

From: s47F
Cc:
Subject: Innovation Day Working Group
Date: Thursday, 27 July 2017 2:19:55 PM

Dear all,

Please be advised that we would like to confirm the first Working Group meeting for 4pm Monday 14th August.

We are currently finalising details for the project leader and will revert once confirmed with information regarding meeting location and dial in numbers.

If you have not already confirmed your participation in the Working Group, please do so by return email to me.

Note I am on leave until 7th August but am still managing the logistics of this meeting. If you need to contact someone more urgently, please reach out to s47F or s47F

s47F @generationone.org.au

Kind regards,

s47F

—
s47F

GENERATIONONE
an initiative of Minderoo Foundation

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Mobile: s47F

Phone:

www.generationone.org.au



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From: s47F
Cc:
Subject: Cashless Debit Card Working Group Meeting 14/8/17
Date: Thursday, 10 August 2017 2:12:34 PM

Dear all,

We are delighted to announce that s47F will be joining the Minderoo team on a 3 month contract to help drive the CDC Working Group process.

Our first meeting will take place this Monday 14th August in the CBA Innovation Lab at 4pm. A meeting request will follow shortly to the below list of attendees with all the dial-in and address details included.

An agenda for the meeting is also currently being finalised and will be distributed to attendees shortly.

The below is a list of those who have confirmed their participation in the Working Group but if your name does not appear and you wish to be included, please let me know.

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- 25.

s47F

We look forward to working with you all and sincerely thank you for your participation.

Kind regards,

s47F

s47F

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From: s47F
To: s47F
Cc: REED, Tristan; s47F
Subject: RE: CDC Working Group [SEC=UNCLASSIFIED]
Date: Monday, 14 August 2017 10:01:19 AM
Attachments: [image001.jpg](#)
[DSS slide for Minderoo WG.pptx](#)
[DSS background paper for WG meeting 14 August.docx](#)
[DSS Background slides for WG meeting 14 August.pptx](#)

Hi s47F

Please find attached a slide I will talk to at today's Working Group meeting. We're happy for this to be distributed to the WG members. That covers off your third dot point below.

I've also attached a word document plus slide deck which address the other two dot points more fully. While I don't think they necessarily assist for today's meeting (as they don't differentiate between what DSS does and what the WG can do), they give you a clearer picture of what we are doing, I think. There is quite a bit of overlap, and the difference – and crossover – will hopefully become clearer over the next few weeks.

Unfortunately I wasn't able to make the trip to Sydney for today – too much else on – but will dial in ready to speak to agenda item 5.

Please don't hesitate to give me a call if you would like to discuss any of this before the meeting. I'm offline for the next 30 mins or so but available after that (but not for the hour immediately preceding the WG).

Cheers

s47F

s47F

Director (Perth-based)
Cashless Debit Card
Department of Social Services

s47F

From: s47F [mailto:s47F@generationone.org.au]
Sent: Friday, 11 August 2017 9:25 AM
To: s47F
Cc: s47F
Subject: CDC Working Group

All,

Thank you very much for taking the time to meet with s47F and myself yesterday. The CDC is a very impactful program and I am really looking forward to the opportunity to work together with each of you.

As discussed in yesterday's meeting, it would be great if you are able to share with us by COB today:

- Your thinking to date regarding preferred solution(s) to solve for SKU level limiting and other challenges associated with current CDC implementation
- Details regarding the September "tech hack" - e.g. who is involved, what is the challenge statement, what is the outcome desired from the day (i.e. a working prototype?)
- One slide for use in Monday's working group kickoff, outlining DSS's update and plan ahead (e.g. the RFP in market, the tech hack etc.)

Below is the proposed agenda for Monday's session. Please let me know if you are comfortable running agenda item #5 - providing an update on DSS progress since the innovation day.

As requested, s47F has sent through the list of all people attending in person and via phone.

1. Introduction and acknowledgement of country	s47F	5 mins	
2. Introductions around the room	s47F	10 mins	
3. Play back of innovation day outcomes and recent developments	s47F	15 mins	
4. Plan ahead for this report	s47F	15 mins	
5. Update from DSS	s47F	10 mins	1 x slide to be provided by DSS to s47F by COB Friday 11 August
6. AOB/questions & Next Steps	s47F	5 mins	

I'm conscious about the tight deadlines, so thanks in advance for your support.

If you have any questions, please feel free to call my mobile directly, s47F

Kind regards

s47F

s47F

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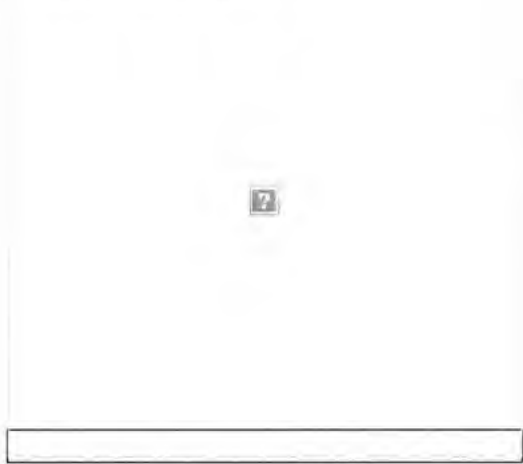
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CASHLESS DEBIT CARD TECHNOLOGY REPORT

NOVEMBER 20, 2017



minderoo
FOUNDATION

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FOREWORD

The Cashless Debit Card (CDC) marks a fundamental step in helping to break the cycle of drug, alcohol, and gambling abuse amongst eligible welfare recipients. Whilst there are divergent opinions about specific policy settings and the best method of implementation, there is no doubt that the CDC and its package of wrap-around services are providing vulnerable communities with a circuit-breaker to help end the cycle of social harm. Originally envisaged in *Creating Parity - The Forrest Review* as a 'Healthy Welfare Card', the program has achieved key outcomes in the fight to create healthier, safer, and more sustainable communities.

Nevertheless, the current CDC model can be refined to better realise its potential. An integral part of this process involves more effectively utilising the full suite of payments and banking technologies in a way that is pragmatic, participant-focused, and scalable. To this end, the Minderoo Foundation convened an Industry Working Group comprised of many leading retail, banking, and payments organisations across Australia. The Group agreed to compile this report, which advises Government and industry on key steps to improve the technology model behind the CDC. We make 11 recommendations that will reinforce the program's social objectives, improve the participant and merchant experience, and enable it to be applied to a larger number of vulnerable communities.

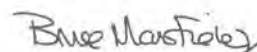
We would like to thank the members of the Working Group for their strong engagement throughout the compilation process. By leveraging their collective knowledge and industry experience, our recommendations encapsulate strong support from those who will ultimately be responsible for orchestrating change. We strongly urge the Government to incorporate these 11 recommendations as part of any subsequent phases for the program, including the roll out to Hinkler and the WA Goldfields. As representatives from the corporate, non-profit and consulting sectors, we are prepared to help ensure the continued success of the CDC program.



Hugh Podmore
Industry Working Group
Chairperson



Matthew O'Sullivan
Chief Operating Officer,
GenerationOne,
Minderoo Foundation



Bruce Mansfield
Special Advisor,
(Cashless Debit Card),
Minderoo Foundation

EXECUTIVE SUMMARY

In response to a request from the Prime Minister, Mr Andrew Forrest AO released *Creating Parity* on 1 August 2014. The review contained 27 interdependent recommendations, but more specifically it identified that a new way was needed to better distribute welfare payments and address issues with the Government's existing BasicsCard program.

Drawing its inspiration from *Creating Parity*, the Australian Government designed the Cashless Debit Card (CDC). Key differences between the CDC and the BasicsCard program included different management frameworks adopted by Government, the restriction model used by each card, and the proportion of payments quarantined. A 12-month trial of the CDC commenced on 15 March 2016 in Ceduna (SA) and surrounds, and on 26 April 2016 in the East Kimberley (WA). ORIMA Research was commissioned to evaluate the trial, releasing an Interim Report in March 2017 and a Final Report in August 2017.

ORIMA's reports were extensive and showed positive results. For card users at 12 months: 41% of drinkers said they were drinking less; 48% of drug users said they were using drugs less; and 48% of gamblers said they were gambling less (see *Appendix - Selected Results* for additional information). However, the reports also found mixed results that underscored technological limitations with the current CDC model. These included the lack of 'item-level', or Stock Keeping Unit (SKU) blocking solutions, the lack of payment terminals across micro-merchants, limited service channels, and the lack of multiple card issuers (including widely known retail banks).

This report details how Government can best implement:

Improving Social Outcomes:

1. **SKU Limiting** - Implementing a SKU limiting solution at major retailers to overcome circumvention via gift card, alcohol, and gambling purchases.
2. **Opt-in Card** - Extending availability of an opt-in card with simple on-boarding and CDC equivalent restrictions for non-welfare recipients, to reduce humbugging.
3. **Analytics** - Expanding the analytics program to capture a broader range of key performance indicators (KPIs), including, by geography: fresh food, alcohol, and gambling sales.
4. **Income Smoothing** - Implementing an opt-in income smoothing feature for CDC transaction accounts.

Improving Participant and Merchant Experience:

5. **Card Terminals** – Promoting micro-merchant card terminal options to increase CDC acceptance.
6. **Online Payments** – Opening online purchases to all domestic merchants by default, blocking restricted merchants via Merchant Category Code (MCC) and, where necessary, via individual Merchant ID.
7. **Message Prompt** – Implementing a message prompt restriction mechanism for non-integrated payment terminals, allowing a manual way to implement SKU-level blocking by merchants.
8. **Improve Experience** – Improving the transaction banking, debit card, and service channel experience.
9. **Enhance Security** – Implementing enhanced security features on cards and transaction accounts.

Creating a Scalable Solution:

10. **Process Automation** – Creating an application to automate transfer limit changes and ‘Pay Anyone’ approvals, whilst also leveraging CDC infrastructure to deliver the BasicsCard program.
11. **White Label Platform** – Transitioning CDC provision from a single-issuer to allow multiple institutions to participate using a ‘white-label’ model (short term) and a ‘decisioning platform’ model (medium term).

We also recommend phasing in accordance with the following implementation periods:

< 6 months	6 - 18 months	18 - 24 months
Rec 2: Opt-in Card	Rec 3: Analytics	Rec 1: SKU Limiting
Rec 5: Card Terminals	Rec 4: Income Smoothing	
Rec 9: Enhance Security	Rec 6: Online Payments	
Rec 10: Process Automation	Rec 7: Message Prompt	
	Rec 8: Improve Experience	
	Rec 11: White Label Platform	

BACKGROUND

INCOME MANAGEMENT AND THE BASICSCARD

Income management (or 'welfare quarantining') is a policy that compulsorily sets aside a portion of the welfare payments of certain individuals so that it cannot be spent on excluded items (e.g. alcohol, tobacco, pornography, or gambling products). The money that is not spent on excluded goods is then available to be spent on 'priority goods and services' (food, housing, utilities, clothing, education and healthcare).¹ The policy was first introduced by the Federal Government in 2007 as a part of the Northern Territory Emergency Response. Provisions for people to have their income managed voluntarily were also included.²

Income management is designed to provide "a key tool in supporting disengaged youth, long-term welfare payment recipients and people assessed as vulnerable, and is aimed at encouraging engagement, participation and responsibility". The stated objectives are to:

- » reduce immediate hardship and deprivation by directing welfare payments to the priority needs of recipients, their partner, children and any other dependents;
- » help affected welfare payment recipients to budget so that they can meet their priority needs;
- » reduce the amount of discretionary income available for alcohol, gambling, tobacco and pornography;

- » reduce the likelihood that welfare payment recipients will be subject to harassment and abuse in relation to their welfare payments; and
- » encourage socially responsible behaviour, particularly in the care and education of children.³

Between 2008 and 2014, the policy was expanded from Northern Territory (NT) Indigenous communities to other locations and groups of welfare participants. These include: Indigenous communities in Cape York; selected communities in Western Australia (WA) for child protection initiatives; the entire NT under the Federal Government's 'New Income Management' scheme; five communities around Australia under a new 'place based' model; and lastly, in selected areas across South Australia (SA) and WA.⁴

Centrelink only places welfare recipients on income management if their circumstances reflect certain criteria or if they volunteer. These criteria are determined by different income management 'measures', each of which operates in different areas, focuses on different groups of welfare recipients, quarantines different proportions of payments (ranging from 50% – 90%) and has its own unique set of conditions and exemptions.⁵ For a snapshot of these different locations, including the relevant rules and conditions that apply for each measure, and for the total number of people exposed to all income management measures, see *Appendix – Income Management Map, Populations and Expenditure*.

¹ Department of Social Services, Australian Government. *Guide to Social Security Law* (1 July 2015) 1111 Overview of Income Management <<http://www.dss.gov.au/guide-social-security-law>>

² Luke Buckmaster, Carol Ey and Michael Klappdor. *Income Management: An Overview* (Background Note, Parliamentary Library, Parliament of Australia, 2012) 1

³ Department of Social Services (above n 1) 111130 Objectives of Income Management

⁴ Don Arthur. *Income Management: A Quick Guide* (Research Paper, Parliamentary Library, Parliament of Australia, 2015) 4

⁵ *Ibid* 2-4

The *Social Security (Administration) Act 1999* expressly excludes the purchasing of specific items and services, and identifies 'priority needs'.⁶ It also establishes the framework for Centrelink to play an active role in making decisions about a person's income managed payments.⁷ Regardless of the measure, Centrelink typically arranges to make specific payments on behalf of welfare recipients (bills, etc.) before distributing any excess funds on to the 'BasicsCard', which is designed to be used for other 'priority needs'.⁸

The BasicsCard

The BasicsCard is a pre-paid card that runs on the national eftpos scheme rails. It provides income managed welfare recipients with the option of accessing their managed money through electronic payment facilities at approved stores, businesses and outlets. The BasicsCard is issued by the Department of Human Services (DHS), with Indue Ltd providing the service and scheme sponsorship, and is protected by a 4-digit personal identification number (PIN).⁹ Indue provides the back-end infrastructure, while DHS provides all customer-facing support.

In keeping with the objectives of income management, the BasicsCard cannot be used to access cash, or to buy alcohol, pornography, tobacco, gambling products, home-brew kits and concentrates, and gift cards or vouchers that can be transferred for cash or credit. Purchases are limited to approved stores such as supermarkets, post offices, pharmacies and medical centres, service stations, and department stores. Refunds for items purchased with the BasicsCard are returned to the card.

The BasicsCard is limited to a maximum balance of \$3,000 (adjustable down to \$100 by the user). Card users are free to set their own balance limits within these constraints. The maximum daily spend is also limited to \$1,500. Card users are similarly able to adjust daily spend limits to any amount between

\$20 and the maximum. When spend limits are met, the BasicsCard is deactivated until midnight, whereupon it resets for the next 24 hours.¹⁰

Key Issues

Over the last decade, several income management evaluation reports have been released. Whilst focusing on different income management measures, the operation, functionality and impact of the BasicsCard has been a consistent theme. Three key issues with the BasicsCard raised across evaluations relate to its inherently restrictive (or 'closed-loop') design, the stigma, shame and embarrassment experienced by some card users, and the cost of its administration.

Restriction

The Federal Government limits the acceptance of the BasicsCard to specific merchants. In accordance with the approval framework, if a merchant wants to be eligible to accept the BasicsCard they must "... sell a majority of priority goods and services and ... [s]ales in terms of dollar value of excluded goods and services must be less than 50% of total annual turnover".¹¹

The Place Based Income Management (PBIM) baseline evaluation report highlighted that one of the main concerns about the BasicsCard was its lack of acceptance among retailers and service providers, especially discount stores.¹² This was confirmed in the consolidated PBIM evaluation report, which showed that across both PBIM measures (voluntary and vulnerable) over 50% of respondents reported that there were things they wanted to buy using their BasicsCard but were unable.¹³

The consolidated report stated:
 "[t]he number and variety of retailers who accept [the] BasicsCard is consistently noted by stakeholders as a key limitation of PBIM. It is suggested that options for expanding the number and variety of retailers where PBIM customers can

⁶ *Social Security (Administration) Act 1999* (Cth), s 142(1)(d).

⁷ Department of Social Services, above n 1 1113, 10 Guiding Principles of Income Management.

⁸ Arthur, above n 4, 15.

⁹ Department of Social Services, above n 1 1115, 10 Meeting Priority Needs Using the BasicsCard.

¹⁰ Department of Human Services, Australian Government, *BasicsCard* (5 October 2017) <<https://www.humanservices.gov.au/our-services/basicscard/>> n 10.

¹¹ Department of Social Services, above n 9.

¹² Elliott, Access Economics, *Place Based Income Management – Baseline Evaluation Report* (Department of Social Services, 2014), 70.

¹³ Elliott, Access Economics, *Consolidated Place Based Income Management Evaluation Report* (Department of Social Services, 2015), 70.

shop are considered. This may simply require that the facility is rolled out across more stores, or that the card mechanism itself is redesigned.¹⁴

The Final Evaluation Report into the Federal Government's 'New Income Management' for the NT also highlighted the same point, "[m]any retail and service outlets do not accept [the] BasicsCard. This includes major services such as the Post Office and utilities such as PowerWater. While in this latter case they will accept Centrepay deductions and other direct credits, a person who receives a power bill cannot simply walk into the office and pay it with their BasicsCard".¹⁵

Stigma

Many card users surveyed across evaluation reports also highlighted shame, stigma or embarrassment when using the BasicsCard. The consolidated PBIM report showed that on average across both types of PBIM (voluntary and vulnerable), over 25% indicated that they felt embarrassed when they used the BasicsCard, and over 35% indicated that they felt judged.¹⁶ Some merchants also commented that they thought the requirements of the BasicsCard led to shame or embarrassment for some of their customers:

We have to try and manually check their card to make sure they don't purchase prohibited items. We didn't use to [but] since one customer managed to purchase cigarettes on their card, we nearly lost our license to accept the card we have to take this extra step which causes both embarrassment for some customers and even abuse from some customers to my staff. Without having to check their cards, I don't believe we would have these issues.¹⁷

The Final Evaluation Report into the Federal Government's 'New Income Management' for the NT also showed that nearly 40% of respondents cited 'stigma / shame' as at least one of the reasons for why they had tried to leave income management.¹⁸

Cost

The Australian National Audit Office highlighted that, "[t]he service delivery approach required for New Income Management is resource-intensive, differs from the day-to-day processes used for the majority of services provided by [the Government], and consequently is a relatively higher cost service".¹⁹

In the same report, the DHS advised that it had spent over \$80m for FY11-12 to deliver income management in the NT. As *Table 4 in Appendix – Income Management Map, Populations and Expenditure* shows, roughly 50% of this cost was focused on front-line customer service. The estimated costs per person, per year were: between \$6,600 and \$7,900 for remote areas; between \$3,900 and \$4,900 for rural areas; and between \$2,400 and \$2,800 for urban areas.²⁰ Such an expensive cost has limited the expansion of income management to other vulnerable areas across Australia.

CREATING PARITY – THE FORREST REVIEW

In 2013, the Prime Minister commissioned Mr Andrew Forrest AO to review Indigenous training and employment services across Australia. Mr Forrest consulted widely and received over 300 public submissions from a range of different stakeholders and community members before releasing *Creating Parity – The Forrest Review* on 1 August 2014.

The *Forrest Review* contained 27 interdependent recommendations designed to create parity between Indigenous and non-Indigenous Australians. The recommendations are broad and address many of the contributory factors that influence employment, including: pre-natal care and education, training services, housing, Indigenous land management, and welfare reform

¹⁴ Ibid v.

¹⁵ See Bray et al. *Evaluating New Income Management in the Northern Territory: Final Evaluation Report* (Social Work Research Centre) (HIS/10/1) 138–140. Australia Post outlets have been able to accept the BasicsCard. (Info@August 2012).

¹⁶ *Creating Parity* (Economic Advice) 13–14P.

¹⁷ Ibid 35.

¹⁸ Bray, above n 15 (1).

¹⁹ Australian National Audit Office, *Administration of New Income Management in the Northern Territory* (2012) 10.

²⁰ Ibid 94–5.

