Australian National University

Submission to:

Senate Standing Committee on Community Affairs References Committee

Review of:

Social Security (Administration) (Enhanced Income Management Regime — Volunteers) Determination 2023

Social Security (Administration) (Enhanced Income Management Regime — State Referrals) Determination 2023

Social Security (Administration) (Enhanced Income Management Regime - Commonwealth Referrals and Exemptions) Determination 2023

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16 November 2023

Recommendations

Recommendation 1

That the Committee ask the Minister to replace these Determinations with revised versions with a repeal date of November 2024, and that the Minister table by June 2024 proposals for any future measures, along with a detailed evaluation of the actual impact of the current policies, and outcomes of consultations, including identified statements from key stakeholders on their perspectives.

Recommendation 2

That the Committee express its concern about the quality of material provided to the Parliament in association with these determinations, and calls upon the Minister to ensure that any further material provided fully informs the Parliament about the actual operations of policies and programs, drawing upon a robust evidence base including an accurate reporting of the evaluation evidence, as well as explicitly addressing concerns about Human Rights compliance.

As a first step the Minister should inform the Parliament of the actual schedule of consultations and permit all participants in these to review any reports on these consultations and that the Parliament be regularly provided with this information.

Recommendation 3

That the Committee, noting the evaluation findings and evidence of the failure of these programs to achieve positive outcomes for the population subject to the programs and the communities in which they live, call for the immediate abolition of the three main Compulsory Income Management Programs and for appropriate transition mechanisms to be put in place for those currently subject to the measures.

The Committee recommends that the Minister adopt the Closing the Gap Partnership Agreement principles of joint decision making, and that the focus of this should not be on existing failed models of income management but rather the full range of alternative supports. This includes working with communities to address the real policy failings in the Northern Territory, including housing, infrastructure, health, and education.

Contents

Glossary

ABS	Australian Bureau of Statistics
AEDC	Australian Early Development Census
AIFS	Australian Institute of Family Studies
AIHW	Australian Institute of Health and Welfare
ANAO	Australian National Audit Office
ANU	Australian National University
APY	A<u>n</u>angu Pitjantjatjara Yankunytjatjara (APY Lands in SA)
ARIA	Accessibility/Remoteness Index of Australia (Regional Classification)
BDR	Banned Drinker Register (Northern Territory)
CAEPR	Centre for Aboriginal Economic Policy Research (ANU)
CDC	Cashless Debit Card
CDEP	Community Development Employment Program (1977-2011)
CIM	Compulsory Income Management
	Conditional Income Management (terminology used in FRC)
CPIM	Child Protection Income Management
CYIM	Cape York Income Management (Operating through the FRC)
DSS	Department of Social Services
DY	Disengaged Youth (Compulsory Income Management for persons aged under 25 in receipt of income support for 13 out of last 26 weeks in the NT)
FaHCSIA	Department of Families, Housing, Community Services and Indigenous Affairs
FRC	Family Responsibilities Commission (Cape York)
IM	Income Management
LTWPR	Long-Term Welfare Payment Recipient ((Compulsory Income Management for persons aged 25 and over in receipt of income support for 52 out of last 104 weeks in the NT)
NATSISS	National Aboriginal and Torres Strait Islander Social Survey
NG	Ngaanyatjarra (NG Lands in WA)
NIAA	National Indigenous Australians Agency
NIM	New Income Management (Income management introduced in the NT in 2010 to replace NTERIM)
NT	Northern Territory
NTER	Northern Territory Emergency Response
NTERIM	Northern Territory Emergency Response Income Management (Income management in prescribed areas of the NT 2008-2011)
PBIM	Place Based Income Management (Income management in Bankstown (NSW), Logan and Rockhampton (Queensland), Playford (South Australia) and Greater Shepparton (Victoria).)
PC	Productivity Commission
PHIDU	Public Health Information Development Unit (Torrens University, SA)
PJCHR	Parliamentary Joint Committee on Human Rights
SPaR	Supporting Persons at Risk (Income management for persons referred by Banned Drinker Register (NT)

SPRC	Social Policy Research Centre (UNSW)
UNSW	University of New South Wales
UTLAH	Unreasonable to Live at Home (Higher rate of income support payment to some young people who live independently.)
VIM	Voluntary Income Management
VULN	Vulnerable Welfare Payment Recipient Income Management (Alternative terminology used in some evaluations)
VULN-AT	Vulnerable Welfare Payment Recipient Income Management – 'Automatic' (Alternative terminology used in some evaluations to VWPR (Y))
VULN-SWA	Vulnerable Welfare Payment Recipient Income Management – 'Social Worker Assessed (Alternative terminology used in some evaluations to VWPR (G))
VWPR	Vulnerable Welfare Payment Recipient Income Management
VWPR (G)	Vulnerable Welfare Payment Recipient Income Management – General (Income management mainly on referral by a Centrelink Social Worker)
VWPR (Y)	Vulnerable Welfare Payment Recipient Income Management – Youth (Compulsory Income Management for certain young people, mainly those paid at a UTLAH rate).
WACOSS	Western Australian Council of Social Services

Submission and Recommendations

In this submission we have sought to provide the Committee with background information on the programs to which these Determinations relate, and additional material which we consider may be of value to the Committee in undertaking a review of the Determinations.

