

Income Management in the Northern Territory

Report back to communities – September 2014

Alice Springs Town Camps



In late 2013 and early 2014 Denise Foster and other researchers from Tangentyere Research visited Town Camps in Alice Springs to ask people some questions about income management. They said that the researchers would come back to the community and tell people what they found out.

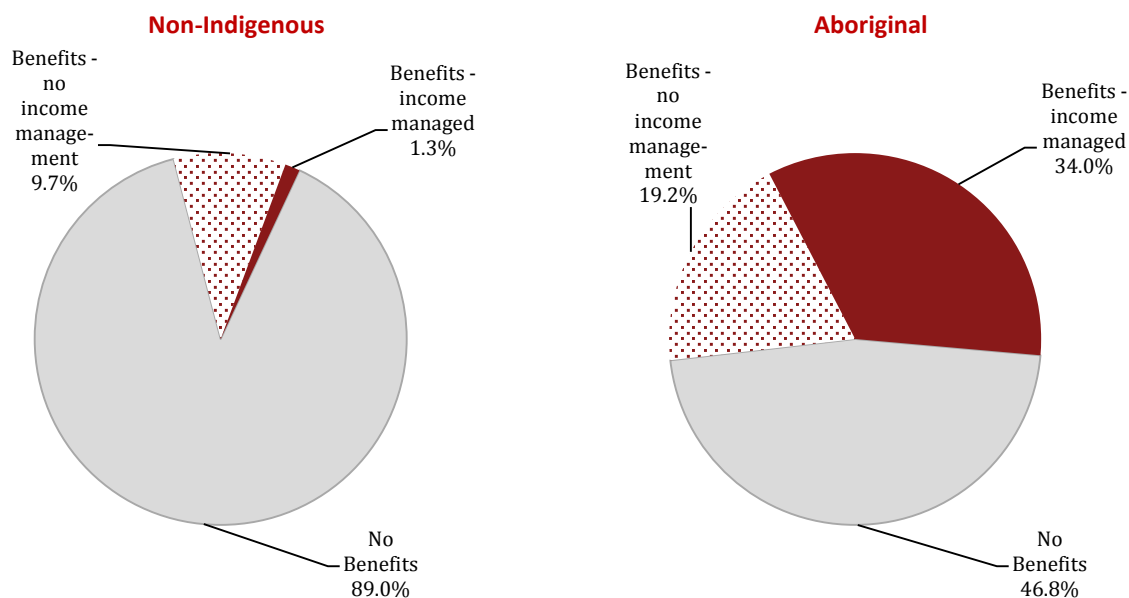
The evaluation is now almost finished and we are about to finish our report to the government on what we found.

Who is on Income Management

In December 2013 there were 18,300 people on income management in the Northern Territory –14,050 were on Compulsory and 3,700 on Voluntary Income Management. About 500 are on special programs such as child protection and vulnerable income management.

- 90 per cent of the people on income management are Aboriginal Australians. As shown in Figure 1 34 per cent of Aboriginal people aged over 15 years in the Northern Territory are on income management – just 1.3 per cent of the non-Indigenous population are. This is because more Aboriginal people are on government benefits and a higher proportion of those on government benefits are income managed. Almost all the people who have chosen Voluntary Income Management are Aboriginal.

Figure 1: People in the Northern Territory aged 15 years and over by income management status



- 60 per cent of the people on income management are women, 40 per cent are single people, 18 per cent are single parents, 29 per cent are in a couple with children and 14 per cent are in couples without children.

The number of people on compulsory income management increased from 11,000 in December 2010 to 14,010 in December 2013. The number of people on voluntary income management has fallen from 4,700 in December 2010 to 3,700 in December 2013.

Most people on income management have been on it for a long time. Three out of every five people have been on for more than 3 years and were originally on income management under the Northern Territory Emergency Response.

