

# Evaluating New Income Management in the Northern Territory: Summary Report

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This report is a summary of the following reports:

*Evaluating New Income Management in the Northern Territory: First Evaluation Report*

*Evaluating New Income Management in the Northern Territory: Final Evaluation Report.*

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# Summary

This is a summary report on the evaluation of New Income Management in the Northern Territory which was undertaken between 2010 and 2014. The full results of the evaluation have been published as two volumes, *Evaluating New Income Management in the Northern Territory: First Evaluation Report* (July 2012) and *Evaluating New Income Management in the Northern Territory: Final Evaluation Report* (September 2014).

Key findings of the evaluation are:

- Some 35,000 people have been subject to income management in the Northern Territory under New Income Management since its introduction in August 2010.
- In December 2013 18,300 people were income managed in the Northern Territory – 76.8 per cent were on the main compulsory measures, 20.1 per cent were on Voluntary Income Management and the remaining 3.1 per cent were on the other seven measures and sub programs.
- 90.2 per cent of those being income managed in the Northern Territory are Indigenous.
- Most people are on income management for extended periods with many, at the end of 2013, having been income managed for more than six years. Over 60 per cent of Indigenous people currently being income managed were on income management introduced as part of the Northern Territory Emergency Response.
- Few exemptions have been granted and most exemptions have been granted to non-Indigenous people who have an exemption rate of 36.3 per cent compared with 4.9 per cent for Indigenous people.
- People subject to income management have differing views about the program. Amongst Indigenous people on Compulsory Income Management 41.2 per cent want to get off the program and 45.4 per cent wish to remain on. For non-Indigenous people the proportions are 56.2 per cent and 31.4 per cent. 80.0 per cent of those on Voluntary Income Management wish to stay on.
- The main reasons people gave for wishing to remain on the program were that it was easier being on income management, it was easier to manage their money, that they were used to income management and it was easier to stay on, and that they liked having the BasicsCard.
  - While many people, especially in urban areas, reported problems with the BasicsCard, others more so in remote locations, appear to value the fee free banking service it provides.
- The evaluation could not find any substantive evidence of the program achieving significant change relative to its key policy objectives, including changing peoples' behaviour.
  - There was no evidence of changes in spending patterns, including food and alcohol sales, other than a slight improvement in the incidence of running out of money for food by those on Voluntary Income Management, but no change for those on Compulsory Income Management. The data shows that spending on BasicsCard on fruit and vegetables is very low.
  - While many people reported income management had made managing money easier and improved outcomes there was no evidence of any overall improvements in financial wellbeing, including reductions in financial harassment or improved financial management skills. To the extent some people reported less financial harassment at the individual level, they also tended to ask others for money more, and there was no decrease in harassment at the community level.
  - More general measures of wellbeing at the community level show no improvement including for children. While people reported a reduction at a personal level of having some problems due to alcohol, drugs and gambling, they also reported no improvement – and potentially a worsening of severe problems from these causes.

The evaluation found that, rather than building capacity and independence, for many the program has acted to make people more dependent on the welfare system.



## Income management

Income management is a policy under which a portion of the income support payment a person is eligible for, rather than being paid directly to the person as cash, is managed so as to restrict the ways in which it can be spent. The immediate objective of income management is to ensure that the income managed funds are used initially to meet basic priority needs of the individual and their family and to prevent the funds being spent on a range of prohibited activities including alcohol, tobacco, gambling and pornography. In most cases 50 per cent of the person's income support payment is subject to the measure.

## Background

New Income Management was introduced in the Northern Territory in the second half of 2010. It replaced the previous form of income management which had been introduced in 2007 as part of the Northern Territory Emergency Response (NTER). The NTER was an initiative taken by the Australian Government in response to concerns about child sexual abuse, alcohol and substance abuse and violence in Indigenous communities in the Northern Territory.

Under the NTER, Income Management (NTER IM) was applied to all persons who received income support and lived in 73 prescribed Indigenous communities, 10 'town camps' and a number of associated locations. As the policy was geographically targeted at specific Indigenous communities, and therefore applied almost exclusively to Indigenous people, it required the suspension of the *Racial Discrimination Act (Cwth) 1975* (RDA).

New Income Management is designed to operate in a non-discriminatory way, enabling the restoration of the RDA. New Income Management differs from NTER IM in a number of ways. It applies across the Northern Territory as a whole, it is not applied on a compulsory basis to those on the Age Pension and Disability Support Pension, it comprises a number of specifically targeted streams, and people can seek an exemption based on their behaviours. The main streams of the program are:

- **Long-Term Welfare Payment Recipients** for persons aged 25 years and over who had been on income support for more than 12 months in the past two years.
  - **Voluntary Income Management** for people on income support payments who were not targeted for any of the compulsory measures but wanted to be income managed.
  - **Vulnerable Income Management** for people who are assessed as being vulnerable by Centrelink social workers.
  - **Child Protection Income Management** for people referred by Northern Territory Government child protection workers in cases of child neglect.<sup>1</sup> It has a higher rate of income management (70 per cent).
- In addition, there is a stream of income management for people referred by the Northern Territory Alcohol Mandatory Treatment Tribunal (Supporting Persons at Risk (SPAR)). Three automatic vulnerable measures were also introduced in July 2013. These measures were targeted at three groups of young people: those receiving a Crisis Payment upon release from imprisonment; those who had received income support payments at a higher rate because it is considered that it is unreasonable for them to live at home due to family breakdown and related reasons; and those in receipt of Special Benefit. There was also a technical form of Nominee Income Management for people whose income support was paid to a third person – a nominee who takes responsibility for spending on behalf of the person – where the nominee but not the person was initially placed on income management.
- Most income managed funds are spent through a BasicsCard – a PIN (Personal Identity Number) secured debit card. These cards can be used at approved merchants to purchase non excluded items and cannot be used to make cash withdrawals.
- While income management has been introduced in a number of other locations in Australia through initiatives such as the Cape York Welfare Reform Trial and Place Based Income Management, it is only in the Northern Territory that large scale compulsory income management has formed part of the package of measures. Compulsory forms of income management under these other programs have been

- **Disengaged Youth** for people aged 15 to 24 years who had been on income support for more than 3 out of the past 6 months.

selectively implemented and targeted on the basis of individual assessment.

Income management is not the only policy which is impacting on Northern Territory's income support recipients. The Australian and Northern Territory Governments have both implemented many other initiatives with the objective of improving housing, health, education, public safety and alcohol control in the Northern Territory.

### Program objectives

The legislative objectives of New Income Management are to:

“reduce immediate hardship and deprivation by ensuring that the whole or part of certain welfare payments is directed at meeting ... priority needs ... reduce the amount of welfare funds available to be spent on alcoholic beverages, gambling, tobacco products and pornographic material ... reduce the likelihood that recipients ... will be subject to harassment and abuse”.<sup>ii</sup>

The more general aspirations for the program are given in the Government's policy statement:

“In the Government's view the substantial benefits that can be achieved for these individuals through income management include: putting food on the table; stabilising housing; ensuring key bills are paid; helping minimise harassment; and helping people save money. In this way, income management lays the foundations for pathways to economic and social participation through helping to stabilise household budgeting that assists people to meet the basic needs of life. We recognise that these are benefits which are relevant to Indigenous people and non-Indigenous people in similar situations.”<sup>iii</sup>

The concept of pathways was also emphasised in the then Minister's second reading speech:

“Income management is a key tool in the government's broader welfare reforms to deliver on our commitment to a welfare system based on the principles of engagement, participation and responsibility.

Welfare should not be a destination or a way of life.

The government is committed to progressively reforming the welfare system to foster individual responsibility and to provide a platform for

people to move up and out of welfare dependence.”<sup>iv</sup>

### The evaluation strategy and approach

The evaluation has been undertaken by a consortium of researchers at the Social Policy Research Centre at UNSW Australia, the Australian National University and the Australian Institute of Family Studies. The First Evaluation Report presenting interim findings was completed in July 2012 and the Final Report in September 2014. The evaluation is structured around a detailed *Evaluation Framework*<sup>v</sup> which contained the criteria against which the Department of Social Services considered income management should be evaluated. This framework considered issues to do with the implementation of the program, its outcomes, and the effectiveness and role of the different income management measures. The central outcome questions were:

- What are the short, medium and longer-term impacts of income management on individuals, their families and communities?
- Have there been changes in spending patterns, food and alcohol consumption, school attendance and harassment?
- Has New Income Management contributed to changes in financial management, child health, alcohol abuse, violence and parenting?

The evaluation methodology was a mixed methods approach which draws upon a number of sources of information:

- a longitudinal survey of people subject to income management
- government administrative data on the program and the people on it
- a significant program of qualitative data collection from people on income management, from those involved in implementing the program, and from organisations and individuals who the program impacted. This latter group involved child protection workers, welfare, legal aid and advocacy groups, income management workers, stores and others
- information from stores on their sales
- reviews of social worker case files
- a range of more general data which has been produced by the Australian Bureau of Statistics,

education bodies and various agencies of the Northern Territory Government.