We make three recommendations. These relate to the repeal dates, the quality of the information which has been provided to the Parliament, and the scope of future policy considerations including the immediate abolition of the three main Compulsory Income Management Programs and for appropriate transition mechanisms to be put in place for those currently subject to the measures.

Structure of submission

The main body of our submission specifically addresses the Committee's review of the Determinations. In addition, there are 3 attachments:

- The first provides information on the income management programs covered by the Determination, including their current scope of operation, and some of the specific evaluation findings which relate to them.
- The second considers some key social indicators for Indigenous people in the Northern Territory and the extent to which income management has had an impact.
- The third addresses the Impact Analysis which is contained in the Explanatory Statement for the Determinations. This firstly addresses the extent to which the measures in these Determinations relate to the actual proposal outlined in the Impact Analysis, and secondly drawing attention to the way in which the document distorts the evidence base from the evaluations.

The Determinations

The determinations being considered by the Committee effectively extend the current suite of income management programs operating in Australia as follows:

- For another 10-years:
  - Voluntary Income Management (VIM)
  - Child Protection Income Management (CPIM)
  - Supporting Persons at Risk (SPaR) Income Management
  - Vulnerable Welfare Payment Recipients (General) Income Management (VWPR(G)), and
  - Vulnerable Welfare Payment Recipients (Youth) Income Management (VWPR(Y)).
- Until July 2026:
  - Disengaged Youth Income Management (DY), and
  - Long Term Welfare Payment Recipient Income Management (LTWPR).

We consider that this is not warranted on the basis of the performance of the programs and is inconsistent with the Minister's stated intent to the House of Representatives that she was consulting with communities and others to determine the future form of any income management policies.

As we detail below there is little, if any, evidence to suggest that these programs are making any meaningful contribution to improving outcomes for income support recipients or the communities they live in, while imposing costs and stigma. They are also programs which, with the exception of some which rely upon compulsorily placing entire cohorts of recipients on the measures, have been marked by sharp declines in usage, and in some cases have minimal participation.

Reflecting this we consider there is a critical need to undertake an assessment and review of the programs and consider options as to how to proceed, rather than just leaving these failed and failing programs in place.

On this basis we recommend to the Committee:

Recommendation 1

That the Committee ask the Minister to replace these Determinations with revised versions with a repeal date of November 2024, and that the Minister table by June 2024 proposals for any future measures, along with a detailed evaluation of the actual impact of the current policies, and outcomes of consultations, including identified statements from key stakeholders on their perspectives.

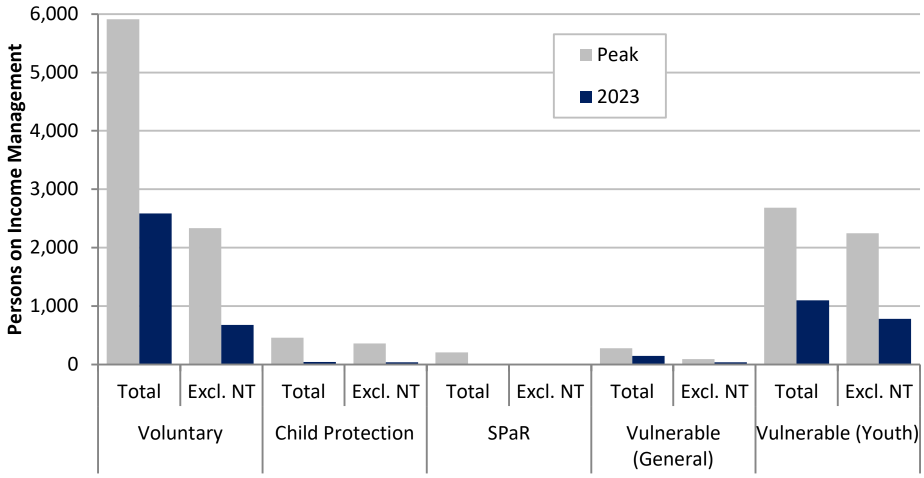
As discussed in Recommendation 3, additional timelines may be considered appropriate with regard to the timing of the immediate abolition of the main Compulsory Income Management programs, and the nature of ‘consultations’.

The current state of income management programs[1]

With the exception of the two major compulsory programs in the Northern Territory most income management programs have had large declines in participation, as illustrated in Figure 1.

[1] In this submission we are not explicitly addressing the Cape York Income Management program and the operation of the Family Responsibilities Commission, which is outside the scope of the Determinations being considered by the Committee. We do though note on pages 10 and 11 some of the evaluation and related findings on this measure.

