

Cashless welfare card: doubt cast on study used to justify expansion

ANU researchers say it's 'unwise' to place too much stock in evaluation which found card was effective 'in reducing alcohol consumption, illegal drug use and gambling'



The cashless welfare card, or 'Indue card', is being trialled in Australia as part of efforts to curb the impact of alcohol and gambling on communities. Photograph: Melissa Davey for the Guardian

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Australian National University researchers have criticised the reliability of a government-commissioned study used to justify the cashless debit card's expansion.

Earlier this year, an initial evaluation of the cashless debit card trial – a scheme that controls how social security payments can be spent in two mostly Indigenous communities – found it had largely been effective “in reducing alcohol consumption, illegal drug use and gambling – establishing a clear ‘proof-of-concept’”.

The study, conducted by Orima research, has since been used by the government as proof of the effectiveness of the scheme, which critics say is punitive and coercive.

A second, more comprehensive study by Orima, is also being conducted, but the government has already announced its intention to expand the trials to two new remote communities, which could occur as early as September.

But the deputy director of the Australian National University's Centre for Aboriginal Economic Policy Research, Janet Hunt, has warned it is "unwise" to place too much stock in the Orima initial evaluation.

Hunt, in a paper earlier this year, argued the Orima evaluation suffers from recall bias, uses flawed weightings for the two locations and fails to take into account crucial external factors that may be simultaneously improving conditions in Indigenous communities.

That includes the takeaway alcohol management system trialled at the same time in the east Kimberley. The study is simply too categorical in its conclusions, Hunt said.

"There was another study – the Codeswitch report – that looked at the takeaway alcohol management program ... they make very clear that they couldn't untangle the impact that the takeaway alcohol program had from the impact of the cashless debit card," Hunt told Guardian Australia.

"They couldn't say 'yes, it was the takeaway alcohol management system that produced these benefits'," she said.

"So if they couldn't work it out from that side, how can you claim it was the cashless debit card?"

Hunt also warned that the Orima study had used inadequate baseline data and relied on very small sample sizes for some questions.

But the Department of Social Services said it had confidence in Orima's research methods. A spokesman said the company was an independent and respected research agency.

"The report makes use of administrative data made available from Australian government agencies, state government agencies, service providers and other local sources, as well as interviews conducted in the early stages of the trial," the spokesman said.

Hunt said she was not ideologically opposed to income management but believes other support measures should be used first. She said cashless debit cards should be only used on a voluntary basis or as a temporary "circuit breaker" in conjunction with wraparound support services in situations of real crisis.

Her paper said believing the cashless welfare card could solve complex problems of drug use, alcoholism and gambling was "extremely naive".

"There are few jobs, you've got very low levels of education in those communities, you've got very poor services for alcohol, drug or other programs, there's just not much around to help people," Hunt said in an interview.

"You've got a social environment which might make it quite hard to change your behaviours.

“The combined effect of many of these things is that you’ve got to tackle it in a comprehensive way.”

The human services minister, Alan Tudge, has previously said up to a dozen communities have approached the federal government asking to be included in the scheme.

Tudge appeared in Hervey Bay in southern Queensland with Liberal National party member for Hinkler, Keith Pitt, on Wednesday, speaking of the benefits of the card.

Pitt said he had received overwhelming support for the card to be rolled out in his area, which covers communities in southern Queensland.

“I am not interested in the views of those who live in Brisbane, Sydney and Melbourne who are unaffected, about what is best for our community,” Pitt said.

Tudge described his trip to the region as a fact-finding mission. He said no decisions had yet been made on where the new trial sites would be located.

“People work hard here, they pay their taxes and a lot of those taxes go toward people who are down on their luck and do not have work,” he said.

“But we want those welfare dollars to be spent on the right things – on food, on clothing, on shelter, on education expenses.

“It should not be spent on drugs or on gambling, or alcohol. People do not work hard, pay their taxes to support the drug habit or the alcohol habit of other people.”