 <p>Australian Government Department of Social Services</p>	<p><b>General Brief</b> MS19-900051</p>
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**To:** Minister for Families and Social Services, Senator the Hon Anne Ruston (for decision)

**Subject:** Implementation of the Cashless Debit Card (CDC) financial capability exit process

**Critical Date:** Please action by Monday 17 June 2019, to facilitate legislative changes being developed for introduction to Parliament during July.

**Recommendations for Minister Ruston:** That you

<ol style="list-style-type: none"> <li>Note the policy concerns for the CDC financial capability exit process and implementation considerations.</li> <li>Sign the letter to the Prime Minister seeking policy authority and agreement to bring forward legislative changes to the financial capability exit process (<b>Attachment D</b>).</li> </ol> <p>Minister's signature:.....</p>	<p>Noted / Please Discuss</p> <p>Agreed / Not Agreed</p> <p>Date:..../.../ 2019</p>
<b>Minister's Comments</b>	

**Key Issues:**

- On 5 April 2019, the *Social Security (Administration) Amendment (Income Management and Cashless Welfare) Act 2019* commenced, aligning the sunset date for all CDC sites to 30 June 2020.
- As part of negotiations on the sunset date extension, the Government agreed to non-government amendments which will allow CDC participants to apply to exit the program if they can demonstrate reasonable and responsible financial management, on or after 1 July 2019.
- A general overview of the CDC is at **Attachment A**.

*Financial Capability Exit Process – policy concerns*

- Under subsection 124PHA(2) of the *Social Security (Administration) Act 1999* (the Act), the criteria for an exit from the CDC requires that a participant be able to demonstrate reasonable and responsible management of their financial affairs as a primary consideration, taking into account a number of secondary factors. The legislation outlines that the local community body is the decision maker for those who live in a CDC site where there is a community body. For other sites, the Secretary of the Department is the decision maker. Further information is at **Attachment B**.

5. s42 [REDACTED]

6. The Department has met with key stakeholders, including community body members, in all four current CDC sites. s47E

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Further details on the consultations is at **Attachment C**.

9. As the amendment was put forward by the opposition without consultation with affected communities or time to seek detailed legal advice, the Department is recommending urgent legislative changes to the process. This would:

- a) provide for the Secretary of the Department to be the decision-maker if a community body does not want to, or does not have the capacity to, assess exit applications.
- b) clarify the original intention that an exit application would involve the consideration of factors in addition to financial management, such as the health and safety of the person and the community, engagement with the community, risk of homelessness, engagement in unlawful activity, interests of any responsible children and the applicant's employment or efforts to find work. The current drafting of subsection 124PHA(2) may cause confusion for decision-makers as it appears to limit considerations to matters only in relation to financial management.

10. A letter has been drafted to the Prime Minister seeking policy authority and agreement to bring these legislative changes forward in Week 1 of the Winter sittings as a T status Bill, for your signature (**Attachment D**).

*Financial capability exit process – implementation considerations*

11. s47C

12.

**Sensitivity:**

13. There is consistently a lot of focus and media attention on the CDC and any option to repeal or change the financial capability exit process will likely be met with some scrutiny.

14. Section 124PHA was included in the *Social Security (Administration) Amendment (Income Management and Cashless Welfare) Act 2019* via a non-Government amendment sponsored by the Hon Linda Burney MP. s47C

s47C

**Consultation:**

15. The Department consulted with stakeholders in all four current CDC sites to discuss the exit process, and with the Australian Government Solicitor in relation to the criteria in legislation.

**Attachments:**

**Attachment A:** Cashless Debit Card overview

**Attachment B:** Further information on the CDC financial capability exit process

**Attachment C:** Summary of consultations on financial capability exits

**Attachment D:** Letter to the Prime Minister and legislation bid

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Cleared by: Bruce Taloni  
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Position: Deputy Secretary  
Phone/Mobile: s22

