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Dear Ms Radcliffe,

### **Social Services Legislation Amendment (Cashless Debit Card Trial Expansion) Bill 2018**

Thank you for the opportunity to provide input to the Committee's consideration of the Social Services Legislation Amendment (Cashless Debit Card Trial Expansion) Bill 2018.

Anglicare Australia strongly recommends that the Senate reject this bill in its entirety. In sum:

- There is no evidence from previous Cashless Debit Card trials in Australia that it works to achieve its stated goals, or addresses entrenched disadvantage in any meaningful way;
- The government's management and evaluation of the trials has been severely criticised and found to be deeply flawed;
- There is therefore no evidence to suggest that further trialling of the card will produce positive or credible results; and
- The proposed expansion into Bundaberg and Hervey Bay is not supported by the local community.

Given these factors and the cost of further trialling, it is time for the Senate to end this expensive failed experiment and halt the expansion of the Cashless Debit Card in Australia.

### **Lack of robust evidence for effectiveness of the Cashless Debit Card**

Previous and current trials of the Cashless Debit Card have failed to produce any compelling evidence that it is an effective method of reducing social and individual harm caused by gambling and substance addiction for people receiving social security payments. While the Government claims the card "has been shown to work",<sup>1</sup> according to the ORIMA evaluation, there was no improvement in most crime statistics in the trial areas, and over both waves of evaluation, more participants reported

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<sup>1</sup> Minister Tehan, House of Representatives Hansard 30 May 2018, *Social Services Legislation Amendment (Cashless Debit Card) Bill, Second Reading*

the card had made their lives worse than better.<sup>2</sup> More significantly, the methodology of this evaluation has been strongly critiqued,<sup>3</sup> as its evaluation of reduction in alcohol and drug use and gambling behaviour relied predominantly on self-reporting. This methodology is extremely liable to recall inaccuracies (especially over a long period of time) and social desirability bias. There were also vast discrepancies in people's perceptions of the effectiveness of the card which were not explored further, and not all available administrative data was taken into account. As such, the evaluation does not provide a sound basis to draw conclusions as to the effectiveness of the trial. Furthermore, even if the card has reduced alcohol and drug use and gambling, the findings of the report (such as they are) suggest this has not had a significant impact in reducing violent behaviour and increasing community perceptions of safety, as was the intention.<sup>4</sup>

These concerns were validated further through a recent audit from the Australian National Audit Office, which found that the Department of Social Services process of monitoring and evaluation of the Cashless Debit Card trials has been inadequate. As such, according to the audit office "it is difficult to conclude whether there had been a reduction in social harm and whether the card was a lower cost welfare quarantining approach".<sup>5</sup> The audit found that the evaluation of the trial was not robust as it did not make use of all administrative data available to assess changes in social harm, it did not evaluate the trial in terms of scalability and applicability in other areas, and it did not establish an appropriate baseline. Further, it was found that the Department did not take into account available seasonal data in its evaluations and so misadvised the Minister that there were positive indicators associated with the trial regarding fewer alcohol-related pick-ups from a community bus in the Kimberley, and fewer ambulance call outs and increased school attendance in the trial areas. Accounting for seasonal variations, the audit office found an *increase* in ambulance callouts and a slight decrease in school attendance amongst Aboriginal children in the trial areas, and a drop in alcohol-related callouts to the community bus independent of the Cashless Debit Card trial.

At the conclusion of this review, the audit office recommended that the Department of Social Services should "undertake a cost-benefit analysis and a post-implementation review of the trial to inform the extension and further roll-out of the CDC", which was agreed to by the Department. The Department has also arranged further, hopefully more robust, evaluation of the existing trials. A further roll out of the Cashless Debit Card prior to the conclusion of this evaluation and cost-benefit analysis is clearly premature; runs counter to the agreed recommendation of the audit office; and risks extending an expensive, ineffective and disruptive policy to the detriment of the local communities.

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<sup>2</sup> Cashless Debit Card Trial Final Evaluation Report, August 2017, pp. 61 & 83, available at <https://www.dss.gov.au/families-and-children/programs-services/welfare-quarantining/cashless-debit-card/cashless-debit-card-evaluation-framework-and-reports>

<sup>3</sup> J. Hunt, The Cashless Debit Card evaluation: does it really prove success?, Centre for Aboriginal Economic Policy Research, ANU, Topical Issue No 2./2017, available at: [http://caepr.cass.anu.edu.au/sites/default/files/docs/CAEPR\\_Topical\\_Issue\\_2\\_2017\\_0.pdf](http://caepr.cass.anu.edu.au/sites/default/files/docs/CAEPR_Topical_Issue_2_2017_0.pdf)

<sup>4</sup> Ibid.

<sup>5</sup> The Implementation and Performance of the Cashless Debit Card Trial, Australian National Audit Office, 17 July 2018, available at: <https://www.anao.gov.au/work/performance-audit/implementation-and-performance-cashless-debit-card-trial>



## Local communities do not support the trial

Anglicare Australia has further concerns at the apparent lack of community support for the trial. The proposed changes to the legislation would allow expansion of the cashless debit card trial to a fourth site in the Bundaberg and Hervey Bay area, directly impacting an estimated 6,700 people. Every person under 36 receiving Newstart allowance, youth allowance or a parenting payment would receive 80% of their payment via the cashless debit card which cannot be used to purchase alcohol or gambling products or withdraw cash. This trial is intended to run for a minimum of 12 months, with legislation permitting operation until June 2020.