More specifically, it was identified that a new way to distribute welfare was needed to address key issues with the BasicsCard and so that recipients were better supported to, "manage their income and liabilities, save for the occasional bigger expenses like Christmas or school camps, [and invest] ... in a healthy life".²¹

The Healthy Welfare Card

Recommendation 5 of the *Creating Parity* called on the Federal Government to implement immediately, "a Healthy Welfare Card scheme in conjunction with major financial institutions and retailers to support welfare recipients [to] manage their income and expenses".²²

CASHLESS DEBIT CARD

On 14 October 2015, the Federal Parliament passed the Social Security Legislation Amendment (Debit Card Trial) Bill 2015 with bi-partisan support, allowing the Government to establish a 12-month trial of a Cashless Debit Card (CDC) based upon the Healthy Welfare Card. During its passage, the Bill was referred to the Senate Community Affairs Legislation Committee for inquiry and report. The Committee took submissions and evidence from a range of different sources including from community members of future trial sites. Its report was released on 12 October 2015.²³

BasicsCard v Cashless Debit Card

The key differences between the BasicsCard and the CDC include: the management approach adopted by Centrelink, the restriction model used by each card, and the portion of a welfare payment quarantined (with the remainder being cash accessible). The BasicsCard uses a 'closed-loop' restriction model, and quarantines between 50-90% of a welfare payment. The closed-loop design means that the BasicsCard can only be used at approved stores (who have entered into a contract

with the Department) to buy approved goods and services. Centrelink also actively determines and pays 'priority needs' for welfare recipients before distributing any excess funds to the BasicsCard.

The CDC uses an 'open-loop' restriction model and quarantines 80% of a welfare payment. The open-loop design means that the CDC can be used at any Visa Debit accepting store that is not categorised as a supplier of excluded goods and services (regardless of whether they have entered into a contract with the Department). Unlike the BasicsCard, the CDC features a full transaction banking account which can facilitate online purchases, Direct Entry transfers (manually approved by DSS or to other restricted accounts) and BPAY transactions.²⁴ The CDC also uses an EMV chip,²⁵ whereas the BasicsCard uses a magnetic strip (making the CDC inherently more secure and harder to counterfeit). Lastly, Centrelink does not determine and pay 'priority needs' for a welfare recipient on the CDC. Card users are empowered to make their own decisions about their needs.

Trial and Key Results

The Federal Government commenced the CDC Trial on 15 March 2016 in Ceduna (SA) and surrounds, and on 26 April 2016 in the East Kimberley (WA) with Indue Ltd being awarded the contract to manage the accounts linked to the Card.²⁶ The trial was designed to, "test whether restricting discretionary cash can reduce the overall social harm which is caused by welfare-fuelled alcohol, gambling and drug abuse ...".²⁷ ORIMA Research released its CDC Trial Interim Evaluation Report in March 2017, and its Final Evaluation Report in August 2017.

²¹ Andrew Forrest, *Creating Parity: The Forrest Review*, (Commonwealth of Australia 2014) 275-6.

²² *Ibid.*

²³ Community Affairs Legislation Committee, Parliament of Australia, *Report: Social Security Legislation Amendment (Debit Card Trial) Bill 2015* (<http://www.parliament.gov.au>).

²⁴ DSS is the abbreviation for the Department of Social Services.

²⁵ EMV is the abbreviation for Europay, MasterCard and Visa. See EMVCO, *Overview* (2017) (<http://www.emvco.com/about/overview/>).

²⁶ Department of Social Services, Australian Government, *Cashless Debit Card Trial: Overview* (2017) (<http://www.dss.gov.au/links/and/linked/primary/00000000000000000000/welfare-conditional/cashless-debit-card-trial-overview>).

²⁷ Commonwealth, *Parliamentary Debates*, House of Representatives, 19 August 2015, 8805-6 (Alan Tudge).

The Final Evaluation showed that, for card users at 12 months on average across trial sites:

- » 41% of drinkers said they were drinking less and 37% said they were binge drinking less;
- » 48% of drug users said they were using drugs less and 53% said they were spending less on drugs; and
- » 48% of gamblers said they were gambling less.²⁸

Despite such strong results, some of the findings were mixed and underscored technological limitations with the current CDC model.

Technological Limitations

The CDC was designed to restrict users from purchasing alcohol and gambling products, and prevent users from withdrawing cash. To effectively achieve these aims, the authorisation of checkout sales is contingent upon the acquiring bank's classification of the merchant into a Merchant Category Code (MCC). If the MCC indicates that the merchant supplies alcohol or gambling products, the transaction is automatically declined – regardless of the specific item being purchased.

This 'merchant-level blocking' approach works well for liquor and gambling outlets, but does not solve easily for mixed merchants that sell both unrestricted and restricted items, or merchants that sell secondary forms of credit (such as gift cards). Examples include a mixed-merchant pub that is categorised as a supplier of alcohol, but also has an attached bistro, or a supermarket that sells gift cards which can be redeemed next door at a bottle shop.

DSS has worked with gift card sellers and mixed merchants within the trial communities (supermarkets, service stations, pubs and clubs with a bistro, and other licensed restaurants) to implement operational controls as a fix to the limitations of 'merchant-level blocking'. This has included installing a separate payment device at the local pub for approved bistro purchases, and the training of supermarket staff to recognise a CDC at the point of sale (POS) and manually decline the transaction if it includes a restricted item or a gift card.

Whilst these operational controls have been effective at overcoming some of the technological limitations within the trial communities, it has reportedly been at great financial cost to the Government, albeit significant one-off setup costs were incurred to create the CDC product. In May 2017, the ABC stated that, "the pilot program is costing up to \$18.9 million, excluding GST" which is, "about \$10,000 per participant" (significantly more expensive than income management and the BasicsCard).²⁹ If the Government considers expanding the CDC to other vulnerable communities, including in more urbanised settings, it must invest in technological solutions that allow for 'item-level (SKU) blocking', as well as solve the technical limitations preventing cost effective scaling.

Working Group

To assess the feasibility of addressing these limitations on a national scale, the Minderoo Foundation called on senior executives from across the banking and retail sectors to attend a CDC Innovation Day on 13 July 2017. The purpose of the Day was to create a roadmap for the development and implementation of an 'item-level (SKU) blocking' solution, and to solve other issues hindering the card's acceptance, functionality and scalability.

The Innovation Day participants agreed to create a Working Group and produce this combined report to outline the necessary development work. Three key topics identified for the report included how best to: (1) maintain and improve social outcomes; (2) improve the user experience for participants and merchants; and (3) create a nationally scalable solution.

²⁸ JHMA Research (2016) *Final Card Trial – Final Evaluation Report*. Downloaded from <http://www.jhma.com.au/11716>

²⁹ Leo Lyndes, 'Central Bank's Welfare Card Trial Costing Taxpayers \$10,000 per Participant', ABC News, 7 May 2017, <http://www.abc.net.au/news/2017-05-07/welfare-wellfare-trial-costing-taxpayers-10-000-per-participant/8486288>

IMPROVING SOCIAL OUTCOMES

The success of the CDC will ultimately be determined by improvements to social outcomes (generated by both the welfare quarantining measure and wrap around services delivered as part of the rollout package). The Working Group notes the significant positive impact on the trial communities, as demonstrated by ORIMA's Final Evaluation Report. Nevertheless, we believe there are technology improvements that can further improve outcomes by addressing certain circumvention behaviours, provide greater insight into policy effectiveness, and increase financial literacy and capability among card holders.

REDUCING CIRCUMVENTION BEHAVIOURS

Evidence suggests that some recipients are determined to find ways to avoid restrictions on cash and prohibited goods.³⁰ It is unlikely that a fully 'waterproof' solution can be built, however an approach that deals with most circumvention behaviours and places additional hurdles in obtaining cash or prohibited goods will better support policy outcomes, even if a smaller number of individuals are able to find ways around them.

Major Retailers

Recommendation 1:

Implement a SKU limiting solution at major retailers to overcome circumvention via gift card, alcohol, and gambling purchases.

Several circumvention issues need to be resolved before the CDC program can be extended to a larger number of communities. Major retailers (esp. supermarket chains) need to implement SKU level checking at the POS to ensure that restricted items (e.g. alcohol and restricted gift cards) are not able to be purchased with the CDC.

There are two types of gift cards that have been identified during the trial period as giving CDC holders the ability to circumvent restrictions. These are: (1) 'closed loop' gift cards that can be purchased at an unrestricted merchant (e.g. a Woolworths Group gift card purchased in a supermarket) and then redeemed at a restricted merchant (e.g. Dan Murphy's); and (2) 'open loop' gift cards which can be purchased pre-loaded with an existing face value.³¹ Given that these gift cards effectively operate as a cash-like tender, it is not feasible to regulate their use and we believe they should remain restricted.

³⁰ ORIMA Research, above n 26, 85.

³¹ Note that closed loop gift cards purchased at a restricted merchant (e.g. Woolworths Group gift card purchased at Dan Murphy's) is already restricted by the Merchant Category Code, whilst open loop gift cards without face value (e.g. \$595 Visa Debit Prepaid) need to be funded by Direct Entry payment, which requires DSS approval on CDC accounts.

To minimise this circumvention risk, we recommend that a full SKU limiting solution be implemented at major retailers (specifically, those that comprise the bulk of restricted gift card sales and larger mixed merchants). This would encompass:

- » Major supermarket chains (e.g. Coles, Woolworths, Aldi, and Metcash/IGA) including their associated non-supermarket brands;
- » Australia Post, and
- » Major convenience stores and fuel operators (e.g. Shell, Caltex, BP, and 7-Eleven) - if they sell restricted gift cards.

Retailers will face costs in upgrading their POS systems such that they comply with a SKU limiting solution. We recommend that the Government consider partly subsidising the cost of this upgrade as part of the budget for an expanded CDC rollout.

The exact mechanism and amount should be determined by Government, as the cost will likely vary significantly by individual merchant.

As merchants are likely to have their own (often proprietary) POS systems and SKU categorisation methods, we also recommend that they are given discretion in how such a blocking solution is implemented across their specific payments infrastructure. However, the minimum requirements of the solution should be:

- » The ability to identify each SKU used by the merchant within a given product category (e.g. alcohol, gambling, tobacco, pornography, and cash-like products);
- » The ability to apply blocking at the POS or terminal to prevent the sale of restricted goods based on the BIN range of each card type and associated policy setting (e.g. alcohol, gambling and gift cards for the CDC, extending to tobacco and pornography for the BasicsCard);³²
- » The ability for sales clerks to identify the restricted item and communicate this to the CDC holder; and

- » The ability to incorporate future welfare quarantining card types into this SKU blocking infrastructure based on the combination of card BIN range and product category type.

It is noted that the Government is currently engaged in a tender process to implement SKU blocking in certain mixed merchants in the CDC trial regions. Any technical solution for this will likely need to involve:

- » Updates to the data fields and User Interface of merchant POS systems;
- » Updates to the payment application of card terminals across all acquirers;
- » Updates to the payment API by third party integrators;³³ and
- » Merchants to classify each SKU in their respective POS system.

While this effort is achievable for a smaller number of big merchants, the fragmentation of the POS market (up to 500 vendors operating in Australia, many with their product development and headquarters situated overseas) means that a fast and widespread rollout of SKU limiting for medium and smaller mixed merchants is unlikely in the short term. Rather, a staged approach could be taken in which POS vendors progressively rollout the required updates over a given period.

We take the position that major retailers (outlined previously) should undertake system upgrades as soon as practical to enable a complete SKU limiting solution, while smaller mixed merchants (e.g. restaurants, bars, and clubs) use a terminal message prompt approach to allow category restriction in the short term (see Recommendation 7). These two recommendations (1 and 7) can be implemented simultaneously.

We recommend the following implementation steps:

- 1.1 Relevant major merchants** to work with their technology teams and upgrade their POS system to accommodate a SKU limiting model as soon as possible.

³² Bank identification number (BIN) is the process of the top four numbers of your card's number that identifies the issuer and the card's features (creditably, CIBI, etc.) at the restricted level.

³³ API is the abbreviation for Application Programming Interface.

- 1.2 Acquirers** to contact in-scope merchants, and together develop requirements to upgrade card terminal payment applications (including any certification required) to allow SKU level blocking.
- 1.3 Australian Payments Network** to coordinate, via the Issuers and Acquirers Forum, the BIN range for each issuer, to allow POS systems to identify the CDC and other welfare quarantining cards.
- 1.4 Government** to publish specific requirements of all restricted categories for each program (CDC, BasicsCard, etc.) via the Issuers & Acquirers Forum.

Humbugging

Recommendation 2:

Create an opt-in card with simple on-boarding and CDC equivalent restrictions for non-welfare recipients.

When a CDC holder can extract cash from family or close community by the application of social pressure, the effectiveness of the card in preventing harm is weakened. This behaviour is particularly prevalent in Indigenous communities (including parts of the CDC trial regions) due to close kinship structures, and is reinforced given that some welfare payments (e.g. age and veteran's pensions) are not compulsorily included in the program. Whilst those in the community whose incomes are not restricted are still able to volunteer for a CDC, this capability has not been marketed widely (outside of age pensioners in the Ceduna district), and may require a more robust origination process to operate at an increased scale.

Where humbugging is prevalent, we recommend that community members not on restricted payments be given the opportunity to easily opt in to a CDC equivalent, with a simple origination process. By choosing the amount of money to transfer into the restricted account, the customer

can determine the quantity of their available cash, while reducing the likelihood of being humbugged.

We recommend the following implementation steps:

- 2.1 Indue** to streamline onboarding of a voluntary CDC, and promote this more widely as an option for community members in CDC areas who are not on welfare.

Other Circumvention Behaviours

There are three specific behaviours that the Working Group believes may be practiced by card holders and should therefore be monitored by CDC issuers. These are:

- » Misuse of BPAY and Direct Entry ("pay anyone") transfers;
- » Deliberate overpayment of bills via CentrePay; and
- » Swapping of CDCs.

Whilst controls are in place to monitor end recipients of BPAY and transfers, this process should continue to evolve, becoming more streamlined and automated (see Recommendation 10). Regarding the deliberate overpayment of bills (and the credited balance being refunded to an unrestricted account), any refunds for payment via a CDC should be returned to the same CDC account.³⁴

Card swapping is likely to continue to be prevalent, particularly in Indigenous communities due to attitudes about community ownership. A biometric (e.g. fingerprint, retina scan, etc.) authentication solution, such as that being implemented in India,³⁵ could minimise this behaviour. However, the lack of a centralised biometric database and the cost of hardware rollout make this solution impractical for the CDC. Rather, enforcement of the existing PIN authorisation and increased community education should be sufficient in the medium term.

³⁴ Specifically, for bills issued via CentrePay and managed by PPS.

³⁵ See Unique Identification Authority of India, Government of India, *Authentication Clearway (2015)* (<http://policyaffairs.nic.in/india/governance/ucal/home-article/faq/17/17/authentication-overview&pageType=authenticat>).

PROVIDING GREATER INSIGHT INTO POLICY EFFECTIVENESS

Recommendation 3:

Expand the analytics program to capture a broader range of KPIs.

ORIMA's CDC Trial Evaluations largely relied on self-reporting surveys. Whilst qualitatively detailing program effectiveness, further quantitative metrics based on KPIs could be used to supplement this data. These metrics should leverage POS integration technology as outlined in Recommendation 1. Whilst the Government is best placed to define KPIs, examples include:

- » the proportion of CDC recipient money being spent on fresh food (reporting via supermarket chains);
- » the per-capita amount spent on alcohol in CDC areas (reporting via takeaway alcohol merchants); and
- » the per-capita amount spent on gambling in CDC areas (reporting via all RSG certified venues).³⁶

Note that any data collected and reported should be at an aggregated level, and not personally identifiable for any individual card holder.

This reporting scheme would likely have to be on an opt-in basis by individual merchants and aggregated to an industry level (to protect commercially sensitive data). Government may decide to specifically mandate reporting in CDC regions, but this will add additional cost and operational burden.

We recommend the following implementation steps:

- 3.1 Government** to engage in consultation with major retailers (specifically: Woolworths, Coles, Aldi, Metcash, major independent liquor and hotel groups, and major gaming providers) to determine voluntary and regular reporting standards to allow greater insight into consumer purchase habits and program success.



IMPROVING FINANCIAL LITERACY AND WELLBEING

While restricting access to cash, alcohol and gambling products represents one lever to improve social outcomes, certain transaction account features can also be built into the product that can encourage behavioural change.

Income Smoothing

Recommendation 4:

Implement an opt-in income smoothing feature for CDC transaction accounts.

Anecdotal evidence suggests that some welfare recipients struggle to ensure that income paid into their account periodically (e.g. fortnightly) lasts until the following pay cycle. In some extreme cases, most of the money is spent on the first day or two after payday (due to lack of budgeting control).³⁷ To overcome this, welfare funds could first be paid into an interest-bearing savings account, with small amounts (e.g. \$20 to \$50) automatically transferred into the core transaction account on a daily or bi-daily basis. Alternatively, lower daily spending limits can be set on the transaction account, which should achieve the same effect.

Given the further restrictive nature of this budgeting solution, we recommend that it be an opt-in feature for participants. Basic account analysis can suggest to participants if it may be suitable for them (e.g. if an analytics program detects repeated account depletions on or close to payday, it can generate a prompt in the online banking interface to opt-in).

We recommend the following implementation steps:

- 4.1 Indue and Government** to develop a voluntary income smoothing option for CDC recipients, which may either be implemented in-account (e.g. via a linked savings account) or via increasing the frequency of welfare payments from Centrelink.

Payday Lending

Due to low income levels and reduced budgeting capacity, some CDC holders have turned to payday lending (i.e. short term, high interest loans) to supplement their payments. We do not believe that specific rules regarding payday lending should be targeted to CDC holders, however this may be an area that Government feels additional regulation could be applied more broadly across all vulnerable or low socio-economic groups. This would assist in safeguarding against welfare recipients becoming trapped in a debt spiral. Adopted alongside basic financial education and Recommendation 4, such a measure could help CDC holders to better manage and budget their income. It should also be noted that if the CDC program functions as intended (i.e. card holders reduce spending on drugs, alcohol and gambling), this should reduce demand for payday lending services since more income is left over to spend on essential goods and services.

IMPROVING PARTICIPANT AND MERCHANT EXPERIENCE

The current CDC technology leverages the existing payments infrastructure which has already been rolled out nationally by the banking and financial services industry. As such, the participant and merchant experience is very similar to that of any unrestricted debit card (i.e. it is stable, secure, and convenient for both participants and merchants). We believe that solutions which enable greater CDC acceptance among a larger number of merchants, and that improve the core transaction banking experience linked to the CDC, must be implemented prior to program expansion.

INCREASING CARD ACCEPTANCE

Within the initial two trial communities, CDCs are widely accepted by merchants, both due to the widespread reach of card payment terminals among major retailers, and the installation of new terminals in smaller cash-only merchants (as a part of the rollout plan). For any expanded solution to work as seamlessly as in the trial regions, efforts will need to be made to ensure card acceptance is increased among small, online and mixed merchants (i.e. those that sell both alcohol and other products).

Smaller Merchants

Recommendation 5:

Promote micro-merchant card terminal options to increase CDC acceptance among cash-only merchants.

Given the limited access to cash, it is necessary for CDC holders to be able to use their cards as widely as possible, including at those smaller merchants who may not currently accept debit cards (i.e. market stalls, tradespersons, coffee carts, etc.). Traditional acquiring solutions can require a relatively large commitment by the merchant. This may include a minimum term contract, terminal rental fees, a set up and installation process, and the payment of a merchant service fee per transaction. As technology has progressed, smaller payment devices have allowed merchants to accept debit cards with much lower barriers to adoption (albeit these can charge a much higher per-transaction fee).

Micro merchants can now purchase small electronic payment devices, costing approximately \$20 - \$50 plus a flat fee per transaction, at major retailers (e.g. Officeworks or online). After registering as a merchant via a smartphone app, they can accept card payments either via a dongle that plugs into the headphone jack on a smartphone, via Bluetooth, or soon via an app download with no additional hardware (subject to potential changes in PCI-DSS rules to allow 'PIN on glass' transactions). We recommend micro-merchant specific options are included in the marketing and communication materials (e.g. example hardware and lists of local stockists) as part of the rollout and consultation plan for any new CDC sites.

We note that payment devices targeted towards micro merchants may have higher per-transaction fees; therefore the Government may also consider creating a tender for one or more acquirers which would allow for a discounted merchant fee for CDC transactions and become the default recommended solution.

We recommend the following implementation steps:

- 5.1 Government** to create additional marketing and communications materials in CDC areas, highlighting micro-merchant terminal options as a way for cash-only merchants to accept cards payments.
- 5.2 Government** to tender for a CDC acceptance solution targeted to micro merchants, with a discounted fee structure in exchange for becoming the default recommended provider for new CDC areas.

Online Merchants

Recommendation 6:

Open online purchases to all domestic merchants by default, blocking restricted merchants via MCC and, where necessary, via individual Merchant ID.

With online purchases representing 7.5% of total merchant-based spending,³⁸ it is important for CDC holders to be able to buy a large range of online goods and services without undue restriction. This must be balanced against any potential circumvention behaviours that might undermine the social outcomes of the program. Currently, use of the CDC online is restricted to a small group of pre-approved merchants (including large supermarket chains), while most subsequent merchants are blocked.