A central principle of the evaluation approach was one of triangulation of findings, that is, using the multiple sources and types of data to compare and verify findings against each of the evaluation questions. This strategy was adopted for two main reasons. First, it ensures that findings are robust and well supported. Second, it takes account of the fact that, at times, the research was reliant upon the views of people, and indicators, rather than direct measures, of outcomes. As such it allowed any particular finding and the different perspectives identified in the research to be more rigorously tested.

In this regard the evaluation was also aware that while the views that people express about programs, whether as participants, observers or program administrators, are an important input into any evaluation, that evaluation needs to go beyond this. Good policy may not always be seen positively by those whom it affects or by those implementing it, nor do positive feelings about a program mean that it is effective.

The evaluation framework developed in 2010 included the question of whether income management is cost-effective. This aspect of the evaluation has not been undertaken at the request of the Department of Social Services who were unable to provide data at the disaggregated level necessary for such analysis. Aggregate data indicates that the cost of the program is some \$100 million per annum – with the initial estimated cost per person ranging from some \$2,500 per person in an urban area to \$4-5,000 in rural areas and up to \$8,000 in remote areas.

A central element of the evaluation was analysis of the data from the Longitudinal Survey of New Income Management (LSNIM). This was a two wave longitudinal survey which comprised a sample of people subject to income management in the Northern Territory and a control group drawn from income support recipients in other locations. The survey oversampled non-Indigenous people on income management to generate a sufficient sample for this population and was conducted in the major urban areas (Darwin and Alice Springs) and selected remote communities in order to ensure a broad representation of communities across the Northern Territory. The survey contained both quantitative and qualitative questions and was supplemented by in depth interviews with selected respondents. The first wave of the survey, conducted in late 2011, had 1,123

respondents; the second wave, held in late 2013, had 1,083 respondents comprising 598 from the first wave and a top-up sample of 485.

The First Evaluation Report providing interim findings was completed in July 2012, and the Final Report was completed in September 2014. The initial findings of this final report were reported back to key organisations in the Northern Territory and communities involved in the longitudinal study in September 2014.

## The population on income management

In December 2013 there were 18,300 people being income managed in the Northern Territory. Table 1 provides details of the population by program element and whether people identify as Indigenous.

**Table 1 Persons on income management in the Northern Territory by Indigenous status and program stream, December 2013**

Program Stream	Non-Indigenous	Indigenous	Total
Disengaged Youth	408	3,573	3,981
Long-Term Welfare Payment Recipient	1,242	8,829	10,071
Child Protection	7	76	83
Vulnerable – Assessed	3	167	170
Vulnerable – Crisis Payment	5	82	87
Vulnerable – Unreasonable to live at Home	63	102	165
Vulnerable – Special Benefit	2	1	3
Supporting People at Risk	0	24	24
Nominee Income Management	1	40	41
Voluntary Income Management	55	3,620	3,675
<b>Total</b>	<b>1,786</b>	<b>16,514</b>	<b>18,300</b>

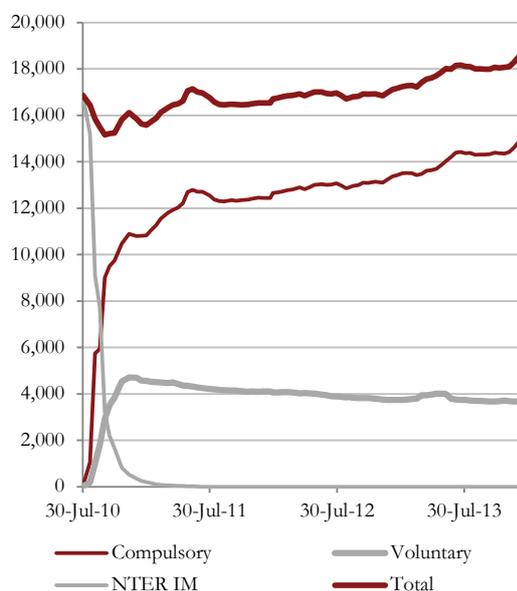
The income management stream with the largest number of people on it is the Long-Term Welfare Payment Recipient stream which accounts for 55.0 per cent of participants, followed by Disengaged Youth, 21.8 per cent, and Voluntary, 20.1 per cent. The other seven streams account for just 3.1 per cent of those subject to income management.

Figure 1 shows the numbers on income management by main program element since the roll out of New Income Management in the second half of 2010.

The figure shows both the relatively rapid transition from NTER IM to New Income Management and that, despite the change in the scope of the program, there was little overall change in the program size. Since then there has been some growth in the number of people on the compulsory measures,

rising from around 12,000 in early 2011 to around 14,500 in late 2013. Voluntary Income Management, which grew rapidly in the transition, has since shown a slow but steady decline.<sup>vi</sup>

**Figure 1 Persons on Income Management in the Northern Territory, July 2010 to December 2013**



Since its introduction in 2010, around 35,000 people have been subject to New Income Management.

### Demographic characteristics of the New Income Management population

As of December 2013:

- 90.2 per cent of all people on income management identified as Indigenous Australians. The proportion varied from 98.5 per cent of those on Voluntary Income Management to 61.8 per cent of those on the automatic Unreasonable to Live at Home vulnerable measure.
- 59.2 per cent were women. This proportion has declined slightly over time. The proportion that were women is fairly similar across most of the main income management streams but it varied in the more specific programs. 80.7 per cent of the participants on Child Protection Income Management were female, as were 55.3 per cent of those on the assessed vulnerable program and around 40 per cent of those on the automatic vulnerable streams and SPAR.
- The average age of people on income management was 36.1 years. A quarter were aged 25 years and under, a quarter were aged 26 to 33 years, a further quarter were aged 34 to 44 years

and the remaining quarter were aged 45 years and over. People on Voluntary Income Management were somewhat older than those on the compulsory measures, with 20.3 per cent aged 45 to 64 years and 21.4 per cent aged 65 years and over.

- People on income management were most frequently single (39.8 per cent), followed by those who were a member of a couple with dependent children (28.9 per cent), single parents (17.8 per cent), and people living with a partner without dependent children (13.5 per cent).
- As income management operates on the basis of individual targeting and partners are not always in receipt of income support, the fact that one member of a couple was on income management does not mean that their partner is also on income management. The proportion of couples where both members were on income management varied from 39.1 per cent of non-Indigenous people with dependent children to 60.0 per cent of Indigenous people with dependent children.
- Largely reflecting the distribution of the population in the Northern Territory, 8.9 per cent of Indigenous people on income management were in the Darwin Region, 7.7 per cent in Alice Springs and surrounding areas, and the remaining 83.4 per cent across the rest of the Territory. In contrast, the proportions for the non-Indigenous population were 68.6 per cent, 11.2 per cent and 20.2 per cent respectively.

### How long do people remain on income management?

Most people remain on income management for a considerable period of time, although some have interrupted spells as they may move off income support and/or income management for short periods.<sup>vii</sup> In addition there is some movement between the streams of the program. Of those subject to income management in December 2013, 21.4 per cent had first been on income management in June 2008 and over 60 per cent of Indigenous people had initially been on NTER IM and transitioned to New Income Management in late 2011. Just 13.2 per cent had commenced being on income management in the previous 12 months.

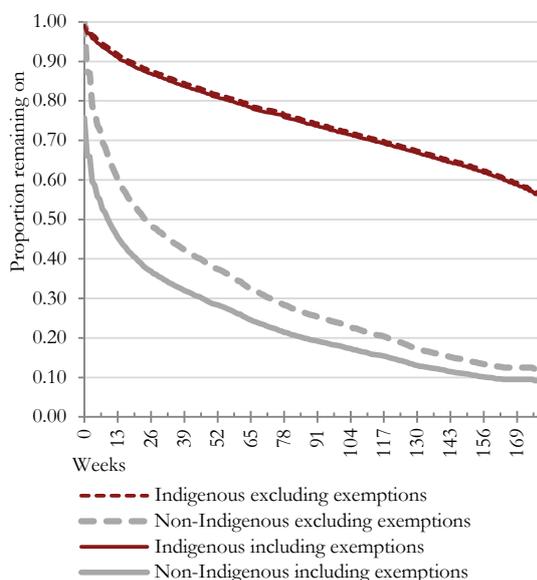
The difference in time spent on income management by Indigenous and non-Indigenous people is shown in Figure 2. This shows the survival function – that is

the proportion of people who start being income managed who are still on income management after a certain number of weeks. Two measures of length of time on income management are shown: people who actually spent time on income management (a dashed line); and all of those who became assessed as being subject to income management. This second measure includes those who obtained an exemption prior to being placed on income management commencing and who therefore never actually spent any time being income managed.

