

2013-2014-2015

THE PARLIAMENT OF THE COMMONWEALTH OF AUSTRALIA

HOUSE OF REPRESENTATIVES

**SOCIAL SECURITY LEGISLATION AMENDMENT
(DEBIT CARD TRIAL) BILL 2015**

EXPLANATORY MEMORANDUM

**(Circulated by the authority of the
Minister for Social Services, the Hon Scott Morrison MP)**

SOCIAL SECURITY LEGISLATION AMENDMENT (DEBIT CARD TRIAL) BILL 2015

OUTLINE

The Bill will amend the social security law to enable a trial phase of new cashless welfare arrangements in response to a key recommendation from Mr Andrew Forrest's Review of Indigenous Jobs and Training.

The purpose of the trial is to test the concept of cashless welfare arrangements by disbursing particular welfare payments to a restricted bank account, accessed by a debit card which does not allow cash withdrawals. The trial will test whether significantly reducing access to discretionary cash, by placing a significant proportion of a person's welfare payments into a restricted bank account, can reduce the habitual abuse and associated harm resulting from alcohol, gambling and illegal drugs. It will also test whether cashless welfare arrangements are more effective when community bodies are involved.

The trial will be conducted in up to three locations. These locations will be selected on the basis of high levels of welfare dependence and where gambling, alcohol and/or drug abuse are causing unacceptable levels of harm within the community.

To test effectively the concept of the Forrest recommendation, 80 per cent of payments received by people on a working age welfare payment, such as newstart allowance, will be placed in a restricted bank account. A person will not be able to use the debit card linked to the restricted account to access cash or purchase gambling products/services, alcohol or illegal drugs.

Recognising that we do not live in a cashless society and that people need cash for minor expenses such as children's lunch money or bus fares, the remaining 20 per cent of payments will be available for use at the person's discretion.

In trial locations, the debit card will work as similarly as possible to any other bank card. The trial will seek to ensure the card works at all existing terminals and shops, except those exclusively selling restricted products, as well as online where possible. The only difference will be that the debit card will not allow the purchase of alcohol and gambling products or cash withdrawals.

Financial impact statement

The funding associated with this Bill is not for publication as negotiations with potential commercial providers are yet to be finalised.

STATEMENT OF COMPATIBILITY WITH HUMAN RIGHTS

The statement of compatibility with human rights appears at the end of this explanatory memorandum.

**SOCIAL SECURITY LEGISLATION AMENDMENT
(DEBIT CARD TRIAL) BILL 2015**

NOTES ON CLAUSES

Abbreviations used in this explanatory memorandum

- **Family Assistance Act** means the *A New Tax System (Family Assistance) Act 1999*
- **Family Assistance Administration Act** means the *A New Tax System (Family Assistance)(Administration) Act 1999*
- **Social Security Act** means the *Social Security Act 1991*
- **Social Security Social Security Administration Act** means the *Social Security (Administration) Act 1999*

New section 1 sets out how the new Act is to be cited – that is, as the *Social Security Legislation Amendment (Debit Card Trial) Act 2015*.

New section 2 provides a table setting out the commencement dates of the various sections in, and Schedules to, the new Act.

New section 3 provides that each Act that is specified in a Schedule is amended or repealed as set out in that Schedule.

Schedule 1 – Trial of cashless welfare arrangements

Summary

This Schedule provides for a trial of the splitting of welfare payments into restricted and unrestricted portions, and the payment of the restricted portion to a bank account to be subject to certain restrictions on access and use. The restricted portion may be used to purchase goods and services other than alcoholic beverages or gambling.

Background

This Schedule will enable a trial of cashless welfare arrangements in response to a key recommendation from Mr Andrew Forrest's Review of Indigenous Jobs and Training. The purpose of the trial is to test the concept of cashless welfare arrangements by disbursing particular welfare payments to a restricted bank account, accessed by a debit card which does not allow cash withdrawals. The trial will test whether significantly reducing access to discretionary cash, by placing a significant proportion of a person's welfare payments into a restricted bank account, can reduce the habitual abuse and associated harm resulting from alcohol, gambling and drugs. It will also test whether cashless welfare arrangements are more effective when community bodies are involved.