Figure 1. Number of people on selected income management programs, September 2023 compared to program peaks, Australian total, and total excluding the Northern Territory



Source: Refer 'Notes on Data' in Attachment A

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Specifically the number of people on:

- Voluntary Income Management has fallen from over 5,900 in 2014 to just under 2,600,
  - excluding the Northern Territory the number has fallen from a peak of 2,336 in 2015 to 677.
- Persons on Child Protection Income Management have fallen from some 460 in 2012 and 2013 to 42.
- The number on Supporting Persons at Risk (SPaR) Income Management has fallen from a peak of 207 in 2015to just 4.
- The number on individually assessed (General) Vulnerable Income Management has fallen from 278 in 2014 to 145, with just 39 outside of the Northern Territory, and
- Even on the automatic compulsory Youth element of this program the number of persons has fallen from a peak of 2,684 in 2015 to 1,097.

These declines are evidence of a growing recognition of the ineffectiveness of the programs and provide little cause for the programs to be continued without detailed scrutiny.

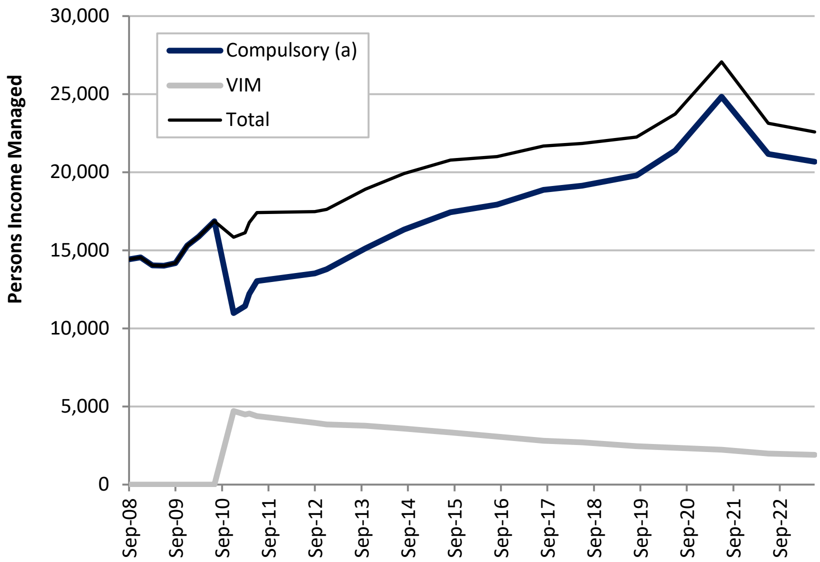
Specifically, we consider that the decline in the Voluntary Income Management stream reflects individual decisions to cease participation as they realise it provides them with little benefit[2], while the decline in the use of targeted measures reflects decision makers perceptions that these programs are not delivering the claimed benefits to their clients.

In contrast the number of people subject to various forms of compulsory income management in the Northern Territory under the Disengaged Youth and Long Term Welfare Recipient Measures has continued to rise.

[2] While it could be claimed that the decline in persons on VIM reflects them learning money management and related skills while on the program and hence no longer require the program, there is little evidence to support such a conjecture. In the NIM evaluation, only a small proportion expressed an objective to get off the program and the main reasons for staying on was because it was "easier being income managed".

The total number of persons on income management over the past 15 years including under the Northern Territory Emergency Response (NTER) IM regime is shown in Figure 2. For the purposes of illustration this groups the income managed population into two categories – those on various compulsory income management[3], and those on Voluntary Income Management. As illustrated with the introduction of 'New' Income Management (NIM)[4] in 2010, there was an initial sharp fall in the number subject to compulsory income management, along with a significant proportion of former NTERIM participants who transferred onto Voluntary Income Management (VIM). Subsequent to this while the number on compulsory forms of income management have increased, the number on VIM has declined markedly.[5]

Figure 2. Persons on income management in the Northern Territory 2008-2023



(a) Prior to late 2010 these were persons under the NTERIM program, from that point on they are persons on all forms of compulsory income management (with 95 per cent or more being on the Disengaged Youth and Long Term Welfare Recipient measures).

Source: Data prior to 2011 has been derived from the NIM evaluation, data for 2011 on refer to 'Notes on Data' in Attachment A

.

The number of persons on income management by program element and state, as of September 2023, is detailed in Table 1.

3 Over the period 95 per cent or more of these have been on the two main forms: Disengaged Youth Income Management (DY), and Long Term Welfare Payment Recipient Income Management (LTWPR).

4 The language of 'New' Income Management was adopted at the time by the department to differentiate it from income management under the NTER (NTERIM). This language use has largely ceased to be used. We have however maintained it here as it is the language used in the Evaluation of the program, and as shorthand for the old and new programs.

5 The pattern of transition between the NTERIM and NIM was complex as it included movements between the different forms of income management and movements on and off income support payments.

Effectively of the 16,727 people on NTERIM in July 2010 45.4 per cent were on forms of compulsory income management in October 2011, 22.6 were on Voluntary Income Management 16.5 per cent were on income support but not income management, and 15.6 per cent were no longer on income support.