Signature: \_\_\_\_\_

Date: 13/6/19



**Background:**

16. The Cashless Debit Card (CDC) began on 15 March 2016 in Ceduna, South Australia. Since then it has expanded to the East Kimberley region, Western Australia on 26 April 2016, the Goldfields region, Western Australia on 26 March 2018 and the Bundaberg and Hervey Bay region, Queensland on 29 January 2019.
17. In the first three sites of Ceduna, East Kimberley and the Goldfields regions, the program applies to all people who receive a working age welfare payment. Age Pension and Department of Veterans' Affairs Pension recipients can also volunteer to go on the card if they live within a program site.
18. In the Bundaberg and Hervey Bay region, the program will apply to people aged 35 and under who receive Newstart Allowance, Youth Allowance (Job seeker), and Parenting Payment (Partnered and Single).
19. The CDC was developed in close partnership with 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.
20. The co-design process facilitated tailoring the CDC to address local need. It incorporates local ideas about what will work including card design, the percentage of welfare payment that is quarantined and any support services needed in the communities.
21. Local leaders in the Ceduna region and the East Kimberley have established community bodies to promote the safety, protection, care and welfare of adults, children and families by encouraging positive social behaviour. Community bodies aim to encourage people to do the right thing for their community.
22. The Department has continued to work closely with leadership groups to proactively resolve issues as they arise.
23. The CDC looks and operates like a regular bank card, except it cannot be used for the purchase of alcohol, gambling products, 'open loop' gift cards, which allow the purchase of alcohol or gambling products, or to withdraw cash.
24. Under the CDC, 80 per cent of a participant's welfare payment is placed on a Visa debit card that can be used at most merchants that accept EFTPOS. The remaining 20 per cent is deposited into the participant's regular bank account and can be withdrawn as cash.
25. CDC participants in Ceduna and East Kimberley regions can apply to the relevant Community body to have the proportion of their welfare payment quarantined reduced from 80 per cent to a minimum of 50 per cent, noting the minimum quarantined amount varies between regions.
26. The objective of the CDC is to learn more about whether limiting the amount of welfare payment available as cash will leave to a reduction in overall harm caused by welfare fuelled drug and alcohol misuse and problem gambling. It is not designed as a punitive measure.
27. Each program site was selected as a result of significant consultation with the impacted communities in the area, and will allow the Government to test the impacts of the CDC program across diverse cohorts and geographic regions.
28. An initial impact evaluation was undertaken in the first two sites by ORIMA Research from 2016-2017, which reported positive initial findings. However, the evaluation was criticised, including by the Australian National Audit Office (ANAO) as part of its review in 2017-18.
29. A second impact evaluation is currently underway as well as collection of baseline findings in the Bundaberg and Hervey Bay region. Results of the second evaluation will be available in late 2019.

## **Attachment B - Further information on the financial capability exit**

### Who is the decision maker

To apply to exit the program, a participant will need to submit an application to either:

- a) The Department of Social Services, for those who live in a CDC trial area where there is no community body (the Goldfields and Bundaberg and Hervey Bay regions), or who live outside of a trial area.
- b) The local community body, for those who live in a CDC trial area where there is a community body (Ceduna and East Kimberley regions).

### Detail on legislative criteria

Subsection 124PHA(2) of the Act stipulates specific criteria that the decision-maker must consider in assessing an application to exit the CDC program via the financial capability exit.

In considering the person's financial capability, the community body or the department must consider:

- a) the interest of any child(ren) for whom the person is responsible;
- b) whether the person has a likelihood of engaging in any unlawful activity;
- c) risks of homelessness;
- d) the health and safety of the person and the community;
- e) the responsibilities and circumstances of the person;
- f) the person's engagement in the community, including the person's employment or efforts to obtain work.

A person who has been exited under this process can be placed back onto the trial if a health or community worker determines that it is necessary for a person to be placed back on the CDC for medical or safety reasons. A person who has been placed back onto the trial can re-apply for an exit.

A health or community worker means a person who carries on, and is entitled to carry on, an occupation that involves the provision of care for the physical or mental health of people or for their wellbeing.

## Attachment C – Summary of consultations on financial capability exits

Representatives from the Department of Social Services (DSS) consulted with stakeholders in all four Cashless Debit Card (CDC) locations to discuss the recent amendment to legislation that will allow CDC participants to apply for an exit from the program based on meeting a range of criteria linked to financial capability.

Key feedback received is that there are mixed views about implementing the exit process,

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### Community bodies

Stakeholders have asked for you to visit communities to see the positive impacts of the CDC since the card was introduced. s47C

Stakeholders also requested ongoing engagement in the exit process.

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**Attachment C – Summary of consultations on financial capability exits**

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**Senator the Hon. Anne Ruston**

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**Minister for Families and Social Services  
Senator for South Australia**

Ref: MS19-900051

The Hon Scott Morrison MP  
Prime Minister  
Parliament House  
CANBERRA ACT 2600

Dear Prime Minister

I write regarding matters that relate to non-government amendments agreed by Parliament prior to the passage of the *Social Security (Administration) Amendment (Income Management and Cashless Welfare) Act 2019*.

The new provisions provide a process for a Cashless Debit Card (CDC) program participant to apply to a community body, where a body is established, or the Secretary of my Department where there is no community body, to be exited from the CDC program. To be exited from the program, a person must demonstrate reasonable and responsible financial management, taking into account their personal circumstances.

