declined card & *"legitimate purchases"* to make. Let alone having to hold up a queue to *"call the program hotline"* & sit on hold to a Centrelink sub-agency, to argue a case as to why the purchases are *"legitimate"*. The trade will be lost & no doubt embarrassed customers won't if there's an alternative place of trade left patronise the place again.

3 Effects on religious institutes & charities

3.1 Door knock appeals will take 2nd place to a long line of a family's small purchase needs. Egs. milk or daily bread too small for processing a CDC transaction. We really will find out, if the most valuable thing in church is the message, as there'll be slim pickings on the collection plate. If the charities & churches don't get cash, they can't give cash to those in need.

4 Effects on Centrelink customers

4.1 100% of Centrelink users' benefits are presently transferred into a bank account of their choice. That bank account may have daily interest &/or reward programs, based on expenditure. Only 20% of cash can applied to the Centrelink users chosen account.

4.2 CDC screens the financial transactions to detect 'restricted' products purchases. It is naive to think that card-holders purchases are not also being phished at the same time by CDC companies for data-mining. When Centrelink users choose their bank, they do so, based on who they trust to have their private information. They should not have to opt-out that is a timely process.

4.3 CDC opt-outers have to *"demonstrate reasonable and responsible management of their affairs generally, including financial affairs"*⁵. I've been a senior bookkeeper for 10+ years for large entities. I hold a Dip. Accounting that includes the FNSACC503 Manage budgets & forecasts. Historically proving *"responsible management of their affairs"*⁵ is an unreasonable burden of proof. It is highly likely, in order to survive most people on the social security have more than probably frequented cash trade entities like opportunity shops, markets, garage sales & used coins for small purchases eg. parking metres, tolls, newspapers. It is highly unlikely CDC opt-outers, would have retained receipts for historic personal consumable cash purchases. Doing a single or high value ATM/supermarket/bank cash withdrawal is smart financial management. It reduces transaction fees for bank accounts. Withdrawals on statements from hotel/gambling entities ATMs, may mislead an impression of an alcohol or gambling addiction. In some towns, it may be the closest place, for users to access their own banks ATMs, that saves a transaction fee. Realistically, newstart etc, are so far below the poverty line, if a Centrelink recipient is still alive longer than 4 weeks, they can obviously manage their finances without needing a privacy invasive CDC opt-out process.

4.4 CDC opt-outers are, assessed opt-out worthy on a “*case-by-case basis*”₅ by Centrelink. We are assured Centrelink will “*consider the participant’s personal circumstances*”₅ & “*health and safety of the participant examination*”₅. The short answer to this is Robodebt. I am not at all convinced for the following reasons: -

4.4.1 DSS has already publicly promoted CDC as a strategy to deal with “*welfare fueled alcohol, gambling and drug misuse*”₁₀. The promoted opt-out capability means those waiting for a “*case-by-case basis*”₅ opt-out assessment are being subjected to their reputations being tarnished by the assumption of addiction as CDC holders. The card is linked to illegal drug taking which is an offence. As an offence, Centrelink benefit recipients, should not have to prove reverse onus opt-out innocence. They should have the ICCPR14.2 ‘presumption of innocence’ & CDC should only be opt-in;

4.4.2 Information/procedure on these “*case-by-case basis*”₅ assessments by Centrelink must be reviewable ergo committed to record in most probably computerised format. The level of privatisation in Centrelink & other Govt depts, has seen contracts given to private foreign companies, with interests in health data mining. These entities are using subcontractors to complete contracts. Further, Acts created have delegation clauses within, enabling access to just about any person or company at Ministerial discretion. This doesn’t say to me, the safety of my health privacy is considered anywhere within Govt currently;

4.4.3 As a disabled NDIS approved participant, I consider I wasn’t given the same opt-out privacy “*safety*” of an able-bodied benefit recipient. They received an easy opt-out option from My Health Record. Mr Birch boss of My Health Record was caught co-consulting to Serco₂₀. Govt forced on me the use of Serco, who are a foreign privately-owned entity with health insurance interests. Serco also has clear ownership links with Viapath drug testers & genome sequencers (needs health data-mining), I question the treatment of future contract interests & real motives of linking CDC to drug tests. As DSP recipients are highly likely to be on pain medications like opioids & morphine patches, an opt-out process that undoubtedly requires us to give more health information due to our conditions is discriminatory in nature.