At the same time of those on compulsory forms of income management in October 2011 62.7 per cent had been on NTERIM in July 2010, 18.4 were on income support but not previously on income management, and 19.4 were not on income support. 90.1 per cent of those on Voluntary Income Management had been on NTERIM in July 2010.

Table 1. Persons on income management by State and Program, 29 September 2023

Program	NSW	Vic.	Qld	WA	SA	Tas.	NT	ACT	Total(b)
VIM	10	36	47	460	86	np	1,855	np	2,500
CPIM	0	0	0	22	11	np	<5	np	40
SPaR	0	0	0	0	0	np	<5	np	5
VWPR(G)	8	np	6	11	<5	np	99	np	130
VWPR(Y)	53	61	411	25	132	np	270	np	955
DY	<5	9	20	136	11	np	4,764	np	4,950
LTWPR	13	10	58	505	61	np	15,117	np	15,800
Total(a)	88	119	542	1,159	304	np	22,112	np	24,350

Notes: VIM: Voluntary Income Management; CPIM: Child Protection Income Management; SPaR: Supporting People at Risk; VWPR(G) Vulnerable Welfare Payment Recipient (General) *usually Social Worker Assessed referral*; VWPR(Y): Vulnerable Welfare Payment Recipient (Youth) automatic *usually because of receipt of an Unreasonable to Live at Home (UTLAH) payment rat*e; DY: Disengaged Youth; LTWPR: Long Term Welfare Payment Recipient.

np Counts not published (see footnote (b).

(a) Estimated as some data is not published due to small numbers of recipients

(b) Rounded estimates with some estimation of non-published data, including for Tasmania and ACT which appears not to be published due to small numbers. When data was last published in 2019 there were fewer than 10 persons on income management in the ACT and 15 in Tasmania.

Source: DSS 2023

Attachment A provides more background on each of the programs, including trends in the number of people income managed over time, along with relevant findings from evaluations.

Program impact

This section considers the impact of income management on improving outcomes, firstly from the evaluations which have been conducted, and secondly for the Northern Territory using more contemporary community level data.

Evaluation Evidence

We have provided more detail on some of the program specific findings of the evaluations of income management programs in Attachment A, and return to these in Attachment C where we discuss how these have been presented in material which accompanies these Determinations.

There have been two major evaluations of income management programs which have used rigorous methodologies including longitudinal surveys, and control populations. These are the 2014 SPRC/ANU/AIFS evaluation of New Income Management in the Northern Territory, and the 2015 Deloitte Access Economics evaluation of Place Based Income Management.[6]

The SPRC/ANU/AIFS evaluation reported that the program had had little positive impact:

> A wide range of measures related to consumption, financial capability, financial harassment, alcohol and related behaviours, child health, child neglect, developmental outcomes, and school attendance have been considered as part of this evaluation … Despite the magnitude of the program the evaluation does not find any consistent evidence of income management having a significant systematic positive impact. (Bray et al. 2014, 316)

[6] A more detailed summary of the range of evaluations is in Bray (2016, 8-14). There is discussion of the evaluations of the Cashless Debit Card Program in Attachment C.

It went on to note the difference between the tightly targeted and broad compulsory elements:

> There is some evidence to show that income management may be a successful intervention when used as part of an individually tailored program for some individuals who have been specifically targeted as a result of their identified individual vulnerability or problem such as child protection. The evidence is that some people within this group can use it as an effective tool, including to stabilise their situation while other initiatives seek to address underlying problems. However, taken as a whole, there is no evidence to indicate that income management has any effects at the community level, nor that income management, in itself, facilitates long-term behavioural change. (p. 320)

In a similar vein the Deloitte Access Economics study differentiated between those on the voluntary measure and on the compulsory vulnerable stream, when drawing its conclusions from its longitudinal survey:

> … for VIM [Voluntary Income Management], participation in PBIM had a significant and positive impact on financial management capability. For example, over time, VIM customers were significantly less likely to run out of money before payday or have enough money to pay rent or mortgages. Further, VIM participants improved their confidence in both saving and spending over time. Such improvements were not noted for surveyed VULN [Vulnerable Income Management] customers over time …
>
> The longitudinal survey did not find sustained, significant impacts on self-reports of smoking, drinking or gambling habits across any of the measures. (Deloitte 2015, 56)

Northern Territory outcomes

The objective of income management was to improve outcomes for individuals on income support and the communities they live in. As detailed in Attachment B, despite the fact that some 1/3 of the Northern Territory Indigenous population aged 15 years and over has been on income management at any one point in time for a decade and a half the evidence points more towards worsening, rather than improving outcomes:

- The incidence of low-birthweight births for Indigenous babies in the Northern Territory has increased since the introduction of income management, in contrast to a slight decline in other locations.
- The proportion of Aboriginal children in the Northern Territory identified as being vulnerable on one or more domains when starting school has increased from 65.1 per cent in 2009 to 67.1 per cent in 2021, in contrast it fell markedly in other areas of Australia.
- Since 2009 there has been a strong fall in the rate of school attendance by Aboriginal children, in particular in remote, and very remote locations, those communities most impacted on by income management.
- Indigenous imprisonment in the Northern Territory has continued to increase, with the rate in 2022 of 2,772 per 100,000 population, being 72 per cent higher than that in 2008.

