



Australian Government

Department of Social Services

Pothida Youhorn
Committee Secretary
Senate Community Affairs Legislation Committee
PO Box 6100
Parliament House
CANBERRA ACT 2600

Dear Ms Youhorn

INQUIRY INTO SOCIAL SECURITY (ADMINISTRATION) AMENDMENT (REPEAL OF CASHLESS DEBIT CARD AND OTHER MEASURES) BILL 2022

Thank you for the opportunity to respond to your questions presented at the enquiry into the Social Security (Administration) Amendment (Repeal of Cashless Debit Card and Other Measures) Bill 2022 (the Bill), referred for inquiry by the Senate on 4 August 2022.

The Department of Social Services (the department) is pleased to support the Committee's deliberations by providing additional information on how the department supports merchants to comply with their obligations under the program.

Alice Springs merchants of concern

At a public hearing in Alice Springs on 18 August, the committee received information from a community member that it was possible for cashless debit card (CDC) holders to purchase alcohol from a number of local establishments. Specifically, the committee was informed that this had been seen happening at two Alice Springs venues: Club Eastside and The Peanut Bar (within the Todd Tavern).

The department can confirm the following information:

- The Todd Tavern has been blocked from accepting the CDC since 1 February 2019.
- Product Level Blocking (PLB) has been implemented at Club Eastside. From 2 June 2022 this merchant was unblocked to allow PLB functionality to start.
- Since June 2022, there have been two successful transactions at Club Eastside for the purchase of unrestricted items. There have been six declined transactions due to the attempt to purchase alcohol.
- This indicates that the card is working as intended.

Blocking transactions based on Merchant Category Code and compliance

Merchant Category Codes (MCC) are a payments industry standard used to classify a business by the types of goods or services they sell. The department uses these codes to block payment terminals within merchants that primarily sell restricted goods such as alcohol or gambling products. When a CDC transaction is undertaken, the MCC is checked. If it is an excluded MCC, the transaction is declined.

A list of blocked merchant codes is included in **Attachment A**.

A business can sell restricted items but not be blocked under one of these codes. These are called mixed merchants (a merchant that sells both restricted and unrestricted goods). For example, a sports club may sell meals and also alcohol over the bar. The PLB technology permits the meals to be purchased using the CDC but not the alcohol.

The department engages with these merchants to implement PLB or a Mixed Merchant Agreement is implemented so that they cannot sell restricted items to CDC participants. If they do not implement these arrangements, the department has the power to block specific merchants from accepting the CDC to ensure compliance with the program.

Further compliance monitoring activity can be undertaken, including monitoring transactions for a period of time to identify whether transactions of concern continue and further compliance activity is required.

Yours sincerely

Liz Hefren-Webb
Deputy Secretary, Families and Communities

26 August 2022

Merchant Category Codes	Description
4829	Quasi Cash – Wire Transfer Money Order
5309	Duty Free Stores
5813	Drinking Places (Alcoholic Beverages)—Bars, Taverns, Nightclubs, Cocktail Lounges and Discotheques
5921	Package Stores—Beer, Wine and Liquor
6010	Member Financial Institution—Manual Cash Disbursements
6011	Member Financial Institution—Automated Cash Disbursements
6012	Quasi Cash—Member Financial Institution—Merchandise and Services
6050	Quasi Cash—Member Financial Institution
6051	Non-Financial Institutions—Foreign Currency, Money Orders (not wire transfer) and Travelers Cheques
6211	Securities—Brokers and Dealers
6529	Quasi Cash—Remote Stored Value Load—Financial Institution
6530	Quasi Cash—Remote Stored Value Load—Merchant
6531	Payment Service Provider
6534	Quasi Cash—Money Transfer—Member Financial Institution
7511	Quasi Cash—Truck Stop Transactions
7778	Citishare Cash Advance
7932	Pool and Billiard Establishments
7995	Gambling Transactions and Betting, including Lottery Tickets, Casino Gaming Chips, Off-Track Betting, and Wagers at Race Track
9754	Quasi Cash—Gambling—Horse Racing, Dog Racing, State Lotteries