4.4.4 In my DSP application I was subjected to a “*case-by-case*”₅ Job Capacity interview. It was a disgusting invasion of my medical privacy. It was a subject of another Senate submission & I’m lodging it as abuse as part of my Disability Royal Commission complaint. I’m on a medically prescribed drug regime, that would fail any drug test (leg amputee 2017). My medical condition, like others on DSP, is the subject of a possible legal action. That necessitates upmost medical privacy, as breaches may reduce my ultimate payouts or chance thereof. This could actually end up costing the Commonwealth money. A reduced payout or worse case loss, means a continued DSP recipient, instead of a self-funding community member, able to repay Centrelink’s safety net from the compensation received;

4.3.4 Personal data’s a saleable commodity & health data is the most valuable. A high number of Aussies chose to opt-out of My Health Record. They’ll be none too pleased to find, when Govt signed a computer maintenance contract, with census failure IBM, they have a sister entity IBM Watson that deals in “*patient info*”, source The Guardian₁₉. Their “*case-by-case*”₅ private medical details are being uploaded to computers maintained by IBM till 2023₂₅. The latest Robodebt outrage, resulting from ARL, raises serious questions on Govt’s consideration of companies with conflicted sister entities interests. Nothing is saying to me from Govt’s treatment of Birch’s conflict of interest on My Health Record or ARL’s conflicted interest on Robodebt, that I can be assured with anything not strictly legislated.

4.4.5 On the subject of data-mining The Guardian reminds us, "It's a multibillion-dollar trade". The personal data of Centrelink benefit recipients is therefore an acquisition of their tradeable property. CDC opt-out, is not applying the '*presumption of innocence*'. By withholding full & free access to entitled benefits, unless more personal data (property) is acquired by DSS to opt-out, I put it to you, serious consideration should be made if this is not an unwarranted demand with menace & an unjust acquisition of that property;

4.4.6 To expand on my short answer Robodebt, "*case-by-case basis*"₅ actions of "*personal circumstances*", gives no strict guidelines for administration. Centrelink Secretaries & Govt have shown poor judgement even with guidelines. Centrelink can't be trusted to make self-determinations. Nor can Centrelink file records, be trusted to provide, accurate file information, upon which, umbrella oversight or reviewers can make decisions based on fact. I've already made a submission to the Compliancy Senate inquiry, detailing multiple computer program flaws, with examples, that included, lost data, poor date keeping & file records that can be changed. I have also made a submission to Newstart Senate inquiry, wherein I advised of my application for DSP being "parked" twice for no explained reason. I have numerous examples of information placed on my file by Centrelink that is incorrect. Centrelink cannot be trusted to self-determine, or provide an incorruptible accurate record, to enable any fair review of an incorrect "*case-by-case basis*"₅.

4.5 Those "*primarily restricted items*"₄ include: -

4.5.1 hand sanitiser. I am DSP approved & suffered from staph infection to the leg. I credit Angel Blue hand sanitiser as saving my left leg monitored by a hospital physio, who was experienced in lymphedema treatment. These findings were raised at the Lymphedema Conference held in Brisbane 2018. It has 70% alcohol & is gentle enough for skin application. Qld is a tropical State. Skin sanitisers are a health & safety provision. Indeed, I'd be hoping anyone handling my food preparation is liberally applying it for hygiene. A mixed message of the "*overall harm*"₅ to the community intentions is lost on "*health and safety*"₅ here;

4.5.2 Alcohol addiction, but not cigarette addiction, hmmm. A mixed message of the "*overall harm*"₅ to the community intentions is lost on "*health and safety*"₅ here;

4.5.3 Gambling, but only some forms, lottery tickets & scratchies are still fine. A mixed message of the "*overall harm*"₅ to the community on gambling here;

4.6 Then there are 'prime restricted' must buy cash expenditure items for job seekers. Despite the old LNP Treasurer Joe Hockey announcing job seekers don't have cars, it seems they don't want Jobseekers anywhere on the bus. CDC can't be used to buy bus tickets to attend Mutual Obligation meetings & job interviews. Newspapers for checking job ads oops - many traders have \$5 minimum purchase values for eftpos card use. A mixed message of CDC purporting itself as "*compassionate conservatism*" to help job seekers here;