The trial will be conducted in up to three locations. These locations will be selected on the basis of high levels of welfare dependence and where gambling, alcohol and/or drug abuse are causing unacceptable levels of harm within the community. To test effectively the concept of the Forrest recommendation, a default 80 per cent of payments received by trial participants receiving a triggering working age welfare payment, such as newstart allowance, will be placed in the restricted bank account. The default percentage may be varied by legislative instrument.

A trial participant will not be able to use the associated debit card to access cash or use money in the restricted account for gambling, alcohol or drugs. Other welfare recipients in the trial area will be able to volunteer to participate in the trial. Recognising that we do not live in a cashless society and that people need cash for minor expenses such as children's lunch money or bus fares, the remaining 20 per cent of payments will be available for use at a person's discretion.

It will be possible for a community body in a trial area to be authorised to participate in the trial. Such body may work with individuals within the community and, with the agreement of an individual, direct the Department of Human Services to restrict a lower proportion of the person's welfare payment (although not less than 50 per cent). If the body and the individual are no longer in agreement, the individual's restricted percentage will return to the default rate.

In trial locations, the debit card will work as similarly as possible to any other bank card. The trial will seek to ensure the card will work at all existing terminals and shops, except excluded businesses such as those exclusively selling restricted products, as well as online where possible. The only difference will be that the debit card will not allow the purchase of alcohol and gambling products or cash withdrawals. Excluded businesses and transactions will be identified by legislative instrument, whether by reference to merchant category codes, terminal identification codes, card accepted identification codes or otherwise. The financial institution providing the individual's restricted account will not be in breach of competition or consumer laws if it declines a transaction at an excluded business.

The amendments made by this Schedule commence on the day after Royal Assent.

Explanation of the changes

Part 1 – Main amendments

Item 1 inserts new Part 3D (Trial of cashless welfare arrangements) into the Social Security Administration Act, after existing Part 3C (Schooling requirements).

Division 1 – Introduction

New section 124PB gives a simplified outline of the cashless welfare arrangements trial.

New section 124PC sets out the objects of the new Part, which are to trial cashless welfare arrangements so as to: reduce the amount of certain restrictable payments available to be spent on alcoholic beverages and gambling; determine whether such a reduction decreases violence or harm in trial areas; determine whether cashless welfare arrangements are more effective when community bodies are involved; and encourage socially responsible behaviour.

New section 124PD defines the terms used in this new Part.

New section 124PE empowers the Minister, by legislative instrument, to authorise a body as a **community body**. A community body may be incorporated or unincorporated, and must provide, or intend to provide, services relating to the care, protection, welfare or safety of adults, children or families. An example of a community body that may be authorised under this section is an unincorporated group of local leaders which has formed with appropriate community and/or cultural authority to provide support to vulnerable people and families in a trial location.

A **trial area** is defined in new section 124PD as an area specified in an instrument under subsection 124PD(2). Subsection 124PD(2) empowers the Minister to specify an area for the purposes of the definition of trial area as a trial area.

Division 2 – Persons subject to cashless welfare arrangements

Subdivision A provides for the trial of cashless welfare arrangements.

New section 124PF provides that cashless welfare arrangements are to be trialled during the period 1 February 2016 to 30 June 2018. The trial will occur in up to three discrete trial areas, with no more than 10,000 trial participants at any particular time. It is intended that the trial will only take place for 12 months in each location.

New section 124PG sets out who will be trial participants. Trial participants will be determined based upon a combination of class of person, receipt of particular welfare payments, known as trigger payments, and particular trial areas. Subsection 124PG(1) empowers the Minister to determine, by legislative instrument, whether a particular trigger payment is to apply both in respect of a particular class of person and in relation to a particular trial area, or simply in relation to a particular trial area.

