Cashless welfare card trials extended for a year in SA and WA

Temporary third site likely but wider expansion blocked by Nick Xenophon Team

Christopher Knaus
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Trials of the cashless debit card will continue in South Australia and Western Australia for another year and the government has been given time to temporarily set up a third site, likely to be located in WA's Goldfields region.

But legislation allowing for a far wider expansion of the card was blocked due to opposition from the Nick Xenophon Team in the Senate.

The cards, which have attracted significant controversy since the trials began, quarantine 80% of a welfare recipient’s income to a restricted debit card.

The trials overwhelmingly involve Indigenous Australians, and are designed to restrict spending on alcohol, gambling or drugs.

The program has been criticised as paternalistic and ineffective, and critics argue a better approach is needed to address complex issues driving crime, unemployment, and alcohol and drug use.
The current legislation allowed trials in three sites, but only two have so far been conducted; in Ceduna, South Australia, and the east Kimberley, in Western Australia.

The government introduced legislation last year to expand the program, announcing it would begin new trials in Bundaberg in Queensland and the Goldfields region in WA.

The legislation would have allowed the card to be deployed anywhere in Australia, but was blocked in the Senate by the NXT.

The NXT MP Rebekha Sharkie said last week the evidence was not yet there to support such a significant expansion.

Her fellow NXT senator Stirling Griff made a similar argument on Monday evening.

“It is an incredibly expensive experiment to continue the card trials, let alone expand them as this bill seeks to do,” he said.

“On that basis, the Nick Xenophon Team cannot support the bill as currently drafted. Why? Because the available data on the trial is inconclusive.”

NXT agreed to allow the current trials to be extended by another 12 months.

That extension of time gives the government the ability to push ahead with a third trial site, which would have been impractical otherwise, given the current legislation only allows trials until June.

The social services minister, Dan Tehan, welcomed the extension, which he said gave the government the ability to begin a trial in the Goldfields. But Tehan said the government was committed to a further expansion, and was happy to listen to feedback from the Australian Council of Social Service and others.

“We want to roll this out. We want the trials to be successful,” Tehan told the ABC.

“Because the feedback we’re getting from local communities is that the status quo isn’t working. The second, third-generation welfare dependence, and what that’s leading to, especially with children turning up to school without having been fed, etc - they want to see a real change. And they see this as a way to do that.”

Labor opposed any new trial sites, arguing there was insufficient evidence to show the existing trials were working.

“Labor requires a much more rigorous evaluation of the cashless debit card in the existing trial areas prior to any expansion,” the Labor frontbencher Doug Cameron told parliament.

He said the program had already cost $25.5m - or $12,000 per participant - though the government argued most of that was due to one-off startup costs.

The Liberal frontbencher Concetta Fierravanti-Wells said research found the scheme had been effective in reducing alcohol consumption and gambling.

The WA Greens senator Rachel Siewert said she had deep concerns with the NXT agreeing to expand the trial.

“I think it’s a bit rich quite frankly for them to say ‘oh yeah we’ll support another trial site - make it in Western Australia’,” Siewert said.
The crossbenchers David Leyonhjelm - who argued taxpayers didn’t want their money to pay for other people’s alcohol or gambling - Fraser Anning, Derryn Hinch and Cory Bernardi also supported the bill.

One Nation supported the scheme, leader Pauline Hanson channelling her 1996 maiden speech with claims of an “Aboriginal industry” in Australia’s welfare system.

The bill will now return to the lower house for amendments to be approved.

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Cashless welfare card causing 'horrible' financial stress, more dependence, participants say

AM  By Tom Joyner

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Participants in the latest trial of the cashless welfare card in Western Australia's Goldfields say the program has caused them "horrible" financial stress and greatly reduced their independence.

The Government says the card, administered by the Department of Social Services, is aimed at tackling problems related to alcohol, drug abuse and gambling.

The card is designed to limit access to cash and quarantines 80 per cent of welfare payments on the card itself for daily essentials like food and public transport.

But participants in the region's largest town, Kalgoorlie say, that contrary to the Government's intentions, the card has only made them more dependent on support.

Local Barbara Clinch said she cannot make repayments for a recent bank loan because the remaining 20 per cent of her welfare paid into her bank account does not cover them.

"That doesn't even cover the cost of my loan, so that puts me in debt. I can't pay it because the company I got the loan from, you can't put the card down [to deduct payments]," Ms Clinch said.

"Now I'm in debt with Westpac and I pay interest. It's really horrible. I'm in so much debt, it's not even funny."

The card will be rolled out to 3,600 recipients of various welfare payments in the region, with the majority expected to be non-Indigenous, according to the Prime Minister.

The Goldfields trial comes after two others that commenced in 2016 in the east Kimberley region of WA and Ceduna in South Australia.

'We're human just like everybody else'

Vic Savill, who lives in the nearby town of Kambalda, said his inability to read or write meant he could not understand how to use the card without his wife's help.

Mr Savill, 61, receives the disability support pension and because of a brain tumour a few years ago, struggles with everyday tasks.

Where previously he enjoyed more flexibility with his welfare payments made directly into his bank account, he now cannot even shop for groceries without his wife.

"I cannot read, write or use ATMs," he said. "If my wife wasn't there to help me, I don't know what I'd be able to do. I'd probably starve."

Another welfare recipient, single parent Gloria Smith, cares for her son who has a disability.

She said the card, which she received in the mail a couple of weeks ago, has made it more difficult to afford her son's basic necessities.

"I do my best as a carer. I didn't ask for my son to be born with a disability, it was just a freak of nature that he was born that way, and it's the same with any other child," Ms Smith said.
"My son's birthday is coming up in a couple of weeks and I was going to give him $100 for his birthday and I can't do that now because it's stuck on this card."

Ms Smith said she feared humiliation that came with using the card in public, such as if the card is rejected at a shop's checkout.

She said she and many others felt essentially helpless to do anything about their financial situation.

"We're human just like everybody else, we have rights. But it feels like our rights are being taken away from us because of this card," she said.

The future of welfare

Social Services Minister Dan Tehan said during a visit to Kalgoorlie that it was still too early to say if the card was working or not.

He added that even though the trial was yet to finish, he had so far received positive feedback from the community.

In any case, the cashless welfare card is a radical experiment that could change the way welfare is delivered in Australia in the future.

Mr Tehan said the Government would be able to decide on whether the card would be expanded once trials were concluded and sufficient data had been gathered.

"The key of course is to make sure that we can get the support of the Senate for us to continue to roll it out," Mr Tehan said.

"But everything I've seen so far shows clearly the community sees this as a way to deal with some problems that we haven't been able to address for the last 100 years."

Mr Tehan said he eventually wanted to see its users transition off welfare altogether. In the meantime, local support centres are able to help resolve issues relating to cards in the community.

"[The cashless welfare card] helps because we've seen improvements in lives. So that means there's improvement in outcomes and we've seen people go off welfare and into work."


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