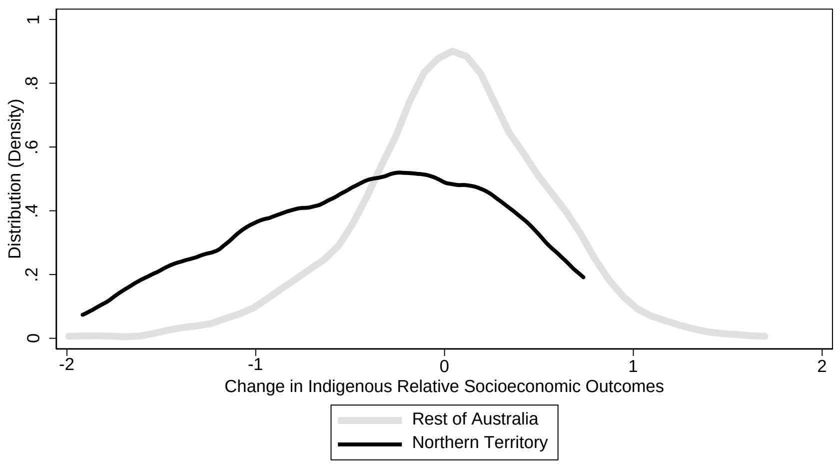
Recent analysis by Markham (2023) points to increasing levels of Indigenous poverty in the Northern Territory, in marked contrast to other locations.

Figure 3. Estimated Indigenous poverty rates by state, 2006, 2011, 2016 and 2021

Source: Markham (2023, 5)

Biddle and Markham (2017 and 2023) have developed an Indigenous specific measure of socio-economic status using census data. Between 2011 and 2016 this showed on average across all locations a slight decline in the Northern Territory, whilst the average for other locations in Australia showed an improvement This pattern became much stronger between 2016 and 2021 as illustrated in Figure 4 which again shows on balance a slight improvement across locations outside of the Northern Territory, but a marked deterioration for most locations in the Northern Territory.

Figure 4. Indigenous localities, change in Indigenous Relative Socioeconomic Outcomes, Northern Territory and balance of Australia 2016 to 2021



Source: Biddle and Markham (2023)

Summary of the evidence

The evidence strongly shows that the imposition of income management in the Northern Territory, despite being in place for some 15 years, with a third of the Indigenous population being income managed at any one time, has not resulted in improvements in community outcomes.

This reflects the findings of evaluations which have found that broadly applied income management fails to deliver any significant behavioural changes, and while individually assessed and targeted income management may be beneficial for some individuals it needs to be delivered as part of a package of supports, and is essentially palliative and does not address the fundamental problems these people have.

We consider that it is critical for any policy proposals, including those associated with these Determinations, should reflect this.

Accountability to the Parliament

In making this, and other submissions to Parliamentary Inquiries, we have been struck by the inadequacy of explanatory memorandums/statements which have been provided to the Parliament to enable judgements to be made.

Information of programs

Specifically we find it strange that in the material provided to the Parliament there is an absence of any information on the actual performance of the programs the Determinations relate to. Indeed, the only reference we can find is an infographic on page 8 of a document (DSS 2022) which is web-linked to a document attached to the end of Explanatory Statements which illustrates the numbers of people being income managed by state of residence.

We would have considered it appropriate that information, such as that detailed in our Attachment A, be provided as part of the explanatory material to allow for informed decision making.

Failure to address human rights concerns

The Parliamentary Joint Committee on Human Rights (PJCHR) in its scrutiny of these Determinations concluded:

> 1.87 For many years, the committee has raised concerns regarding the compatibility of compulsory income management with multiple human rights. In particular, by subjecting an individual to mandatory income management and restricting how they may spend a portion of their social security payment, the measure limits the rights to social security and a private life, and possibly the right to an adequate standard of living. Due to the disproportionate impact on certain groups with protected attributes, including Aboriginal and Torres Strait Islander peoples and children, the measures engage and limit the right to equality and non-discrimination and the rights of the child.
>
> 1.88 The committee notes that while the general objective of income management is important, that is, to combat social harms caused by the use of harmful products, it is not clear that continuing to operate mandatory income management is, for the purposes of international human rights law, a necessary measure that addresses a pressing and substantial concern. The committee considers that, in the absence of adequate safeguards and sufficient flexibility to consider individual circumstances, and in light of the potentially significant interference with human rights that may result from compulsory participation in income management, the legislative instruments risk impermissibly limiting the rights to social security, privacy, equality and non-

> discrimination and the rights of the child as well as potentially the right to an adequate standard of living if participants experience difficulties in meeting basic needs. (PJCHR 2023, 50)

As the Committee notes this is not the first time it has raised these concerns – both to the Minister and the Parliament, yet once again in each of the Statements of Compatibility with Human Rights attached to these Determinations it is simply asserted by the Minister that the "legislative instrument is compatible with Human Rights", with no reference at all to the clearly identified concerns which have been raised by the Committee.