Trigger payment is defined in new section 124PD as a social security benefit (other than mature age allowance), a particular social security pension, or a payment under the ABSTUDY scheme that includes an amount identified as living allowance. The terms **social security benefit** and **social security pension** are defined in section 23 of the Social Security Act. Not all social security pensions will be trigger payments, with triggering pensions limited to carer payment, disability support pension, pension PP (single) (commonly known as parenting payment single), widow B pension and wife pension. Age pension, for example, is not a trigger payment, and receipt of age pension cannot result in a person being a trial participant, unless the person volunteers (see Subdivision B of Division 2 below).

If a legislative instrument determines that a particular trigger payment applies in relation to a particular trial area, and a person whose usual place of residence was, is, or becomes within the particular trial area receives the particular trigger payment, then the person is a trial participant. However, if the legislative instrument also provides that the trigger payment is only to apply in respect of particular class of person and in relation to a particular trial area, then only if the person receives that trigger payment, and falls within that class, and their usual place of residence was, is or becomes within the particular trial area will they be a trial participant.

In relation to residence, if a person's usual place of residence is within a particular trial area, they will be a trial participant on and after the day that the legislative instrument specifying the area as a trial area takes effect. If the person relocates, such that their usual place of residence becomes within a trial area during the trial, the person is a trial participant from the day their usual place of residence is within the particular trial area. If the person leaves the trial area after the commencement of the trial, they will remain a trial participant unless they otherwise cease to fall within the particular class of trial participants or cease to receive a relevant trigger payment.

Subdivision B provides for voluntary participation in cashless welfare arrangements.

New section 124PH allows a person who receives a restrictable payment of a particular kind, whose usual place of residence is within a trial area and who is not otherwise a trial participant to notify the Secretary that they wish to be subject to cashless welfare arrangements. The notification may be given orally or in writing.

Restrictable payment is defined in new section 124PD to include a range of social security and family payments. In relation to a voluntary participant, it also includes age pension.

This means that, even though an age pension recipient cannot be a trial participant generally, they may voluntarily become subject to cashless welfare arrangements if their usual place of residence is in a trial area. An age pension recipient may choose to volunteer for cashless welfare arrangements if they are experiencing financial harassment and wish to safeguard the use of and access to their income support through a restricted account. However, the person may withdraw from cashless welfare arrangements at any time. Until the person withdraws, they are a voluntary participant in the trial.

A person who wishes to become a voluntary participant may not participate voluntarily if the person comes within a class of person the Minister has determined may not be voluntary participants (under new section 124PI) or the Secretary determines that the person is not to be subject to cashless welfare arrangements under subsection 124PH(4). As an example, it may be prohibitory to involve particular voluntary participants due to where they live.

New section 124PI empowers the Minister, by legislative instrument, to determine that a particular class of person may not be a voluntary participant.

Division 3 – Cashless welfare arrangement rules

Subdivision A provides for the splitting and payment of restrictable payments.

New section 124PJ applies if an instalment of a restrictable payment is payable to a trial participant or voluntary participant. **Restrictable payment** is defined in new section 124PD to include, in addition to trigger payments, family tax benefit or family tax benefit advance, baby bonus, schoolkids bonus, stillborn baby payment or a clean energy advance (provided for under the Family Assistance Act), carer allowance, carer supplement, child disability assistance, double orphan pension, income support bonus, mobility allowance, pensioner education supplement, quarterly energy supplement, various advance payments of a social security entitlement, or a payment under the ABSTUDY scheme that includes an amount identified as pensioner education supplement.

The gross amount of an instalment of a restrictable payment payable to a trial participant is restricted such that a default 80 per cent of the payment is restricted, and 20 per cent is unrestricted. If a restrictable payment is payable otherwise than by instalments, 100 per cent is restricted. However, the Minister may, by legislative instrument, vary these percentage amounts, and determine that the varied percentage amounts are to apply in respect of a particular class of person and in relation to a particular trial area, or in relation to a particular trial area.