Online merchants pose different restriction management challenges for the CDC program when compared to store-based merchants. Specifically, the inability to pass SKU level data between the shopping cart and payment gateway online makes an integrated SKU limiting solution infeasible. This is reinforced by the global nature of most shopping cart software vendors (e.g. Shopify and Magento) and their high market fragmentation.

Instead, we favour a solution in which all domestic online purchases are unrestricted by default, with limiting via MCC only.³⁹ Where there are specific merchants who clearly allow circumvention or purchase of restricted goods, these should be blocked manually using the Merchant ID.⁴⁰ This may include online merchants who sell unrestricted gift cards, or operate mixed alcohol and food delivery services.

In the longer term, a SKU-level blocking solution may be possible for merchants who store user details (including tokenised card details). However, this would require a checkout system rebuild which would allow for the limitation of certain restricted SKUs if a CDC is tokenised within the app. Given the complexity and additional cost to merchants, this approach is not recommended unless the CDC program is rolled out nationally. In addition, consideration should be given to extending online purchases to international merchants, but only if a model for expanded domestic purchases has first successfully been implemented, and circumvention issues can be properly managed by the issuer.

We recommend the following implementation steps:

- 6.1 Indue** to block all international Card Not Present (CNP) transactions using MCC codes, while implementing MCC authorisation (for restricted categories) and Merchant ID blocking (for individual sellers known to sell restricted goods but not captured by MCC) on domestic CNP transactions.
- 6.2 Indue** to set up transaction monitoring analytics to identify purchases of restricted goods using online channels, with the ability to block purchases at individual merchants found to be selling restricted products (merchant identification would be facilitated via the Issuers & Acquirers Forum).

³⁸ See NAB Online Retail Sales Index (August 2017) 2 - https://www.rbs.com.au/~/media/~/content/uploads/2017/08/nab_online_sales_index_august_2017.pdf

³⁹ The current MCC code restrictions used for card present transactions on the retail sites should be used as the basis for online MCC restriction.

⁴⁰ Where the issuer does not have visibility over the Merchant ID, an individual Website or app can be submitted to the Issuers & Acquirers Forum to request that they determine the relevant ID number.

Mixed Merchants (Non-Majors)

Recommendation 7:

Implement a message prompt restriction mechanism for non-integrated payment terminals.

A complete SKU-limiting solution (see Recommendation 1) requires integration between the POS system, payment terminal, issuing, and acquiring banks (with the appropriate software updates). For a handful of larger merchants with the resources to invest, this level of coordination is manageable. For the larger number of small mixed merchants (restaurants, cafes, and other licensed establishments), the fragmentation of the POS market and the difficulty in ensuring merchant compliance mean that such a complete SKU-limiting solution is significantly harder to implement. This leads us to recommend a partial SKU-limiting solution.

There are approximately 131,000 terminals (50,000 integrated and 81,000 non-integrated) across 87,000 mixed merchants in Australia.⁴¹ For these mixed merchants, the primary objective is to enable a CDC holder to purchase an unrestricted good (e.g. a meal) while preventing the purchase of a restricted good (e.g. alcohol). We note that licensed merchants are governed by state-based responsible service of alcohol regulations (which require staff training). These could be leveraged to ensure compliance with a merchant-oriented blocking solution.

The proposed workflow will require an update to all payment terminals nationally (excluding those used by major retailers with complete SKU limiting potential). When a CDC is presented for payment, this update will ultimately prompt sales clerks with a question asking if the items include alcohol, gambling or gift card products:

Terminal prompt - for non-integrated terminals

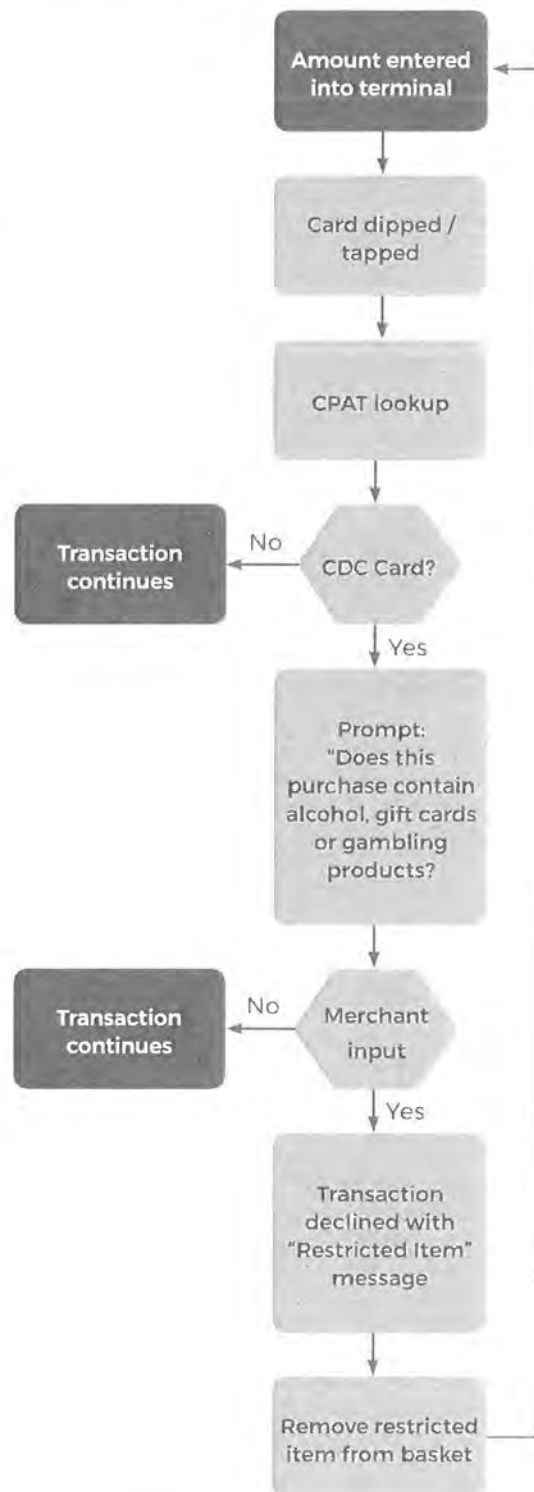


Exhibit 1 - Terminal Prompt Flowchart

⁴¹ Data provided by Australian banks and 70% of acquirers' results have been extrapolated to full market size on a pro-rata basis.

This option is significantly cheaper and requires less effort to implement than a complete SKU-limiting solution. However, it relies on correct terminal input from the merchant (which is a circumvention risk). We recommend that if the CDC is rolled out nationally, then training on usage be part of any responsible service of alcohol qualification. Penalties for non-compliance might include loss of liquor licence, or the application of a merchant level block that prevents CDC acceptance. Whilst primarily aimed at mixed merchants in hospitality, this solution may be extended to merchants who sell unrestricted gift cards, although it is noted that most of these sales are via major merchants and therefore will be addressed by Recommendation 1.

We recommend the following implementation steps:

- 7.1 Acquirers** to update all terminals nationally to comply with the above message prompt model, with the exact technical requirements to be facilitated as an industry standard by the Australian Payments Network.
- 7.2 Acquirers** to sufficiently communicate educational material to merchants that allow them to train cashier staff to appropriately enforce restrictions at the POS.

IMPROVING TRANSACTION ACCOUNT PRODUCT AND SERVICE EXPERIENCE

The current implementation of the CDC is a limited trial, with approximately 2,100 participants across two sites.⁴² The transaction banking experience, whilst robust enough to fulfil its requirements, has several areas in which the account issuer can improve. There are also two key ways in which fraud levels can be reduced (further improving participant experience and lowering costs).

Account, Debit Card, and Channel Support Experience

Recommendation 8:

Consider options to improve the transaction banking, debit card, and service channel experience.

The core transaction account linked to the debit card is currently non-interest bearing (like many unrestricted transaction accounts offered by major banks). Nevertheless, there is an opportunity to offer both term deposit and savings accounts linked to the transaction account (in which funds can only be transferred between the transaction account). This implementation (mirroring many commercial products currently in market) would prevent circumvention of restrictions via third party transfers, whilst offering participants the opportunity to earn interest on the money they save.

There are opportunities to improve the use of the CDC itself. As technology has evolved, new form factors have emerged which make payment more convenient for consumers than the traditional plastic card. These include 'pay tags' (smaller sized cards that can be attached to key rings or phones), wrist bands, and tokenised mobile payment solutions (e.g. Apple and Android Pay). The CDC issuer(s) should consider these additional form factors in their product range, particularly as a possible solution to high levels of card loss (approximately 10% of total base issued per month).⁴³

For participants who lose their CDC and are familiar with mobile payment solutions, the CDC could be re-issued in real time to a smartphone (avoiding the 3-5 day turn around normally required to re-issue physical cards). However, we note that there is a cost trade off given the higher per-unit cost of non-traditional form factors, and that this solution may not be applicable to all demographics (e.g. those in remote areas or without smartphones). Currently, temporary cards are available via local partners to shorten wait times for replacement cards.

⁴² DRIMA Research (2016) 126-127

⁴³ Monthly card loss rate of 10% (100 million cards) is presented by author.



Exhibit 2 - Examples of Non-Traditional Debit Card Form factors.⁴³

Beyond being a convenient way to pay, card loyalty and incentive schemes can be used to drive consumer behaviour and encourage positive habits (contributing to the social aims of the program). Commercial tie-ins with desirable rewards partners could be used as an incentive to drive savings and purchases of products that satisfy 'priority needs' (ultimately building healthier communities). As an example, the card issuer could launch a version of the CDC in partnership with a supermarket chain and the AFL; when money is spent on fresh food, points are earned by the participant that could then be redeemed for free entry for their family to their favourite club game. This card could carry the branding of both the issuer as well as the commercial partners, helping to reduce stigma associated with an easily identifiable 'welfare card'. It also helps to change CDC positioning from potentially negative (i.e. when users focus on its restrictions) to positive (i.e. healthy purchasing habits lead to rewards).

An enhanced version of this product (including greater rewards mechanisms) could be offered to CDC holders who gain employment (ensuring that participants are not discouraged from achieving financial independence). This enhanced product will likely require Government subsidies and participation from commercial partners as it may not be viable on a purely commercial basis (given lower interchange fees on debit cards).



Exhibit 3 - NFL 'Extra Points' Barclaycard offers discounts on official merchandise, points redeemable for game entry, plus additional 'experiences' (like game sidelines passes).⁴⁵

Finally, it should be noted that if the CDC program is expanded beyond current trial sites, additional benefit will be gained by utilising the branch networks of banks and credit unions. This would require sufficient scale to justify change management and retraining of staff, and either be operated using a multiple issuer model (e.g. banks issue CDC and service their customers) or a service-based model (e.g. single issuer remains, but a bank offers selected branches as part of a broader service network).

We recommend the following implementation steps:

- 8.1 Indue** to create a revised product feature roadmap (including the above recommendations, costings and implementation timeframes), and present to Government with funding options.
- 8.2 Indue and Government** to begin discussions with banks, major merchants, and loyalty/rewards platform suppliers to investigate the feasibility of implementing a co-branded card with rewards points.

⁴³ See, eg. Bank of America *Digital Wallets* (2017) (<https://promo.bankofamerica.com/digital-wallets/>); Westpac *Stress Less - New Wearables to Tap and Pay* (2017) (<https://www.westpac.com.au/news/making-news/2017/10/stress-less-new-wearables-to-tap-and-pay/>).

⁴⁵ See Barclays Bank Delaware (Barclaycard) *NFL Extra Points Credit Card* (2017) (<https://home.barclaycard.us/cards/nfl-extra-points-credit-card.html>).

Fraud and Customer Protections

Recommendation 9:

Implement enhanced security features on cards and transaction accounts.

There is a fraud risk if the CDC is expanded to more participants due to the relatively lower levels of financial and technological literacy (particularly for those in remote areas). There are two ways in which we believe fraud can be minimised (without sacrificing participant experience or program scalability).

Firstly, it is imperative that PIN controls are maintained for all in-store card transactions and that PIN security messaging is reinforced to participants upon card origination (e.g. that PINs are private and not to be shared with anyone, including family). The card payment flow should be expanded to include contactless 'tap & pay' transactions, however, PIN authentication should continue to be required for every transaction (industry standard is to only require contactless PIN authorisation for purchases >\$100). With that said, the addition of contactless purchases for the CDC may increase card issuing costs.

Secondly, two-factor authentication via SMS should be introduced for all Direct Entry and BPAY transfers using online banking channels (web or app). This should be implemented as an 'opt-out' feature at the time of account origination, with participants being educated on the benefits of further protecting their funds. We note that some participants may not have access to mobile phones (particularly in remote areas). However, this is less likely to be an issue in regional and urban settings (with any individual without their own phone being able to opt-out if required).

We recommend the following implementation steps:

- 9.1 Indue** to implement tap & PIN functionality on all newly-issued cards.
- 9.2 Indue** to implement two-factor authentication on BPAY and 'Pay Anyone' transactions for all new accounts (on an opt-out basis), ensuring during the onboarding process that the participant is aware of the security process and has access to a suitable mobile phone with connectivity.



CREATING A SCALABLE SOLUTION

The initial investment of building a banking platform for the CDC program means that current per-customer costs to Government are high. The 'test and learn' approach has also led to several manual workarounds and operational controls that may not scale in an efficient way. While this intensive focus on the initial trial sites has led to better outcomes (as problems are able to be resolved quickly), it also requires improvement so that a more scalable approach to program delivery is possible. To ensure this, Government should focus on automating many of its manual customer touch points, rationalising infrastructure between the various welfare quarantining programs, and introduce a coherent framework that allows for multiple CDC issuers.

COST OF PROGRAM ADMINISTRATION

Recommendation 10:

Create an application to automate transfer limit changes and 'Pay Anyone' approvals, whilst also leveraging CDC infrastructure to deliver the BasicsCard program.

The Government is currently assessing options to reduce the cost of manual processes in its administration of the CDC. One of the focus areas for streamlining is the process for which participants change transactional account transfer (Direct Entry and BPAY) limits. This process is usually engaged when participants want to establish rent payments, or make larger once-off purchases (e.g. cars, furniture, etc.). Currently,

participants must contact DSS, complete a form outlining the reason for limit change, and supply credentials of the payment recipient (e.g. a letter from a landlord).

We recommend Government create an online service that supplements the current process. This should include the ability to attach supporting documents as evidence which are scanned via optical character recognition with text search. A provisional yes or no response can then be provided to DSS for approval. This will automate a large portion of the manual process currently executed via email and telephone between cardholders and DSS (allowing for scalability and cost savings, as well as faster customer turnaround). Instructions to change limits or approve transfers can be then made by DSS using an admin panel that integrates to the card issuer's back-end controls.

Further savings may also be realised by aligning the BasicsCard to utilise CDC infrastructure (i.e. an 'open-loop' restriction model). This is made possible by the fact that additional rules which prohibit other categories (e.g. tobacco and pornography) and exclude non-participating retailers are compatible with the CDC platform. The application of this could utilise the same framework outlined in this report, e.g. major retailers implementing a complete SKU limiting solution, and smaller mixed retailers using a terminal prompt (with MCC and Merchant ID blocking being implemented for BasicsCard BIN ranges).

We recommend the following implementation steps:

10.1 Government to tender the creation of a web app which allows digitised applications for once-off transfers, as well as transfer limit increases.

10.2 Government to commission a feasibility study that investigates moving the BasicsCard onto the CDC payments infrastructure (i.e. open-loop Visa Debit rails, and issuing via the same central platform provider) to determine potential cost savings and service delivery improvement opportunities.

INTRODUCING MULTIPLE CARD ISSUERS

There are significant benefits in allowing the CDC to be operated by multiple issuers. Firstly, bringing on board major brand names may help to alleviate stigma felt by participants (as their card and account will be similar to unrestricted products). Secondly, making available the branch, ATM, and other support networks of the banking industry will make it easier for card holders to get the help they need to manage the CDC. Thirdly, competition to gain customers may (over the longer-term) lead to greater product innovation.

Options for Introducing Multiple Issuers

Recommendation 11:

Transition CDC provision from a single-issuer to allow multiple institutions to participate using a White-Label model (short term) and also a Decisioning Platform model (medium term).

Beyond simply issuing a debit card and managing the controls around its use, the provider of CDC services currently offers a full transaction banking platform, online banking channels, call centre servicing, and oversight of partner 'shopfronts' to deliver in-person service.

Given that each of the core responsibilities (i.e. transaction account, card, and servicing) can be run independently if based on a common set of standards, it is possible to implement several different multi-issuer models:

	Decentralised	Implementation Options		Centralised
DESCRIPTION	<p>Independent</p> <p>Each issuer builds own solution, with full end to end control over implementation, without any data sharing to DSS or centralised analytics platform. Interprets and implements policy based on legislation or code of conduct.</p>	<p>Federated</p> <p>Issuers builds own architecture, including channel changes and logic to implement purchase restrictions. Transaction data fed into central platform to discover merchant or customer circumvention behaviour.</p>	<p>Decisioning Platform</p> <p>Each issuer builds own product and solution suite to offer to customers (channels and products). Rules engine for approve/decline is centrally managed, with API call integrated into transaction flow. All data analytics conducted centrally for circumvention.</p>	<p>White Label</p> <p>Central supplier builds and runs all infrastructure, allows custom branding /skin for issuers, but without further customisation. Revenue split from deposit balances and interchange to be negotiated with central provider.</p>
PROS	<ul style="list-style-type: none"> » Issuers have full control over customer experience » Greater differentiation in product competition 	<ul style="list-style-type: none"> » Same as independent model, plus: » More effective analytics platform due to scale of data inputs 	<ul style="list-style-type: none"> » Consistent policy application » Differentiated product and channel experience for customer » Leverage analytics scale 	<ul style="list-style-type: none"> » Issuers have full control over customer experience » Greater differentiation in product competition
CONS	<ul style="list-style-type: none"> » Duplication of effort » Inconsistency in policy application » Lack of scale for analytics 	<ul style="list-style-type: none"> » Duplication of effort » Inconsistency in policy application 	<ul style="list-style-type: none"> » Duplication of cost (each issuer has to create updates to their online and physical channels) 	<ul style="list-style-type: none"> » Lack of issuer control over customer experience » Risk/brand appetite to outsource core banking functions

Exhibit 4 - Potential Models for Multiple CDC Issuers

Of the four potential models, we recommend pursuing a 'white-label' model in which one central card issuing platform makes its infrastructure (including transaction account and card restriction logic) available to third parties. These third

parties are then able to offer a CDC package to participants with their own branding (and in the cases of banks, provide basic support via their branch network or call centres).

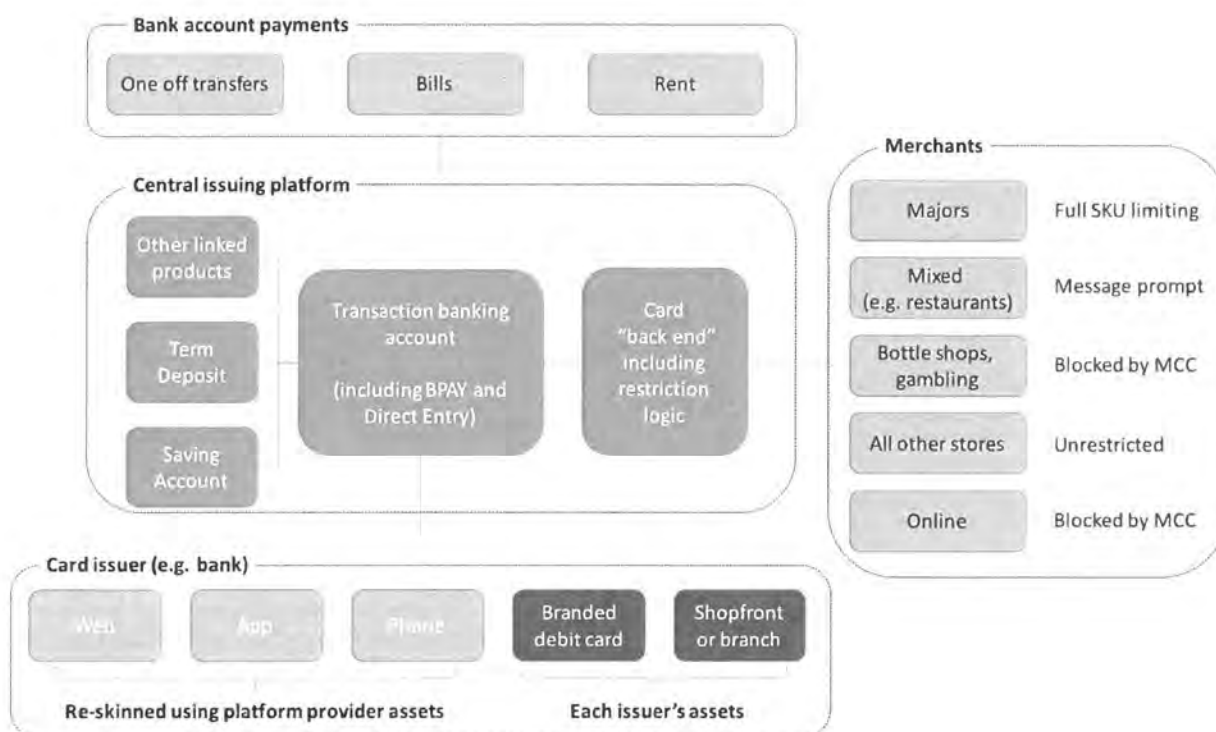


Exhibit 5 - Proposed White Label Conceptual Model

Promoting a white-label model would have the following major benefits:

- » Consistency in application of restriction logic;
- » Lower total cost of build (avoids duplication of effort and systems);
- » Centralised data repository for analytics;
- » Easier communication and change coordination with Government; and
- » Lower barriers (both time and cost) for third parties to issue cards.

