THE VOICE of Pensioners and Superannuants online

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20 Age Pensioners on cashless welfare card, what does it mean for you?

LATE last year, we reported that Age Pensioners in Cape York *could be* put onto the Cashless Welfare Card compulsorily.

We can now report that Age Pensioners in Cape York *have been* put onto the Cashless Welfare Card compulsorily.

The Government's response to a Question on Notice by ALP Senator Nita Green puts the matter beyond doubt.

Senator Nita's question: How many Age Pension recipients are currently on the Cashless Debit Card?

The Government's response: twenty, of whom six voluntarily; fourteen were referred for the Card by the Queensland Families Responsibilities Commission.

So, that puts paid to the Government's claims it would never put Age Pensioners onto the Cashless Welfare Card

What does this mean for Age Pensioners elsewhere?

The Government has indicated to "financial institutions" (aka the big banks) that it is keen to rolling out the Card. Obviously, financial institutions will only be interested if there is money in rolling out the Card. This means more people

than just the people in the Card's so-called trial areas will need to go on it. Age Pensioners, being by far the largest group of social security recipients, an Australia-wide Card would only be likely to go ahead if Age Pensioners could be put onto it.

This would not necessarily mean that Age Pensioners would go onto Income Management.

Income Management is where the Cashless Welfare Card cannot be used for alcohol purchases or gambling and a few other things.

The Card could be set up to allow alcohol purchases and so on for certain categories and subcategories of social security recipients.

Only a government with an electoral death wish would restrict millions of Age Pensioners to drinking fruit juice and playing poker with match sticks.

So why would the Australian Government be interested in rolling out the Cashless Welfare Card Australia-wide to every social security recipient, including Age Pensioners?

The answer to that probably lies in the areas of privatisation of social security administration and also in the area of data collection. Data on the way people spend their social security payments.

Privatisation of social security administration has reared its ugly head before.

Data collection is new.

Data can be sold commercially, although privacy regulation would prevent the sale of personal data. It can be used to inform Centrelink compliance policies.

Also, a card restricts where you can shop. And a cash withdrawal limit makes life difficult.

Clearly, the Cashless Welfare Card needs to be stopped!

Energy vouchers up and free payphones

THERE have been recent changes to certain concessions and payphone charges that may affect you.

The cap on the Energy Accounts Payment Assistance (EAPA) scheme increased to $800 a year. The EAPA scheme provides vouchers to pay for energy bills for people experiencing short term financial hardship.

The temporary increase means eligible households can receive up to $400 for electricity per assessment twice a year, this amount is usually $300.

Gas vouchers have increased to $800 per assessment or $1,600 for the year. This is an increase from the previous $1,200 annual cap.

In a landmark move, Telstra has announced that all Australians can now make local and national calls for free on its network of more than 15,000 payphones. You can also use Telstra payphones to send texts, with national SMS services now also free.

Still, last year 11 million calls were made from Telstra payphones with 230,000 of those calls being made to critical services such as 000 and Lifeline.

Gone are the days of reverse-charging a call or carrying around loose change in case you need to make an urgent call.

Afterpay or afterdebt, don't be fooled by the no-interest promise

AFTERPAY is aimed at shoppers in their mid-thirties, so why would *THE VOICE* write about it?

The reason is that the Afterpay way is catching on. The big four banks, among others, are moving in, and they are aiming at any age group.

That's why CPSA is warning its members and supporters against buy-now-pay-later options by companies like Afterpay.

Lay-bys, instalment plans, credit cards, personal loans are all financial products pitched at people who want to, or need to, buy something but lack the cash. With the exception of lay-bys (where you don't get the item until you have paid it off), all other ways to buy-now-pay-later involve credit.

Providing credit to people on commercial terms is regulated. That's why you need 'approval' before you can buy on the instalment plan. Credit card and personal loan approvals are subject to mandatory checks of creditworthiness.

As a result, consumers have some protection against predator salespeople, because if you don't meet creditworthiness criteria, you don't buy, no matter what.

Afterpay and other companies have found a way around this.

This is how the arrangement works.

You choose what you want to buy and put it on Afterpay. Afterpay fronts you the money and charges the shop a transaction fee and a cut of between 4 and 6 per cent of your purchase. The shop is forbidden from recouping these fees from the customer.

In exchange for much higher merchant fees than it would pay with a credit card provider, the shop gets access to data collected by Afterpay of any shopper who uses Afterpay. The shop can now bombard those shoppers with ads.

Then, the customer has to meet the pay-in-four promise: four equal payments on set dates. No interest. Miss a payment, and a late fee is charged. This late fee depends on the size of your purchase, but Afterpay's maximum late fee is $68.

No interest, you understand? But you still pay.

Regulators have begun to take notice of the Afterpay model. Afterpay may technically not be a lender (in which case it would need to perform credit checks on customers), but that's just splitting hairs.

As mentioned, an army of major players have signalled their intention to do what Afterpay has done, including our own staid, trusty old Commonwealth Bank.

In summary, Afterpay and its ilk may not charge interest, but they do charge late fees, very high ones. It's not like lay-by, where you simply don't get hold of your purchase unless you pay.

You always get your purchase, but it can come with an ever-growing debt when people find that they have over-committed on purchases and haven't taken into account the other bills they have to pay.

Financial services compensation scheme an insult to victims

THE Australian Government's proposed compensation scheme for victims of financial scandals will exclude scandals involving funeral insurance and managed investment schemes.

Consumer group CHOICE said on 17 August that the government's latest proposal will cap compensation payments at $150,000, which is a much smaller figure than the $540,000 cap mentioned by the Banking Royal Commission.

To make matters worse, the government has decided to completely exclude victims of funeral insurance and managed investment scandals.

Funeral insurance is different from say car insurance in which you're insuring yourself against the possibility of an accident. As not every driver will have an accident insurance companies can turn a profit from people not making claims. This doesn't work for funeral insurance as everyone dies one day. To make a profit, funeral insurance premiums exceed the eventual pay-out, and most policies increase premiums as you age. And if you cotton onto this and cancel your funeral insurance policy, you won't receive any pay-out at all.

In 2015 the Australian Securities and Investments Commission (ASIC) reported that nine insurers had almost 500,000 funeral insurance policies covering close to 750,000 lives. In the previous financial year, the insurers received almost $315 million in premiums and paid out $103 million.

In 2014, 80 per cent of funeral policies sold were cancelled presumably because their premiums had gotten too high. Half of consumers with funeral insurance

were aged between 50 and 74 but half of Indigenous policyholders were aged under 20.

You are better off not getting into funeral insurance but rather regularly putting some money aside in a separate bank account that is to be used for your funeral. Sadly, for those who already have gotten into funeral insurance, there won't be any money recovered if this proposal goes ahead.

The Australian Government failed to stop people being ripped off in the first place, then delayed acting on recommendations from the royal commission, and will now short-change and exclude victims, essentially protecting financial firms from being held responsible for gross misconduct.