Using this data to measure duration shows that after 52 weeks, more than 80 per cent of Indigenous people will still be subject to income management compared to less than 40 per cent of non-Indigenous people who started being income managed (and less than 30 per cent of those who obtained an exemption prior to commencing income management are included).

After 3 years (156 weeks) the figure indicates that over 62 per cent of Indigenous people who commence being income managed will still be.

**Figure 2 Survival function – Compulsory income management proportion still on over time**



**What proportion of the population is income managed?**

Across the Northern Territory, 44.5 per cent of income support recipients are on income management. The proportion of Indigenous and non-Indigenous income support recipients subject to income management is very different: 63.9 per cent for Indigenous people and 11.7 per cent for non-Indigenous people. This reflects both differing rates of income management for people by type of

payment and different proportions on various payments. While 85.7 per cent of Indigenous recipients of Parenting Payment Partnered are subject to income management, only 28.5 per cent of non-Indigenous recipients are. For Newstart the proportions are 79.3 per cent and 45.9 per cent; and for the Age Pension the rates are 44.9 per cent and 0.1 per cent. This latter figure reflects the much higher proportion of Indigenous people who have chosen Voluntary Income Management.

In December 2013, it is estimated that in the Northern Territory 11.0 per cent of the non-Indigenous population aged 15 years and over are on income support and 11.7 per cent of these are on income management. In contrast it is estimated that 53.2 per cent of Indigenous people in the Northern Territory are on income support and 63.9 per cent of these are on income management. On this basis the population rate of income management in the Northern Territory for non-Indigenous people aged 15 years and over is 1.3 per cent and for Indigenous people it is 34.0 per cent.

**Exemptions from income management**

The granting of exemptions from New Income Management reflects two policy objectives. The first is that the program not be applied to people who do not need it and the second is to provide incentives for people to change their behaviours and as a consequence obtain an exemption.<sup>viii</sup> Exemptions can be granted to a parent for passing both a financial vulnerability test and achieving child related actions such as health checks and school attendance. For those without children and who are not studying full time they need to have been employed for 15 hours or more per week, for at least the minimum wage, for at least six of the last 12 months.

In December 2013, 10.2 per cent of the population in the Northern Territory, who would otherwise have been subject to Compulsory Income Management, had an exemption. Virtually all of the exemptions (97.4 per cent) have been granted on the grounds of the health care and engagement requirements for children having been met. Just 2.3 per cent of exemptions have been granted because the person was in regular paid employment. Reflecting this, the exemption rate for parents with dependent children is 17.1 per cent; for those without children the rate is 0.6 per cent.

Overall Indigenous people have a 4.9 per cent exemption rate compared with 36.3 per cent for non-Indigenous people.

Differential rates of exemption reflect both differences in the rates of application and the success rate of applications. These differ by location and by Indigenous identity. Looking at the population of those with dependent children, modelling indicates the rate of application and success as:

- Non-Indigenous people in Darwin and Alice Springs had a 74.3 per cent probability of making an application for exemption with 80.2 per cent of these applications being successful.
- Indigenous people in these locations had a 54.3 per cent probability of making an application and 51.3 per cent chance of success.
- For Indigenous people in other locations the probability of making an application falls to 25.3 per cent and the success rate to 18.4 per cent.

The small number of exemptions granted to those without children precluded any equivalent analysis.

These exemption rates are similar to those detailed in the First Evaluation Report where the evaluation identified a range of problems people, especially Indigenous people in remote locations, faced in making applications for exemption, including attempting to obtain school attendance information and health records. These were compounded by the need to deal with the centralised exemptions unit by phone rather than face to face and difficulties in accessing interpreter services.

These problems were reiterated by people in the second wave of the LSNIM, although equal proportions of people reported that they found the exemption process either easy or hard.

As noted in the analysis of duration, people can obtain an exemption early in the process of placement on income management and hence never actually spend any time on the program. This is the case for 57.9 per cent of non-Indigenous women with an exemption and indeed three-quarters of this group have minimal recent time on income management before obtaining an exemption. In contrast just a quarter of Indigenous women with an exemption do not spend time on income management before obtaining an exemption.

For many, exemptions are not a simple exit from income management. Amongst non-Indigenous people who had an exemption in December 2012,

while 50.8 per cent still had an exemption a year later, 8.8 per cent were on income management and 20.3 per cent were on income support in either the Northern Territory or interstate without being income managed. In comparison, over the same time period, only 32.5 per cent of Indigenous people were still exempt, 39.3 per cent were on Compulsory Income Management, 0.3 per cent were on Voluntary Income Management, and 16.8 per cent were on income support without being income managed.

### Building financial skills

Enhancing financial skills is part of the stabilisation and capacity building goals of income management. To support this aim, money management training and financial counselling services have been expanded and for those on compulsory forms of income management a Matched Savings Scheme Payment of up to \$500 has been introduced. By the end of June 2013, of the 34,950 people who have been on New Income Management and the 29,450 who have been on one of the compulsory measures, 1,139 people had completed an Approved Money Management course and 31 had obtained a Matched Savings Scheme Payment.

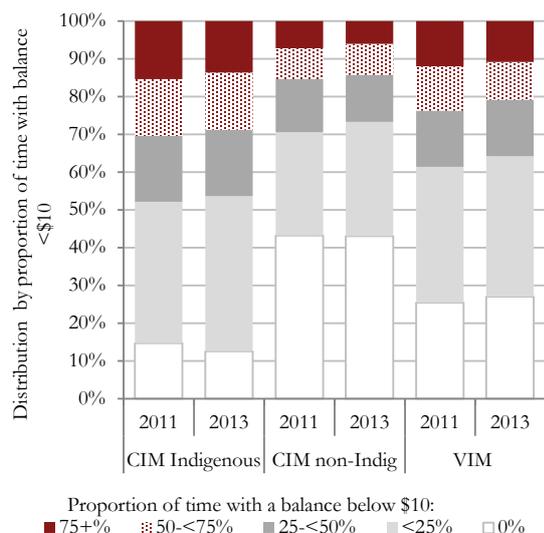
Data collected in both waves of the LSNIM suggests that there were a number of problems with regard to the delivery of money management services. These include the appropriateness of some of the material used in courses, how services engage with people in communities, and the effectiveness of the relationship between Centrelink and money management services. Data from the LSNIM indicates that while there is high degree of awareness of these services in urban areas, and to a lesser degree in urban town camps and communities, this is not the case in remote communities.

One measure of financial capability is how rapidly people spend their money and whether they maintain any savings or reserve funds to meet unexpected costs. The evaluation was able to obtain some insight into this by looking at the proportion of time over a fortnight people who were on income management had a total balance of below \$10 in their income management and BasicsCard accounts.<sup>ix</sup> This analysis was undertaken in both October 2011 and October 2013 so that the potential impact of income management in building capacity in this regard could be examined.

Figure 3 shows the distribution of time spent with a balance of \$10 or less for the population who were on income management at both these times.

As can be seen in the figure there are some quite marked differences according to Indigenous status and type of income management. While over 40 per cent of non-Indigenous people on Compulsory Income Management<sup>x</sup> never have a balance of less than \$10, this proportion is around 15 per cent for Indigenous people on Compulsory Income Management and 25 per cent for Indigenous people on Voluntary Income Management.

**Figure 3 Proportion of time with low balances, October 2011 and October 2013**



Although there have been some changes over the two year period, these have been relatively small. There was a small decrease in the proportion of Indigenous people on Compulsory Income Management who never had a low balance, but a slight increase in the proportion of those on Voluntary Income Management whose balance never fell below \$10. Similarly there was a slight fall of some 1 to 1.5 per cent in the proportion who spent more than three-quarters of the fortnight with a low balance. These changes are very small and there is no evidence of a marked increase in holding some financial savings or reserves.

### How income managed funds are spent

The portion of a person’s income support payment which is income managed is placed into an income management account which is managed by Centrelink. These income managed funds can be paid directly to a merchant for the purchase of approved items or credited to a person’s BasicsCard account. A BasicsCard can be used, in the same way as any other debit card at the checkout, at a range of approved merchants for the purchase of any item other than

the proscribed items relating to alcohol, tobacco, gambling and pornography. The BasicsCard cannot be used to withdraw cash. There are 838 approved merchants in the Northern Territory and 9,252 in other locations across Australia. The initial decision on how a person’s income managed funds will be allocated takes place in an ‘allocation interview’ which is conducted by Centrelink, usually just prior to the person being placed on income management.

Most people allocate most of their money to their BasicsCard. In October 2013, 43.4 per cent allocated all of their funds to BasicsCard, while a further 25.0 per cent allocated more than 75 per cent. A total of 86.6 per cent of people on income management allocated more than half their funds to their BasicsCard. Only 3.7 per cent allocated no money to their BasicsCard. Males, young people and non-Indigenous people subject to income management were all more likely to allocate all or most of their money to their BasicsCard.