We believe it is possible to implement an initial multi-issuer trial in the two upcoming rollout areas (Hinkler electorate and WA Goldfields). This could be achieved with a participating banking institution if further incremental investment is applied to the existing Indue solution (creating the required technology and commercial

management infrastructure).

Any new tender beyond the existing and currently announced sites should be based on an open CDC platform that allows multiple issuers to join (either on a white-label basis, or using the 'Decisioning Platform' model). This will allow a balance of speed-to-market and cost considerations, with the ability for other financial institutions to tailor their product and bring innovation to bear.

We recommend the following implementation steps:

- 11.1 Indue** to create and present a business case to Government that details the costs and benefits of turning the existing CDC banking solution into a white-label platform (allowing for multiple card issuers).

11.2 Banks and Card Issuers to commence discussions with Indue regarding the possibility of becoming a white-label card issuer for the Hinkler and WA Goldfields CDC regions.

11.3 Government to re-tender the central issuing platform contract (once clarity has been established regarding the full geographic extent of CDC rollout).



IMPLEMENTATION

We believe that these 11 recommendations contain a pragmatic mix of measures that can be implemented over a staged period, and that will improve social outcomes, the participant and merchant experience, and broaden the geographic and demographic reach of the program. Where possible, they also leverage existing payments network infrastructure and conventions to ensure the CDC can be a sustainable and ongoing part of the banking and payments landscape. When formulating timeframes for a staged approach, we have considered cost (direct cost to both Government and industry) and complexity to implement (including the level of industry coordination, development complexity, and any associated dependencies) as the key deciding factors.

CRITERIA FOR PHASING RECOMMENDATION

Our two criteria for phasing include:

- 1. Complexity** – the level of industry coordination, technology development work, compliance (including PCI-DSS); and
- 2. Cost** – including economic and labour costs to Government and key players across relevant industries.

Legend

- Do first: < 6 months
- Do next: 6-18 months
- Do last: 18-24 months

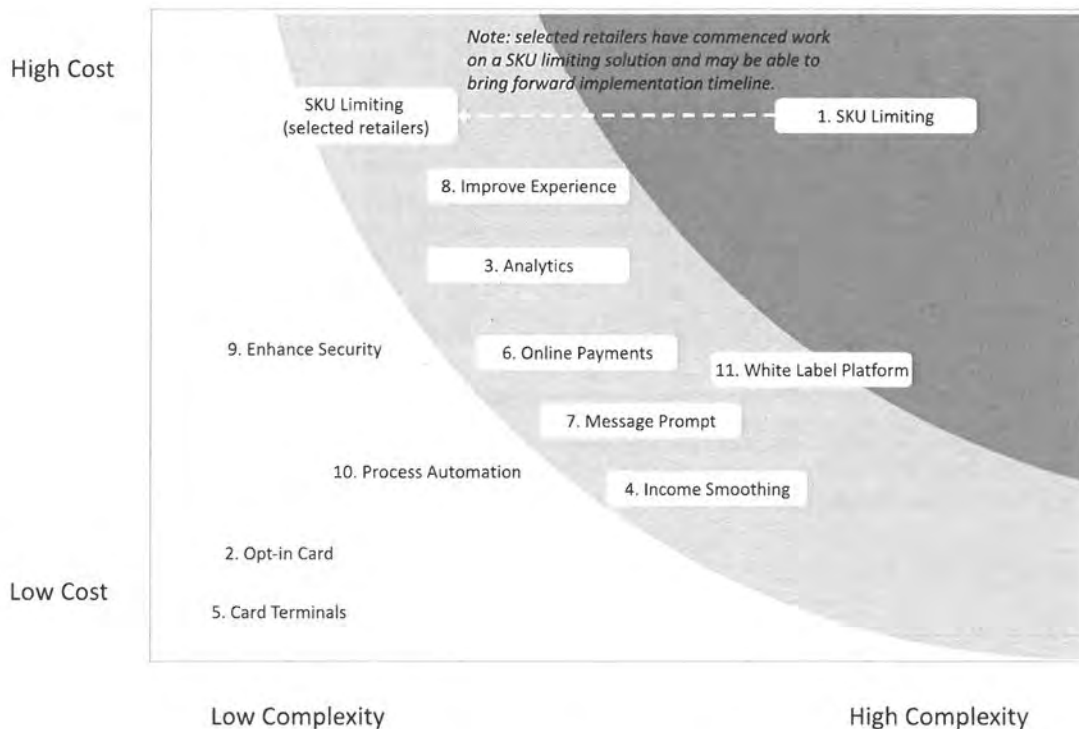


Exhibit 6 - Proposed Phasing of Recommendation Implementation

NEXT STEPS FOR GOVERNMENT

We believe that with the support of the banking, payments, and retail sectors behind the CDC program, the time is right for Government to act and expand the implementation of the Card (where communities opt-in on the basis that they feel it will empower them to break the cycle of alcohol and substance abuse).

In addition to the action items identified along with each recommendation, we recommend the Government take the following steps immediately:

- » Secure legislative clarity and power to roll out the CDC to new communities.
- » Begin the consultation process for a new set of communities for the CDC (beyond the recently announced Hinkler and WA Goldfields regions), selecting from those communities who have already expressed interest.

- » Commence a tender process for a central white-label issuing platform, including setting aside a sufficient budget to allow third parties to leverage this infrastructure.
- » Maintaining an ongoing CDC dialogue with industry partners (leveraging the Australian Payments Network) to determine the common set of issuing and acquiring standards required to implement the report recommendations.

Given the high level of industry coordination required for many recommendations, the Government should ensure it resources for strong project management and industry liaison. In addition to bilateral relationships with industry stakeholders, the Government could appoint an observer to various payments industry bodies (e.g. the Issuers & Acquirers Forum) during discussion of CDC-related agenda items.



CONCLUSION

We believe there is a clear path forward to utilise technology that improves the social outcomes of the CDC program, improves the participant and merchant experience, and creates a nationally scalable solution. The industry is committed to seeing the continued successful rollout of the program, and several Working Group participants have already begun to make investments that align with the future model of the card (as outlined in this report).

It is imperative that the Government, as well as the Opposition, act quickly to provide clarity over

the likelihood of further CDC program expansion. This certainty will allow industry participants to prioritise the required technology investments as part of their planning roadmap, which in some cases includes pre-committed resources and dependencies up to two years in advance.

We look forward to the Government adopting the recommendations in this report, engaging constructively with industry to ensure a seamless rollout of an improved CDC model, and making a lasting and positive change to at-risk communities.

APPENDIX

WORKING GROUP MEMBERS

ORGANISATIONS	
ALDI	Ingenico
Australia Post	Minderoo Foundation
Australian Payments Network	PayPal
Coles	PC EFTPOS
Commonwealth Bank	Smartpay
Department of Social Services*	Systemware
eftpos Australia Limited	The Initiatives Group
Heritage Bank	Visa
iA6	Woolworths
Indue	

The Working Group would also like to thank additional inputs from National Australia Bank and ANZ Bank.

**Note, members of the Department acted as observers.*

INCOME MANAGEMENT MAP, POPULATIONS AND EXPENDITURE

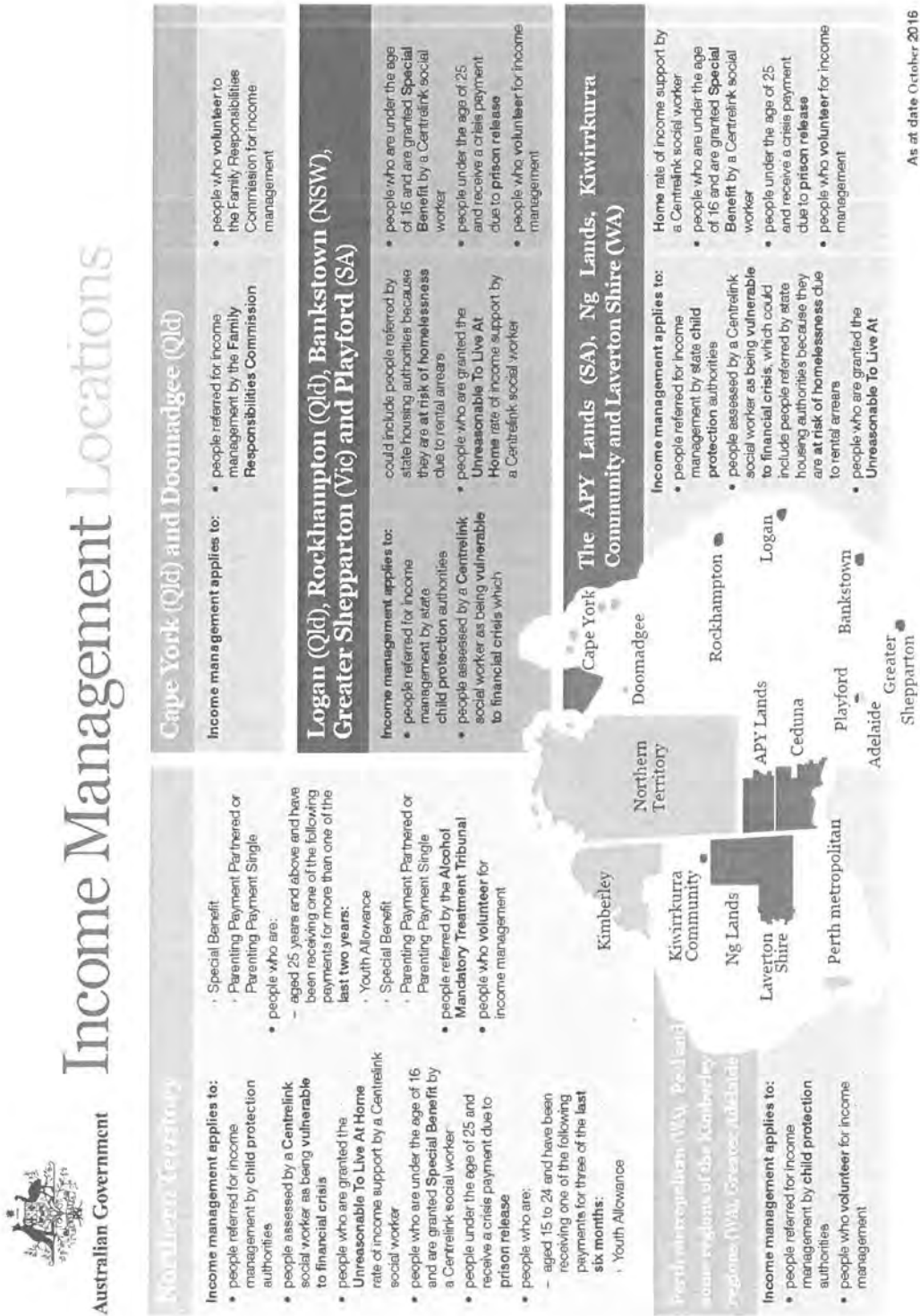


Figure 1 - Income Management Map.⁶⁶

⁶⁶ Department of Social Services, Australian Government *Income Management Locations* (October 2016) (http://www.dss.gov.au/sites/default/files/documents/10_2016/im_locations-print_0.pdf)

For more detailed information on each income management measure, refer to the Federal Government's *Guide to Social Security Law*.⁴⁷ Tables 1, 2, and 3 below also show the total number of participants across all income management measures, exemption types, and with an active BasicsCard (as at 30 December 2016).

State/Territory	Total	Per Cent Indigenous
Northern Territory	21,164	87%
Western Australia	1,398	65%
Queensland	1,285	40%
South Australia	703	51%
Victoria	254	17%
New South Wales	167	23%
Australian Capital Territory	<5*	67%
Tasmania	n/p*	33%
Unknown ^b	50	78%
Total	25,033	81%

Table 1 - Total Number of People Across All Income Management Measures.⁴⁸

Exemption Type	Indigenous		Non-Indigenous		Total
	Count	Per Cent	Count	Per Cent	
Full Time Apprentices	2	20%	8	80%	10
Full Time Students	29	6%	472	94%	501
Parenting Requirements	706	42%	995	58%	1,701
Regular Paid Employment	0	0%	1	100%	1
<25% of Max Payment	8	36%	14	64%	22
Total	745	33%	1,490	67%	2,235

Table 2 - Total Number of Income Management Granted Exemptions.⁴⁹

State/Territory	Total	Per Cent ⁱⁱ
Northern Territory	20,511	97%
Western Australia	1,336	96%
Queensland	1,157	90%
South Australia	615	87%
Victoria	224	88%
ACT/NSW/TAS/Unknown ⁱ	153	n/p*
Total	23,996	96%

Table 3 - Income Managed Recipients with an Active BasicsCard.⁵⁰

* Numbers <5 and not provided (n/p) have been withheld for privacy reasons.

ⁱ Recipients categorised under 'Unknown' did not have an allocated address at the time of data collection.

ⁱⁱ BasicsCard user percentage of all income managed recipients (rounded to nearest whole number).

Table 4 and 5 show a break-down of income management project costs from FY11-12 and more contemporary total costings.

Expenditure	Amount (\$'000)
Project Budget	27,093
National Support Office	3,941
Area Office, Customer Service Centres and Remote Service Teams	29,261
Smart Centre Network	11,690
Corporate Overhead (Accounts, IT, etc.)	8,733
Total	80,718

Table 4 - Income Management Expenditure FY11-12.⁵¹

Expenditure (\$m)*	2016-17	2017-18	2018-19
Department of Human Services	0.1	67.9	67.2
Department of Social Services	-	5.2	5.2
Total	0.1	73.1	72.3

Table 5 - Income Management Expenditure FY16-19.⁵²

*Includes in all current locations (NT, NSW, QLD, SA, VIC and WA)

⁴⁷ Department of Social Services, above n 1.

⁴⁸ Department of Social Services, Australian Government, *Income Management Summary Data* (31 December 2016) <<https://data.gov.au/dataset/income-management-summary-data>>

⁴⁹ *Ibid.* 2.

⁵⁰ *Ibid.*

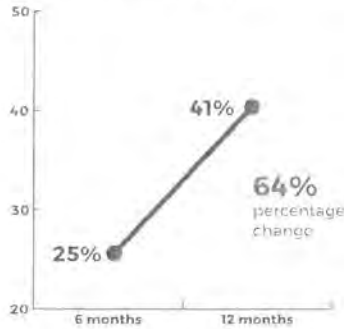
⁵¹ Australian National Audit Office, above n 10, 20.

⁵² Australian Government, *Budget Measures* (Budget Paper No 2, The Treasury, Parliament of Australia, 2017) 140.

CASHLESS DEBIT CARD TRIAL – INTERIM AND FINAL EVALUATION SELECTED RESULTS⁵³

41%

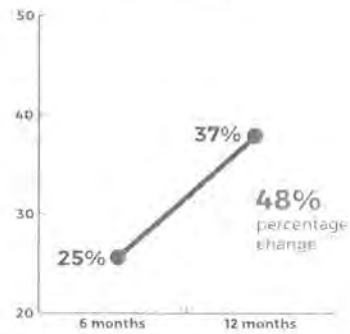
OF DRINKERS ON THE CARD SAID THEY WERE DRINKING LESS



Data Set 1 - Alcohol Consumption

37%

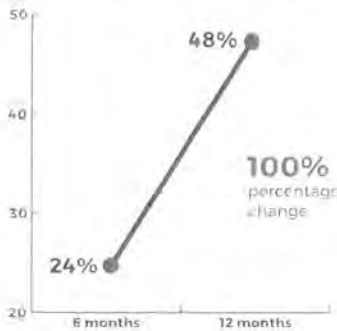
OF DRINKERS ON THE CARD ARE BINGE DRINKING LESS



Data Set 2 - Binge Drinking

48%

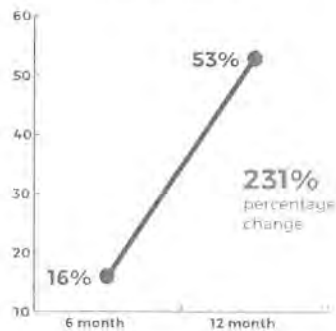
OF DRUG USERS ON THE CARD SAID THEY WERE USING DRUGS LESS



Data Set 3 - Illegal Drug Use

53%

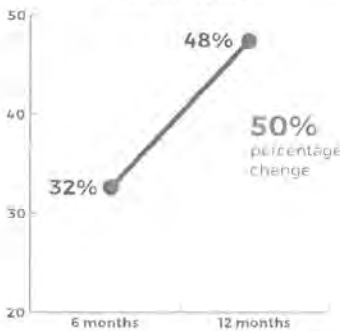
OF DRUG USERS ON THE CARD ARE SPENDING LESS ON DRUGS



Data Set 4 - Illegal Drug Spending

48%

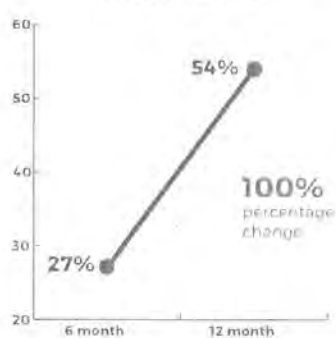
OF GAMBLERS ON THE CARD SAID THEY WERE GAMBLING LESS



Data Set 5 - Gambling

54%

OF GAMBLERS ON THE CARD ARE SPENDING LESS ON GAMBLING



Data Set 6 - Amount Gambled

⁵³ See ORIMA Research report 21, the green percentage change and figures within the graphs above were calculated by the Missouri Foundation.

Minderoo Foundation

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Broadway, Nedlands
Western Australia, 6009

(+61) 8 6460 4949
reception@minderoo.com.au
minderoo.com.au



Munderoo CDC Working Group Participants

s47F

- Commonwealth Bank Australia - seconded to Munderoo/GenerationOne to coordinate the MWG on a full time basis.

s47F

iA6
Aldi
AusPayNet
Australia Post
Australia Post
Coles
Coles
Commonwealth Bank Australia
Commonwealth Bank Australia
Commonwealth Bank Australia
Commonwealth Bank Australia
Department of Social Services
Department of Social Services
Department of Social Services
Department of Social Services
Department of Social Services
EFTPOS
EFTPOS
GenerationOne/Munderoo
Indue
Ingenico
Munderoo
Munderoo
PayPal
PayPal
PC Eftpos
SmartPay
Systemware
The Initiatives Group
The Initiatives Group
VISA
Woolworths
Woolworths

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 <p>Australian Government Department of Social Services</p>	<p>Meeting Brief MB17-000768</p>
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To: Minister for Social Services, the Hon Christian Porter MP (for information)
Minister for Human Services, the Hon Alan Tudge MP – (for information)

Subject: Minderoo Foundation Cashless Debit Card (CDC) Working Group

Name of Meeting: Minderoo Foundation Cashless Debit Card (CDC) Working Group meeting 5

Date of Meeting: Monday, 23 October 2017

Time and Location of Meeting: 4:00pm to 4:30pm, Minister Porter's office and via teleconference
Please dial 02 9087 3604 from your phone and use Access Code 552 740 405 to join the conference call.



Date Sent to MO: 23 OCT 2017

Recommendation: That you

<p>1. Note the information contained in this Brief.</p> <p>s22</p> <p>Minister Porter signature: _____</p>	<p>Noted / Please Discuss</p> <p>22 10</p> <p>Date:...../...../2017</p>
---	---

Recommendation: That you

<p>1. Note the information contained in this Brief.</p> <p>Minister Tudge signature:.....</p>	<p>Noted / Please Discuss</p> <p>Date:...../...../2017</p>
---	--

Key Points:

1. **s47F** as invited you both to attend the next Minderoo Foundation Cashless Debit Card Working Group (the Working Group) meeting on Monday 23 October 2017 at 4:00pm. **s47F** will be attending the meeting in person and has asked that Ministers Porter and Tudge each address the group, thank them for their work and encourage their continued participation in the Working Group. This presents an opportunity to seek a tangible commitment from the major retailers to assist with the ongoing success of the Cashless Debit Card (CDC) by committing to a timeframe to implement product level blocking. Talking points for Minister Porter are at Attachment A. Talking points for Minister Tudge are at Attachment B.