The percentage amount is also subject to any written direction as to percentage for a person given by a community body, under new section 124PK.

The gross amount of a payment disregards any deductions which may have already been made from the payment, such as compulsory deductions payable to the Commissioner of Taxation, the Child Support Registrar or in respect of a Commonwealth welfare payment debt. It will also disregard voluntary deductions requested by the person, provided for at items 3 and 12 of Part 2 of this Schedule. This will ensure that any amounts deducted in this way will first reduce the amount of the restricted part of the person's payment. In most instances, the unrestricted part will be the full 20 per cent of the payment, or the percentage substituted as unrestricted by legislative instrument or direction of a community body.

New section 124PK requires the Secretary, in relation to an individual trial participant or voluntary participant, to vary the default percentage amounts provided under new section 124PJ or any amounts substituted by legislative instrument, where a community body gives the Secretary a written direction to do so.

A **community body** may be authorised under new section 124PE. The written direction given by the community body must reflect an agreement between the community body and the trial participant or voluntary participant, and may only be changed to a different percentage with the agreement of the relevant trial participant or voluntary participant. However, if the community body and relevant trial participant or voluntary participant no longer agree about an appropriate percentage, the community body must revoke the written direction given to the Secretary. If this happens, the restricted and unrestricted percentages of the restrictable payment must revert to the default percentages. If the body ceases to be authorised as a community body, the written direction ceases to have effect on and after the day that the authorisation ceased.

The percentage amounts directed by the community body must be for a restricted portion of no less than 50 per cent of the payment, and a corresponding unrestricted amount of no more than 50 per cent. The community body cannot direct that more than 80 per cent of a payment be restricted.

It is intended that a rigorous process of scrutiny of community bodies will be used to ensure that authorising a body does not adversely affect the trial, and that each body's action under the legislation is appropriate. Every six months, a review of the decisions of authorised bodies will take place to ensure the decisions are consistent with the intended trial outcomes.

New section 124PL provides for the manner of payment of restrictable payments where the payment is payable to a trial participant or voluntary participant.

The Secretary must pay the balance of the restricted portion of the restrictable payment to the credit of a welfare restricted bank account maintained by the recipient. **Welfare restricted bank accounts** are provided for at new section 124PS below.

The **balance of the restricted portion of the restrictable payment** means that, where a deduction is made from, or an amount set off against, the restrictable payment under various provisions of the social security law or the Family Assistance Administration Act, so much of the restricted portion of the restrictable payment that remains after any deduction or set off has occurred.

Subdivision B provides for the way in which a person may use the restricted and unrestricted portions of their payment.

New section 124PM provides that the restricted portion of a person's payment may be used to purchase goods and services other than alcoholic beverages and gambling, but the unrestricted portion paid to the person may be used at the person's discretion.

Division 4 – Information

New section 124PN supports the provision of information between the Secretary and a financial institution as part of the trial. Despite any law in force in a State or Territory, an officer or employee of a financial institution may give the Secretary information about a person if the person is a trial participant or voluntary participant and the disclosed information is relevant to the operation of this Part.

If information about a person is disclosed by the financial institution, the Secretary may disclose information about the person to an officer or employee of the financial institution for the purposes of the performance of the functions and duties, or the exercise of the powers, of the officer or employee.

New section 124PO supports the provision of information by a community body for the purposes of the trial. Despite any law in force in a State or Territory, a member, officer or employee of a community body may give the Secretary information about a person if the person is a trial participant or voluntary participant, and the disclosed information is relevant to the operation of this Part.

If information about a person is disclosed by the community body, the Secretary may disclose information about the person to a member, officer or employee of the community body for the purposes of the performance of the functions and duties, or the exercise of the powers, of the member, officer or employee.