The main non-BasicsCard allocations were for housing (35.9 per cent of those on income management) and school costs, especially fees for the school nutrition program, with payments for this being made by 15.4 per cent of those on income management. In addition to the share of income support payments which is income managed, 28.3 per cent of people on Compulsory Income Management and 41.6 per cent of those on Voluntary Income Management also use the Centrelink Centrepay facility to pay some bills using their non-income managed funds. The use of the Centrepay facility, which is encouraged in the allocation interview, has increased strongly over the past two years. Key areas where Centrepay is used includes housing, transport and court fines. One of the factors driving spending on transport appears to be the repayment of debts incurred in obtaining ‘return to country’ assistance.

While many pay for their housing from income managed funds, this group is dominated by those in public housing. Qualitative data indicates that for many living in urban areas, payment of housing from income managed funds is difficult. Reasons for this included needing to make cash contributions for group housing, private landlords wanting to be paid in cash or being unwilling to accept payment from Centrelink and people not wanting their landlords to know that they were in receipt of income support. These problems were reported more frequently by non-Indigenous people on income management.

### Issues with using BasicsCards

Survey responses indicate that while BasicsCards are issued to individuals for their use only, they are used somewhat more flexibly. A third or more of respondents report that they (or members of their family) swap or share cards with others when shopping or allow others to use their card either on their behalf or for the person’s own use. This was much more frequent in non-urban communities. The level of reported misuse, such as swapping items which could be purchased on a BasicsCard for example food or phone cards for alcohol, tobacco and cash, or getting taxi drivers to provide cash in exchange for a charge on a BasicsCard, was lower at around 12 to 15 per cent and more likely to be reported by non-Indigenous respondents.

More than a third of the respondents reported having to pay more for an item because they had to use their BasicsCard and almost 60 per cent said that they could not purchase something because they could not use their BasicsCard. Paying more for an item appears to arise from two factors. The first is the imposition of minimum purchase amounts or surcharges by some merchants on BasicsCard purchases. Such charges are allowed under the merchant approval conditions. It is unclear what justification there is for this. The second relates to the process by which merchants are approved. General stores such as supermarkets gain approval due to the mix of products they sell, whereas speciality stores, such as those selling phones and electronic equipment, cannot gain approval as a merchant. (Although Centrelink may make a payment on behalf of a person to such a store, if the person can show that they have met all of their primary food and related expenditures, and the person is willing to accept this level of questioning about their purchases and behaviour and the delay in purchasing.) A consequence is that for a range of products, including items such as DVDs, mobile phones and takeaway food, people are limited as to where they can make their purchases and hence miss out on being able to take advantage of low prices, sales and other discounts offered by these other stores.

The other frequently mentioned limitations included the then non-acceptance of the BasicsCard by Australia Post<sup>xi</sup> and over the counter dealings with utilities and some government services. Across both waves of the survey people also reported limitations in using the BasicsCard at markets and other less formal arrangements, and for activities such as annual shows. Problems were also reported by people when they were interstate, either visiting or as a result of a move.

On the other hand many people were positive about the BasicsCard, and for many it provides a fee free banking service.

Where people use their BasicsCards varied considerably across the income managed population. One dimension of this is spending by broad classification of store, shown in Table 2.

Well over half the sales to non-Indigenous people on income management are made by the two major supermarket chains (Woolworths and Coles – referred here as ‘Big 2’) – with this increasing to almost 65 per cent when their affiliated service stations are taken into account. In contrast, sales to Indigenous people are more widely dispersed with a major share going through community stores – in some regions this increases to around 70 per cent. It is even higher at the community level in some communities especially in remote areas that may have a single store. While sales at the ‘Big 2’ supermarket chains dominate in urban areas, this however does not seem to be out of step with their level of dominance in the market place.

**Table 2 Distribution of BasicsCard sales by type of store, year to December 2013**

	CIM Indig- enous	CIM non- Indig.	VIM
	- %-		
Community store chains	25.3	3.3	22.7
Other community stores	19.3	2.5	24.9
‘Big 2’ retailers	16.6	57.3	12.8
Main independent grocery	2.7	1.5	3.2
Other grocery related	14.5	6.7	14.4
Specialist food etc	0.7	0.7	0.8
Other dept. store & related	2.6	2.2	2.7
Clothing/Footwear	3.9	2.5	3.8
Charity stores	0.2	0.4	0.3
Miscellaneous	0.8	0.7	0.9
‘Big 2’ service stations	1.9	7.1	1.5
Other service stations & automotive	6.7	9.8	5.9
Taxis	2.8	1.5	4.1
Other transport	1.2	1.3	1.2
Chemists/Health	0.4	1.9	0.4
Accommodation	0.3	0.5	0.4
<b>Total</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>

### BasicsCard purchases

Data on the items purchased in BasicsCard transactions was obtained from a number of community stores and for some urban stores. In general the data suggests that BasicsCards sales in very large part reflect the standard purchases of households – other than spending on excluded items. That is, sales on BasicsCard are not concentrated on a narrow range of ‘basics’. This is in strong contrast to the original highly prescriptive conceptualisation

of the program which for example contains reference to “toys that Human Services is satisfied are educational – this does not include electronic toys” and bicycles – only when these are used for the purposes of education or employment.<sup>xiii</sup>

Reflecting this, the largest selling items on BasicsCards at both community stores and urban stores include items such as mobile phone cards, DVDs and soft drinks – in addition to items such as fresh meat and bread. Although phone cards were a major item purchased using BasicsCards at both community stores (6.0 per cent of sales) and at urban stores (2.7 per cent), analysis suggests this is not inconsistent with the important role communications play. As noted earlier, people reported that food is just as, if not more, likely to be used as a means of bartering for proscribed items.

### Diet and fruit and vegetable sales

Some of the most detailed data available to the evaluation were sales across two networks of community stores, mainly located in remote Indigenous communities.

Food products purchased using BasicsCards are consistent with the unhealthy diets of many Indigenous people that has been identified in a number of studies.

In particular there is a very low consumption of fruit and vegetables, high levels of consumption of fresh and processed meat, high level of consumption of bread and sugar and high consumption of sugar sweetened soft drinks (8.7 per cent of sales). More detailed analysis at a subset of these stores indicated that one-third of all sales involved the purchase of some sugar based Coca-Cola or Pepsi and this increases to almost a half when all sugar sweetened soft drinks are taken into account.

The low levels of BasicsCard expenditure on fruit and vegetables is reflected in the sales data from both the community and urban stores.

- In the community stores just 2.0 per cent of sales on BasicsCard were for fresh fruit and vegetables, with this increasing to 2.7 per cent if frozen and canned fruit and vegetables are included. This compares with 3.2 per cent and 3.9 per cent of sales made in these stores using cash or other cards. (This discrepancy increases if the share of food expenditure only is considered.)
- In urban stores while the share of BasicsCard spending on fruit and vegetables is higher – 5.9

per cent of all sales and 13.8 per cent of food sales, this remains well behind the share of non-BasicsCard sales of 10.7 per cent and 19.1 per cent respectively.

Analysis using data from the ABS Household Expenditure Survey indicates that this pattern of expenditure is not simply explained by low-income. The Household Expenditure Survey reveals that low income households tend to spend a higher proportion of their expenditure on these items than higher income households. Nor can it be attributed to prices or product availability. Data from the Northern Territory Market Basket Survey show that the range of fruit and vegetables in remote stores has increased.

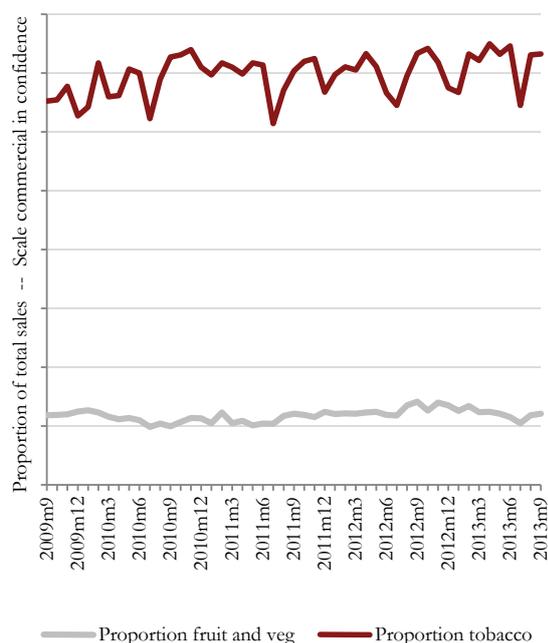
While the level of expenditure on (and hence consumption of) fruit, vegetables and tobacco is a critical concern from a health perspective, from the evaluation perspective a more central question is whether or not income management led to a change in expenditure on fruit and vegetables and a reduction in expenditure on tobacco. While less information is available on this, the available data suggests that no such change has occurred.

Figure 4 shows the fruit and vegetable and tobacco sales as a share of total sales at a range of community stores since the third quarter of 2009.

