

Director
Payments Strategy and Policy Unit
Financial Systems Division
Treasury
Langton Cres
Parkes ACT 2600

12 December 2023

Dear Sir / Madam

Re: Winding down Australia's cheques system

This submission is in response to the Government's call for submissions regarding winding down Australia's cheques system.

In 2014 I became aware of the system which the South Australian Department for Correctional Services (DCS) has for the transfer of money to prisoners from their relatives and friends. I became aware of it when I was transferring money to a family member who was in prison. I think the system is inefficient because money is only in the form of cheques and money orders and not electronic funds transfers. Cash is not allowed in prisons. DCS's webpage which provides information about transferring money to prisoners is at <https://www.corrections.sa.gov.au/family-and-friends/supporting-a-prisoner/transferring-money>.

At that time, I felt compelled to raise the matter of the inefficient system with the Minister for Correctional Services. I did that in September 2014 by writing and suggesting that DCS considers developing and implementing an electronic funds transfer (EFT) system for crediting prisoners' accounts with funds from relatives and friends. An EFT system would save prisoners' relatives and friends money by not having to pay \$13 for a money order, would allow for prisoners to receive funds much quicker, and would result in a more efficient way to process funds. The Minister's response included:

I can advise that DCS is currently exploring additional ways in which members of the public can deposit money into prisoners' accounts, including the possibility of depositing money into prisoners' accounts electronically.

I advise that review and reform into this matter is well underway and improvements to these processes will be realised in the near future.

As I had not heard from the Minister, I submitted a second letter to him in January 2015 inquiring about the status of DCS's review and reform. The Minister's response included:

I advise that DCS is currently exploring a suitable Information Technology solution to improve operations within the correctional system.

The project is in the early stages and at this time it is unknown what capability a preferred solution may have in relation to the use of EFT to transfer money to prisoners.

Given your ongoing interest in this matter, I will keep you updated as the matter progresses.

As I had not heard from the Minister, I submitted a third letter to him in October 2015 inquiring about the status of the matter. The letter included a suggestion how to set up an EFT system which my background in auditing, accounting and systems enabled me to do. The Minister did not provide a response.

In 2016 I provided a written submission to Parliament's Select Committee on the Administration of South Australia's Prisons about implementing an EFT system. My submission is mentioned on page 53 of the committee's report but was not included in their recommendations.

In October 2022 I submitted a letter to my local Member of Parliament requesting that he take up this matter with the Minister on my behalf. The Minister's response included:

DCS advise that due to requirements in the Correctional Services Act 1982 and for operational and security reasons, the only way to send money to a prisoner is via posting a cheque or money order to a prison.

DCS has continued to explore ways in which members of the public may be able to deposit money into prisoners' accounts, including the possibility of EFT and how that may be able to be managed within operational and legislative bounds.

I understand that whilst a solution to this issue has not yet been identified, I can assure you that it does remain under DCS consideration.

It is not clear from the Minister's letters whether DCS intends to develop and implement an EFT system. If it does not and if cheques are no longer available, the only way for prisoners to receive funds is via a money order which costs \$13. This amount is considerable, particularly for relatives and friends of prisoners who can least afford it and / or for those who provide multiple money orders.

Yours faithfully

Rod Foran