While the actual question of the assessment of compliance is primarily one for the Parliamentary Joint Committee on Human Rights, for this Committee there is a clear issue as to whether or not the Minister has sought to properly inform on human rights compliance in her explanatory statement.

This failure is not disassociated with some of the other issues which we raise here. Central to any Human Rights assessment is the proportionality of the potential purpose relative to the constraint it may impose.

Here the PJCHR noted:

> However, it is not evident that facilitating the continued operation of mandatory income management under Parts 3AA and 3B of the Act is, for the purposes of international human rights law, necessary and addresses a public or social concern that is pressing and substantial enough to warrant limiting human rights. (p. 47)

And more specifically reported that its assessment of previous evaluations was 'inconclusive' and that there had been an absence of any further information which may have demonstrated the program's effectiveness before concluding:

> Without more recent evaluations, and noting earlier evaluations of mandatory income management were inconclusive regarding its effectiveness, it is not possible to conclude that the income management regimes under Part 3B and Part 3AA of the Act, which will continue to subject persons to mandatory income management, would be effective to achieve the stated objectives. (p. 48)

As detailed elsewhere in this submission we consider that it is clear that the compulsory components of the program are not effective in achieving the declared purpose, and that the evidence for other elements is weak.

Given this we consider there are grounds for the Committee to be concerned about:

- The poor quality of the statements of compliance on Human Rights.
- The failure of Ministers to acknowledge and address the PJCHR concerns, including
- The failure to provide a robust evidence base upon which the question of proportionality can be assessed.

Relevance of "Impact Analysis Executive Summary"

Attached to each of the Explanatory Statements is the same document entitled "Impact Analysis Executive Summary". This appears to be a recycled document with no relationship to the Determination being primarily concerned with the Cashless Debit Card and the transition arrangements from that program. While the full document of which is a 'summary' outlines a proposal for a transition from Compulsory to Voluntary Income Management, along with some community determined use of the program it would appear that it in no way addresses the provisions of these determinations. To the extent it reports on some of the evaluations of income management it distorts the findings. Attachment C provides further information on this.

Again the Committee may wish to consider whether the content of this, and its inclusion in the Explanatory Statements reflects an appropriate and adequate approach to inform the Parliament about the Determinations:

Recommendation 2

That the Committee express its concern about the quality of material provided to the Parliament in association with these determinations, and calls upon the Minister to ensure that any further material provided fully informs the Parliament about the actual operations of any policies and programs, drawing upon a robust evidence base including an accurate reporting of the evaluation evidence, as well as explicitly addressing concerns about Human Rights compliance.

As a first step the Minister should inform the Parliament of the actual schedule of consultations and permit all participants in these to review any reports on these consultations and that the Parliament be regularly provided with this information.

As discussed in Recommendation 3 we consider that attention should also be given to the form of the 'consultations'.

Pathways forward

There are clear grounds for the three major forms of Compulsory Income Management which place large cohorts of people on income management on the basis of their pattern of receipt of income support and location to be abolished. These are:

- Vulnerable Welfare Payment Recipients (Youth) Income Management
- Disengaged Youth Income Management
- Long Term Welfare Payment Recipient Income Management

Evaluations of these programs have not found evidence of these measures having a positive impact while imposing stigma, loss of autonomy and a sense of discrimination. Additionally, community level outcomes for Indigenous people in the Northern Territory show clear evidence of worsening despite an average of 1/3 of the population aged 15 years and over having been on income management for the past 15 years.

Specifically action should be taken to cease placing people on these programs and establishing a transition process and supports to allow for the exit of those currently on the measures.

While evaluations of the other elements of income management have identified some potential positive impacts for some of the participants, these are essentially palliative rather than addressing the underlying problems which these people face. As discussed above these programs have however had declining number of participants, again suggesting an increasing awareness of their limitations.

We would consider that, given the limited, and declining numbers on these more targeted programs, the commencing point of any review should not be 'what form of enhanced income management regime' may be appropriate, but rather what policies may be the most effective in supporting these groups. We consider these should include:

- Improved financial counselling, money management and related services, including in remote communities.
- A review of alternative mechanisms to assist people in managing their money including for example expanded use of Centrepay (including, for example, considering obligatory use for some regular expenses such as rent where this might be appropriate), and alternative income support payment schedules (for example daily, or twice weekly, for certain individuals).
  - These alternatives may also be considered as being more cost effective relative to the cost of the 'SmartCard' for a diminished number of people.
- Consideration of reintroducing a genuine CDEP program under community control in those communities which seek this.

Critically also is the need to address the real policy failings in the Northern Territory, including housing, infrastructure, health and education. Central to achieving this is working with communities.