The figure shows that while there is some fluctuation, there is no increasing trend of sales of fruit and vegetables. This was confirmed in more detailed analysis of the data which sought to identify, at the community level, a relationship between the level of income management and fruit and vegetable sales.

The case of an absence of any effect is also strengthened by the very low absolute level of these sales even today. That is, the current levels of spending on BasicsCard on these items is so low that there is little scope to consider that sales of these items have actually risen substantially in the past. (If there were such increases these would have been proportionately quite large and unlikely not to have been identified in the analysis we have undertaken.)

Figure 4 Tobacco and fruit and vegetable sales as a share of all sales, community stores, September 2009 to September 2013



### Tobacco sales

The limitation on the use of BasicsCard for the purchase of alcohol, tobacco and pornography is effected through two mechanisms. The first is through the merchant approval mechanism which limits the stores which can accept the card; the second is through control at the point of sale. Merchants reported that while this is occasionally breached, on the whole this operates relatively effectively, in large part because the items are all items which already have restrictions on their sale (based on age) and operators are used to enforcing these. Store level data appears to confirm the effectiveness of the restriction with at most one-tenth to one-fifth of a percentage point of BasicsCard spending being on tobacco.

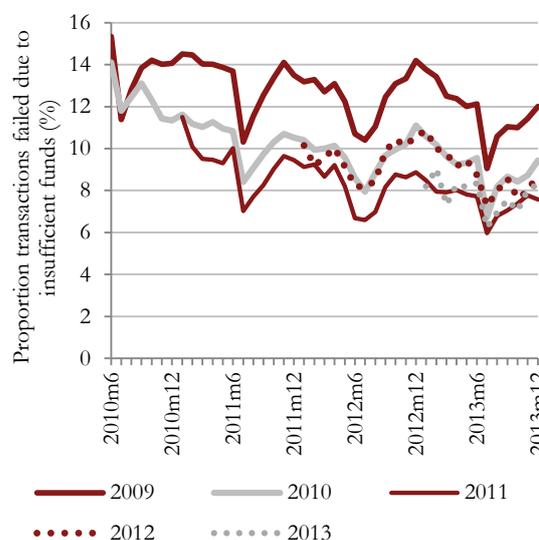
The larger question is whether or not income management has had an overall impact on tobacco consumption. The stores data suggests not. As illustrated in Figure 4, there has been a slight upward trend in the share of spending on tobacco in selected community stores. This and the slight fall in volume of sales appears to be consistent with the impact of sharp price increases. This pattern is also seen in sales data from urban stores. Again more sophisticated analysis could not find any relationship between the level of income management and tobacco sales at the community level.

### Failed transactions and replacement cards

Two other aspects of BasicsCard activity which are relevant to the operation of the program and as indicators of financial management skills, are the level of card replacement and proportion of transactions that fail because a person has insufficient funds in their account.

- Around one-in-ten BasicsCard transactions fail because the person has an insufficient balance in their account. Over time a range of initiatives have been taken to make it easier for people to check their account balance prior to attempting to make a purchase. These include toll free phone numbers (including from Telstra mobile phones), internet facilities, mobile phone applications, the printing of balances on receipts at some outlets, and freestanding inquiry kiosks in some major shopping locations. These have had a small but limited impact on the incidence of failed transactions.
- As can be seen in Figure 5, the incidence of failed transactions over time shows three features. The first is that successive cohorts of people moving onto income management have lower rates of failure. Second are the strong seasonal declines in failed transactions associated with the additional funds people receive as part of the Family Tax Benefit reconciliation. Third there is a small trend decline. When account is taken of the major impact of the changes in improved access to balance checking in 2013, this trend is about a 0.5 to 0.6 percentage point decline in failed transactions per year.

Figure 5 Rate of declined transactions by entry cohort, population on income management in December 2013



- Since the introduction of New Income Management over a quarter of a million replacement BasicsCards have been issued, compared with some 56,000 initial cards. Of the population on income management at the end of December 2013, while just over 13 per cent had not received a replacement card, a similar proportion had been issued more than 20 replacement cards (cards issued for reasons other than the card having expired). Some 38 per cent had more than 10 replacement cards. There is no evidence of the need for replacement cards falling over time.

### The views and experiences of people on income management

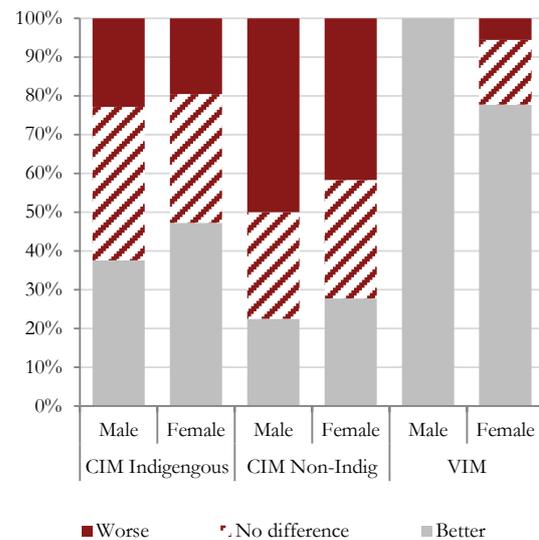
People subject to income management hold diverse views about the program and report quite different experiences. (It is to be noted that the survey used by the evaluation for this research was primarily concerned with obtaining a wide cross section of people on income management in different circumstances, rather than as a pure representative sample, and caution needs to be exercised in interpreting the results as estimates of the actual size of different populations holding particular views or having particular outcomes.)

Whereas 100 per cent of the small sample of men on Voluntary Income Management who were interviewed and 77.8 per cent of the women on this program consider that income management had made things better for them, this proportion was much lower for other groups. In the case of non-Indigenous people on Compulsory Income Management 22.6 per cent of men and 27.8 per cent of women agreed. Across the Indigenous population on Compulsory Income Management 37.6 per cent of men and 47.3 per cent of women said it had made things better (Figure 6).

These views also vary by location: 56.6 per cent of Indigenous people on Compulsory Income Management in remote communities, town camps and other locations said it had made things better. In contrast just 29.5 per cent of those living in urban Darwin and Alice Springs agreed. In these latter locations this proportion was outweighed both by the 33.1 per cent who said it had made things worse and the 37.4 per cent who said it had made no difference.

While there is a tendency for women to be somewhat more positive about income management than men, the extent of this is not all that substantial and does not represent a major gender divide.

Figure 6 Overall do you think income management made things better for you?, population currently on income management



Questions were also asked of the group who had exited income management. Amongst this group, 44.2 per cent of Indigenous and 30.2 per cent of non-Indigenous respondents agreed with the statement that ‘income management taught me how to better manage my money’; although just 5.8 per cent of Indigenous people and 5.7 per cent of non-Indigenous respondents said that it did so ‘strongly’.

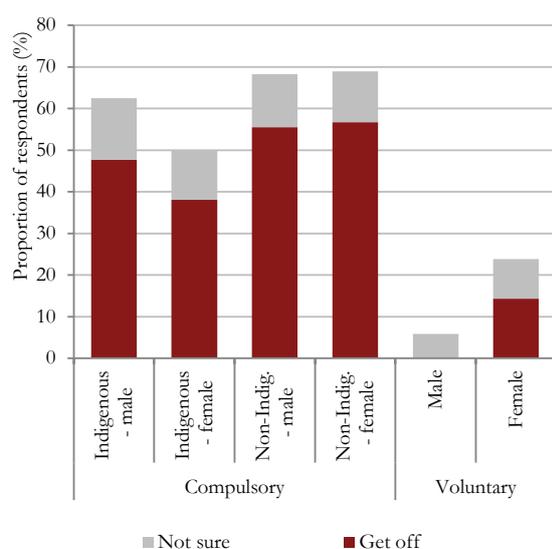
A similar set of diverse views were expressed when people were asked whether they wished to remain on the program or exit. For those on Voluntary Income Management most (80.0 per cent) said they wished to remain on, with just 11.3 per cent saying they had an aim of getting off income management and 8.8 per cent were uncertain. Amongst Indigenous people on Compulsory Income Management views were much more evenly split – with 41.2 per cent saying they wished to get off and 45.4 per cent saying that they aimed to stay on the program. As with the previous question this response varied by location. Just over half, 50.5 per cent, of Indigenous people in the survey living in remote locations and town camps said they wished to remain on – with a relatively high proportion, 18.8 per cent, saying they were uncertain and just 30.7 per cent having an aim of getting off. The proportion wanting to exit increases to 55.2 per cent of Indigenous people living in urban locations in Darwin and Alice Springs. In these locations 38.5 per cent express a desire to remain on and only 6.3 per cent were undecided.

The views of non-Indigenous people subject to Compulsory Income Management were much more strongly in favour of exiting income management,

with 31.4 per cent saying they wished to remain on compared to 56.2 per cent having getting off as their objective.

As illustrated in Figure 7, while again there are some gender differences, these are slight and indeed in the case of voluntary it was reversed with a higher proportion of women wishing to exit and for non-Indigenous people virtually the same set of responses for men and women.