Division 5 – Miscellaneous

New section 124PP provides for the Secretary, by legislative instrument, to determine a kind of bank account to be maintained by a trial participant or voluntary participant for the receipt of restrictable payments. The Secretary may also prescribe terms and conditions relating to the establishment, ongoing maintenance and closure of the bank account so determined. For example, one condition of the bank account prescribed will be that it does not allow withdrawal of cash from the restricted payment in the account.

New section 124PQ authorises the declining of transactions, which involve alcoholic beverages or gambling, by a financial institution providing a bank account of a kind specified by legislative instrument for the purposes of the trial. This section is to avoid such actions by the financial institution otherwise being in breach of the *Competition and Consumer Act 2010*.

Subsection 124PQ(2) empowers the Secretary, by legislative instrument, to specify kinds of businesses, whether by reference to merchant category codes, terminal identification codes, card accepted identification codes or otherwise in relation to which transactions involving funds in a welfare restricted bank account may be declined by a financial institution.

To avoid doubt, for the purposes of the *Competition and Consumer Act 2010*, it does not matter whether money in such a bank account represents the restricted portion or unrestricted portion of a restrictable payment, for circumstances where a person has both their restricted portion and unrestricted portion of their restrictable payment deposited to the same bank account.

New section 124PR provides that this Part overrides any other provision, particularly provisions dealing with the manner of payment of entitlements, of the Social Security Administration Act, the Social Security Act, the Family Assistance Act or the Family Assistance Administration Act.

Part 2 – Other amendments

Items 2 and 4 to 11 are consequential, amending the Family Assistance Administration Act, the Social Security Act and the Social Security Administration Act to insert reference to new Part 3D as appropriate, generally where income management under Part 3B was already mentioned as an exception to the general manner of payment and inalienability of welfare payments.

Items 3 and 12 formalise the existing administrative arrangements where the Department of Human Services will make deductions from welfare payments and forward them to other bodies at the request of the welfare payment recipient. **Item 3** inserts new section 228A into the Family Assistance Administration Act. **Item 12** inserts new section 61A into the Social Security Administration Act. Both provide for deductions at the request of the recipient. If a person requests it, the Secretary may make deductions from instalments of a payment payable to a person and pay the amounts deducted to a business or organisation nominated by the person. Such deductions may be in respect of rent, other bills or to businesses in periodic payment for purchases. There is administrative capacity without specific legislative authorisation to act on such requests on the part of a payment recipient. However, to support the trial, this provision legislatively supports such deductions so the amount of a person's welfare payment which is subject to restrictions will reflect this deduction.

The wording of existing section 61 of the Social Security Administration Act is also updated to make it clearer that, having made deductions, the Secretary also has power to forward the deducted amounts as requested by the payment recipient.

Item 13 inserts new section 70B into the Social Security Administration Act, empowering the Secretary to give information notices to a person subject to cashless welfare arrangements, in the same terms as existing section 70A relating to a person subject to income management under Part 3B.

Item 14 repeals various definitions which previously appeared only in Part 3B of the Social Security Administration Act, consequential upon their re-enactment in the dictionary in Schedule 1 to that Act by item 19 below.

Item 15 qualifies the child protection measure of income management, to ensure that, if a trial area is established in an area within a declared child protection State or Territory for the purposes of new section 123UC of the Social Security Administration Act, a person will not be subject to child protection income management if they are participating in the trial.

Item 16 is consequential, amending section 195 of the Social Security Administration Act to allow the Secretary to require a person to give information about a person to facilitate the administration of new Part 3D.

Items 17 and 18 amend section 202 of the Social Security Administration Act, which deals with the protection of personal information. If protected information relates to the establishment or ongoing maintenance of a welfare restricted bank account, a person may obtain the information, make a record of the information, disclose the information to a financial institution or otherwise use the information. This will facilitate the administration of the trial.

It is noted that, in addition to the requirements of this section, information disclosed under this section must be dealt with in accordance with the Australian Privacy Principles.

