



Factsheet – Cashless Debit Card

May 2021

What is the Cashless Debit Card? A Brief Overview

Origins of the Cashless Debit Card

The Cashless Debit Card (CDC) scheme is a form of compulsory income management, developed out of a suite of top-down policy recommendations submitted to Prime Minister Tony Abbott by mining billionaire, Andrew Forrest, as part of his 2014 review of Indigenous jobs and training. Forrest's scheme extends the policies for compulsory income management introduced by the Howard Coalition Government during the Northern Territory Intervention. Significantly, the Intervention required the suspension of the 1975 Racial Discrimination Act in order to target Aboriginal and Torres Strait Islander people on welfare.



As of 2016, the CDC has been trialled in Ceduna in South Australia; the East Kimberley and Goldfields regions of Western Australia; and the Bundaberg-Hervey Bay region of Queensland. In late 2020, additional CDC trials were announced in Cape York, Queensland and the Northern Territory. In the Northern Territory, where income management was introduced during the Intervention in the form of the BasicsCard, the card will be made available on a voluntary basis as part of a two-card system.

Since first being trialled, the CDC has remained a contentious policy that has failed to generate broader community support, whilst multiple reports and studies have demonstrated limited evidence of its effectiveness.

How does the Cashless Debit Card work?

The card is a type of Visa debit card, issued by the Australian Government, which cannot be used to withdraw cash or purchase drug, alcohol and gambling products. Initially, the aim of the card was to minimise community harm and child neglect associated with alcohol consumption, illicit drug use and gambling, and alternatively redirect spending towards household goods, rent, bills and savings.

In the Ceduna, Goldfields and East Kimberley regions, the Cashless Debit Card, the program applies to all people who receive a working age welfare payment, excluding those on Age and Veterans pensions. In the Bundaberg-Hervey Bay region, the program applies to people under the age of 35 who are receiving JobSeeker Payment, Youth Allowance, or Parenting Payment, in line with the Government's goals of reducing unemployment.

Under the CDC scheme, 80 per cent of the recipient's social security payments and 100 per cent of lump sum payments made by Centrelink are quarantined onto the card. The remaining 20 per cent of the recipient's social security payments are transferred into the recipient's bank account and can be withdrawn and used without restriction.

The card is currently operated by the for-profit financial company, Indue, and is otherwise known as the 'Indue card' or 'cashless welfare card.'

A punitive, racist and ineffective policy

The Cashless Debit Card is a punitive measure that disproportionately (and intentionally) targets First Nations people despite the Government's insistence that the initiative is equally aimed at both First Nations and non-Indigenous welfare recipients.

Independent evaluations of the CDC commissioned by the Government have found that there is limited conclusive evidence that it fulfils its aims of reducing social harm, improving child welfare and increasing employment, with mounting research suggesting the card has many negative consequences. These include increased feelings of stigma, shame and discrimination amongst recipients, as well as frustration caused by program design and implementation issues.¹ Many participants have reported the card failing at businesses that accept it, and rental payments made from the card bouncing back.²

As many people living in remote areas rely on the cash economy for accessing their basic needs, the CDC has reportedly increased existing material hardship by significantly limiting the amount of cash available to trial participants. Research into the lived experience of participants in East Kimberley highlights the ways in which the CDC has prevented people from accessing transportation and lifts around town, shopping for groceries, participating in informal rental arrangements, providing pocket and lunch money to children, purchasing second-hand goods and buying fresh meat and seafood from the markets. This has significant implications for participants' ability to save money, as many goods purchased in cash are cheaper than their counterparts purchased by card.³ Whilst the CDC aims to prevent people from purchasing alcohol and illicit drugs, it has oftentimes prevented people from fully participating in social life. Something as simple as managing cash needed for events such as funerals, for example, can be more difficult with the CDC.⁴

Significantly, compulsory income management may have a detrimental impact on newborn health, running counter to the most recent Closing the Gap strategy of improving maternal and child health with the goal of having the gap in child mortality rates.⁵ Researchers from the Life Course Centre, based at the University of Queensland, found that compulsory income management was associated with a higher incidence of low birth weights and lower average birth weights overall.⁶

As of late 2020, more than AUD\$1 billion has been spent on compulsory income management despite limited evidence of its effectiveness in improving people's lives.⁷ This begs the question as to why the Government continues to persist with bad policy.