5. Will the CDC Reduce Alcohol & Drug Use? No!

5.1 My job history includes reconciling dedicated fuel/oil cards of truck drivers. I became aware some subcontractors were using the fuel card to buy cigarettes processed as manual transactions in remote locations. How has CDC approached this? "*Merchants who sell both restricted and unrestricted goods and services can enter into a Mixed Merchant Agreement with Indue if they wish to accept the Cashless Debit Card. Signing this agreement means that restricted goods sold at the business will not be sold to participants who present a Cashless Debit Card for purchases.*"₆. This is interesting, because: -

5.1.1 DSS suggests CDC it tests whether it “will reduce the *“overall harm”₅* caused by welfare fueled alcohol” (s1), in my State Qld, under breaches of responsible service of alcohol it’s a breach to, *“sell liquor to a disorderly patron”₇*. Therefore, it is the alcohol Merchants who have the onus of responsibility, in the sales of alcohol to people that may cause the *“overall harm”₅* in the first place. If there are intoxicated “disorderly patrons” causing *“overall harm”₅* in communities, then it is Merchants who are failing to meet their licencing laws. We finally find the ‘presumption of innocence’ in this program though. It is given to the Merchants that must have traded in breach of existing regulations in the test areas claiming to have problems enough to warrant CDC. The breaching Merchants get to sign a *“Mixed Merchant Agreement”₆* saying they can be trusted, when the claimed need for CDC would seem to dispute that. If these Merchants were profit driven enough to make sales to patrons, who will cause *“overall harm”₅* then;

5.1.2 they’ve ignored financial penalties dished out by home State regulating bodies. An agreement from a more distant Commonwealth authority is therefore just an oversized drinks coaster, which may actually undermine the lines of States regulation;

5.1.3 Research & consideration actually formed Qld’s State legislation. The very long trial for CDC, that commenced in March 2016, incredulously has had *“inadequate”₁₂* data resulting. I hold a Dip Acc getting quantitative data is the whole point of any trial. At \$10K+ per person, this was an enormous public expenditure. I just don’t believe that *“monitoring and evaluation was inadequate”₁₂*. This was a controlled group of CDC users. Under Centrelink’s ‘Mutual Obligations’, those users could have easily completed a survey of their experiences. Merchant users again an easily identified group for surveys. Call record quantities from report fault lines. Other reports/data from police stations & other Govt authorities should be on public record. A grossly overpriced so-called trial of CDC, was extended to more people in 2019 based on what? After a very quick, but revealing feasibility, I can see: - nothing that warranted need; nothing based on cost comparisons to merit the plan expenditure; & not even an attempt to throw together qualitative data (let alone the quantitative test data possible due to controlled groups). Half the CDC user cost of \$10K each, could have been given to Newstart recipients & immediately reduced their *“overall harm”₅* from the mental effects of living in long term poverty. All I’m seeing is CDC, which is nothing more than Scrip goes plastic, introduced based only on: -

5.1.3(a) Andrew “Twiggy” Forrest mining magnate’s whim. Mr Forrest publicly aired his personal issues with welfare recipients in his speech at the National Press Club. Mr Forrest had a problem with welfare saying it bred “complacency” as he promoted the CDC. When I heard Mr Forrest’s initial push of CDC, I recognised it immediately as Scrip. The speech was live aired on ABC 12 October, 2016₁₅. Surprisingly, despite this video still being content relevant, (CDC’s still in trial), ABC has pulled this video & notes it as “expired”. As aforesaid Scrip historically popular with timber & mining companies is now illegal_{51.5} in many countries, as it has a tendency to enslave populations. Mr Forrest must have undergone an unbelievable transformation, as his latest promoted charity interest for his Mindaroo Foundation is an anti-slavery campaign₂₃; and

5.1.3(b) LNP’s Ministers desire to continue the CDC program. AIMN article₁₃ paints a clear picture of CDC Indue’s entity with share ownership & a Board that is the who’s who of right- wing politics. Just leaving this here.