2. On 13 July 2017, the Minderoo Foundation hosted an Innovation Day at the Commonwealth Bank Innovation Lab in Sydney. At the conclusion of the Innovation Day, a Working Group was established, and the attendees expressed their organisations' commitment to supporting programs benefiting the Australian community. The Working Group consists of key industry leaders from the finance, retail and financial technology sectors. The Working Group meets fortnightly and its objective is to solve some of the scalability challenges that the current CDC program faces.

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3. At the first meeting, the Working Group approved a 16 week project plan, see **Attachment C**. The key deliverable of the Working Group is a Solutions Report that is scheduled to be delivered to Government at the end of November 2017. The draft Solutions Report structure is at **Attachment D**.

Sensitivities:

4. There is considerable overlap between the work of Minderoo and the work that the Department of Social Services (DSS) is undertaking for future technology solutions.

5. On 28 September 2017, DSS held a CDC Tech Hack in Sydney. Over 70 participants attended the workshop to discuss a number of enhancements and solutions to the scalability challenges of the current CDC model. Participants included financial institutions (FIs), retailers, third party data analytics, card schemes (VISA and MasterCard) and payment processors.

6. Commonwealth Bank did not attend the DSS Tech Hack but is involved in the Minderoo Working Group. None of the other major FIs attended the Tech Hack or are involved in the Working Group. NAB has since reached out to DSS enquiring about the outcomes of the DSS Tech Hack. A summary of the outcomes from the Tech Hack is at **Attachment E**.

Background:

7. There have been four Minderoo Working Group meetings to date. A summary of previous meetings is at **Attachment F**.

8. An outline of the draft Minderoo recommendations and the Department's work to date is at **Attachment G**.

9. The agenda for the next Minderoo Working Group meeting is at **Attachment H**.

Consultation:

N/A

Attachments:

Attachment A: Talking points for Minister Porter

Attachment B: Talking points for Minister Tudge

Attachment C: Minderoo Working Group project plan

Attachment D: Minderoo Working Group Solutions Report draft structure

Attachment E: A summary of the outcomes from the DSS Tech Hack

Attachment F: Summary of previous Minderoo Working Group Meetings

Attachment G: Summary of the Minderoo Working Group recommendations and the Department's work

Attachment H: Minderoo Working Group Meeting agenda for 23 October 2017

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Contact Officer: Tristan Reed
Position: Branch Manager
Branch: Welfare Quarantining and Gambling Branch
Phone/Mobile: s47F

Cleared by: Ros Baxter
Position: Crew Manager
Phone/Mobile: s47F

Signature: s22

Date: 20/10/17

Minister Porter Talking Points for Minderoo Cashless Debit Card Working Group Meeting

- Thank you for your ongoing participation in the Minderoo Working Group, and for attending the Minderoo Innovation Day on 13 July 2017. I would also like to Thank Mr s47F for making this a priority and bringing the right people together to make this all happen.
- The Government is appreciative of the work that the Minderoo Working Group is doing and will continue to participate in the Working Group meetings.
- Reducing social harm and ensuring community safety is an important priority for the Government and the Cashless Debit Card program is helping to achieve this.
- The Cashless Debit Card has made a real difference to the communities of Ceduna and the East Kimberley with the final evaluation producing some positive findings, which you have seen presented at a previous Working Group meeting.
- Based on these positive results, we have decided to expand the program into two new locations early next year: the Goldfields in Western Australia, and the Hinkler electorate in Queensland.
- The Government needs your support to ensure the card continues to be effective, particularly as the program expands.
- It is encouraging to see industry work together with the Government to achieve the best outcome for a future welfare quarantining solution. I urge all parties to continue this collaboration to help improve the Cashless Debit Card for participants, now and into the future.
- I look forward to receiving the Solutions Paper on creating an industry wide solution. I understand that there will be recommendations presented in this report and the Government looks forward to reviewing these.
- I will now handover to Minister Tudge to pass on his thanks and talk in more detail about how the Cashless Debit Card has made a difference in the trial communities as well as discuss in more detail some of the key challenges ahead.

Minister Tudge Talking Points for Minderoo Cashless Debit Card (CDC) Working Group Meeting

- Thank you Minister. I would also like to thank you all for your ongoing participation in the Minderoo Working Group, and for attending the Minderoo Innovation Day on 13 July 2017.
- As Minister Porter mentioned, the collaboration between key sectors to help improve the Cashless Debit Card shows a commitment from industry to reduce social harm and improve vulnerable communities.
- I would also like to thank those of you that also participated in the Department of Social Services Cashless Debit Card Tech Hack on Thursday 28 September 2017. The Government welcomes further collaboration from you all to help solve the scalability issues facing the Cashless Debit Card.
- Over 70 stakeholders from financial institutions, retailers, third party data analytics, card schemes and payment processors attended the event.
- DSS received very positive feedback from the event and we were encouraged by the contributions from a broad range of stakeholders. The Department is currently drafting a summary paper which we hope to have to you all soon.
- In the short term, the biggest risk is the card being used to gain access to cash. The proliferation of cash products – gift cards, money orders and the like – present challenges. In the current locations, local businesses are working with Government to block access to these products using the card, but as the program expands, we need a better, automated solution.
- Across the four current and proposed locations, three large retail groups account for the bulk of these cash products: Australia Post, plus the Coles and Woolworths groups. I'm asking these companies to show leadership by implementing product level blocking in the very near future.
- While a whole-of-industry solution is complex, for these larger companies I believe it is simpler. Meanwhile the Department is working to procure a product level blocking solution to pilot in smaller stores.
- Now is the time for these large companies to show leadership, and I am seeking their commitment to implement automated blocking for the CDC in the near future.
- I appreciate this isn't something that can be implemented overnight, and or with the festive season approaching. But I believe it can be done soon, and just as I appreciate your involvement in this Minderoo Working Group, I'm asking these industry leaders to commit to implement product level blocking for CDC early in 2018.

Summary of activities - Minderoo CDC Working Group (MWG) meetings

MWG Members

s47F - Commonwealth Bank Australia - seconded to Minderoo/GenerationOne to coordinate the MWG on a full time basis.

s47F

iA6
Aldi
AusPayNet
Australia Post
Australia Post
Coles
Coles
Commonwealth Bank Australia
Commonwealth Bank Australia
Commonwealth Bank Australia
Commonwealth Bank Australia
Department of Social Services
Department of Social Services
Department of Social Services
Department of Social Services
Department of Social Services
EFTPOS
EFTPOS
GenerationOne/Minderoo
Indue
Ingenico
Minderoo
Minderoo
PayPal
PayPal
PC Eftpos
SmartPay
Systemware
The Initiatives Group
The Initiatives Group
VISA
Woolworths
Woolworths

Meeting Discussions

Meeting One - Monday 17 August 2017:

- discussion about Minderoo Innovation day outcomes;
- forward planning for the Solutions Report and discussion around how the MWG would function;
- identification of key issues and development of a 16 week project plan; and
- data request to DSS seeking high-level statistics around number of welfare recipients by type and location.

Meeting two - Monday 28 August 2017:

- brainstorm initial product level blocking options;
- kickoff meetings with Woolworths, EFTPOS, CBA, GS1, SmartPay and TNS;
- coordination with DSS around Tech Hack; and
- Minderro to arrange a trip to Ceduna. (DSS understands that this trip did not go ahead).

Meeting Three - Monday 11 September 2017:

- recap of product level blocking models;
- introduction of multi-issuer implementation models; and
- update on the DSS Tech Hack planning. DSS advised that a Discussion paper will be distributed to all Minderoo Working Group participants.

Meeting Four - Wednesday 12 October 2017:

- introduction and discussion around the structure of the draft Solution Paper. The draft structure currently includes 19 recommendations.

From: s47F
Cc: s47F
Subject: Innovation Day Working Group
Date: Thursday, 27 July 2017 2:19:55 PM

Dear all,

Please be advised that we would like to confirm the first Working Group meeting for 4pm Monday 14th August.

We are currently finalising details for the project leader and will revert once confirmed with information regarding meeting location and dial in numbers.

If you have not already confirmed your participation in the Working Group, please do so by return email to me.

Note I am on leave until 7th August but am still managing the logistics of this meeting. If you need to contact someone more urgently, please reach out to s47F

s47F

Kind regards,

s47F

—
s47F

GENERATIONONE

an initiative of Minderoo Foundation

PO Box 3155, Broadway, Nedlands WA 6009 Australia

Mobile s47F

Phone

www.generationone.org.au



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From: s47F
Cc: s47F
Subject: Cashless Debit Card Working Group Meeting 14/8/17
Date: Thursday, 10 August 2017 2:12:34 PM

Dear all,

We are delighted to announce that s47F will be joining the Minderoo team on a 3 month contract to help drive the CDC Working Group process.

Our first meeting will take place this Monday 14th August in the CBA Innovation Lab at 4pm. A meeting request will follow shortly to the below list of attendees with all the dial-in and address details included.

An agenda for the meeting is also currently being finalised and will be distributed to attendees shortly.

The below is a list of those who have confirmed their participation in the Working Group but if your name does not appear and you wish to be included, please let me know.

1. s47F ALDI – in person
2. s47F AUS Post – dial in
3. s47F Aus Post – dial in
4. s47F COLES – dial in
5. s47F Rigby, COLES – dial in
6. s47F CBA – in person
7. s47F CBA – in person
8. s47F DSS – dial in
9. s47F DSS – dial in
10. s47F DSS – dial in
11. s47F DSS – dial in
12. s47F DSS – dial in
13. s47F EFTPOS – in person
14. s47F EFTPOS – in person
15. s47F INGENICO – dial in
16. s47F MINDEROO – in person
17. s47F MINDEROO – in person
18. s47F PAYPAL – dial in
19. s47F PC EFTPOS – dial in
20. s47F SYSTEMWARE –
21. s47F THE INITIATIVES GROUP – in person
22. s47F THE INITIATIVES GROUP – in person
23. s47F VISA – in person
24. s47F WOOLWORTHS – dial in
25. s47F WOOLWORTHS – dial in

We look forward to working with you all and sincerely thank you for your participation.

Kind regards,

s47F

s47F

GENERATIONONE

an initiative of Minderoo Foundation

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Mobile: s47F

Phone:

www.generationone.org.au

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From: s47F
To: s47F
Cc: s47F
Subject: RE: CDC Working Group [SEC=UNCLASSIFIED]
Date: Monday, 14 August 2017 10:01:19 AM
Attachments: image001.jpg
[DSS slide for Minderoo WG.pptx](#)
[DSS background paper for WG meeting 14 August.docx](#)
[DSS Background slides for WG meeting 14 August.pptx](#)

Hi s47F

Please find attached a slide I will talk to at today's Working Group meeting. We're happy for this to be distributed to the WG members. That covers off your third dot point below.

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Cheers

s47F

s47F

Director (Perth-based)
Cashless Debit Card
Department of Social Services

s47F

From: s47F@generationone.org.au
Sent: Friday, 11 August 2017 9:25 AM
To: s47F
Cc: s47F
Subject: CDC Working Group

All,

Thank you very much for taking the time to meet with s47F and myself yesterday. The CDC is a very impactful program and I am really looking forward to the opportunity to work together with each of you.

As discussed in yesterday's meeting, it would be great if you are able to share with us by COB today:

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- Details regarding the September "tech hack" - e.g. who is involved, what is the challenge statement, what is the outcome desired from the day (i.e. a working prototype?)
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Below is the proposed agenda for Monday's session. Please let me know if you are comfortable running agenda item #5 - providing an update on DSS progress since the innovation day.

As requested, **s47F** has sent through the list of all people attending in person and via phone.

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6. AOB/questions & Next Steps	s47F	(M)	5 mins	

I'm conscious about the tight deadlines, so thanks in advance for your support.

If you have any questions, please feel free to call my mobile directly, **s47F**

Kind regards

s47F

s47F

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an initiative of Minderoo Foundation

PO Box 3155, Broadway, Nedlands WA 6009 Australia

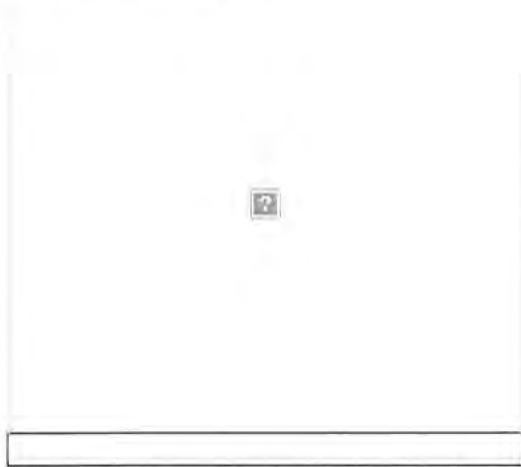
Mobile

s47F

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From: s47F
Cc: s47F
Subject: CDC Working Group Meeting 1 - Minutes & Actions (14/8/17)
Date: Tuesday, 15 August 2017 6:52:07 PM
Attachments: CDC WG Notes 14Aug2017.docx

Dear all,

Thank you for your attendance and participation at the Working Group meeting yesterday. Your contact details have been shared with s47F who will be in touch directly as required. Please see meeting notes attached for your information.

Action Points:

1. s47F to create data request template for acquirers (immediate)
2. s47F to request welfare recipient data from DSS (immediate)
3. s47F to share Ministers' availability to attend working session
4. s47F to arrange Indue to join working group
5. s47F to create short summary of scope/problem to share with other acquirers

Please share any feedback you have either with the group or directly with s47F

Next meeting is scheduled for Monday 28th August. Details to follow.

Kind regards,

s47F

s47F

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Mobile

Phone

www.generationone.org.au



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trustee, appointer, manager, employee or consultant (whether directly or indirectly).

1. Product-level blocking at the Point of Sale

Integrated Point-of-Sale (POS) systems could be modified or have software installed that could prevent the sale of excluded goods.

- Almost all alcohol products and gift cards have standardised Universal Product Code (UPC) barcodes, meaning they could be flagged as an restricted good when being scanned.
- The Department believes a system can be developed whereby if CDC card is used, the POS could halt the transaction and prompt the customer/merchant to (at minimum) remove the excluded good(s) in order to accept payment from a CDC.

1. Merchant

Scans goods using the POS, any restricted goods are flagged. POS then initiates EFTPOS transaction.

Point of Sale (POS)



2. Customer uses CDC card to make purchase.



EFTPOS terminal



3. Before initiating authorisation request, EFTPOS notifies POS of CDC.

If excluded items are present, POS pauses transaction.

Bread	5.00	✓
Milk	2.00	✓
Gift card	10.00	?
Soap	5.00	✓
Total	22.00	
Exc goods	10.00	
OK goods	12.00	

4. At minimum, the POS will only allow the transaction to complete if the restricted goods are absent from basket.



2. Moving card controls (e.g. MCC blocking) to third-party

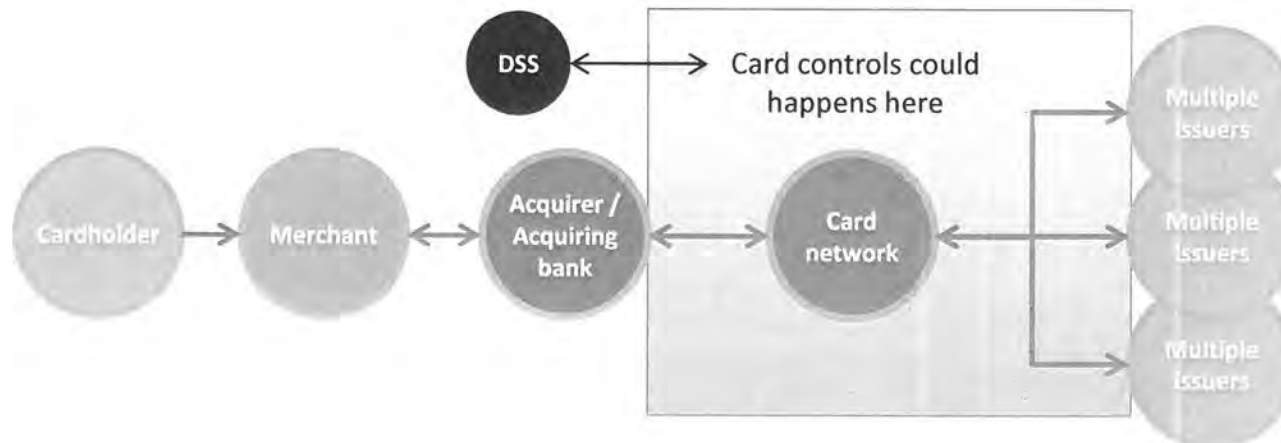
MCC blocking is currently managed by the card issuer (Indue). This function could be managed at a card scheme or processor level, which means the CDC card could be provided by multiple issuers.

- Currently the issuer is responsible for blocking transactions using MCC codes and other controls such as no cash withdrawals.
- A third party at a scheme level could take over this role, meaning multiple issuers could offer the card without having to individually manage card controls.
- The CDC card could be assigned a unique ID that allows the schemes to identify the card and implement the card control rules (e.g. MCC blocking).

Current model:



Scheme model:



From: s47F
To: s47F
Cc: s47F
Subject: RE: CDC Working Group - data request [SEC=UNCLASSIFIED]
Date: Tuesday, 15 August 2017 6:26:55 PM

Thanks s47F

Yes, I'm sure we can get something to you by COB Thursday. There is quite a bit available publicly, and I'll ask the guys to have a think about how best to group it.

Yes, we'd be very happy for you to attend our tech hack.

Cheers

s47F

s47F

Director (Perth-based)
Cashless Debit Card
Department of Social Services

s47F

From: s47F@generationone.org.au
Sent: Tuesday, 15 August 2017 3:19 PM
To: s47F
Cc: s47F
Subject: Re: CDC Working Group - data request

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As discussed in the meeting, we require some baseline data both from the DSS and acquirer side to size up the market for a future CDC rollout. To that end, I've attached a basic data request template for your team - just some high level stats around number of welfare recipients by type, their location etc. This should be self-explanatory but happy to take a call to step through the spreadsheet if that will help.

Would you be able to allocate someone in your team to populate the template prior to COB Thursday 17th? Alternatively, if there is a publicly available data source with the same information, I will just access it directly if you can point me in the right direction.

Lastly, I have reviewed the documents you sent earlier (Word and PPT). The "short term solution" clearly aligns with solving the known issues in the trial sites, however I suspect the "long term solution" part has considerable overlap with the scope of our Minderoo work. My view is that it would certainly make sense to share progress and findings on this. Would it be possible for me to attend the Tech Hack day in September?

Kind regards,

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From: s47F

Sent: Monday, 14 August 2017 11:37 AM

To: s47F

Cc: s47F

Subject: Re: CDC Working Group [SEC=UNCLASSIFIED]

Thanks

s47F

I will incorporate the slide for the WG to send out to participants prior to the call at 4pm. Thank you for sending through the other documents - I'll take a fuller look later today, and perhaps we can work through a joint work plan as we move forward in the project.

Kind regards

s47F

From: s47F [redacted]@dss.gov.au>
Sent: Monday, 14 August 2017 10:01:19 AM
To: s47F [redacted]
Cc: s47F [redacted]
Subject: RE: CDC Working Group [SEC=UNCLASSIFIED]

Hi s47F [redacted]

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Department of Social Services

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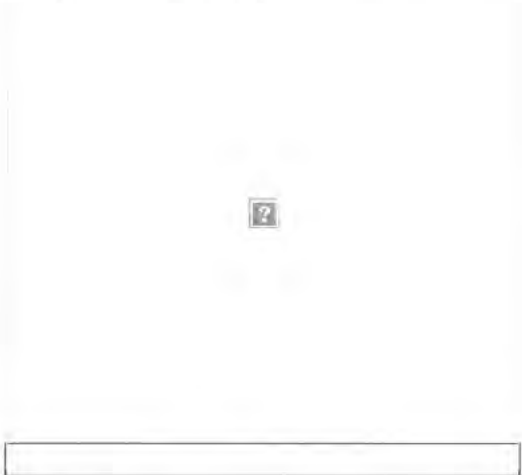
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From: s47F
To: s47F
Subject: RE: CDC Working Group - data request [SEC=UNCLASSIFIED]
Date: Friday, 18 August 2017 10:35:24 AM
Attachments: image001.jpg

s47F is sending / has sent I think

From: s47F
Sent: Friday, 18 August 2017 8:34 am
To: s47F
s47F
s47F
Subject: RE: CDC Working Group - data request [SEC=UNCLASSIFIED]

Hey s47F did you get this email out to s47F

From: s47F
Sent: Wednesday, 16 August 2017 12:01 PM
To: s47F
Subject: RE: CDC working Group - data request [SEC=UNCLASSIFIED]

Hi s47F

Email for s47F below @ s47F sent me this nifty brochure thing on the different payment types and what they're for - <https://www.humanservices.gov.au/sites/default/files/2017/06/co029-1707.pdf>. Do you think it would be worth pointing it out to them?

