



# Cashless Debit Card Briefing Note

February 2018



- + Legislation currently before the Parliament would allow the Cashless Debit Card to be extended indefinitely and applied anywhere in Australia.
- + There is no reliable evidence that restricting access to cash and banning the purchase of alcohol or gambling helps people receiving income support or their communities.
- + More than three quarters of people subjected to the card **identify** as being Aboriginal or Torres Strait Islander. Aboriginal and Torres Strait Islander people must have control over the policies and programs that affect them. The Cashless Debit Card fails this test.

## ACOSS position

- The cashless debit card significantly restricts people's freedoms without a sufficient evidence base to show that it works or is justified.
- ACOSS believes the cashless debit card should be voluntary, providing it has community support, with transition arrangements in place for individuals and communities wishing to remain under the card. Opt-in schemes should be co-designed with communities and include wrap-around and coordinated supports such as drug and alcohol, mental health, financial counselling and social support services.
- ACOSS recommends government abandon **legislation** to expand the compulsory program.

## What are the cashless debit card trials?

The cashless debit card, known colloquially as the 'white card', is a top-down policy developed by businessman Andrew Forrest as part of his 2014 **review** of Indigenous jobs and training.

The Australian Government commenced cashless debit card trials in Kununurra/Wyndham, WA and Ceduna, SA in early 2016. These trials are due to complete 30 June 2018, although **expiry** dates on some cards read March 2019.

The cashless debit card quarantines 80% of a person's income support payment to a debit card

which cannot be used to purchase alcohol, gambling or withdraw cash, in an effort to change behaviour associated with addiction.

The card applies to all people receiving a working-age income support payment, irrespective of whether they have an addiction to alcohol, drugs or gambling. Carers, parents, people with disability and people locked out of paid work are all subjected to the card.

78% of people under cashless debit **identify** as being Aboriginal and Torres Strait Islander.

The cashless debit card, operated by Indue, can be used to buy goods at outlets with EFTPOS terminals nation-wide, providing they do not sell alcohol or gambling products.

The cashless debit card **costs** approximately \$10,000 per person over a 12-month period. The estimated cost of the cashless debit card trials is \$18.9 million over two years.

\$2.6 million was provided for support services, including drug and alcohol, financial counselling and family support services.

## Flawed evaluation

The evaluation of the cashless debit card trials by Orima Research has been **criticised** by academics for poor research practices and lacking rigour.

The evaluation relied on survey respondents remembering the frequency of their consumption

of alcohol, gambling and drugs before and during the trial, several months after the trial commenced. Such methodology leads to 'recall bias', where reliability is impaired because people's memories are unreliable, especially if they must recall information from long ago.

The evaluation had discrepancies in the reporting on drug and alcohol consumption, and fails to report local **data** on ambulance and alcohol-related call outs, domestic violence and police call-outs, **which have increased since the trials began**.

The evaluation claims there has been an increased motivation to look for work and activity during the trial, but **notes** this could be because of the Community Development Program (CDP). CDP is present in both trial sites and has had a substantial **impact** on communities because of its harsh rules. It is more likely the threat of loss of payment under CDP has led to an increase in motivation to look for work than the cashless debit card.

## Extension of the trials

The government claimed the evaluation of the cashless debit card trials provide 'proof of concept' that the card reduces problem drinking, gambling and drug taking.

The government is aiming remove the cap on both the number of trial participants (currently 10,000) and trial areas (currently three) in order to extend the card to further 'trial' sites (at the moment, Bundaberg / Harvey Bay Queensland and Kalgoorlie Western Australia).

Removal of these caps would allow government to implement the cashless debit card anywhere in Australia for indefinite periods.

In the Bundaberg / Hervey Bay region, the card would apply to people aged 35 and under while in Kalgoorlie it would apply to all adults receiving income support payments, excluding people receiving the Age or Veterans' Pension.

There are mixed responses to the introduction of the card in these areas, and some members of parliament oppose the extension of the card citing lack of evidence and community support.

## Why cashless debit should not continue

- Blanket approach stigmatises and harms people getting income support
- Inability to purchase various permitted goods and services because of lack of cash
- Encroaches on the right to privacy
- Is not cost effective
- Does not address drug or alcohol addiction
- Does not increase employment
- Does not improve health and wellbeing outcomes
- **75%** of people subjected to the cashless debit card did not change their behaviour in relation to alcohol, drugs or gambling.
- **34%** of people did not drink, gamble or take drugs prior to the trial, and 43% reported no change to their consumption of alcohol, drugs or gambling.
- **49%** of people said their lives had become worse since the introduction of the card.

## Alternatives to cashless debit

The evaluation of cashless debit in Ceduna and Kununurra found that in both communities, people reported the need for a number of services. These included: mental health; youth programs (including diversion and support); financial counselling; programs for men, domestic violence services; diagnosis of Foetal Alcohol Spectrum Disorders (FASD); transitional accommodation and holistic support to assist people leaving rehabilitation to re-enter the community and maintain changes in their behaviour; rehabilitation; and employment programs.

Community leaders have also reported the need for more entry-level jobs, affordable child care and affordable housing.

This illustrates that a broader approach to addressing social and health problems is required, extending far beyond cashless debit.