This was emphasised in the 2008 Report of the NTER Review Board, which acknowledged the fracture of relationships associated with the Intervention, including the imposition of compulsory income management "If it is to work, community development must be led by the community and partnered by government. That is the basis for a new relationship" (Yu, Duncan and Gray 2008, 8).

It is also integral to the National Agreement on Closing the Gap which is underpinned by:

> the belief that when Aboriginal and Torres Strait Islander people have a genuine say in the design and delivery of services that affect them, better life outcomes are achieved. It recognises that structural change in the way Governments work with Aboriginal and Torres Strait Islander people is needed to close the gap. (National Agreement on Closing the Gap 2020, Article 8).

In addressing this we consider that the Minister should adopt the approach embodied in the National Agreement on Closing the Gap of true shared decision making, and not top down 'consultation'. The National Agreement defines some of the key elements of this as:

> Shared decision-making: Aboriginal and Torres Strait Islander people are empowered to share decision-making authority with governments (Article 17a) Shared decision-making is…. by consensus, where the voices of Aboriginal and Torres Strait Islander parties hold as much weight as the governments (Article 32ci).

We further note that while there is some support for the Cape York approach it needs to be emphasised that this is a model deeply embedded in the broader operation of the Family Responsibilities Commission, and as identified in the 2012 evaluation:

> … the evidence suggests that the impact of the local FRC Commissioners is in their listening, guiding and supporting role, rather than in the exercising of their punitive powers to order income management. (Limerick 2012, 50)

And as stated by the Commissioner of the FRC (Tammy Williams):

> conditional income management, CIM, is applied as a decision of last resort. It is an extraordinary decision. It is an extraordinary power to intervene and to say, 'Part of your money should be protected under the technology of a card.' It has always been applied as a decision of last resort but the number of times it was applied was greater historically. What we have seen—and we document it in our operational analysis and we even referenced it in our annual reports—is a decrease in the number [of] instances of FRC imposing income management on community members. (Queensland Parliament 2023, 7)

Additionally caution needs to be paid to its actual impact – even given the highly targeted and restricted use of the policy. The 2018 Strategic review of the program noted that while there were some positive qualitative findings reported in the FRC material that:

> Although these qualitative data indicate a largely positive view, they are not always supported by the available quantitative data. Analyses of aggregated data at the community level show mixed results, whilst analysis of the data records of individual FRC clients indicate that whilst CYIM did not eliminate further breaches, it extended the time between breach notifications. (Scott el al. 2018, xi).

Recommendation 3

That the Committee, noting the evaluation findings and evidence of the failure of these programs to achieve positive outcomes for the population subject to the programs and the communities in which they live, call for the immediate abolition of the three main Compulsory Income Management Programs and for appropriate transition mechanisms to be put in place for those currently subject to the measures.

The Committee recommends that the Minister adopt the Closing the Gap Partnership Agreement principles of joint decision making, and that the focus of this should not be on existing failed models of income management but rather the full range of alternative supports. This includes working with communities to address the real policy failings in the Northern Territory, including housing, infrastructure, health, and education.

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Attachment A: Background on Income Management Programs subject to Determinations

This section presents some background information for each of the programs under the Determination, including current and historical data on the number of people on each measure.

It then draws upon the findings of the formal evaluations of these programs. These are:

- ORIMA (2010) Evaluation of the Child Protection Scheme of Income Management and Voluntary Income Management Measures in Western Australia
- DSS (Department of Social Services) (2014). A review of Child Protection Income Management in Western Australia.
- SPRC/ANU/AIFS (2014a) Evaluation of New Income Management in the Northern Territory. (Bray et al 2014)
- SPRC (2014) Evaluation of Voluntary Income Management in the Anangu Pitjantjatjara Yankunytjatjara (APY) Lands (Katz and Bates 2014)
- Deloitte Access Economics (2015) Evaluation of Place Based Income Management

The relationship between the Determinations and the specific income management programs is detailed in Table 2

Table 2. Relationship between Determinations and Income Management Programs

Determination	Income Management Program
Social Security (Administration) (Enhanced Income Management Regime—Volunteers) Determination 2023	Voluntary Income Management
Social Security (Administration) (Enhanced Income Management Regime—State Referrals) Determination 2023	Child Protection Income Management
	Supporting Persons at Risk (SPaR) Income Management
Social Security (Administration) (Enhanced Income Management Regime - Commonwealth Referrals and Exemptions) Determination 2023	Vulnerable Welfare Payment Recipients (General) Income Management
	Vulnerable Welfare Payment Recipients (Youth) Income Management
	Disengaged Youth Income Management
	Long Term Welfare Payment Recipient Income Management

Notes on data

- Data on the number of persons on measures taken from summaries published on data.gov.au[7]. These publications have been irregular over time, with the first report being for April 2011[8].
  - In some cases this has been supplemented with statistics drawn from the evaluation reports.
  - In some of the published data small counts have been supressed. In early tables this was for cells with fewer than 20 people, in later tables, cells with fewer than 5 persons. In a number of cases this has been addressed by estimation to be able to present totals. Additionally the data as published has excluded counts for the ACT and Tasmania since 2019. However, in both of these the number of persons on income management has been very small, comprising persons who had been placed on the measure while they were in another jurisdiction. (In June 2023 DSS report in their 'Income Management Data Summary' that there were 24 people in "Australian Capital Territory/Tasmania/ Unknown" who were "Current Income Management participants with an active Basics Card".)
- Information on the State/Territory appears to be place of current residence, not the location where the person was placed on income management.