Hi s47F

The most comprehensive source of data for payment breakdown can be found at <https://data.gov.au/dataset/dss-payment-demographic-data>. Although it doesn't breakdown by metro, regional or remote location, it does offer State, Electorate, LGA and SA2 level breakdowns.

I thought it might be useful to suggest how best we think the data should be grouped in terms of what the different payment types are for. This is shown in the below table:

Category of payment	Payment type
Students	<ul style="list-style-type: none">- ABSTUDY (Living allowance)- ABSTUDY (Non-living allowance)*- Austudy- Youth Allowance (student and apprentice)
Jobseekers	<ul style="list-style-type: none">- Newstart- Youth Allowance (other)
Disability and Carers	<ul style="list-style-type: none">- Carer Allowance*- Carer Payment- Disability Support Pension- Sickness Allowance
Parenting/Families	<ul style="list-style-type: none">- Family Tax Benefit A*- Family Tax Benefit B*- Parenting Payment Partnered- Parenting Payment Single

	<ul style="list-style-type: none"> - Partner Allowance - Special Benefit - Widow Allowance - Widow B Pension - Wife Pension (Partner on Age Pension) - Wife Pension (Partner on Disability Support Pension)
Other	<ul style="list-style-type: none"> - Age pension* - Commonwealth Seniors Health Card* - Health Care Card* - Low Income Card* - Pensioner Concession Card* - Commonwealth Rent Assistance* - Carer Allowance (Child Health Care Card only)*

* non-restricted payments

Not all welfare payment types are restricted under the current legislation. I've listed below the restricted and trigger payments. Those receiving a restricted payment and who also receive a trigger payment have both payments quarantined, however if a person only receives the trigger payment this would be paid to their usual account.

Restricted Payments:

- a payment under the scheme known as ABSTUDY that includes an amount identified as living allowance,
- austudy payment,
- benefit parenting payment(partnered),
- bereavement allowance, so long as the recipient has not reached pension age,
- carer payment,
- disability support pension,
- newstart allowance,
- Parenting allowance (other than non-benefit allowance),
- partner allowance,
- pension PP (single),
- sickness allowance,
- special benefit,
- widow allowance,
- widow B pension,
- wife pension,
- youth allowance.

Trigger Payments:

- a trigger payment (8.7.2.30),
- a payment under the scheme known as the ABSTUDY scheme that includes an amount identified as pensioner education supplement;
- a social security bereavement payment (other than social security bereavement payment in relation to an age pension under SSAct Part 2.2 Division 9, a MAA under SSAct Part 2.12B or an SpNP under SSAct Part 2.16 Division 10),
- an advance payment under SSAct Part 2.22,
- an advance PhA under SSAct Part 2.23,

- baby bonus under the Family Assistance Act,
- carer allowance,
- carer supplement,
- child disability assistance,
- clean energy advance (CEA) under the SSAct,
- CEA under the Family Assistance Act,
- energy supplement,
- double orphan pension,
- Family tax benefit advance under the Family Assistance (Admin) Act,
- Family Tax Benefit under the Family Assistance Act,
- Income Support Bonus (**Note:** This payment ceased on 31 December 2016),
- mobility allowance,
- mobility allowance advance under SSAct section 1045,
- newborn supplement,
- newborn upfront payment,
- pensioner education supplement,
- pharmaceutical allowance,
- quarterly energy supplement under the SSAct,
- remote area allowance,
- stillborn baby payment under the Family Assistance Act,
- Telephone Allowance under SSAct Part 2.25,
- Utilities Allowance under SSAct Part 2.25.

Restrictable payments for voluntary participants are:

- a payment listed as a restrictable payment, or
- an age pension, or
- a social security bereavement payment in relation to an Age under SSAct Part 2.2 Division 9.

I hope you find the above useful. Let me know if you would like any information surrounding any of the policy or payment types.

Cheers

s47F

From: s47F
Sent: Wednesday, 16 August 2017 10:24 AM
To: s47F
Subject: RE: CDC Working Group - data request [SEC=UNCLASSIFIED]

Yes definitely use public data. These things don't change much.

Too many payment types I reckon, I'd group more

s47F

Director (Perth-based)
 Cashless Debit Card
 Department of Social Services

s47F

From: s47F
Sent: Wednesday, 16 August 2017 8:22 AM
To: s47F
Subject: RE: CDC Working Group - data request [SEC=UNCLASSIFIED]

Hey s47F

Had a chat with s47F who hasn't been using this type of data for their work (plus what they might have used is likely out of date) and doesn't have suggestions for how to group data as their work isn't looking at a national level right now.

In terms of what we can provide, anything not publically available would involve us making a data request and members of the WG getting some Public Interest Certificate (to allow us to externally share protected information). Also, payment amounts would be rough estimates as s47F said there are strict rules around publishing anything like that. I think I might be able to find baseline figures but that would be it. So I'm just using data.gov.

I'm also wondering if the data is presented easier on data.gov? So rather than us creating a new table, **maybe I could just tailor the Data.gov data set?? Thoughts?**

Otherwise, I'm considering breaking down the data like the table below.

Also, to explain my thinking:

- Tudge is interested in under 18s and under 25s so have suggested age be broken down as such
- **Any preference on location?** What they're asking (regional/remote/metro) is kiiiiinnndddd of ridiculous :P I could do it, but it would be labour intensive as I'd have to find the SA2s that are considered regional, remote, metro and sift like that.
 - o I could do a state total, then try and extract the capital city total from it? Again, potentially a little labour intensive.

		Restrictable Payment by type						
		Abstudy		Austudy		Newstart		etc
		Indigenous	Non-Indigenous	Indigenous	Non-Indigenous	Indigenous	Non-Indigenous	
Benefit breakdown	Total							
Age brackets	Under 18							
	Under 25							
	25-65 yrs							
	Location - can do by State, Electorate, LGA, SA2							

From: s47F
Sent: Wednesday, 16 August 2017 9:32 AM
To: s47F
Subject: RE: CDC Working Group - data request [SEC=UNCLASSIFIED]

Hi s47F Timely email! I was just about to email you all about it. I suggest you talk to others in s47F team

who have been putting together future policy stuff:

how do we group the data sensibly? I think we will have to have an "under 18s" category, because that is what Minderop keeps pushing (and it is their WG after all). But let's break the rest down more sensibly. In **s47F** team I'd start with **s47F** to point you to who to ask. For grouping let's have age categories for 0-50, 51-65, 65+. For payment types rough breakdown like this I reckon: students (Austudy, ABSTUDY, some Youth Allowance), jobseekers (Newstart, some Youth Allowance), disability and carers (DSP, Carer Payment), and other. Note this is just off the top of my head, not set in stone.

For geographic location base it on however the data is stored I reckon. That used to be via electorate - which is tricky - but probably other ways as well.

And can we point them to a public data source? This stuff used to be published at data.gov.org (I think) - someone will know. Historical is fine - we just want rough indicative numbers, and while some aspects do change over time, its broadly commensurate with population changes.

That make vague sense?

s47F

Director (Perth-based)
Cashless Debit Card
Department of Social Services

s47F

From: **s47F**
Sent: Wednesday, 16 August 2017 7:22 AM
To: **s47F**
Cc: **s47F**
Subject: RE: CDC Working Group - data request [SEC=UNCLASSIFIED]

Just letting everyone know, I'm working on collating this data this morning/today and then will be passing the fun over to **s47F** to finish up by tomorrow ☺

From: **s47F**
Sent: Tuesday, 15 August 2017 5:34 PM
To: **s47F**
Cc: **s47F**
Subject: Fwd: CDC Working Group - data request [SEC=UNCLASSIFIED]

Fyi guys.

From: **s47F** <s47F@generationone.org.au>
Date: 15 August 2017 at 5:19:36 pm AEST
To: **s47F** <s47F@dss.gov.au>
Cc: REED, Tristan <Tristan.REED@dss.gov.au>, **s47F** <s47F@dss.gov.au>, **s47F** <s47F@generationone.org.au>
Subject: Re: CDC Working Group - data request

Dear **s47F**

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Cc: s47F

Subject: Re: CDC Working Group [SEC=UNCLASSIFIED]

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Kind regards

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impactful program and I am really looking forward to the opportunity to work together with each of you.

As discussed in yesterday's meeting, it would be great if you are able to share with us by COB today:

- Your thinking to date regarding preferred solution(s) to solve for SKU level limiting and other challenges associated with current CDC implementation
- Details regarding the September "tech hack" - e.g. who is involved, what is the challenge statement, what is the outcome desired from the day (i.e. a working prototype?)
- One slide for use in Monday's working group kickoff, outlining DSS's update and plan ahead (e.g. the RFP in market, the tech hack etc.)

Below is the proposed agenda for Monday's session. Please let me know if you are comfortable running agenda item #5 - providing an update on DSS progress since the Innovation day.

As requested, s47F has sent through the list of all people attending in person and via phone.

1. Introduction and acknowledgement of country	s47F (CBA)	5 mins	
2. Introductions around the room	s47F (M)	10 mins	
3. Play back of innovation day outcomes and recent developments	s47F (M)	15 mins	
4. Plan ahead for this report	s47F (M)	15 mins	
5. Update from DSS	s47F (DSS)	10 mins	1 x slide to be provided by DSS to s47F by COB Friday 11 August
6. AOB/questions & Next Steps	s47F (M)	5 mins	

I'm conscious about the tight deadlines, so thanks in advance for your support.

If you have any questions, please feel free to call my mobile directly, s47F

Kind regards

s47F

s47F

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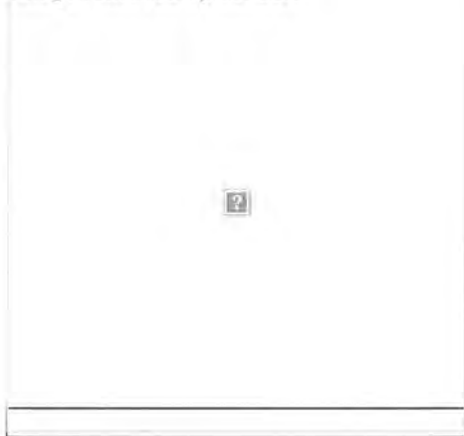
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From: s47F
To: s47F
Cc:
Subject: RE: DSS data [SEC=UNCLASSIFIED]
Date: Monday, 21 August 2017 12:07:47 PM
Attachments: image001.jpg

Hey s47F

See if this text makes it a bit clearer.

Hi s47F

To provide some clarity, the current parameters for the CDC program (Ceduna, SA and the East Kimberley, WA) mean anyone who receives any of the following payments is automatically placed on the program:

- a payment under the scheme known as ABSTUDY that includes an amount identified as living allowance,
- austudy payment,
- benefit parenting payment(partnered),
- bereavement allowance, so long as the recipient has not reached pension age,
- carer payment,
- disability support pension,
- newstart allowance,
- Parenting allowance (other than non-benefit allowance),
- partner allowance,
- pension PP (single),
- sickness allowance,
- special benefit,
- widow allowance,
- widow B pension,
- wife pension,
- youth allowance.

All these payments are within scope of the program. In addition to the above payments going onto the CDC, any restrictable payment (list) that person may also receive will also be placed on the CDC.

Effectively, a trigger payment will trigger someone on the program and any resitrictable payment (and triggering payment) will subsequently be split and quarantined on the CDC.

Category of payment	Payment type
Students	ABSTUDY (Living allowance) <i>in scope</i> ABSTUDY (Non-living allowance)* Austudy <i>in scope</i> Youth Allowance (student and apprentice) <i>in scope</i>
Jobseekers	Newstart <i>in scope</i>

	Youth Allowance (other) <i>in scope</i>
Disability and Carers	Carer Allowance* Carer Payment <i>in scope</i> Disability Support Pension <i>in scope</i> Sickness Allowance <i>in scope</i>
Parenting/Families	Family Tax Benefit A* Family Tax Benefit B* Parenting Payment Partnered <i>in scope</i> Parenting Payment Single <i>in scope</i> Partner Allowance <i>in scope</i> Special Benefit <i>in scope</i> Widow Allowance <i>in scope</i> Widow B Pension <i>in scope</i> Wife Pension (Partner on Age Pension) <i>in scope</i> Wife Pension (Partner on Disability Support Pension) <i>in scope</i>
Other	Age pension* Commonwealth Seniors Health Card* Health Care Card* Low Income Card* Pensioner Concession Card* Commonwealth Rent Assistance* Carer Allowance (Child Health Care Card only)*

* non-restricted payments

From: s47F
Sent: Friday, 18 August 2017 10:38 AM
To: s47F
Subject: FW: DSS data [SEC=UNCLASSIFIED]

FYI, sorry, should have cc'd you in.

s47F
 Technology, Procurement and Industry Engagement
 Welfare Quarantining and Gambling Branch
 Department of Social Services
 P: s47F @dss.gov.au

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From: s47F @generationone.org.au
Sent: Thursday, 17 August 2017 7:26 PM

To: s47F
Subject: Re: DSS data [SEC=UNCLASSIFIED]

Thanks s47F will have a closer look at this data tomorrow.

Re: your last point around restricted payments vs trigger payments. So that I don't get this wrong, do you think you could just send me a list of all the payment types (does your table below cover off everything?) and just tag each by "In scope" or "out of scope" for the CDC?

Cheers
s47F

—
s47F

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From: s47F @dss.gov.au>

Sent: Thursday, 17 August 2017 5:38:47 PM

To: s47F

Cc:

Subject: DSS data [SEC=UNCLASSIFIED]

Hi **s47F**

As discussed, you can find the March payment data here <https://data.gov.au/dataset/dss-payment-demographic-data>.

This is the most comprehensive publicly available source of data and as mentioned on the phone it doesn't breakdown by metro, regional or remote location but it does offer State, Electorate, LGA and SA2 level breakdowns.

The total amount of funding allocated to each payment type can be found in the DSS Portfolio Budget Statement - https://www.dss.gov.au/sites/default/files/documents/05_2017/2017-18_social_services_pbs_-_final_for_online_and_accessible_publication_-_7_may_17.pdf. Unfortunately there is no data that shows the funding amounts for each region.

You can also see the payment rates and the means test for each payment type here: <https://www.humanservices.gov.au/sites/default/files/2017/06/co029-1707.pdf>.

I thought it might be useful to suggest how best we think the data should be grouped in terms of what the different payment types are for. This is shown in the below table:

Category of payment	Payment type
Students	ABSTUDY (Living allowance) <small>in scope</small> ABSTUDY (Non-living allowance)* Austudy <small>in scope</small> Youth Allowance (student and apprentice) <small>in scope</small>
Jobseekers	Newstart <small>in scope</small> Youth Allowance (other) <small>in scope</small>
Disability and Carers	Carer Allowance* Carer Payment <small>in scope</small> Disability Support Pension <small>in scope</small> Sickness Allowance <small>in scope</small>
Parenting/Families	Family Tax Benefit A* Family Tax Benefit B* Parenting Payment Partnered <small>in scope</small> Parenting Payment Single <small>in scope</small> Partner Allowance <small>in scope</small> Special Benefit <small>in scope</small> Widow Allowance <small>in scope</small> Widow B Pension <small>in scope</small> Wife Pension (Partner on Age Pension) <small>in scope</small> Wife Pension (Partner on Disability Support Pension) <small>in scope</small>
Other	Age pension* Commonwealth Seniors Health Card* Health Care Card* Low Income Card* Pensioner Concession Card* Commonwealth Rent Assistance*

* non-restricted payments

Not all welfare payment types are restricted under the current legislation. I've listed below the restricted and trigger payments. Those receiving a restricted payment and who also receive a trigger payment have both payments quarantined, however if a person only receives the trigger payment this would be paid to their usual account.

Restricted Payments:

- a payment under the scheme known as ABSTUDY that includes an amount identified as living allowance,
- austudy payment,
- benefit parenting payment(partnered),
- bereavement allowance, so long as the recipient has not reached pension age,
- carer payment,
- disability support pension,
- newstart allowance,
- Parenting allowance (other than non-benefit allowance),
- partner allowance,
- pension PP (single),
- sickness allowance,
- special benefit,
- widow allowance,
- widow B pension,
- wife pension,
- youth allowance.

Trigger Payments:

- a trigger payment (8.7.2.30),
- a payment under the scheme known as the ABSTUDY scheme that includes an amount identified as pensioner education supplement;
- a social security bereavement payment (other than social security bereavement payment in relation to an age pension under SSAct Part 2.2 Division 9, a MAA under SSAct Part 2.12B or an SpNP under SSAct Part 2.16 Division 10),
- an advance payment under SSAct Part 2.22,
- an advance PhA under SSAct Part 2.23,
- baby bonus under the Family Assistance Act,
- carer allowance,
- carer supplement,
- child disability assistance,

- clean energy advance (CEA) under the SSAct,
- CEA under the Family Assistance Act,
- energy supplement,
- double orphan pension,
- Family tax benefit advance under the Family Assistance (Admin) Act,
- Family Tax Benefit under the Family Assistance Act,
- Income Support Bonus (**Note:** This payment ceased on 31 December 2016),
- mobility allowance,
- mobility allowance advance under SSAct section 1045,
- newborn supplement,
- newborn upfront payment,
- pensioner education supplement,
- pharmaceutical allowance,
- quarterly energy supplement under the SSAct,
- remote area allowance,
- stillborn baby payment under the Family Assistance Act,
- Telephone Allowance under SSAct Part 2.25,
- Utilities Allowance under SSAct Part 2.25.

Restrictable payments for voluntary participants are:

- a payment listed as a restrictable payment, or
- an age pension, or
- a social security bereavement payment in relation to an Age under SSAct Part 2.2 Division 9.

I hope you find the above useful. Let me know if you need any other information.

Thanks

s47F

s47F

Technology, Procurement and Industry Engagement
Welfare Quarantining and Gambling Branch
Department of Social Services

P: s47F @dss.gov.au

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From: s47F
To:
Subject: FW: Cashless Debit Card: Meeting #2 Agenda & pre-read [SEC=UNCLASSIFIED]
Date: Tuesday, 29 August 2017 1:29:36 PM
Attachments: [CDC Working Group Meeting 2.pdf](#)

Invitees:

s47F

From: s47F@generationone.org.au
Sent: Sunday, 27 August 2017 6:16 PM

s47F

Subject: Cashless Debit Card: Meeting #2 Agenda & pre-read

Dear all,

Please find attached the pre-reading document for tomorrow's 4-5pm meeting.

The venue secured for this week is CBP South, as per the invite address - it's the same building as the CBA Innovation Lab, however head to the reception and they will direct you to the Level 1 client rooms. Otherwise please join via the Go-To-Meeting link provided. Looking forward to discussing with you tomorrow.

Kind regards

s47F

s47F

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From: s47F
To:
Subject: FW: WG this afternoon - tech hack update [SEC=UNCLASSIFIED]
Date: Monday, 11 September 2017 2:49:17 PM
Attachments: [image001.jpg](#)
[image002.jpg](#)

Hey, can you please make sure this email is put into the Minderoo folder...

s47F

Technology, Procurement and Industry Engagement
Welfare Quarantining and Gambling Branch
Department of Social Services

s47F @dss.gov.au

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From: s47F @generationone.org.au]
Sent: Monday, 11 September 2017 1:01 PM
To: s47F
Cc: s47F
Subject: Re: WG this afternoon - tech hack update [SEC=UNCLASSIFIED]
Hi s47F I think that's fine and all makes sense.

After the discussion on multi-issuer models, I will hand over to you to give the update on the tech hack. Thanks for the clarity around the SKU limiting, and I think it would be good to be able to give us some direction on which specific questions to focus on during the next two weeks so we can get the most out of the day.

Kind regards

s47F

s47F

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From: s47F

Sent: Monday, 11 September 2017 11:41:51 AM

To: s47F

Cc:

Subject: RE: WG this afternoon - tech hack update [SEC=UNCLASSIFIED]

Hi s47F

Happy to give a quick update. There will be some cross over with the WG and the tech hack, but at this stage I think it is limited. The best way to drive an outcome for the tech hack and the WG is to work collaboratively. I think the tech hack will have a wider audience to get answers from to some of the specific questions we have. The outcomes of the tech hack could easily feed into the WG who can then drive that commitment from industry to get the solutions implemented.

In regards to what questions have been covered in the WG, we are currently in the middle of a procurement process to source a supplier that can provide a solution for product level blocking, and as such product level blocking will not be discussed at the tech hack. It should be noted that we think this procurement is more than likely out of scope for non-integrated POS systems. We do have some specific questions around multiple issuers that we need to be answered including how they can interface with DHS systems.

