

A Critical look at the Commonwealth Cashless Debit Card Trial

On 14 May 2017, the Commonwealth government made the decision to extend the current cashless debit card trials that have been taking place in Ceduna (South Australia) and the East Kimberley (Western Australia) until 30 June 2018. As part of the 2017-18 budget, the government also announced an expansion of the trial to a further two locations from 1 September 2017.

It is difficult to see how this approach to welfare reform can be anything other than an additional source of stress for low income families already battling complex needs before having use of their Centrelink payments so tightly prescribed.

Given the potential for the card to be rolled out in other communities, or even nationally in the future, we need to make sure all child and family service providers are well informed about these changes and able to advocate on behalf of clients experiencing vulnerability.

The cashless debit card is intended to improve individual, family and community wellbeing by reducing the harm associated with alcohol, drugs and gambling. In practice, this means 80 per cent of a person's Centrelink payment is paid onto a cashless debit card, which can only be used for certain government-prescribed purposes, and 20 per cent is paid into a person's regular bank account.

Based on results at the halfway mark of the trial, there have been some positive outcomes for a minority of the trial participants who were able to save more money and spend less on alcohol. However the majority of participants who had their payments compulsorily quarantined report that the scheme had no impact or made their lives worse. There is limited evidence in the evaluation commissioned by the government to attribute any reduction in harm associated with drugs and gambling to the card.

The evaluation presents data in ways that emphasise the positive impact of the scheme. It highlights that, of the 66% participants who reported drinking alcohol, taking drugs or gambling during or before the trial, 33% reported a reduction in at least one of these things. However, this means the vast majority of participants in the scheme did not report a reduction in alcohol, drugs or gambling.

The evaluation's strong conclusions do not reflect the mixed findings throughout the report, particularly some of the data contained in the lengthy appendices of the report. Despite the evaluation only being at the halfway mark of the trial, and despite many community stakeholders warning that it is too early to assess the scheme's effectiveness, the Commonwealth government is already proceeding as though this approach to welfare reform has been a success.

Self-determination is about families having control over the choices they make. We need to be vigilant in making sure that families are not left worse off under the Commonwealth government's approach to welfare reform.