Schedule 1 – Trial of cashless welfare arrangements

Items 19 and 20 amend the dictionary in Schedule 1 to the Social Security Administration Act. **Item 19** reinserts definitions of **alcoholic beverage**, **gambling**, **goods** and **service** removed from Part 3B, as these definitions will be applicable to both Part 3B and Part 3D. The definition of alcoholic beverage is amended to refer to a beverage that contains more than 1.15% by volume of ethyl alcohol, to ensure that any beverage that can be legally sold in any State or Territory as a non-alcoholic beverage is also not an alcoholic beverage for the purposes of income management and cashless welfare arrangements.

Item 20 clarifies, for the definition of alcoholic beverage, the circumstances in which alcohol content is to be measured, to match the definition of this term generally applying under State and Territory laws.

Item 21 makes a consequential amendment to the *Stronger Futures in the Northern Territory Act 2012*, to permit the Secretary to impose conditions on a community store licence that may relate to cashless welfare arrangements, to match the capacity to impose conditions relating to income management.

STATEMENT OF COMPATIBILITY WITH HUMAN RIGHTS

*Prepared in accordance with Part 3 of the
Human Rights (Parliamentary Scrutiny) Act 2011*

SOCIAL SECURITY LEGISLATION AMENDMENT (DEBIT CARD TRIAL) BILL 2015

This Bill is compatible with the human rights and freedoms recognised or declared in the international instruments listed in section 3 of the *Human Rights (Parliamentary Scrutiny) Act 2011*.

Overview of the Bill

The Bill will insert a new Part into the *Social Security (Administration) Act 1999* (the Act) to enable a trial of cashless welfare arrangements delivered via a restricted bank account and associated debit card.

The amendments will enable a trial phase of a new debit card, in response to a key recommendation from Mr Andrew Forrest's Review of Indigenous Jobs and Training. The trial will be conducted up to three locations. These locations will be selected on the basis of high levels of welfare dependence and where gambling, alcohol and/or drug abuse are causing unacceptable levels of harm within the community.

To test effectively the concept of the Forrest recommendation, 80 per cent of payments received by people on a working age welfare payment, such as newstart allowance, will be placed in a restricted bank account. A person will not be able to use the debit card associated with the restricted bank account to access cash or use the restricted money in the account for gambling, alcohol or drugs. Recognising that we do not live in a cashless society and that people need cash for minor expenses such as children's lunch money or bus fares, the remaining 20 per cent of payments will be available for use at a person's discretion.

In trial locations, the debit card will work as similarly as possible to any other bank card. The trial will seek to ensure the card will work at all existing terminals and shops, except excluded businesses such as those exclusively selling restricted products, as well as online where possible. The only difference will be that the debit card will not allow the purchase of alcohol and gambling products or cash withdrawals.

Human rights implications

The right to social security

Article 9 of the International Covenant on Economic, Social and Cultural Rights (ICESCR) recognises *'the right of everyone to social security, including social insurance'*. The United Nations Committee of Economic, Social and Cultural Rights (the UN Committee) has stated that implementing this right requires a country, within its maximum available resources, to provide 'a minimum essential level of benefits to all individuals and families that will enable them to acquire at least essential health care, basic shelter and housing, water and sanitation, foodstuffs, and the most basic form of education'.

The trial of cashless welfare arrangements, which restricts what welfare payments can be spent on, will not detract from the eligibility of a person to receive welfare nor reduce the amount of a person's social security entitlement. Rather, the trial provides a mechanism to ensure that certain recipients of social security entitlements use a proportion of their entitlement to acquire essential items, including all of those referred to by the UN Committee. The UN Committee has stated that the right to social security encompasses the right to access and maintain benefits 'in cash or in kind'. The trial does not detract from situations in which someone has the right to social security, such as unemployment and workplace injury, and family and child support; it simply supports a person further once they have achieved their right to receive social security.