Exemptions

The exemption rate from income management for non-Indigenous people is 36 per cent. Only 5 per cent of Aboriginal people are exempt. Almost all exemptions are for demonstrating appropriate outcomes for children. Aboriginal Australians make fewer applications for exemptions and are less successful in obtaining one when they apply. Very few people in remote areas apply for exemptions and many Aboriginal people report that it is hard to get an exemption. Many people with an exemption later return to being income managed.

What people buy on their BasicsCard

In many ways spending on BasicsCard is similar to other spending, except for tobacco and alcohol. The most frequently purchased items are phone cards, soft drinks, meat and power cards. About 40 per cent of spending at main stores in Darwin and Alice Springs is on food and 70 per cent of spending at remote stores is on food and groceries. A particularly noticeable feature of BasicsCard sales is that spending on fruit and vegetables is less than other spending in stores. Spending on fruit and vegetables was very low in remote stores.

About 10 per cent of sales on BasicsCard are rejected because people do not have enough funds in their account. This level of rejection is higher for people who have been on BasicsCard for a long time. Those who have gone on in the last two years have a lower rate of failed purchases. While there has been some fall in rejections with easier checking of balances this is only a small improvement.

WHAT DID THE EVALUATION FIND?

The evaluation used information from many sources. This included administrative information from Centrelink and from stores, a survey of more than 1,000 people on income management and interviews with people on income management, in Centrelink and other agencies and with community and other groups.

There are many views about income management

The evaluation found big differences in how people felt about income management and how it affected their lives. People on income management can be divided into four groups.

1. People who **like income management**, especially the BasicsCard and say it makes managing their money easier. This group included many of those on Voluntary Income Management and in remote communities.
 - Almost all people on Voluntary Income Management want to stay on income management. So do 50 per cent of Aboriginal women and 37 per cent of Aboriginal men on Compulsory Income Management.
2. Many people for whom the program **makes little difference to their daily lives**. Many of this group though do not like being income managed.
3. Those who feel that the program has **made things worse for them**. They say income management makes life difficult especially in paying rent and in making purchases in markets and small shops. This includes many non-Indigenous people and many people living in Darwin suburbs.

4. **A small group of highly vulnerable people with big problems.** People who are helping these people say that income management can really help those who are trying to change their behaviour especially when they are getting other help to sort out problems with families and drinking too much.

Does income management work

Many people say that income management makes life easier and is good for them and their families and they want to remain on the program.

When the evaluation looked closely at the evidence there is not much change in outcomes except for a little improvement for some of those on Voluntary Income Management.

- There are very few changes in problems such as running out of food.
- People report some improvement in family problems with alcohol, gambling and drugs – but only when these are little, not big problems.
- People do not get better with trying to use BasicsCard when they have no money, or in spending all of their money quickly. Very few people save up much money in their kitty.
- People say they have less problems because of humbug, but they humbug others a bit more and say humbug in the community is the same.
- There is no evidence of less drinking, kids going to school more or eating better foods.

Income management has not made people more skilled in managing money, but rather makes it easier for some people as Centrelink takes over some of the responsibility.

If people wanted to they could get around the rules and swap groceries and other things for alcohol and tobacco, but most people did not.

Why has it not worked as expected

We think there are a number of reasons why income management has not worked as expected:

- Most people did not spend more than half their money on grog and tobacco. Because of this putting half their money on BasicsCard made little difference.
- Not everyone was having big problems with humbugging, and people get humbugged for more than cash.
- BasicsCard is cheaper than other bank cards and makes life easy if people just buy from stores that accept it. It doesn't teach people how to manage money – it just makes it easier to rely on the card and Centrelink.