**Figure 7 Persons on income management, whether aim is to get off income management**



Of central interest to the evaluation are the reasons why people felt the way they did.

The most common reason given by people on Compulsory Income Management for aiming to get off was that they did not see why they needed to be income managed because they felt they already had the ability to effectively manage their money. 28.6 per cent of Indigenous and 51.3 per cent of non-Indigenous people wishing to exit the program give this reason. This was followed by a cluster of closely aligned reasons expressed as a desire to control their own money, wanting rights back, and wanting freedom of choice. 53.8 per cent of Indigenous respondents and 38.2 per cent of non-Indigenous respondents gave one of these three reasons as their main reason for wanting to exit. While some gave other reasons associated with their experience, such as shame and stigma, and the higher costs they encountered, these were much less frequently cited, more usually by non-Indigenous survey respondents and as secondary reasons.

The survey also allowed for a number of responses which indicated that the person’s reason for now wanting to exit was because of a positive impact of

income management. Only one of these had much of a response. This was reporting that after having been on income management the person felt more confident in managing money. Just one per cent of respondents gave this as a primary reason and fewer than ten per cent cited it amongst their other reasons – by far the lowest proportion of any of the eight reasons identified.

Two major ‘main reasons’ were given by those on the compulsory measures who aimed to remain on income management. These were that it was easier to manage money (around a third of both Indigenous and non-Indigenous respondents), and that they were used to income management and it is easier to remain on the program, an answer given by about a quarter of each of these groups. 15.3 per cent of Indigenous people cited the BasicsCard as their main reason for wanting to stay on income management – compared with 7.0 per cent of non-Indigenous participants. A further 10.8 per cent of Indigenous participants stated that it was harder for others to harass them for money. When asked about all of the reasons for wishing to remain on, about 30 per cent of Indigenous respondents, and about half this proportion of non-Indigenous respondents who wish to remain on, cite the issue of harassment and there is a strong increase in the proportion reporting that they liked BasicsCard.

For those on Voluntary Income Management who wished to remain on over half gave the fact that it was easier being income managed as their main reason, followed by 30 per cent who said it was because they liked the BasicsCard. None gave harassment as a main reason and just 30 per cent, the same proportion as those on compulsory, cite this as a secondary reason.

### Voluntary Income Management

Many of the characteristics of the 20.1 per cent of people on income management in the Northern Territory who have chosen to go onto Voluntary Income Management have already been identified above. These include that 98.4 per cent identify as being Indigenous and, as with other people on income management, almost 60 per cent are women. People on Voluntary Income Management are, however, on the whole older and less likely to have dependent children than those on other streams on income management. They are also more likely to live in remote locations – or in Alice Springs and its environs.

Overwhelmingly those currently on Voluntary Income Management were on income management

as part of the NTER (86.5 per cent). As has been seen there has been a steady decline in the number of people on Voluntary Income Management to its December 2013 level of 3,675 from the peak of 4,707 in December 2010.

In the first report of the evaluation there was some evidence that not all people had made a fully informed choice to be on Voluntary Income Management. While there continues to be some confusion amongst some of those on Voluntary Income Management about the type of income management they are on, the broad evidence is that most, as seen above, wish to remain income managed.

Those on Voluntary Income Management are in general much better off financially than others on income management. This is a result of two factors. First, they are mainly on pensions and as such a single person would receive over \$8,000 a year more than a person on an allowance; second, they are eligible for an incentive payment of \$250 for every six months they remain on income management. While almost 40 per cent report that this additional money is one of the reasons for wishing to stay on income management, none give it as their primary reason. The main reasons they gave for wanting to remain on income management are that it is “easier being income managed” and they “like the BasicsCard”.

## Vulnerable Income Management

Some 170 people are currently on the assessed stream of Vulnerable Income Management. Analysis of a sample of social worker case files indicates that the primary reasons for placement on the measure are financial exploitation and a failure to take reasonable self-care. Very frequently this is associated with drug and alcohol abuse and long-term chronic conditions that may limit their ability to manage their income. Relatively few exited from assessed Vulnerable Income Management, with about 30 per cent of exits from the program being as a result of death. In general it was considered by those involved in managing the program, or working with those who have been identified as being vulnerable, that while income management acted as a ‘harm minimisation’ strategy, it did not address the underlying problems people in this group faced, nor was it likely that the program would effectively build their capacity. Rather it was seen as being needed in the long-term as a management tool.

## Child Protection Income Management

In December 2013 there were 83 people on Child Protection Income Management with 415 people having been on the measure at some time. These numbers are low compared with the number of substantiated child protection investigations which were the initial trigger for the Northern Territory Department of Children and Families (DCF) to make referrals. The evaluation of this element largely relied on interviews with DCF staff and a file review.

These interviews indicate that the program is seen as a tool that can be useful in working with families to address their needs where neglect exists due to money management issues. Its primary contribution, where it is effective, is seen to be one of stabilising families and limiting access to money for alcohol, illegal substances and gambling, while other interventions are implemented that can address broader issues experienced by these families to bring about longer-term change. The effectiveness was seen as being dependent upon the willingness of families to engage with services and with a process of change, with it having limited impact in other situations where a number of strategies were used by people to “work around” the restrictions.

## Views of administrators and others

The views about income management of program administrators and a range of ‘intermediaries’ involved with the program or with the main groups affected by income management were diverse. While there was a general view that aspects of the administration of income management had improved, there remained some elements which were still presenting problems. These include the effective implementation of money management services, and ongoing problems of many people, especially those with poor understanding of bureaucratic processes and limited English language capacity, to deal with Centrelink.

Other major issues raised by intermediaries included:

- The fee free banking service provided by BasicsCard was reported as being valued by the people they worked with, although the card did not prevent financial harassment.
- Many felt that some people had benefited from income management – especially those who have chosen to go onto it themselves and a subgroup that were particularly vulnerable.

## Evaluating New Income Management in the Northern Territory

- Equally there was a strong view that many people who had been placed on income management did not have a need for it and that it made their lives more difficult. (This though was countered by a view by some administrators that since income support was “government money” it should be managed.)
- Most intermediaries felt that there were few if any broader flow-on effects from income management at the community level. There was a strong sense that the program itself had not addressed welfare dependence issues but had instead increased dependency on government.

### Evaluating the program

The full final report presents a detailed response to the 32 individual elements of the evaluation criteria. This is not reproduced here, rather this summary contains some of the key evidence and findings for the main outcome domains where it would be anticipated that there would be an impact from income management.

#### Changes in spending patterns, food and alcohol consumption

Central to the purpose of income management was increased consumption of basics including food and a reduction of spending on items such as alcohol and tobacco:

- As has been noted in the discussion on BasicsCard expenditure, there is no evidence of any increase in fruit and vegetable sales in remote stores, and the low level of current sales provide scant grounds for considering that any increase in consumption has occurred.
- More generally the expenditure in both urban and remote stores point to poor dietary outcomes including a level of fruit and vegetable sales on BasicsCard well below that of other spending.
- The LSNIM included a question on whether or not a person had run out of money for food in the previous 4 weeks in each wave, with this question also being asked about the person’s experience prior to income management. Difference-in-difference analysis shows no statistically significant change in the incidence of this from the situation prior to being income managed to the end of 2013 relative to the control group for either Indigenous or non-Indigenous people on Compulsory Income Management.<sup>xiii</sup> There was a slight improvement

for those on Voluntary Income Management, but this was only weakly statistically significant at the 90 per cent confidence level.

- There has been an increase in fruit but not vegetable consumption by Indigenous children between the 2004/05 National Aboriginal and Torres Strait Islander Health Survey and the survey conducted in 2011/12. This increase may however reflect the impact of some more direct policies, in particular the school nutrition program under which at least one balanced meal was provided each school day. This survey also identified an increase in the proportion of Indigenous children aged 15 to 17 years who were either over or under-weight.

As noted earlier, there is also no evidence of there having been any impact on the level of spending on tobacco (which if anything has risen as a result of price increases). With respect to alcohol at the aggregate level, sales on a per capita basis in the Northern Territory have been falling for some time with the declines starting before NTER Income Management was introduced. There has been no change in this trend with the introduction of New Income Management.

Taken together, the data suggests that there has been no systematic impact of income management on spending patterns – especially in terms of increasing food expenditure and decreasing alcohol and tobacco spending.

There is some limited evidence that there may have been some gain for those on Voluntary Income Management with respect to running out of money for food and, as seen below, in paying bills. But no such change for others.

#### Financial wellbeing and financial management

Change in the incidence of running out of money for food is one measure of financial wellbeing and management. Table 3 presents some of the other measures from the LSNIM, including the ability of people to pay bills on time, and an aggregate financial management rating which aggregates 11 different questions including the bill paying and running out of money question, along with the extent to which people feel they have control over their money. Again difference-in-difference techniques are used.