5.1.4 In light of s5.1.3(b) a lot of real questions on public expenditure should be asked. My experience in book-keeping tells me \$10K+ for every single CDC is grossly overpriced. My check of a comparable 'restricted' product fuel card with statement shows supply at a cost of only \$5.50 per month (eg. Shell Australia fuel cards¹⁶. Many banks have business cards that can restrict certain products eg. Westpac & AMEX¹⁷. Even with an overpriced annual reward fee & covering 100% of transaction & statement fees easily change out of \$2K. This was a trial & noting "*monitoring and evaluation was inadequate*"¹² no results ergo no after expenses.

5.2 In light of Qld State's regulations & the high level of trust given to Merchants evidenced by the Agreements, patrons must be buying alcohol stone cold sober. Statistics show only 6% of the population consume alcohol daily¹⁸. At only 6% I don't credit alcoholism is the major threat touted to merit a grossly overpriced \$10K per CDC. Indeed, I believe the CDC itself has the potential to damage 99% of the entire Australian population through its Scrip nature and immediately affect the mental disposition of 94% CDC non-alcoholics.

5.3 I have considered the actual benefit of CDC in "*overall harm*"₅ reduction by provision to drug addicts. Giving an addict a CDC & assuming they will cold turkey withdraw is ridiculous. They are far more likely to: -

5.3.1 increase "the overall harm" to the community with crime;

5.3.2 turn non-addicts into enablers, exchanging unused CDC cash portions. I'm a former resident of a minor remote community. In rural & remote communities, GPs are scarce, but family/friend connections are much closer. The lack of mental health facilities, will see a lot of sympathisers for willing rehabilitants waiting on treatment. Far from reducing "*overall harm*"₅ to the community the reduced cashflow of non-addicts will impact more on cash-based businesses;

5.4 Rehabilitation cost of identified users still has to be addressed on top of CDC costs. As a Toowoomba resident I considered Senator Lambie's son's rehabilitation at New Life Team Challenge⁹. Restore Rehabilitation Program charges \$4K for 3 months. Replicating this value across the country by use of remotely located Centres, this is a total of \$14K for each user (\$10K CDC + \$4K 3 months treatment only). Then we still have non-users CDC \$10K costs. Surely the cheaper solution is leaving identification of addicts/people with anger issues to current Courts, but encouraging States to redirect Courts in legislation to rehabilitation Centres instead of prisons with increased funding of mental health from the Commonwealth. True "compassionate conservatism" is all about saving & this would save lives at only an outlay of \$4K rather than \$14K per addicted CDC user plus \$10K for every on-addicted CDC user.

5.5 With the CDC we are creating Prohibition for welfare recipients. History has proved organised crime loves this environment. It was on the streets of Hell's Kitchen that mobsters like Lucky Luciano & others got a foothold with bootleg liquor. Addicts will try to make their own. Alcohol is made from products that the CDC cannot prevent access to eg. fruit & sugar⁸. I am struggling to see CDC has a good fit with the Australian Constitution specifically Part V 'good' order. The Constitution was made with memories of the Rum Rebellion & the result was to pass control & regulations to the State. Were CDC Acts therefore an enabled "power" of the Commonwealth to make. Their restrictive nature of the CDC promotes the interference with GST taxed trades of a State Govt regulated trade. Home brewers of non-GST products (fruit & sugar) won't be contributing to State coffers. Considering the implications of "*overall harm*"₅ death or permanent brain damage from alcoholic poisoning isn't an improvement on treatment of chronic alcoholism.

5.6 While working with fuel cards I noticed one particular service station was frequented more than others in a region. A few years later I had the chance to dine there & was told by a staff member they gave freebies (accommodation for truck drivers that purchased full fuel-ups). I'm seeing a lot of references to restricting sales, but nothing that bars the giving of freebies eg. bottles of wines to generous overpaying patrons of other non-restricted products at Mixed Merchants. Indeed, I can see very little in the Mixed Merchant Agreement available in the public domain. This makes me question whether the agreement is standard issue with standard restrictions across all Australia. Why isn't there a clear publicly available list of all 'restricted' products for both CDC holders & all Merchants mixed or not? In light of its Scrip nature this would only make the creation of monopolised trade even easier.