Following the agreement of these amendments, my Department has undertaken consultation with communities. s47E

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A number of communities

also indicated that s47E

s47E

As a result of the above, and further to my letter of 5 June 2019 (reference MS19-900044), I write to seek your agreement to add an additional social services portfolio bill to the legislation program for the second half of the 2019 calendar year with category T Status and nil financial impact. I apologise for the delay in providing this request.

I also seek your agreement to amendments to be included in this bill. The Social Security (Administration) Amendment (Cashless Debit Card Exit) Bill would seek to amend the new exit provisions to: allow the Secretary of my Department to be the decision maker where community bodies do not want or do not have capacity to undertake this role; and broaden the criteria to allow the decision maker take into account factors other than a person's ability to responsibly manage their finances.



The formal documentation for the bid is enclosed. The contact officer in my department is  
§22 [REDACTED] Legislation Liaison Officer, on §22 [REDACTED]

Yours sincerely

Anne Ruston

## DEPARTMENT OF SOCIAL SERVICES

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### **Social Security (Administration) Amendment (Cashless Debit Card Exit) Bill**

Act: *Social Security (Administration) Act 1999*

- Measure; amend provisions related to exiting the cashless debit card under section 124PHA to:
  - a) allow the Secretary of the Department of Social Services to receive applications to exit the Cashless Debit Card and be the decision maker on these application, where community bodies do not want to undertake this role; and
  - b) allow consideration of factors in addition to financial management, such as the health and safety of the person and the community, engagement with the community, risk of homelessness, engagement in unlawful activity, interests of any responsible children and the applicant's employment or efforts to find work.

category sought:	T
critical date for <u>passage</u> :	End of the second week of sitting (currently proposed as 25 July 2029).  The process to exit the Cashless Debit Card will commence on 1 July 2019. Amendments are required as soon as possible to ensure consistency in the processing of exit applications. Should amendments not be made there is a high reputational risk to the program as some participants will be able to apply, while others cannot.
other critical dates:	none
financial impact:	Nil financial impact
Budget/MYEFO:	no
election commitment:	no
political impact:	low  These amendments may not be agreed by Labor who put the non-government amendment forward. However, the proposed amendments simply clarify the intended operation of the provision.
regulatory impact:	minor or machinery  The Office of Best Practice Regulation has been consulted; reference ID 25236.
regulatory offsets:	not required
subordinate legislation:	no
policy approval:	To be sought through a letter to the Prime Minister
drafting instructions:	date expected to be issued: 14 June 2019  small  simple

other: This amendment has been informed by consultation with key stakeholders in the four current Cashless Debit Card locations.

short description: The Bill amends legislation to allow the Secretary of my Department to be the decision maker on Cashless Debit Card exits where community bodies do not want or do not have capacity to undertake this role and to broaden the criteria to take into account factors other than a person's ability to responsibly manage their finances.

bid history: Second half of 2019: new bid

contacts: LLO: s22 [redacted]  
s22 [redacted]

SES: Selena Patrick, s22 [redacted]  
s22 [redacted]

Policy contact: s22 [redacted]  
s22 [redacted]

**STATEMENT OF REASONS FOR INTRODUCTION AND PASSAGE IN THE 2019  
SPRING SITTINGS**

**SOCIAL SECURITY (ADMINISTRATION) AMENDMENT (CASHLESS DEBIT  
CARD EXIT PROCESS) BILL 2019**

**Purpose of the Bill**

The Bill would amend the provisions in the *Social Security (Administration) Act 1999* related to exiting cashless welfare arrangements, to allow the Secretary of the Department of Social Services to be the decision maker where community bodies do not want or do not have capacity to undertake this role and to broaden the criteria to take into account factors other than a person's ability to responsibly manage their finances.

**Reasons for Urgency**

The process to exit the Cashless Debit Card will commence on 1 July 2019. Amendments are required as soon as possible to ensure consistency in the processing of exit applications. Should amendments not be made there is a high reputational risk to the program as some participants will be able to apply, while others cannot.

(Circulated by authority of the Minister for Families and Social Services)





 <p><b>Australian Government</b> <b>Department of Social Services</b></p>	<p align="right"><b>General Brief</b> MB19-000664</p>
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**To: Minister for Families and Social Services (for decision)**

**Subject: Approve an agreed approach and associated costs for interest accruals on Cashless Debit Card (CDC) accounts**

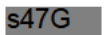






**Recommendations for Minister Ruston: That you**

<p>1.  s47G</p> <p>2.  s47E</p> <p><b>Minister's signature:</b>.....</p>	<p>Noted / Please Discuss</p> <p>Agreed / Not Agreed</p> <p><b>Date:</b>...../...../ 2019</p>
<p><b>Minister's Comments</b></p>	

**Key Issues:**

- In the 2019-20 Budget, the Australian Government announced that from 1 July 2019 CDC accounts would accrue interest at the standard industry rate.