**Table 3 Aspects of financial management change relative to control group**

All changes coded so that +ive is better	Indigenous CIM	Indigenous VIM	Non-Indigenous CIM
Paying bills	0.340	0.077 **	0.035
Aggregate outcome measure	-0.012	-0.009	-0.004
Sense of being in control of money	0.636	0.120	2.695 ***

Notes: Paying bills and aggregate outcome measured pre-IM to Wave 2, Control over money measure Wave 1 to Wave 2.

\*\*\* p<.01, \*\* p<.05, \* p<.1

Although all of the changes in scores with regard to bill paying which compared people's position in 2013 with that prior to income management, were positive – suggesting improvement – only the change for Indigenous people on Voluntary Income Management was statistically significant. For all groups the score on the aggregate measure over the same time span was negative – but this was not a significant change. All of the sub-groups reported an improvement, relative to the control groups with regard to their sense of being in control of their money over the past two years, but this was only statistically significant for non-Indigenous people on Compulsory Income Management.

In addition three indicators of financial management practices were derived from the administrative data. As discussed earlier, these show no evidence of people building better financial management skills while they are on income management:

- There is no evidence of people increasing the minimum balances they hold in their income management accounts consistent with savings or reducing the time they spend with very low balances.
- There has only been a small decrease in the rate at which transactions are rejected due to insufficient funds (less than 0.6 per cent a year).
- The rate of BasicsCard replacement remains high with no signs of abating over time.

Further, very few people who are seeking to exit income management report this is because they have developed skills through income management which have now made them more skilled and confident in managing their money. Similarly money management training has been at the periphery of income management and the Matched Saving Scheme Payment with its 31 grants can only be considered unsuccessful.

While a considerable group on income management reported that they felt more in control of their money (although many felt the opposite), there is no evidence in these results of income management having had a positive impact on financial management skills and financial management outcomes for those people who have been on the measure, other than the isolated result for those on Voluntary Income Management.

### Financial harassment

Protection against financial harassment was one of the specific objectives of income management.

**Table 4 Incidence of problems associated with financial harassment change relative to control group**

All changes coded so that +ve is better	Indigenous CIM	Indigenous VIM	Non-Indigenous CIM
Problem because gave money to others	0.185 **	0.197 *	0.050
Asked others for money for essentials	-0.199 **	-0.288 ***	-0.032
Community problem - hassling for money	-0.298 **	0.229	-0.071

Notes: Problem because of giving money, asking for money measured pre-IM to Wave 2, Community problem Wave 1 to Wave 2.

\*\*\* p<.01, \*\* p<.05, \* p<.1

- The LSNIM had two questions of relevance to this at the individual level (shown in Table 4). The first question was whether a person had had financial difficulties in the past 4 weeks because they had given money to others. The second asked whether the person had to ask others for money in order to buy essentials. As shown in the table, Indigenous people on both Compulsory and Voluntary Income Management report reductions in running out of money because they gave to others – but in each case increases in asking others for money. (It is to be noted that the table reports the data so that a positive figure represents an improvement and a negative a deterioration in the incidence of 'good' outcomes.) For those on Compulsory Income Management the change was statistically significant at a 95 per cent level for both reductions in running out of money because of giving to others, and an increase in asking for money from others. For those on Voluntary Income Management the statistical significance of the reported improvement related to not running out because of giving money to others was weak, while that of asking others was very strong. The non-Indigenous respondents reported no significant change.

- The LSNIM also had a question about financial harassment at the community level. This was whether there was a problem of people hassling others for money in the community/location in which the person lived. Indigenous people on Compulsory Income Management reported a worsening of this problem, with this result being relatively strongly statistically significant. Neither the decline reported by Indigenous people on Voluntary Income Management or non-Indigenous people on Compulsory Income Management was significant.

As has been noted earlier, when people were asked for their reasons for wanting to remain on income management, only a small proportion of those on Compulsory Income Management (less than 10 per cent), and none of those on voluntary, said the main reason was because it made it harder for people to harass them for money, with fewer than one in three of those on income management mentioning it as a reason at all.

The qualitative interviews with the financial counselling and money management services staff, Centrelink officers and other intermediaries gave mixed reports about the extent to which income management reduced financial harassment, but there was general agreement that it had not eliminated financial harassment. This is consistent with the qualitative survey of people subject to income management and the above results.

These results provide no consistent evidence of income management having acted to reduce levels of financial harassment. While some of the individual level results are positive, these are matched by an increase in individuals seeking money from others and the level of community problems has not changed (or indeed may have worsened). Further the relatively low level of identification of protection against financial harassment as a reason for wanting to stay on income management suggests either the problem is not as pervasive as it is often pictured, or income management does not provide any strong protection.

### Impact on children

As with the other domains considered here, data on the potential effects of New Income Management on children has been derived from a number of sources.

Firstly the LSNIM included a number of community level questions on child outcomes. The results on change in school attendance and whether children were being cared for, along with an aggregate

measure constructed from all of the child outcomes over the period from end 2011 to end 2013, are shown in Table 5.

**Table 5 Incidence of community problems, change relative to control group Wave 1 to Wave 2**

All changes coded so that +ive is better	Indigenous CIM	Indigenous VIM	Non-Indigenous CIM
Kids not being looked after	-0.528 ***	0.016	-0.072
Kids not going to school	-0.288 **	-0.310 *	-0.265
Aggregate child outcomes	0.024	-0.027	-0.060

Notes: \*\*\* p<.01, \*\* p<.05, \* p<.1

Overall most of these measures were negative indicating that, relative to the control groups, a number of outcomes for children in the communities in which income managed people lived had deteriorated over the period 2011 to 2013. Only some of these results were statistically significant and most of the significant results were for Indigenous people on Compulsory Income Management. The aggregate measure of child outcomes showed very small positive and negative changes – and is best interpreted as indicating no change in child outcomes for children living in the Northern Territory since the introduction of income management.

The Northern Territory Department of Education data shows that between 2009 and 2012, the school attendance rate for Indigenous children has fallen slightly from 69.7 per cent to 67.8 per cent. The attendance rate for non-Indigenous children did not change over the same period. School participation (the proportion of children of compulsory school attendance age who are enrolled) increased in the Northern Territory from 87.9 per cent to 90.2 per cent between 2006 and 2013. This is a similar increase found for Australia as a whole.

Aggregate data on health, education and child protection shows no clear pattern of improvement in child developmental and health outcomes in the Northern Territory that could be attributed to income management having had a positive impact on outcomes for children.

In this domain again the evaluation has concluded that there is no evidence of income management having had a positive impact.

### Impact on drugs, alcohol and tobacco

The analysis of sales data shows no evidence of income management having impacted upon tobacco or alcohol consumption. The LSNIM asked about

the incidence of problems arising from alcohol, drugs and gambling.

Table 6 contains the results of analysis of the incidence of family and community level problems associated with substance abuse and gambling.

**Table 6 Incidence of family and community problems, change relative to control group Wave 1 to Wave 2**

All changes coded so that +ive is better	Indigenous CIM	Indigenous VIM	Non-Indigenous CIM
<b>Whether a problem for close family:</b>			
Alcohol	-0.033	0.359 **	0.069
Drugs	0.027	0.079	-0.091
Gambling	0.012	-0.280 *	-0.002
<b>Whether any of the three above is a:</b>			
Problem	0.291 ***	0.389 ***	0.306 **
“Big” problem	-0.119	-0.240 ***	-0.085
<b>Community level problems</b>			
Drinking	-0.628	-0.446	-0.086
Aggregate measure of community problems	-0.061	-0.002	-0.027

Notes: \*\*\* p<.01, \*\* p<.05, \* p<.1

At the individual problem level – that is, whether either alcohol, drugs or gambling were reported by the individual as being a problem in their close family – the only statistically significant changes were for Indigenous people on Voluntary Income Management where there is a reduction in the incidence of alcohol being a problem, and a smaller, and less statistically significant increase in gambling as a problem.

Two aggregate measures of problems associated with alcohol, drugs and gambling were examined. First, whether any of the three items was a problem, regardless of the magnitude of the problem; and second, if any of the items was a ‘big’ or severe problem. The results of this analysis provide a mixed picture (shown in Table 6). All groups showed a statistically significant improvement in the incidence of any level of problem, but there was a pattern of deterioration in the presence of a severe problem, although this was only statistically significant for those on Voluntary Income Management.

The second set of data from the LSNIM was concerned with whether people felt there were problems at the community level. While all of the difference-in-difference results were negative – indicating a relative deterioration compared to the control group, none was statistically significant – pointing to no identifiable change.

Northern Territory administrative data shows that alcohol related presentations to hospital emergency departments and admissions have increased, in particular amongst Indigenous people. This initially

rose in mid 2007 and then after a period of stability has risen strongly since early 2011. Crime data on levels of assault victimisation and on the incidence of alcohol related assaults shows no positive impact from the introduction of income management to mid to late 2013.