Conclusion

Govt claims the intention of welfare is a safety net. Over 13% are living in poverty twice the 6% daily alcohol consumers rate & yet there's been no casting of money to raise the Newstart & similarly poorly paid benefits. That to me is what is causing the "*overall harm*"₅ to communities' health & wellbeing. I've considered the 6% against Centrelink's standards for trigger warnings & when I'm looking at a 20% error rate for Robodebt being okey dokey₂₁ despite causing 'overall harm' to tens of thousands & racking up an astounding number of young deaths, it's not a good look. I suggest this trial is filed in the bin very fast, as its DHS Centrelink base, gives it all the appearance of being the funnel into which that alleged "illegal" Robodebt money is being poured. I think instead of a grossly inflated price CDC that only seems to benefit CDC shareholders & owners, it's time "*overall harm*"₅ really stopped. A good chunk of that \$10K be applied to fix that poverty rate by raising Newstart now!

Ref	Link
1	https://en.wikipedia.org/wiki/Scrip#cite_note-3
2	https://www.law.cornell.edu/cfr/text/29/531.34
3	https://www.reuters.com/article/mexico-walmex/court-outlaws-wal-mart-de-mexico-worker-vouchers-idUSN0546591320080905
4	https://www.smh.com.au/politics/federal/the-card-declined-and-i-broke-down-life-on-the-cashless-welfare-card-20190913-p52r02.html
5	https://www.dss.gov.au/families-and-children/programmes-services/welfare-conditional/cashless-debit-card-overview
6	https://cdc.indue.com.au/merchants/
7	https://www.business.qld.gov.au/industries/hospitality-tourism-sport/liquor-gaming/liquor/compliance/fines-penalties/irresponsible-service
8	https://winefolly.com/review/wine-additives/
9	https://www.teenchallengeqld.org.au/currentappeal
10	https://www.dss.gov.au/families-and-children/programmes-services/welfare-conditional/cashless-debit-card-overview Update 24 September 2019.
11	https://actionecon.com/company-Scrip-dark-chapter-american-history/
12	https://www.anao.gov.au/work/performance-audit/implementation-and-performance-cashless-debit-card-trial
13	https://theaimn.com/lmp-welfare-card-true-facts-exposed-corruption-disguised-philanthropy/
14	https://thewest.com.au/politics/federal-election-2019/federal-election-2019-andrew-twiggy-forrest-hedging-his-bets-ng-b881178353z
15	https://www.abc.net.au/news/programs/national-press-club/2016-10-12/national-press-club-andrew-forrest/7926322
16	https://www.vivaenergy.com.au/products/shellcard/competitive-pricing
17	https://business.americanexpress.com/au/products-solutions?intlink=au-en-acq-gcp-sbs-SubNav-Resources-ProductAndSolutions https://business.americanexpress.com/au/supplier-payments/vpayment
18	https://nadk.flinders.edu.au/kb/alcohol/consumption-patterns/frequency-consumption/how-often-do-australians-drink-alcohol/
19	https://www.theguardian.com/technology/2017/jan/10/medical-data-multibillion-dollar-business-report-warns
20	https://www.smh.com.au/healthcare/hidden-conflict-my-health-record-boss-privately-giving-advice-to-health-firms-20181107-p50eh9.html
21	https://www.aph.gov.au/DocumentStore.ashx?id=30b54680-e759-42de-9f0c-57565bd30b1a&subId=670543
22	https://wentworthreport.com/2016/10/13/mining-magnate-andrew-twiggy-forrests-speech-on-welfare-at-the-national-press-club-cops-backlash-on-social-media/
23	https://www.minderoo.com.au/the-modern-slavery-act/news/walk-free-applauds-passing-of-australian-modern-slavery-act/
24	https://www.abc.net.au/news/2018-02-28/ndis-owes-millions-to-service-providers-says-industry-expert/9490712
25	https://www.itnews.com.au/news/dhs-inks-480m-ibm-hardware-contract-499926
NB.	Sources for use of the term 5.7 “illegal” in Prof Terry Carney AO long serving member AAT, Victorian Legal Aid, Gavin Silbert QC ex Chief Crown Prosecutor Victoria, Gordon Legal, Hon Bill Shorten & many more.