



Australian Government
Department of Social Services

Roslyn Baxter
A/g Deputy Secretary

Ms Jeanette Radcliffe
Committee Secretary
Senate Standing Committee on Community Affairs
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Parliament House
CANBERRA ACT 2600

Dear Ms Radcliffe

**SOCIAL SERVICES LEGISLATION AMENDMENT (CASHLESS DEBIT CARD)
BILL 2017**

Thank you for the opportunity to make a submission to the Community Affairs Legislation Committee about the Social Services Legislation Amendment (Cashless Debit Card) Bill 2017 (the Bill), referred for inquiry by the Selection of Bills Committee on 17 August 2017. I am pleased to support the Committee's deliberations through providing information regarding the proposed cessation of section 124PF of the *Social Security (Administration) Act 1999*.

Cashless Debit Card

The effects of alcohol and other drug misuse are long lasting and extensive. People from families where substance misuse occurs are more likely to come into contact with the criminal justice system, be diagnosed with a mental illness, be admitted to hospital, become a perpetrator of family violence, experience poverty and homelessness and experience mental breakdown. Alcohol related harm and illicit drug use costs the Australian economy over \$22 billion per year. Gambling costs over \$4 billion per year. Alcohol is a contributing factor to an estimated 65 per cent of all domestic violence incidents and 47 per cent of child abuse cases in some jurisdictions.

The objective of the Cashless Debit Card is to limit the amount of welfare payments available to be spent on alcohol, drugs and gambling which will lead to a reduction in social harm. In the current sites of Ceduna, South Australia, and the East Kimberley, Western Australia, the Cashless Debit Card applies to most people on working age welfare payments in order to reduce the cash available to spend on harmful goods at a community level. These restrictions ensure that those receiving welfare payments and their children will have money available for life's essentials. It is not designed as a punitive measure. For people who already spend their money responsibly, the Cashless Debit Card will have very little impact.

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The Cashless Debit Card was developed in close partnership with Ceduna and East Kimberley community leaders who had a thorough understanding of local issues and felt that the card would support them to address the devastating impacts of drug and alcohol misuse and problem gambling. The co-design process means the Cashless Debit Card was tailored to address local needs and incorporate local ideas about what will work. This included card design, the percentage of welfare quarantined and the wrap around support services needed in the communities. Consultations were held with community leaders, affected welfare recipients, state and local governments, industry, merchants and welfare groups.

In these two communities, the Cashless Debit Card currently supports over 2,100 participants.

Evaluation

The final independent evaluation of the Cashless Debit Card trial in Ceduna and the East Kimberley indicated that “the trial has had considerable positive impact in both trial sites”. It also concluded the Cashless Debit Card “has been effective in reducing alcohol consumption and gambling in both trial sites and [is] also suggestive of a reduction in the use of illegal drugs”, and “that there is some evidence that there has been a consequential reduction in violence and harm related to alcohol consumption, illegal drug use and gambling.” In particular, the evaluation found that:

- of those who drank alcohol before the trial started, towards the end of the trial 41 per cent of participants surveyed say they are drinking alcohol less often (up from 25 per cent at the Wave 1, which was conducted around six months into the trial);
- of those surveyed who said they had drunk six or more drinks at once before the trial started, 37 per cent reported that they did this less often (up from 25 per cent at Wave 1);
- of those surveyed who said they were using illegal drugs before the trial started, 48 per cent reported using these less since the Cashless Debit Card’s introduction (up from 24 per cent at Wave 1);
- of those surveyed who said they gambled before the trial started, 48 per cent reported gambling less (up from 32 per cent at Wave 1); and
- of those parents surveyed, 40 per cent reported being able to better care for their children since being on the Cashless Debit Card, and 39 per cent reported being more involved in their children’s homework and school.

Budget 2017-18 decision

In Budget 2017-18, the Government announced that the Cashless Debit Card will be expanded to two new locations over two years. The two new locations for the Cashless Debit Card have been selected based on several factors, including community readiness and willingness, high levels of disadvantage and welfare dependence, and high levels of social harm caused by alcohol, drugs and gambling.

Many communities around the country have shown an interest in the card. There is a sense of urgency from these communities, which are looking for more tools to address the devastating impact of alcohol, drugs and gambling on their people.

Building on findings of the final independent evaluation of the Cashless Debit Card trial, the two expansion sites will help test the card and the technology that supports it in more diverse communities and settings.

Announcement of expansion sites

The Government announced the Goldfields in Western Australia as the first expansion site on 1 September 2017, and the Hinkler electorate in Queensland as the second expansion site on 21 September 2017. Subject to passage of the Bill, both of these sites will be rolled out from early 2018.

These sites have higher overall participant numbers and geographical spread than Ceduna and the East Kimberley, which will provide an opportunity to test the scalability of the Cashless Debit Card. Both sites also have a much lower proportion of Indigenous participants than current sites. The intention to roll out the Cashless Debit Card to a specific cohort in the Hinkler electorate – under 35s on Newstart, Parenting Payment and Youth Allowance (job seeker) – will help to determine whether a cohort-based approach to implementing the card is as effective.

The announcement of the Government's intention to roll out the Cashless Debit Card in these sites has been underpinned by extensive consultation in both locations. Government is continuing to consult closely with other possible Cashless Debit Card communities.

Social Services Legislation Amendment (Cashless Debit Card) Bill 2017

Currently, the Cashless Debit Card is limited by section 124PF of the *Social Security (Administration) Act 1999*, which specifies that the trial is to end on 30 June 2018, occur in up to three discrete trial areas and include no more than 10,000 trial participants. This Bill repeals this provision, removing these limitations and providing more flexibility for expansion.

While the current legislation allows for the Cashless Debit Card to be implemented in one expansion site, it does not allow for the roll out in both expansion sites or any further sites. It will also not enable any sites to operate beyond 30 June 2018, which, considering ongoing community support and positive evaluation findings, would likely prove detrimental to these communities.

This amendment does not remove the legislative safeguards protecting how, when and where the Cashless Debit Card can operate. It also does not indefinitely extend the Cashless Debit Card program. The legislation only removes a date beyond which the program could not continue and caps on total participant numbers and the number of sites.

The Bill continues to ensure that the program can only be implemented in a location with the introduction of a disallowable instrument. These instruments can also specify other parameters, including sunset dates and participant criteria. These disallowable instruments, pursuant to Section 124PG(1) of the *Social Security (Administration) Act 1999* must be registered on the Federal Register of Legislation and tabled before both Houses of Parliament.

These safeguards ensure that Parliament retains the right to consider each proposed application of the Cashless Debit Card. Instead of passing legislative amendments, for hypothetical communities and participants, Parliament can accept or reject new sites by considering the impacts and level of community support for the measure on a case by case basis.

The Department welcomes the opportunity to provide additional assistance or information that is required by the Committee to support their deliberations.

Yours sincerely

Roslyn Baxter

29 September 2017