On balance, this data does not point to any consistent improvement in the incidence of these problems since the introduction of New Income Management. Although some note needs to be taken of the reduction in ‘any’ problems from alcohol, drugs and gambling, this aggregate response also needs to be tempered by the absence of any improvement (and indeed potentially some worsening) of severe problems from these factors, no evidence of change in the individual problems for those on Compulsory Income Management, and the absence of change at the community level.

### Other outcomes

The evaluation was also required to consider whether there had been any unexpected outcomes from income management. Two were identified.

- Income management has not built independence and individual capability. Rather it has acted, through making some people’s lives easier and relieving them of having to manage aspects of their finances, to make them more dependent upon the welfare system which itself has expanded to provide the income management measures. This in turn has led many to desire to remain on income management (and hence income support). This was most strongly the case for Voluntary Income Management, with over 70 per cent of those wanting to remain on income management saying that a reason for this was that it was easier being income managed. In addition over half of those on Compulsory Income Management who want to stay on income management gave this as a reason.
- The BasicsCard, despite problems with its operation and criticisms from some users who also feel a sense of stigma, has gained considerable support, in large part because it provides a cheap banking service. This is especially true in remote communities where normal banking services can frequently be expensive, and by others where they get the benefits of free replacement cards. Having access to the BasicsCard is a common reason given for wanting to remain on income management.

### Has New Income Management been effective?

The evaluation concluded that New Income Management has not achieved its objectives.

Although, as seen in the above findings, there are some isolated individual results to some questions that by themselves could be interpreted as being positive these need to be balanced against other results which show no impact, or indeed in some cases negative outcomes. On this basis the evaluation concludes that there is no consistent evidence of:

- any significant shift in consumption – either with respect to reduced spending on alcohol and tobacco or increased spending on food such as fruit and vegetables
- the program having built individual financial management capacity, or
- the program having had significant wider beneficial impacts on children, families and the communities they live in, including in specific areas such as financial harassment and alcohol abuse.

While data for the population on Voluntary Income Management is also ambiguous, some indicators suggest this measure may have been associated with some benefits for this group. This is not the case for those on Compulsory Income Management.

As noted above, rather than appearing to build capacity and promote greater independence, income management has appeared to make a group more reliant upon the welfare system.

While the evaluation reported that it found no evidence of any overt discriminatory practice, the pattern of exemptions and the range of experiences reported indicate that the program does disproportionately impact Indigenous Australians, many of whom also have problems engaging with various aspects of its administration.

The program also provoked a sense of discrimination and unfairness amongst many participants both Indigenous and non-Indigenous.

The evaluation has reported on a number of problems with the operation of income management, the BasicsCard and merchant approval which can result in people having to pay more because they are income managed and having difficulties in organising their finances. This was more common in urban

locations. For many, though, these problems were outweighed by the extent to which the BasicsCard provided a free banking service and a level of convenience.

The evaluation noted the body of professional and other views on the operation of the assessed vulnerable stream of income management and concluded that income management can play a harm minimisation role in this type of targeted intervention, especially as part of a comprehensive package of care, but that it does not address the underlying problems most people in this group face and it can be circumvented.

While people on Voluntary Income Management generally feel positive about the program and feel that it makes things better for them, these sentiments are not strongly reflected in the more objective data on outcomes, although some limited improvement may have occurred in some areas. A significant minority of those on Compulsory Income Management were also positive about the program with many again reporting that they consider that it has been beneficial for them, for this population there is no evidence that suggests any overall improvements in outcomes.

Emerging from the analysis it is possible to group people on the program into four categories.

- A group comprising mainly those on Voluntary Income Management and some of those on compulsory measures, more so those in remote locations, who feel that income management has made managing their money easier and who feel the program has had benefits for them and their families. However, as discussed above, with some exceptions for those on the voluntary measure, when objective data is used there is no evidence of much change in outcomes nor of improvements in financial management capability and behaviours. A potential consequence for this group is increased dependency on the welfare system.
- A small group of highly vulnerable people for whom income management is only part of the range of interventions which are addressing their vulnerabilities. Reports from intermediaries suggest that where people are motivated, some in this group have found income management a useful tool to stabilise their situation while other interventions seek to address problems; for others it is simply a tool to manage their spending.

- A group who are largely unaffected by the program in large part because they are already managing their finances capably and their spending patterns largely fit within the program constraints. Many in this group do however have quite negative sentiments about being subject to income management and its consequences.
- A group who feel that the program has made things worse for them. This group reports that income management creates difficulties, including paying rent and for non-mainstream shopping and other expenditures. They consider that income management curtails their independence. This group is much more likely to be urban and non-Indigenous.
- The expectation that by limiting peoples' access to cash, income management would address a range of inadequate outcomes caused by financial harassment was misplaced. The BasicsCard has not eliminated harassment and harassment is not only related to money. The small proportion of people who citing protection from harassment as a reason for wanting to stay on income management also suggests problems from harassment may not be as pervasive as was assumed.
- The assumption that controlling how half a person's payment was spent and offering a person access to a money management course and the possibility of a matched savings grant would assist them to develop financial management skills was misplaced.

### Reflections on why income management hasn't achieved its objectives

The evaluation concluded by trying to identify why this significant program failed to achieve its stated objectives. It suggested that there were three reasons for this:

- Restricting the way people spent half their income support payments did not significantly impact on alcohol, tobacco and other expenditures because most people were not spending more than half their money on these items.

Making income management a large-scale program (in the context of the Northern Territory where it applies to a substantial proportion of income support recipients), has meant that by-and-large income management has been implemented as an operational process with limited working with individuals and tailoring the program to their needs. Building capacity is a challenging process that requires time and resources and it cannot be developed by simply imposing constraints.

### End notes

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- <sup>i</sup> Child Protection Income Management is only used in cases of child neglect. It is not used in cases of substantiated child abuse.
- <sup>ii</sup> *Social Security Social Security (Administration) Act 1999 (Cwth)* - Section 123TB.
- <sup>iii</sup> Australian Government (2009) 'Policy Statement, landmark reform to the welfare system, reinstatement of the Racial Discrimination Act and strengthening of the Northern Territory Emergency Response', Australian Government, Canberra.
- <sup>iv</sup> Macklin, J. (2009) *Second reading speech: Social Security and Other Legislation Amendment (Welfare Reform and Reinstatement of Racial Discrimination Act) Bill 2009*, House of Representatives, Debates, 25 November, pp. 12,783–12,787.
- <sup>v</sup> Social Policy Research Centre and Australian Institute of Family Studies (SPRC and AIFS) (2010) *Evaluation framework for New Income Management*, Department of Families, Housing, Community Services and Indigenous Affairs, Canberra.
- <sup>vi</sup> The chart also shows a minor 'blip' in the number of people on Voluntary Income Management in early 2013. This is associated with a group of people moving between the Northern Territory and South Australia.
- <sup>vii</sup> For the purposes of the analysis presented here duration is based on when the person was first and last observed in the data as being subject to income management. This approach however ignores the fact that many people move on and off income support and also that they may not always be on income management while on income support. These movements can have several different effects on measured duration. They can overestimate time on by ignoring periods when a person is not actually subject to income management and they can over-state exit rates when people return to income management after a period of not being on
- <sup>viii</sup> There are also automatic exemptions for full-time students and apprentices. These have been excluded from the evaluation analysis of exemptions as they are effectively the non-application of income management rather than an exemption. This is the equivalent treatment to the exclusion from the scope of compulsory income management of Indigenous full-time students and apprentices who are in receipt of ABSTUDY.
- <sup>ix</sup> People on income management can hold some unallocated funds in their 'Income Management Account' and can hold a balance on their BasicsCard. This analysis takes account of money held in either of these two locations.
- <sup>x</sup> In a number of the datasets used in the analysis the label of "Compulsory Income Management" refers to both the two main compulsory streams (Disengaged Youth and Long-Term Welfare Payment Recipients) as well as those on the more targeted measures such as Vulnerable and Child Protection. This practice has been extended to this summary report.
- <sup>xi</sup> While the BasicsCard was apparently accepted by some Post Offices at the time of the survey it was not at others. According to Australia Post changes to the electronic transaction system have now enabled it to become an approved BasicsCard merchant. DSS advise that from 20 January 2014 customers can use BasicsCard at Australia Post outlets to pay bills that have POSTbillpay as an option, purchase phone credits, stamps or send parcels. On 3 June 2014 Power and Water were approved to accept payment via BasicsCard.
- <sup>xii</sup> Guide to Social Security Law Version 1.205 11.1.3.50 Priority Needs under Income Management.
- <sup>xiii</sup> Difference-in-difference analysis is a statistical technique which focuses on whether changes in one or more outcomes for one group – typically those affected by a program – differ from those of a comparison group which is not affected by the activity. This analysis is undertaken separately for Indigenous and non-Indigenous groups using the two different control groups established for these populations. The specific approach used in the evaluation also uses propensity score matching to better improve the comparison.