We know that the causes of poverty and poor health and social outcomes in remote communities are rooted in Australia's historical and ongoing colonisation of First Nations people. It is time for evidenced-based policies that allow for genuine self-determination in First Nations communities. These include policies for safe and affordable housing, decent employment and education, higher

¹ Greg Marston et al, 'Hidden Costs: An Independent Study into Income Management in Australia,' School of Social Science, The University of Queensland: Brisbane, Australia, p. 122.

² Ibid., pp.102-103.

³ Elise Klein and Sarouche Razi 2018, 'Contemporary Tools of Dispossession: The Cashless Debit Card Trial in the East Kimberley,' *Journal of Australian Political Economy*, no. 82, p 92.

⁴ Dalley, C 2020, 'The "White Card" is grey: Surveillance, endurance and the Cashless Debit Card,' *Australian Journal of Social Issues*, vol. 55, no. 1, p.58.

⁵ Australian Government 2020, 'Closing the Gap Report,' accessed 15th April 2021 at: <https://ctgreport.niaa.gov.au/sites/default/files/pdf/closing-the-gap-report-2020.pdf>

⁶ Mary-Alice Doyle, Stefanie Schurer & Sven Silburn 2017, 'Do Welfare Restrictions Improve Child Health? Estimating the Causal Impact of Income Management in the Northern Territory,' *Life Course Centre*, Summary Page.

⁷ Elise Klein 2020, 'Who's really behaving badly? Confronting Australia's cashless welfare card,' *The Conversation*.

income support payments, tackling racism and protecting First Nations' cultural heritage. Such initiatives would offer a starting framework for creating healthier and more inclusive communities.⁸

Timeline of Events

2007 Compulsory income management, in the form of a BasicsCard, was first introduced to remote First Nations communities as part of the Northern Territory Intervention led by Prime Minister John Howard. The BasicsCard quarantined 50% of social security payments and up to 100% of Centrelink lump sum payments.

2010 Whilst the Racial Discrimination Act was reinstated by the Rudd Labor Government, compulsory income management continued under Labor and was expanded to include non-Indigenous Australians.⁹

April 2014 Mining billionaire, Andrew Forrest, submitted a review of Indigenous jobs and training to Prime Minister Tony Abbott, containing recommendations for the implementation of a 'Healthy Welfare Card,' which formed the basis for the development of the Cashless Debit Card. Forrest initially recommended that 100 per cent of the payments be quarantined onto the card.¹⁰

March-April 2016 Trials of the Cashless Debit Card, based on Forrest's review, began in Ceduna, South Australia and the East Kimberley Region of Western Australia under the Turnbull Coalition government, with some important changes to Forrest's original proposal – notably, 80 per cent of social security payments are quarantined on the card rather than 100 per cent under the Government's new scheme. All working-age recipients of income support (aged between 18 and 64), regardless of their financial management skills or drinking and drug habits, were then required to use the card. Despite Government communications proclaiming that the CDC would target both First Nations and non-Indigenous communities equally, 76 per cent of people in the Ceduna trial and 83 per cent in the Kimberley trial are First Nations People.¹¹

August 2016 - March 2017 The Federal Government contracted ORIMA, a private company, to conduct an interim evaluation of the CDC trial in August 2016, followed by a final evaluation in June 2017. In March 2017, the Government used the findings of the interim evaluation to justify the extension of the CDC in both Ceduna and the East Kimberley until June 2018.

September 2017 Despite finding inconclusive evidence of the card's effectiveness, the final evaluation was used by the Government to justify the extension of the trial to two more sites, including the Goldfields in Western Australia and the Bundaberg-Hervey Bay region in Queensland.

⁸ Greg Marston et al, Op. Cit., p. 123.

⁹ Shelley Bielefeld 2012, 'Compulsory Income Management and Indigenous Australians: Delivering Social Justice or Furthering Colonial Domination,' *UNSW Law Journal*, vol. 35, no. 2, p. 522.

¹⁰ Andrew Forrest 2014, 'The Forrest Review: Creating Parity,' Indigenous Jobs and Training Review: Canberra.

¹¹ Australian Government 2021, 'Table 1. Number of Cashless Debit Card (CDC) participants by original CDC location as at 2 April 2021,' accessed 28 April 2021 at: <https://data.gov.au/data/dataset/australian-government-cashless-debit-card-program/resource/a8d06c1d-0f5f-4bb8-8c45-65a4ff35df13>

February 2018 The *Social Services Legislation Amendment (Cashless Debit Card) Act 2018* extended the trials in Ceduna and the East Kimberley until 30 June 2019 and made amendments for the Government to expand trials to one more site.