The right to an adequate standard of living

Article 11(1) of the ICESCR states that everyone has the right to *'an adequate standard of living for himself and his family, including adequate food, clothing and housing, and to the continuous improvement of living conditions'* and that *'appropriate steps'* be taken to *'ensure realisation of this right'*. Further to this, article 11(2) of the ICESCR states that *'measures, including specific programmes,'* should be taken in *'recognising the fundamental right of everyone to be free from hunger'*.

The trial of cashless welfare arrangements does not limit this right for affected people in trial locations. Under trial arrangements, people will be able to use restricted funds to access any goods and services with the exception of alcohol and gambling products, with the aim of reducing abuse of these goods and services and associated harm and violence. It would not have the effect of restricting access to essential needs required to maintain an adequate standard of living. Access to some discretionary cash will be available to ensure that people can still participate in cash economies to purchase items which contribute to adequate standard of living.

The right to self-determination

Article 1 of the ICESCR states that *'all peoples have the right of self-determination. By virtue of that right they freely determine their political status and freely pursue their economic, social and cultural development'*.

A trial of cashless welfare arrangements will not impact on or interfere with a person's right to pursue freely their economic, social or cultural development. Under a trial, people will be able to spend their restricted funds on any goods or services except alcohol, gambling and illegal drugs as a result of having less access to discretionary cash. This limitation is to ensure that vulnerable people are protected from abuse of these substances, and associated harm and violence. Comprehensive community consultation will be conducted before the trial commences to gauge community interest and support in the arrangements, including from local community leaders.

The rights of equality and non-discrimination

The rights of equality and non-discrimination are provided for in a number of the seven core international human rights treaties to which Australia is a party, most relevantly the International Covenant on Civil and Political Rights (ICCPR) and the Convention on the Elimination of All Forms of Racial Discrimination (the CERD). In particular, article 5 of the CERD requires parties '*to prohibit and eliminate racial discrimination in all its forms and to guarantee the right of everyone, without distinction as to race, colour or national or ethnic origin, to equality before the law*', notably in the enjoyment of '*the right to...social security and social services*' (article 5(e)(iv)).

Discrimination is impermissible differential treatment among persons or groups that result in a person or a group being treated less favourably than others, based on a prohibited ground for discrimination, such as race. However, the UN Human Rights Committee has recognised that '*not every differentiation of treatment will constitute discrimination, if the criteria for such differentiation are reasonable and objective, and if the aim is to achieve a purpose which is legitimate under the Covenant*'.

A trial of cashless welfare arrangements is aimed at achieving legitimate objectives and will not be applied on the basis of race or cultural factors. Locations for a trial will be chosen based on objective criteria, such as high levels of welfare dependence and community harm, as well as the outcomes of comprehensive consultation with prospective communities.

Anyone residing in locations where the trial operates, and receiving a specified working age payment, will become a trial participant. The trial is therefore not targeted at people of a particular race, but to welfare recipients who meet particular criteria. People in trial locations will also be able to volunteer for the trial. Local boards will be able to vary the proportion of a person's rate of restriction (although not to less than 50 per cent), and this function will not be based on any racial or cultural aspect of a person.

The rights of children

By ensuring that a portion of income support payments is used to cover essential goods and services, a trial of cashless welfare arrangements can improve living conditions for the children of income support recipients. It thereby advances the right of children to the highest attainable standard of health and the right of children to adequate standards of living (articles 24, 26 and 27 of the Convention on the Rights of the Child, respectively).

Conclusion

The amendments are compatible with human rights. A trial of cashless welfare arrangements will advance the protection of human rights by ensuring that income support payments are spent in the best interests of welfare payment recipients and their dependents. To the extent that they may limit human rights, those limitations are reasonable, necessary and proportionate to achieving the legitimate objective of reducing immediate hardship and deprivation, reducing violence and harm, encouraging socially responsible behaviour, and reducing the likelihood that welfare payment recipients will be subject to harassment and abuse in relation to their welfare payments.

**[Circulated by the authority of the Minister for Social Services,
the Hon Scott Morrison MP]**