WHAT WERE WE TOLD IN THE ALICE SPRINGS TOWN CAMPS

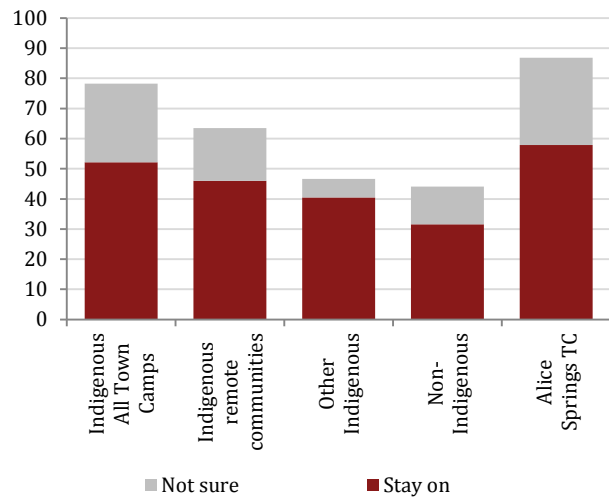
Altogether 99 people were interviewed in Alice Springs Town Camps – with 50 being involved in both waves of the survey.

- People interviewed in the second wave included 43 on Compulsory Income Management, 27 on Voluntary Income Management and 5 who were no longer being income managed.
- 71 per cent of the people were women and most were aged over 35 years.

People on compulsory income management do they want to stay on?

Well over half (58 per cent) of the people on Compulsory Income Management in Alice Springs Town Camps said they wanted to stay on income management, with a very large group, 29 per cent being not sure.

Many more people in Alice Springs Town Camps said they wanted to remain on than in most other places. But 13 per cent said that they wanted to get off.

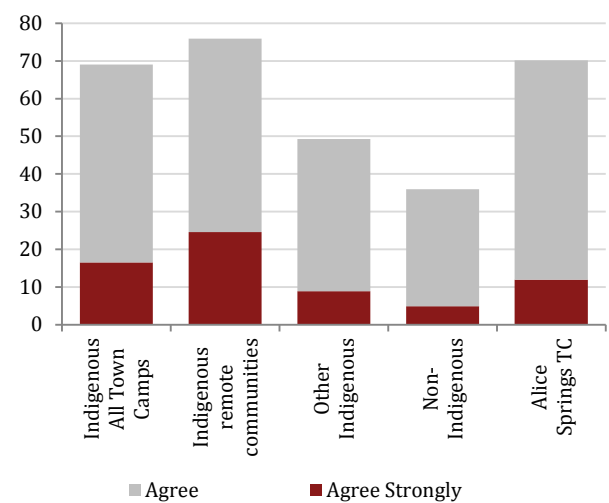


Income management is good for me.

7 out of 10 people in the Alice Springs Town Camps thought that Income Management was good for them although only one in ten said they agreed very strongly.

The number agreeing strongly was lower than that recorded in other town camps and remote communities.

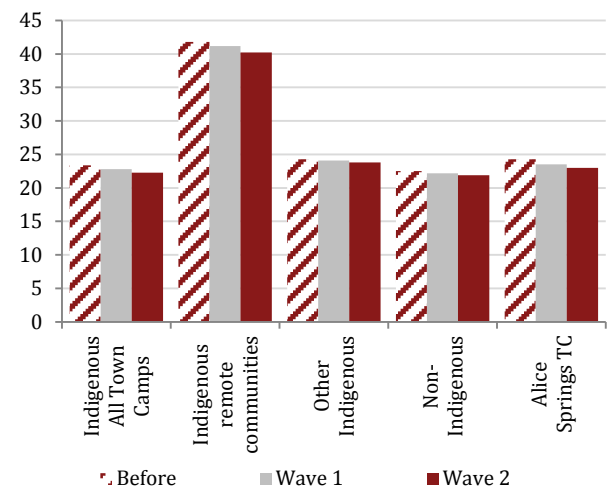
Only one in ten people said that they disagreed with this statement. This was one of the lowest proportions in any location.



Change in financial well-being

Using an average of all the financial questions which were asked in the survey shows a very slight fall in financial problems from before income management to the end of December 2013. The level of financial problems in the Alice Springs Town Camps was less than in remote communities and a little bit higher than in other town camps.

People in Alice Springs Town Camps said there was no change in the number of family which had a big problem with alcohol, gambling or drugs in the last two years.



We would like to thank all of the people in the Alice Springs Town Camps who answered our survey and help arranged for us to come to the communities.

If you would like more information on the evaluation please contact: matthew.gray@anu.edu.au