Cancelling the next WG meeting makes sense. It is also a public holiday in Canberra on 25 Sept.

Happy to have a quick chat before the meeting to discuss this further if required.

Thanks

s47F

s47F

Technology, Procurement and Industry Engagement
Welfare Quarantining and Gambling Branch
Department of Social Services

s47F [redacted]@dss.gov.au

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From: s47F [redacted]@generationone.org.au]

Sent: Monday, 11 September 2017 10:31 AM

To: s47F [redacted]

Cc: s47F [redacted]

Subject: WG this afternoon - tech hack update

Hi s47F [redacted]

With the tech hack coming up in two weeks, I was hoping you'd be able to provide a 5 minute update to the Working Group during this afternoon's meeting.

Specifically, it would be great if you can outline:

- 1) Key aims of the day and tangible outcomes
- 2) What we as a group can do to come in properly prepared
- 3) Which questions you want to cover that we have not already solved for as part of the working group, i.e. we already have a high level view formed on several key topics:
 - SKU level limiting options in store
 - Multi-issuer models (to be discussed today)

Therefore, it may be better to cover new ground/topics.

Given the next WG meeting coincides with the all-day tech hack, I will suggest to the group that we cancel the next WG meeting as we will have a more extended session anyway, plus that Monday is a public holiday in WA.

I am keen to understand the best way to drive an outcome on the day that aligns both with the goals of the day, as well as to further the great progress we've made in the WG sessions to date.

Let me know if you're happy to give the update.

Kind regards

s47F [redacted]

s47F [redacted]

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an initiative of Minderoo Foundation

PO Box 3155 Broadway Nedlands WA 6009 Australia

Mobile: s47F [redacted]

Phone: s47F [redacted]

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From: s47F
To:
Subject: FW: CDC Working Group #3: Minutes & Actions [SEC=UNCLASSIFIED]
Date: Monday, 18 September 2017 11:51:09 AM
Attachments: CDC WG notes 11Sept 2017.docx
image001.jpg

s47F

Hi

Have you filed this email and minutes in the Minderoo folder? Just checking before I file this email in my inbox.

s47F

Technology, Procurement and Industry Engagement
Welfare Quarantining and Gambling Branch
Department of Social Services

s47F @dss.gov.au

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From: s47F @generationone.org.au
Sent: Monday, 11 September 2017 9:00 PM

s47F

Subject: CDC Working Group #3: Minutes & Actions

Hi all, thank you for a highly productive Working Group session today.

Please find attached the minutes from the meeting - thank you to s47F from Minderoo for pulling this together.

Key actions to complete prior to next meeting:

- s47F to cancel next working group session due to DSS tech hack day and public holidays in ACT/WA
- s47F (Minderoo), s47F (EFTPOS), s47F (Visa) to meet separately to discuss impacts of card tokenisation on identification of CDC cards at point of sale (including online)
- s47F to create list of major online mixed merchants with high liquor sales (e.g. Grays Online) and investigate SKU limiting or other control options
- Outstanding points for follow up in DSS tech hack day:
 - How can an analytics solution to discover circumvention be applied to "on us" volumes that don't go via scheme?
 - What options are there for a central SKU repository? Can we build up the existing GTIN database?

Kind regards

s47F

s47F

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From: s47F

Sent: Monday, 11 September 2017 3:44 PM

s47F

Subject: Re: CDC Working Group #3 Agenda & Pre-Read

Hi all, please note that CBA has changed the venue slightly. The meeting will be hosted in Commonwealth Bank Place south building (same building as the innovation lab, first floor).

Regards

s47F

From: s47F

Sent: Sunday, 10 September 2017 10:20:24 AM

s47F

s47F

Subject: CDC Working Group #3 Agenda & Pre-Read

Dear all,

Please find attached the documents for Monday's CDC Working Group discussion.

Kind regards,

s47F

From: s47F
To: s47F
Subject: FW: CDC Working Group #3: Minutes & Actions [SEC=UNCLASSIFIED]
Date: Tuesday, 19 September 2017 5:42:44 PM
Attachments: [image001.jpg](#)

FYI guys.

s47F
Technology, Procurement and Industry Engagement
Welfare Quarantining and Gambling Branch
Department of Social Services
s47F @dss.gov.au

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From: s47F
Sent: Tuesday, 19 September 2017 12:48 PM
To: s47F
Cc:
Subject: Re: CDC Working Group #3: Minutes & Actions

s47F

Just a thought on the subject of BINs and Tokenisation for e-commerce merchants for input into your discussion with s47F and s47F

The PSB regulations for surcharging require that a merchant should be permitted to surcharge by payment method, based upon the acceptance cost for each one.

For those merchants who have either an Interchange Plus or Cost Plus acquiring contract, their Merchant Service Fee varies by card type. For example, Visa Classic, Visa Platinum and Visa Debit would all have different MSFs.

These merchants must be allowed to apply a different level of surcharge for each payment method (if they choose to do so), and therefore, according to the PSB regulations, there must be some way for the merchant to identify the card type for every e-commerce transaction.

Regards
s47F

s47F

On 11 Sep 2017, at 9:00 pm, s47F <s47F@generationone.org.au> wrote:

Hi all, thank you for a highly productive Working Group session today.

Please find attached the minutes from the meeting - thank you to s47F from Minderoo for pulling this together.

Key actions to complete prior to next meeting:

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Kind regards

s47F

s47F

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From: **s47F**

Sent: Monday, 11 September 2017 3:44 PM

s47F

s47F

Subject: Re: CDC Working Group #3 Agenda & Pre-Read

Hi all, please note that CBA has changed the venue slightly. The meeting will be hosted in Commonwealth Bank Place south building (same building as the innovation lab, first floor).

Regards

s47F

From: s47F

Sent: Sunday, 10 September 2017 10:20:24 AM

s47F

Subject: CDC Working Group #3 Agenda & Pre-Read

Dear all,

Please find attached the documents for Monday's CDC Working Group discussion.

Kind regards,

s47F

<CDC WG notes 11 Sept 2017.docx>

From: s47F
To: s47F
Subject: FW: WG this afternoon - tech hack update [SEC=UNCLASSIFIED]
Date: Monday, 11 September 2017 11:43:33 AM
Attachments: [image001.jpg](#)

FYI guys, my response to s47F

s47F

Technology, Procurement and Industry Engagement
Welfare Quarantining and Gambling Branch
Department of Social Services

s47F @dss.gov.au

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From: s47F
Sent: Monday, 11 September 2017 11:42 AM
To: s47F
Cc: s47F
Subject: RE: WG this afternoon - tech hack update [SEC=UNCLASSIFIED]

Hi s47F

Happy to give a quick update. There will be some cross over with the WG and the tech hack, but at this stage I think it is limited. The best way to drive an outcome for the tech hack and the WG is to work collaboratively. I think the tech hack will have a wider audience to get answers from to some of the specific questions we have. The outcomes of the tech hack could easily feed into the WG who can then drive that commitment from industry to get the solutions implemented.

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Cancelling the next WG meeting makes sense. It is also a public holiday in Canberra on 25 Sept.

Happy to have a quick chat before the meeting to discuss this further if required.

Thanks
s47F

s47F

Technology, Procurement and Industry Engagement

Welfare Quarantining and Gambling Branch
Department of Social Services

s47F [redacted] dss.gov.au

DSS acknowledges the traditional owners of country throughout Australia, and their continuing connection to land, sea and community. We pay our respects to them and their cultures, and to elders both past and present.

From: s47F [redacted]@generationone.org.au
Sent: Monday, 11 September 2017 10:31 AM
To: s47F [redacted]
Cc: [redacted]
Subject: WG this afternoon - tech hack update

Hi s47F [redacted]

With the tech hack coming up in two weeks, I was hoping you'd be able to provide a 5 minute update to the Working Group during this afternoon's meeting.

Specifically, it would be great if you can outline:

- 1) Key aims of the day and tangible outcomes
- 2) What we as a group can do to come in properly prepared
- 3) Which questions you want to cover that we have not already solved for as part of the working group, i.e. we already have a high level view formed on several key topics:
 - SKU level limiting options in store
 - Multi-issuer models (to be discussed today)

Therefore, it may be better to cover new ground/topics.

Given the next WG meeting coincides with the all-day tech hack, I will suggest to the group that we cancel the next WG meeting as we will have a more extended session anyway, plus that Monday is a public holiday in WA.

I am keen to understand the best way to drive an outcome on the day that aligns both with the goals of the day, as well as to further the great progress we've made in the WG sessions to date.

Let me know if you're happy to give the update.

Kind regards

s47F [redacted]

—
s47F [redacted]

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an initiative of Minderoo Foundation

PO Box 3155, Broadway, Nedlands WA 6009 Australia

Mobile: **s47F**

Phone:

www.generationone.org.au

Image removed by sender.



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From:
To:

s47F

Cc:
Subject: Re: Cashless Debit Card WG#5 Pre Reading & Agenda
Date: Friday, 20 October 2017 5:27:23 PM
Attachments: [Minderoo CDC Report WIP for discussion 23_10.pdf](#)

All - please find attached the WIP draft of the CDC report. As I mentioned in yesterday's email, this is very much still subject to your feedback and further work on some of the recommendations. As such, **please do not forward this document outside of the Working Group members**.

Monday's discussion (after s47F and the Ministers have left the call) will primarily focus on the implementation and phasing questions; for feedback regarding the individual recommendations, please email me directly no later than October 27 so that this can be included in the first full draft for official circulation within the Working Group.

Thank you to those of you who have updated your RSVP and/or given details of other colleagues joining the call. For those of you yet to RSVP (including whether you'll be attending in person or on the phone), please do as we would like to confirm numbers for the room.

Kind regards,

s47F

s47F

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From: s47F

Sent: Thursday, 19 October 2017 7:23:13 PM

s47F

Subject: Cashless Debit Card WG#5 Pre Reading & Agenda

Dear Working Group members,

Please find attached the pre-reading for next Monday's Working Group session, to be held at CBA offices and on conference call between 4-5pm ADST.

Note that Minister Tudge, Minister Porter, and s47F will all be attending, so can I please ask you to make every effort to attend, and update your calendar RSVP accordingly so that we know numbers ahead of time.

I will also be sending through a working copy of the draft report by COB tomorrow; while still being drafted, it will make clear each recommendation and supporting logic, and I would ask each of you to read it and provide your written feedback by the end of next week (27th October). This will enable us to have an aligned industry view ahead of submission to Government by end of November.

Looking forward to seeing you all next Monday, and thank you again for your hard work and support to date.

Kind regards,

s47F

N.B. The Ministers and **s47F** will be joining from 4 - 4.30; they have been provided with the agenda and recommendations slides ahead of the meeting, however the detail regarding time frames, actions etc. that will be discussed from 4.30 - 5.00 have been omitted.

From:
To:

s47F

Cc:
Subject: Cashless Debit Card WG#6 Pre Reading & Agenda
Date: Friday, 3 November 2017 11:01:28 PM
Attachments: [20171026 Minderoo CDC Report Draft v2.pdf](#)

Dear all,

Please find attached the revised draft of the CDC report, including new chapters in the introduction, implementation plan, and action items related to each recommendation.

Note that this is not a final version, as the document is yet to go to the graphic designer for typesetting.

Could I please ask you to review prior to Monday's 4pm AEDT meeting, specifically the following items:

1. **Implementation steps** after each recommendation: please let me know if there are any concerns, in particular where I can call out specific organisations (e.g. AusPayNet to facilitate standards via the Issuers & Acquirers Forum)
2. **If your role title is not listed** on p.23 Appendix, please email me for inclusion

Monday's meeting will be dial-in only as a number of us will be travelling outside of Sydney. The agenda will be light and we may not need the full hour – I specifically want to address the implementation steps and use it as a last opportunity to raise any concerns or flag any changes prior to report publication.

Many thanks,

s47F

s47F

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an initiative of Minderoo Foundation

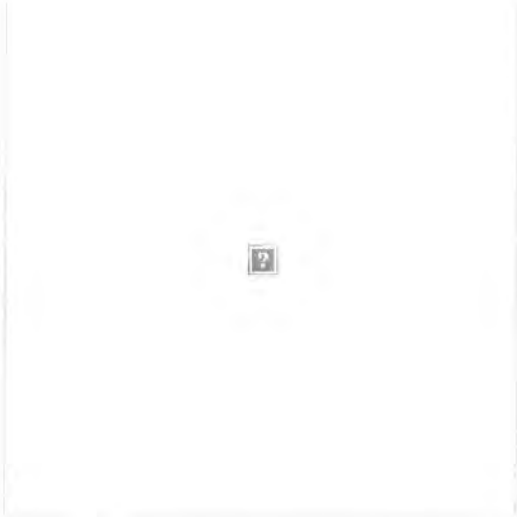
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s47F



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From:
To:

s47F

Cc:
Subject: Re: Cashless Debit Card WG#6 Pre Reading & Agenda
Date: Monday, 6 November 2017 8:32:35 PM

All, thank you for your time in today's Working Group session.

I have followed up on the following action items raised in the meeting:

- Detail regarding implementation steps
- Wording regarding recommendation #5 and total cost of ownership
- Clarifying recommendation #6 is for domestic only transactions at this stage

As s47F mentioned on the call, Minderoo took a question on notice at the Senate Committee meeting late last week, for a copy of the CDC Technology Report to be given to the Committee.

We are planning to submit only the names of organisations that have contributed to the report, rather than each individual member, to the Committee. **If any organisation would prefer to be omitted as publicly contributing to the report, please email me as soon as possible.**

At this stage we are still finding an appropriate date for the official report handover to government; given it is likely to be in the final week of November, **we will not require the final Working Group session on November 20.** As mentioned, we will send around the final copy of the report as soon as we have all the feedback from the outstanding WG members.

Kind regards

s47F

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Many thanks,

s47F

From: s47F
To: [REDACTED]
Subject: FW: Cashless Debit Card WG#6 Pre Reading & Agenda [SEC=UNCLASSIFIED]
Date: Tuesday, 7 November 2017 11:55:52 AM

fyi

From: s47F
Sent: Tuesday, 7 November 2017 6:18 am
To: s47F <[REDACTED]@generationone.org.au>
CC: s47F <[REDACTED]@dss.gov.au>
Subject: Re: Cashless Debit Card WG#6 Pre Reading & Agenda

Hi s47F

Just a thought on the item #6 change below.

PayPal is undertaking a range of work on MCC classifications globally for our merchants, including eBay merchants, which could provide some additional assurance for DSS on prevention of circumvention. Given PayPal operates globally, there may be some scope to allow a green path for global merchants where the transaction is completed on PayPal. This would also provide the opportunity to provide Cashless Debit Card holders with some recognisable brands where their cards would work internationally, both on eBay and wherever PayPal is accepted.

I understand this concept is likely too difficult to include in the drafting, as I imagine this may need to be a conversation with DSS once the paper is published and the new solution is being scoped.

Alan, wanted to include you FYI on this.

Regards,
s47F

s47F

From: s47F <[REDACTED]@generationone.org.au>
Date: Monday, 6 November 2017 at 8:32 pm

s47F

s47F

Subject: Re: Cashless Debit Card WG#6 Pre Reading & Agenda

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s47F

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From: **s47F**

Sent: Friday, 3 November 2017 11:01:28 PM

s47F

Subject: Cashless Debit Card WG#6 Pre Reading & Agenda

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Many thanks,

s47F

From: s47F
To: s47F
Cc:
Subject: FW: FOR REVIEW/COMMENT: Minderoo CDC report [DLM=For-Official-Use-Only]
Date: Friday, 10 November 2017 3:35:09 PM

Hi s47F

s47F and I will be passing on the feedback you've provided to s47F from Minderoo via phone hook up shortly, and we will also provide it to him in writing, along with some of our own. I'm confident he will make the necessary corrections.

We agree completely with your comments below.

Thanks heaps for taking the time – much appreciated.

Cheers

s47F

s47F

Director (Perth-based)
Cashless Debit Card

s47F

From: s47F
Sent: Friday, 10 November 2017 9:48 AM
To: s47F
Subject: FW: FOR REVIEW/COMMENT: Minderoo CDC report [DLM=For-Official-Use-Only]

FYI – DHS comments below

From: s47F
Sent: Friday, 10 November 2017 12:47 PM
To: s47F
s47F
Cc: CDC.PROJECT <CDC_PROJECT@humanservices.gov.au>
Subject: RE: FOR REVIEW/COMMENT: Minderoo CDC report [DLM=For-Official-Use-Only]

Hi s47F

Sorry for the delay in this feedback, it was an interesting report to read and understand. We have some generic and specific comments below for consideration. Thanks for the opportunity to review and comment

Feedback

General Comments

- It is a preference to use term "Department of Human Services" when referencing our agency, and only referencing "Centrelink" when referring to the Centrelink master programme or payments delivered under the Centrelink master programme

(eg *The Department of Human Services administers Centrelink payments*)

Specific comments

Page	paragraph	Sentence in report	Comment
4	Last Paragraph	<i>Regardless of the measure, Centrelink typically arranges to make specific payments on behalf of welfare recipients (bills etc.) before distributing any excess funds on to the 'BasicsCard', which can which can only be used for other 'priority needs'.</i>	DSS may want to clarify that IM funds are spend on Priority Needs, and once Priority Needs are met, IM funds can be spent on anything as long as they are not excluded goods/services?
5	First paragraph under "The BasicsCard"	<i>The BasicsCard is a private label debit card that runs on the national eftpos scheme rails. It provides income managed welfare recipients with the option of accessing their managed money through electronic payment facilities at approved stores, businesses and outlets. The BasicsCard is issued by Indue Limited on behalf of the Commonwealth Government and is protected by a 4-digit personal identification number (PIN).⁹</i>	Recommend adding text that cards are issued to participants by DHS and all card and transaction support for BasicsCard holders is provided by the Department of Human Services
5	Second paragraph under "The BasicsCard"	<i>In keeping with the objectives of income management, the BasicsCard cannot be used to access cash, or to buy alcohol, pornography, tobacco, gambling products, home-brew kits and concentrates, and gift cards or vouchers that can be transferred for cash or credit. Funds are limited to items such as food, health and hygiene products, transport, and clothes at approved supermarkets, post offices, pharmacies and medical centres, service stations, and department stores. Refunds for items purchased with the BasicsCard are returned to the card.</i>	There is no additional restriction on what Cardholders can purchase when using the BasicsCard at approved stores and businesses, apart from excluded goods and services. So it is misleading to say "funds are limited to items such as food, health and hygiene products etc"
6	First Paragraph	<i>The Final Evaluation Report into the Federal Government's 'New</i>	Please add note (either in paragraph or

		<p><i>Income Management' for the NT also highlighted the same point, "[m]any retail and service outlets do not accept [the] BasicsCard. This includes major services such as the Post Office and utilities such as PowerWater.</i></p>	<p>footnote that Australia Post was approved to accept the BasicsCard at all locations nationally since August 2012.</p>
7	<p>Fourth Paragraph under heading "<i>BasicsCard v Cashless Debit Card</i>"</p>	<p><i>The key differences between the BasicsCard and the CDC include: the management approach adopted by Centrelink, the restriction model used by each card, and the portion of a welfare payment quarantined (with the remainder being cash accessible). The BasicsCard uses a 'closed-loop' restriction model, is actively managed by Centrelink, and quarantines between 50-70% of a welfare payment. The closed-loop design means that the BasicsCard can only be used at approved stores (who have entered into a contract with the Department) to buy approved goods and services. Centrelink also actively determines and pays 'priority needs' for welfare recipients before distributing any excess funds to the BasicsCard.</i></p>	<p>Might be worth clarifying that the closed loop model was a policy directive to ensure that funds were spent at stores and businesses deemed eligible under the DSS Merchant Approval Framework?</p>
7	<p>Second para under heading <i>BasicsCard v Cashless Debit Card</i>:</p>	<p><i>'The CDC uses an 'open-loop' restriction model, is managed under a framework set by Centrelink,'</i></p>	<p>Framework for the CDC is managed by DSS not Centrelink as stated</p>
	<p>First para under</p>	<p><i>One option to counter this would be to have welfare funds paid into an interest-bearing savings account, which then transfers smaller amounts (e.g. \$20 - \$50) into the core transaction account on a daily or bi-daily basis. Major payments (rent etc.) could be paid directly from the savings account, with normal transfer limit restrictions applying. Given the further restrictive nature of this budgeting tactic, the Working Group believes this should be an</i></p>	<p>Recommend further detail is provided. From a DHS perspective is all regular payments are delivered every 14 days. Changes to this frequency would have significant cost and complexity</p>