March 2018 Rollout for the CDC trial began in the Goldfields. Nearly half of participants in the Goldfields trial are First Nations people.¹²

July 2018 An Auditor General's report of the scheme found that it is difficult to evaluate the cost-effectiveness of the CDC scheme or its success in reducing social harms.¹³ Despite this, Minister for Social Services, Dan Tehan, defended the scheme and proclaimed that any flaws identified by the report were being addressed by the Government.¹⁴

September 2018 The *Social Services Legislation Amendment (CDC Trial Expansion) Act 2018* extended the trial to the electorate of Hinkler, encompassing residents of Bundaberg and Hervey Bay, until June 2020.

January 2019 Rollout for the CDC trial began in the Bundaberg-Hervey Bay Region. Whilst the Bundaberg-Hervey Bay region was the first non-remote area in which the CDC was trialled where the population is primarily non-Indigenous,¹⁵ around 18 per cent of participants in the trial were First Nations people.¹⁶ The scheme was made compulsory for all welfare recipients under 35 on Newstart, Youth Allowance or parenting payments.

March 2019 As part of the 2019/2020 Federal Budget, the Morrison Coalition Government announced plans to extend trials in Ceduna, the Goldfields and East Kimberley until June 2020, and transition around 22,500 Income Management participants in the Northern Territory and Cape York in Queensland from the BasicsCard onto the Cashless Debit Card.¹⁷

May 2020 Despite being slated to end in June 2020, Minister for Families and Social Services, Anne Ruston, announced that the Federal Government would extend trials in all regions until December 2020.¹⁸

December 2020 The Federal Government passed the *Social Security (Administration) Amendment (Continuation of Cashless Welfare) Act 2020*, extending the CDC trials in all regions for another two years until December 31st, 2022 after failing to win support in the Senate for plans to make the CDC permanent. The Bill also established the Northern Territory and Cape York as CDC program areas, with Northern Territory Income Management participants offered the choice of joining the program or remaining on the BasicsCard.¹⁹

¹² Luke Henrique-Gomes 2020, 'Cashless debit card: government's own research finds underwhelming support,' *The Guardian Australia*.

¹³ ANAO 2018, 'The Implementation and Performance of the Cashless Debit Card Trial,' Australian Government Department of Social Services, ACT.

¹⁴ Cristopher Knaus, 2018, 'Cashless welfare card's effectiveness unclear, auditor general says,' *The Guardian Australia*.

¹⁵ Janet Hunt 2020, 'Evaluating the Cashless Debit Card: How will it solve poverty and unemployment?', Centre for Aboriginal Economic Policy Research, ANU College of Arts and Social Sciences, p. 1.

¹⁶ Australian Government 2021, 'Table 1,' Op. Cit.

¹⁷ Janet Hunt 2020, 'The Uses and Abuses of Evaluation,' *Social Alternatives*, vol. 39., no.1 p. 25.

¹⁸ Nicole Hegarty 2020, 'Frustration, disappointment as cashless debit card trials extended,' ABC News.

¹⁹ Department of Social Services 2021, 'Cashless Debit Card,' accessed 27th April 2021 at:

<https://www.dss.gov.au/families-and-children/programmes-services/welfare-conditionality/cashless-debit-card-overview>

February 2021 A \$2.5 million independent report by the University of Adelaide into the CDC scheme, commissioned by the Federal Government in 2018, was released to the public five months after being made available to the Morrison Government. The report offered inconclusive evidence that the card is fulfilling its aims of reducing social harms.²⁰

March 2021 Trials of the CDC began rollout in Cape York and the Northern Territory.²¹

List of Evaluations and Research Findings

The following sources offer further information on the Cashless Debit Card and its impact on First Nations communities.

Government Reports

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²⁰ Luke Henriques-Gomes 2020, 'Cashless debit card: review fails to find proof Coalition welfare scheme reduces social harm,' *The Guardian Australia*.

²¹ Department of Social Services 2021, 'Cashless Debit Card,' Op. Cit.

ANTaR resources

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Australian Human Rights Commission 2019, 'Senate inquiry into Social Security (Administration) Amendment (Income Management to Cashless Debit Card Transition) Bill 2019,' <https://humanrights.gov.au/our-work/legal/submission/senate-inquiry-social-security-administration-amendment-income-management>

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Bray, JR 2020, 'Measuring the Social Impact of Income Management in the Northern Territory: An Updated Analysis,' CAEPR Working Paper, 136/2020, Centre for Aboriginal Economic Policy Research, ANU College of Arts and Social Sciences, Canberra.

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