*Implementation*

- Recent discussions with the CDC provider, Indue Limited (Indue), indicate this change will  s47G  
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Interest Rate

3. s47E [Redacted]

4. s47C [Redacted]

5. s47E [Redacted]

6. [Redacted]

**Sensitivity:**

7. Some opponents of the CDC program have been critical of the CDC account not accruing interest.

s47C [Redacted]

**Risk Management:** N/A.

**Consultation:**

8. Department of Finance, Indue and the department's Legal Services Branch.


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Cleared by: Teena Blewitt  
Position: A/g Deputy Secretary  
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Signature: \_\_\_\_\_

Date: \_\_\_ / \_\_\_ / \_\_\_

 <p>Australian Government Department of Social Services</p>	<p><b>General Brief</b> MS19-000780</p>
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To: Minister for Families and Social Services (for information)

Subject: Cashless Debit Card exit application process

Critical Date: 1 July 2019 (participants can apply to exit the CDC from this date).

Recommendations for Minister Ruston: That you

<p>1. Note the Cashless Debit Card (CDC) exit process.</p> <p>Minister's signature:.....</p>	<p>Noted / Please Discuss</p> <p>Date:...../...../ 2019</p>
<b>Minister's Comments</b>	

**Key Issues:**

1. On 5 April 2019, the *Social Security (Administration) Amendment (Income Management and Cashless Welfare) Act 2019* (the Act) commenced, aligning the sunset date for all CDC sites to 30 June 2020.
2. As part of negotiations on the sunset date extension, the Government agreed to non-government amendments, which will allow CDC participants to apply to exit the program if they can demonstrate reasonable and responsible management of their financial affairs, on or after 1 July 2019. Background information on the exit process is provided at **Attachment A**.
3. To apply for an exit, CDC participants should contact the departmental CDC hotline or send an email to the department. The department will then register a participant's application.
4. At this stage we are proposing s47C [redacted] conduct an assessment of the participant's financial capabilities, against the legislated criteria. s47C [redacted]  
s47C [redacted]  
s47C [redacted]
  - a. s47C [redacted]
5. It is proposed that s47C [redacted] contact the participant to determine whether they meet the criteria to exit the program, and will provide the department with advice and a recommendation.

- 6. In CDC sites where there is a community body, the department will pass the advice received from DHS to the body to make a decision. The body will advise the department of their decision.
- 7. For other sites, the Secretary of the department, or a delegate, will consider s47C  
s47C
- 8. If a participant is to be exited from the program, the department will contact DHS to commence the formal exit process, which includes notifying the participant. Participants who are unsuccessful in their application will be notified in writing.

**Sensitivity:**

- 9. The current legislation stipulates that community bodies are the decision makers in sites where a body operates (the Ceduna region in South Australia and the East Kimberley region in Western Australia); however, feedback from consultations is that s47E  
s47E
- 10. s47E s47C  
s47C s47E  
s47E  
The department will continue to engage with the community bodies around this.
- 11. The legislation limits the sub criteria to financial management for assessment of an exit. The department is progressing legislation changes for the Secretary to be the decision maker in all sites and for the sub criteria to be given full weight. You wrote to the Prime Minister about this matter on 20 June 2019 and the Assistant Minister to the Prime Minister and Cabinet responded on 27 June 2019 agreeing to the policy proposal set out in the letter. Should the proposed legislation changes pass in Parliament, a new application process will be developed.

**Risk Management:** N/A

**Consultation:**

- 12. The department has had early discussions s47C  
s47C

**Attachments:**

**Attachment A:** Background information

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Cleared by: Liz Hefren-Webb  
 Position: Deputy Secretary  
 Phone/Mobile: s22

Signature: \_\_\_\_\_ Date: \_\_\_ / \_\_\_ / \_\_\_



**Background:**

- Under subsection 124PHA(2) of the Act, the criteria for an exit from the CDC requires that a participant be able to demonstrate reasonable and responsible management of their financial affairs as a primary consideration, taking into account a number of secondary factors. The legislation outlines that the local community body is the decision maker for those who live in a CDC site where there is a community body. For other sites, the Secretary of the department is the decision maker.

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- The Department has met with key stakeholders, including community body members, in all four current CDC sites. s47E

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