12	<p>heading <i>Recommendation 4: Implement Opt-in income smoothing feature for CDC transaction accounts</i></p>	<p><i>opt-in feature for customers. Basic account analysis can suggest to customers if it may be suitable for them (e.g. if analytics program detects repeated account depletions on or close to payday, it can generate a prompt in the online banking interface to opt-in). We recommend the following implementation steps: 1. Indue and Government to develop a voluntary income smoothing option for CDC recipients, which may either be implemented in-account (e.g. via a linked savings account) or via increasing the frequency of welfare payments from Centrelink.</i></p>	<p>components. Also deductions and withholdings that are managed by DHS (eg Centrepay, Commonwealth Debts, Child Support Liability etc) are deducted fortnightly, so this can also impact if the fortnightly frequency was changed.</p>
12	<p>Final Paragraph “Payday Lending”</p>	<p><i>Payday lending Due to lower levels of income and inability to effectively budget, CDC holders in some cases have turned to payday lending solutions (short term, high interest loans) in order to make ends meet.</i></p>	<p>This may be better terms “lower levels of cash”, as welfare payment levels have not changed (ie someone does not get less money if on CDC)</p>
18	<p>First para under Recommendation 10 heading</p>	<p><i>Currently, the customer must contact Centrelink and fill in a form stating the purpose of the limit change, while supplying evidence of the funds destination (e.g. a letter from a landlord).</i></p>	<p>This is DSS (not DHS) that the card holder contacts</p>
19	<p>Third para under Recommendation 11 heading</p>	<p><i>Of the four potential models, the Working Group recommends pursuing a white-label model in which one central card issuing platform makes its infrastructure (including transaction account and card restriction logic) available to third parties, who are able to sell a CDC package to customers with their own branding, with</i></p>	<p>The white-label model may benefit from further details around risks and how third party Financial Institutions would receive participant details to establish accounts and authenticate cad holders?</p>
		<p><i>The Working Group believes it is possible to implement an initial multi-issuer trial in the two upcoming rollout areas (Hinkler electorate and WA Goldfields), with a participating banking</i></p>	<p>EG Do card holders approach them directly</p>

20	Sixth para under Recommendation 11 heading	<p><i>institution, if further incremental investment is applied to the existing Indue technology, to create the required technology and commercial management infrastructure.</i></p> <p><i>At the conclusion of the existing trial, any new tender should be on the basis of an open CDC platform that can allow multiple issuers to join, either on a white-label basis, or using the "Decisioning Platform" model. This will allow a balance of speed-to-market and cost considerations, with the ability for other financial institutions to tailor their product and bring new innovation to bear.</i></p>	<p>and provide account details to DHS?</p> <p>Currently there is a secure customer data exchange between DHS and Indue to create CDC accounts. If DHS is required to build and test a link with new FIs, this could not be done in time for the expansion sites and is a considerable change in scope and cost.</p>
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Thanks

s47F

Assistant Director | BasicsCard and TPO Management Team
Deduction and Confirmation Branch | Older Australians Division
Department of Human Services

Level 4 South Yellow, Caroline Chisholm Centre
Athllon Drive & Soward Way Greenway 2900 ACT

W: **s47F** **s47F**
M: **s47F**

humanservices.gov.au | Medicare | Centrelink | Child Support

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From: **s47F** [redacted]@dss.gov.au]
Sent: Friday, 10 November 2017 12:16 PM
To: **s47F** [redacted]
s47F [redacted]

Subject: RE: FOR REVIEW/COMMENT: Minderoo CDC report [DLM=For-Official-Use-Only]

Hi **s47F**

I'm chatting with s47F from Minderoo at 2 today. Did you have any concerns with the report that I can raise with him? Sorry for such awful time constraints.

Kind regards

s47F

From: s47F

Sent: Wednesday, 8 November 2017 10:26 AM

To: s47F
s47F

Cc: s47F <@dss.gov.au>; s47F <@dss.gov.au>;
s47F <@dss.gov.au>

Subject: FOR REVIEW/COMMENT: Minderoo CDC report [DLM=For-Official-Use-Only]

Hi s47F

I hope this email finds you both well.

As you may know, we've been involved as observers in the Minderoo Working Group that was established at its Innovation Day held back in June. Minderoo has prepared a draft report that they intend to finalise by the end of this month and provide to Government. The report outlines 11 recommendations for streamlining certain processes and addressing circumvention behaviours for the CDC. Minderoo also took on notice at the Senate Inquiry last week to table the report once it was finalised, however we don't anticipate it being finalised by then.

I've attached the draft report in case you had any comments on any of the recommendations. We've noted on page 18 that they have incorrectly referenced Centrelink as the contact for transfer and limit requests. We also had some questions ourselves about their recommendation for Income Smoothing as we understand that DHS does have practices in place should a welfare recipient request to receive their payments over a number of days, but think it might be beneficial to provide Minderoo more detail around that.

If possible, we'd like to provide comments to Minderoo by **Friday** at the latest if you could send us any feedback before then.

Happy to discuss further.

Thanks!

s47F

s47F

Policy Officer

Technology, Procurement and Industry Engagement

Welfare Quarantining and Gambling

Department of Social Services

P: s47F <@dss.gov.au>

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From: s47F
To:
Cc:
Subject: RE: Minderoo paper - comments and DHS [SEC=UNCLASSIFIED]
Date: Wednesday, 8 November 2017 10:32:23 AM
Attachments: [20171026 Minderoo CDC Report Draft v2.pdf](#)

Hi TPIE,

I had a thorough read through the Minderoo draft technology report. I didn't find any major sensitivities that would have potential to cause issues for Government if the report were to be submitted in response to the inquiry.

s47F suggested that Minderoo perhaps include disclaimer that the work contained in the report is their work only. I'd further suggest that they reiterate that DSS acted in an observatory role only and didn't provide any input into the recommendations other than providing policy context.

Suggest we ask s47F to add something like:

Whilst organisations from across the retail, banking and payments sectors actively contributed to the concepts that form the recommendations in this report, the recommendations contained within this report are that of the Minderoo Foundation only.

The Department of Social Services acted in an observatory role and provided clarification on policy only. The Department did not contribute to the content of the recommendations.

Other than that:

Recommendation 2: Create an opt-in card with simple on-boarding and CDC equivalent restrictions for non-welfare recipients.

We probably should talk to s47F offline to give him some more clarification around how volunteering for the CDC currently works. I've added some very basic notes on the doc itself. This recommendation could be polished with a little more info from us and save Minderoo some embarrassment when they more fully understand that it is already possible in the current sites.

Recommendation 4: Implement opt-in income smoothing feature for CDC transactions accounts

This is apparently already available via DHS? s47F is in contact with DHS this morning and has asked for some info that we can feed it back to s47F

Also, is "Income Smoothing" the correct term? :/

We may also like to talk to s47F about messaging around the perception that Government intends to roll out the program nationally. s47F made the point that Minderoo probably wants that, which is fine, but asking them to revisit their words may be of benefit.

I've thrown my initial comments into the attached. Not all are relevant having talked them through with the team here though. I'd really like to hear your thoughts. I all, it seems like a reasonable representation of the WG discussions and non-contentious.

Ta - j

s47F

Technology, Procurement and Industry Engagement
Welfare Quarantining and Gambling Branch
Department of Social Services

P: s47F @dss.gov.au

DSS acknowledges the traditional owners of country throughout Australia, and their continuing connection to land, sea and community. We pay our respects to them and their cultures, and to elders both past and present.

From: s47F

Sent: Wednesday, 8 November 2017 8:52 AM

To: s47F @dss.gov.au

Cc: s47F @dss.gov.au; s47F @dss.gov.au

s47F @dss.gov.au; s47F @dss.gov.au

Subject: Minderoo paper - comments and DHS [SEC=UNCLASSIFIED]

H: s47F

Did we decide it would be a good idea to send DHS the Minderoo paper? If so, I'll forward on to

s47F

s47F putting an email together with some potential comments to take back to Minderoo so we'll hopefully pass those by you this afternoon or tomorrow.

Thanks!

s47F

s47F

Policy Officer
Technology, Procurement and Industry Engagement
Welfare Quarantining and Gambling
Department of Social Services

P: s47F @dss.gov.au

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From: s 47F
To: s 47F
Cc: s 47F
Subject: RE: Minderoo paper - comments and DHS [SEC=UNCLASSIFIED]
Date: Wednesday, 8 November 2017 5:13:22 PM

yeah, tomorrow or Friday, earlier in day is best for me

From: s 47F @dss.gov.au>
Sent: Wednesday, 8 November 2017 2:08 pm
To: "s 47F @dss.gov.au>," s 47F s 47F @dss.gov.au>," s 47F @dss.gov.au>
CC: "s 47F dss.gov.au>
Subject: RE: Minderoo paper - comments and DHS [SEC=UNCLASSIFIED]

Yeah good idea. But I don't think i can be involved in the next couple of days.. s 47F are you free sometime?

From: s 47F dss.gov.au>
Date: 8 November 2017 at 2:18:34 pm AEDT
To: s 47F @dss.gov.au>," s 47F s 47F @dss.gov.au>," s22 @dss.gov.au>
Cc: s22 @dss.gov.au>
Subject: RE: Minderoo paper - comments and DHS [SEC=UNCLASSIFIED]

I reckon a quick chat over the phone would suffice? s 47F What are your thoughts?

s 47F
Technology, Procurement and Industry Engagement
Welfare Quarantining and Gambling Branch
Department of Social Services
P: s 47F **E:** s 47F @dss.gov.au
4

DSS acknowledges the traditional owners of country throughout Australia, and their continuing connection to land, sea and community. We pay our respects to them and their cultures, and to elders both past and present.

From: s 47F
Sent: Wednesday, 8 November 2017 2:16 PM
To: s 47F @dss.gov.au>," s 47F dss.gov.au>," s 47F @dss.gov.au>
Cc: s 47F dss.gov.au>
Subject: RE: Minderoo paper - comments and DHS [SEC=UNCLASSIFIED]

Ahh, sorry, I hadn't realised it was just an Income Management option.

Do you think it worth setting up a telecom with s 47F to go through some of our comments? That way if he has any further questions we can answer them straight away. I've asked DHS if they can send over any feedback before Friday, so could set one up for Friday?

From: s 47F
Sent: Wednesday, 8 November 2017 1:24 PM
To: s 47F <[redacted]@dss.gov.au>; s 47F sa
s 47F <[redacted]@dss.gov.au>
Cc: s 47F <[redacted]@dss.gov.au>; s 47F <[redacted]@dss.gov.au>
Subject: RE: Minderoo paper - comments and DHS [SEC=UNCLASSIFIED]

Re income smoothing – pretty sure DHS doesn't do that. What we do for a couple of customers is set their daily limit at, say, \$30. That way they have \$30 to spend every day. That was done to mirror what DHS was doing for some customers via income management.

s 47E (d)

My opinions only, I stress. More relevantly, I think the only income smoothing available is through use of daily spending limits, which is applied by Indue not DHS. But DHS does something similar for Income Management I think.

I haven't read the rest yet, or the report in detail – but s 47 at first glance your comments below look sensible to me

s 47F
Director (Perth-based)
Cashless Debit Card
Department of Social Services
s 47F

From: s 47F
Sent: Wednesday, 8 November 2017 7:32 AM
To: s 47F ; s 47F
Cc: s 47F ; s 47F
Subject: RE: Minderoo paper - comments and DHS [SEC=UNCLASSIFIED]

Hi TPIE,

I had a thorough read through the Minderoo draft technology report. I didn't find any major

sensitivities that would have potential to cause issues for Government if the report were to be submitted in response to the inquiry.

s22 suggested that Minderoo perhaps include disclaimer that the work contained in the report is their work only. I'd further suggest that they reiterate that DSS acted in an observatory role only and didn't provide any input into the recommendations other than providing policy context.

Suggest we ask s47F to add something like:

Whilst organisations from across the retail, banking and payments sectors actively contributed to the concepts that form the recommendations in this report, the recommendations contained within this report are that of the Minderoo Foundation only.

The Department of Social Services acted in an observatory role and provided clarification on policy only. The Department did not contribute to the content of the recommendations.

Other than that:

Recommendation 2: Create an opt-in card with simple on-boarding and CDC equivalent restrictions for non-welfare recipients.

We probably should to talk to s47F offline to give him some more clarification around how volunteering for the CDC currently works. I've added some very basic notes on the doc itself. This recommendation could be polished with a little more info from us and save Minderoo some embarrassment when they more fully understand that it is already possible in the current sites.

Recommendation 4: Implement opt-in income smoothing feature for CDC transactions accounts

This is apparently already available via DHS? s47 is in contact with DHS this morning and has asked for some info that we can feed it back to s47F.

Also, is "Income Smoothing" the correct term? :/

We may also like to talk to s47F about messaging around the perception that Government intends to roll out the program nationally. s47 made the point that Minderoo probably wants that, which is fine, but asking them to revisit their words may be of benefit.

I've thrown my initial comments into the attached. Not all are relevant having talked them through with the team here though. I'd really like to hear your thoughts. I all, it seems like a reasonable representation of the WG discussions and non-contentious.

Ta - j

s22

Technology, Procurement and Industry Engagement
Welfare Quarantining and Gambling Branch
Department of Social Services

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Sent: Wednesday, 8 November 2017 8:52 AM

To: s47F @dss.gov.au>

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s47F @dss.gov.au>; s47F @dss.gov.au>

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s47F

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Thanks!

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s47F

Policy Officer

Technology, Procurement and Industry Engagement

Welfare Quarantining and Gambling

Department of Social Services

P: s47F @dss.gov.au

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From:
To:

s47F

Cc:
Subject: Cashless Debit Card: Final Report & Government Presentation
Date: Sunday, 26 November 2017 6:43:49 PM
Attachments: [CDC Recommendations 171121 FNL Digital.pdf](#)

All,

Please find attached a PDF version of the final CDC report. Given the current situation with parliament, we will be doing a short handover meeting with Minister Tudge and a small number of Minderoo representatives on Tuesday of this week, rather than a larger event.

We do have a small number of printed copies available for working group participants, so if you would like these mailed to you, please contact s47F (ccd) with your address details.

Once again thank you for your help and participation throughout the past few months.

Kind regards

s47F

—
s47F

GENERATIONONE
an initiative of Minderoo Foundation

PO Box 3155 Broadway Nedlands WA 6009 Australia

Mobile s47F

Phone

www.generationone.org.au



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From: s47F
To: [REDACTED]
Cc:
Subject: FW: Minderoo Report hand over [SEC=UNCLASSIFIED]
Date: Monday, 27 November 2017 11:22:55 AM

Hi s47F

This email was sent to s47F this morning for your info.

Thanks!

s47F

From: s47F
Sent: Monday, 27 November 2017 10:21 AM
To: s47F @dss.gov.au> s47F
s47F @dss.gov.au>; s47F @dss.gov.au>
Subject: FW: Minderoo Report hand over [SEC=UNCLASSIFIED]

FYI,

From: REED, Tristan
Sent: Monday, 27 November 2017 9:18 AM
To: s47F
Cc: s47F @dss.gov.au>
Subject: FW: Minderoo Report hand over [SEC=UNCLASSIFIED]

Hi s47F

s47E(d)

S47E(d)

S47E(d)

S47E(d)

S47E(d)

S47E(d)

Minister Tudge Talking Points for Minderoo Cashless Debit Card (CDC) Working Group Meeting

- Thank you for meeting with me today to present the Minderoo Foundation's Cashless Debit Card Technology Report.
- I would like to thank you for your ongoing prioritisation of the Cashless Debit Card program and for Minderoo's efforts in bringing industry leaders together in the Cashless Debit Card Working Group to produce the Technology Report.
- To the Working Group members, your participation in both the Minderoo Working Group and the DSS Tech Hack is a testament to the industry's collective commitment to help improve the cashless debit card for participants. The Government needs industry's support to ensure the card continues to be effective, particularly as the program expands.
- Reducing social harm and ensuring community safety is an important priority for the Government and the Cashless Debit Card program is helping to achieve this. As you are aware, the cashless debit card has made a real difference in the communities of Ceduna and the East Kimberley with the final evaluation producing some positive findings.
- I have read through the draft report previously and am impressed with the work that has gone into it. I will ask the Department to review all of the recommendations of the final report in detail.
- I thank you again for all of the hard work undertaken to produce this report. It is heartening to see industry working together to create a coordinated plan and following through with their commitments to improving the cashless debit card. We must continue to work together to improve the technology so we can continue to see positive improvements to those communities that experience social harm.

Talking Points for Each Recommendation in The Technology Report

- **Recommendation 1: Implement SKU limiting solution at major retailers to overcome circumvention via gift card, alcohol, and gambling purchases.**
I have been in contact with Coles, Woolworths, Australia Post and ALDI to ask them to lead industry in this area by implementing their own solutions. The Department of Social Services is also in the process of procuring a product level blocking solution for small to medium sized merchants which we are hoping to trial mid-next year.
- **Recommendation 2: Create an opt-in card with simple on-boarding and CDC equivalent restrictions for non-welfare recipients.**
You may be aware that there is currently a process for people in the program sites to volunteer for the card. The Department considers all volunteer applications on a case by case basis. Age Pensioners can also apply for the card by visiting Centrelink and opting-in.

- **Recommendation 3: Expand analytics program to capture a broader range of KPIs.**

Tracking the spending habits of welfare recipients would be valuable from an evaluation point of view, but it must be noted that there have been some issues raised by the public about the Government tracking how people spend their welfare funds. This is a sensitive issue, and something that we may consider in the future, but for now, we will continue to utilise the data we already receive.

- **Recommendation 4: Implement opt-in income smoothing feature for CDC transaction accounts.**

Implementing an opt-in income smoothing feature could be of great benefit for those welfare recipients who require assistance in managing their money. As you may be aware, Indue can help participants set their daily spending limits to low values, for example setting a spending limit to \$30 per day, which has a similar effect to income smoothing. We have helped a few participants to do this and from what I hear it is working well for them.

- **Recommendation 5: Promote micro-merchant card terminal options to increase CDC acceptance among cash-only merchants.**

The Department is exploring what options are available for merchants who do not currently accept card payments. I understand there are a number of portable hardware options that enable individuals to accept card payments and we will continue to look into this.

- **Recommendation 6: Open online purchases to all domestic merchants by default, blocking restricted merchants via Merchant Category Code and, where necessary, via individual Merchant.**

I am pleased to note that the Department is currently looking at alternative methods to manage online merchants, including using merchant category code information that will ultimately allow the majority of online merchants to accept the cashless debit card.

- **Recommendation 7: Implement message prompt restriction mechanism for non-integrated payment terminals.**

This option could be used in a situation where product-level blocking can't be done automatically, for example for non-integrated point of sale environments. This is an interesting concept that I noted when I joined the Working Group meeting on 23 October 2017. I understand it requires the acquirers who operate the terminals to modify the software to display such a message. The Department will continue to look at this option as a solution.

- **Recommendation 8: Consider options to improve the transaction banking, debit card, and service channel experience.**

I am pleased that the Working Group has considered what additional features could be made available to participants and the possible improvements we could make to the user experience. The suggestion of alternative form-factors of the cashless debit card is an interesting possibility and could potentially address the challenge of how to best manage replacement cards.

- **Recommendation 9: Implement enhanced security features on cards and transaction accounts.**

I agree that if contactless functionality is enabled on the CDC, the user should be asked for a PIN. The possibility of using SMS messaging to ensure the appropriate cardholder is making a transaction is interesting, but must take into account any technological restraints, especially in remote or rural areas.

- **Recommendation 10: Create application to automate transfer limit changes, and leverage CDC infrastructure to deliver the BasicsCard program.**

I am pleased to note that the Department explored this topic during the DSS Tech Hack on 28 September 2017. As I understand, creating a web interface or app would allow participants to request account changes which will result in an improved experience for the cardholder as well as streamlining some of the manual processes the Department currently does.

- **Recommendation 11: Transition CDC provision from a single-issuer to allow multiple institutions to participate using a White-Label model (short term) and also a Decisioning Platform model (medium term).**

I understand that a white-labelling option may make it easier for additional issuers to provide a cashless debit card and transaction account. As I understand the Department is currently exploring how a white-label platform may operate and how it could benefit the policy in the future.

Minderoo CDC Working Group Participants

S 47F – Commonwealth Bank Australia - seconded to Minderoo/GenerationOne to coordinate the MWG on a full time basis.



- iA6
- Aldi
- AusPayNet
- Australia Post
- Australia Post
- Coles
- Coles
- Commonwealth Bank Australia
- Commonwealth Bank Australia
- Commonwealth Bank Australia
- Commonwealth Bank Australia
- Department of Social Services
- Department of Social Services
- Department of Social Services
- Department of Social Services
- Department of Social Services
- EFTPOS
- EFTPOS
- GenerationOne/Minderoo
- Indue
- Ingenico
- Minderoo
- Minderoo
- PayPal
- PayPal
- PC Eftpos
- SmartPay
- Systemware
- The Initiatives Group
- The Initiatives Group
- VISA
- Woolworths
- Woolworths