We understand that the Department of Social Services held 188 meetings with “key stakeholders and community members”,<sup>6</sup> however the people who would be most impacted by the card have reported being excluded from consultations.<sup>7</sup> Local mayors and councillors of both districts have reported in the media that they do not support the introduction of the Cashless Debit Card in their area, with the mayor of Bundaberg, Jack Dempsey, saying what people really want is employment and the significant money set aside for this trial would be far better spent on creating jobs in the region.<sup>8</sup> According to polling by the council, support across the community for the trial dropped from 56% to 26% when people became aware of how costly it would be.<sup>9</sup>

It is clear that the communities in the proposed trial sites are facing difficulties and desire change. The Government has said the purpose of the trial in this area would be to address key social problems local people have identified in meetings, “in particular, high youth unemployment, intergenerational welfare dependence and local children whose needs are not being met”.<sup>10</sup> There is no evidence that individualised welfare restrictions would help resolve complex issues such as these. Anglicare Australia suggests instead that investing in effective, holistic community development and regional job creation needs to be the priority.

## Alternate approaches are needed

Anglicare Australia supports the reduction of social harm caused by gambling and substance addiction, as is the stated intention of the Cashless Debit Card trials.<sup>11</sup> However, Anglicare Australia Network members supporting people harmed by these addictions advise that compulsory income management does not encourage individual recovery or reduce social harm, and that alternate interventions (such as holistic individualised support to directly address addiction, and the removal of key known harmful gambling products such as poker machines) are far more effective.

<sup>6</sup> Minister Tehan, House of Representatives Hansard 30 May 2018, *Social Services Legislation Amendment (Cashless Debit Card) Bill, Second Reading*

<sup>7</sup> Bundaberg Awareness Group representatives, Public Hearing of Senate Inquiry into Cashless Debit Card Trial Bill 2018, 2 November 2017, pp. 39-43, available at: [www.aph.gov.au/Parliamentary\\_Business/Committees/Senate/Community\\_Affairs/CashlessDebitCard/Public\\_Hearings](http://www.aph.gov.au/Parliamentary_Business/Committees/Senate/Community_Affairs/CashlessDebitCard/Public_Hearings)

<sup>8</sup> See <https://www.theguardian.com/australia-news/2018/may/21/bundaberg-mayor-turns-against-high-cost-of-cashless-welfare-trial> and <https://www.frasercoastchronicle.com.au/news/fraser-coast-politicians-voice-opposition-welfare-/3183124/>

<sup>9</sup> Op cit The Guardian

<sup>10</sup> Minister Tehan, House of Representatives Hansard 30 May 2018, *Social Services Legislation Amendment (Cashless Debit Card) Bill, Second Reading*

<sup>11</sup> Minister Tudge, House of Representatives Hansard 19 August 2015, *Social Security Legislation Amendment (Debit Card Trial) Bill 2015, Second Reading*

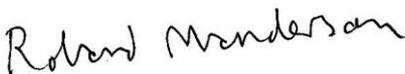
In this regard, Anglicare Australia looks forward to the results of the Career Readiness for Young Parents trial in Mandurah, a part of the Federal Government's *Try, Test, Learn* program, which is trialling an approach to reduce welfare dependency amongst young parents by pairing young parent participants with a case manager to provide holistic support in individual and group settings, so as to help young parents overcome barriers to gaining sustained employment.<sup>12</sup> We look forward to the outcomes and lessons of this alternative approach, and commend Government for partnering with a local organisation and investing in a comprehensive support model.

Finally, while individual behavioural change is clearly necessary in addressing the social harms caused by alcohol, drug and gambling addiction, there are related systemic issues of poverty which must also be acknowledged and addressed if there is to be lasting change in communities struggling with the impacts of these behaviours. Research has shown that in a small number of Australian communities, disadvantage over time becomes entrenched; and that persistent disadvantage itself is often multifaceted.<sup>13</sup> There is a wealth of research, including Anglicare Australia's annual [Jobs Availability Snapshot](#) and [Rental Affordability Snapshot](#), which demonstrate a systemic lack of entry-level jobs for people experiencing barriers to work, and a critical shortage of affordable housing for those on low incomes. Underlying systemic disadvantage and entrenched poverty must be addressed at a community level if we are to actually address the harms caused by alcohol, drug and gambling addiction including for people in receipt of welfare payments.

## Conclusion

Given the compulsory nature of this trial, the absence of robust evidence, the failure to conduct comprehensive consultation and lack of community support for the trial, we call on the Committee and the Senate to reject this Bill.

Yours sincerely



Roland Manderson  
Acting Executive Director

<sup>12</sup> Amy Martin, *Andrew Hastie and Dan Tehan announce \$1M to help Mandurah's young parents*, Mandurah Mail, 18 May 2018, <https://www.mandurahmail.com.au/story/5409024/funds-announced-to-help-mandurahs-young-parents/>; Career Readiness for Young Parents Program, Bridging the Gap, <https://www.bridgingthegap.org.au/career-readiness/>

<sup>13</sup> Francisco Azpitarte and Eve Bodsworth, 'Persistent disadvantage: a duration analysis based on HILDA data', in *Addressing Entrenched Disadvantage in Australia*, April 2015, available at: <https://www.ceda.com.au/Research-and-policy/All-CEDA-research/Research-catalogue/Addressing-entrenched-disadvantage-in-Australia>