7 Initially published as "Number of Income Management Customers", then as "Income Management Summary" and then as "Income Management Data Summary".

8 Data here has been drawn from the publications dated 22/4/2011, 24/6/2011, 7/9/2012, 28/12/2012, 18/10/2013, 29/8/2014, 28/8/2015, 31/8/2016, 25/8/2017, 29/6/2018, 30/8/2019, 5/6/2020, 4/6/2021, 3/6/2022, 30/6/2023 and 29/9/2023.

Voluntary Income Management

(Social Security (Administration) (Enhanced Income Management Regime—Volunteers) Determination 2023)

Persons in a number of locations have been able to voluntarily have their income support payments subject to income management. For this group the proportion managed is 50 per cent[9]. While the program initially had an incentive payment of $250 for every block of 26 weeks a person was on the program this was abolished in December 2015.

In September 2023, as detailed in Table 3, there were 2, 458 people on Voluntary Income Management, fewer than half the 5,900 in October 2013. Over the period during which the program has operated most participants were in the Northern Territory and Western Australia. Excluding these two states there were just 143 on the program, compared with a peak of 874 in August 2015.

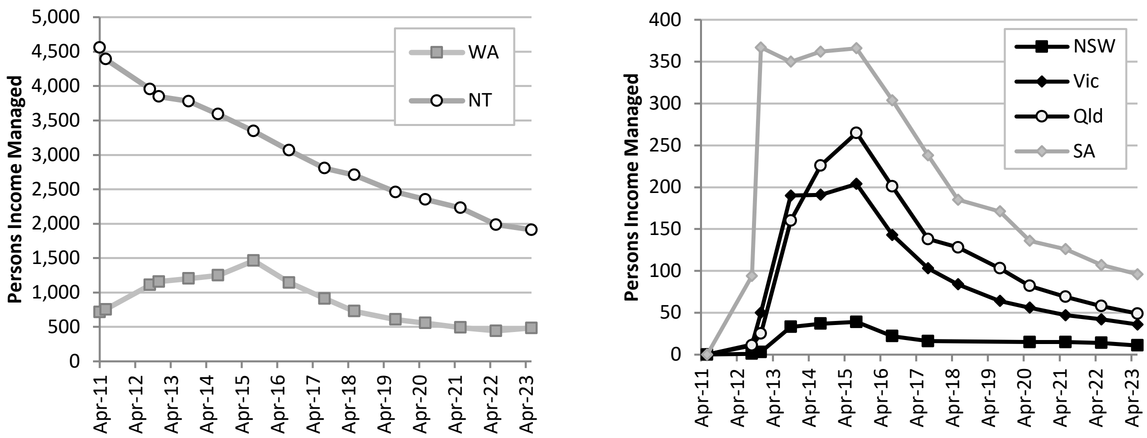
Table 3. Persons on Voluntary Income Management, 29 September 2023

State	Persons
NSW	10
Victoria	36
Queensland	47
WA	460
SA	86
NT	1,855
Total (est.)	2,500

Source: DSS 2023.

The trends by state are shown in Figure 5. The program was introduced in Western Australia in late 2008, with increasing numbers until 2015 before declining. In the Northern Territory the program was introduced in late 2010, with a significant number of people transitioning from compulsory income management under the NTER, with the numbers gradually declining since then.

Figure 5. Persons on Voluntary Income Management 2011 to 2023



Source: Refer 'Notes on Data'

9 Although it was initially higher in Western Australia.

In South Australia the main group of persons on the program were in the APY lands. The data for that state suggests that despite a rapid takeup of the program in this location, followed by some stability, there has since been a steady decline in participation.

Evaluations

Voluntary Income Management has been addressed in a number of evaluations.

The **SPRC/ANU/AIFS (2014)** Evaluation of New Income Management (NIM) in the Northern Territory concluded:

> Voluntary Income Management is generally viewed positively by those on the program: they perceive it as making their lives easier, and providing access to a free transaction card. However … it has relatively little impact on outcomes, and because of its attraction is likely to make people less likely to move off income support. Given the population is largely on the Disability Support Pension and Age Pension and living in circumstances in which they are unlikely to gain employment, this however is of limited consequence. (Bray et al 2014, 311)

Deloitte Access Economics (2015) evaluation of Place Based Income Management reported:

> For VIM customers, PBIM appeared to have a positive impact on their capability to better save and spend their money. Self-reports indicated that VIM customers significantly improved their ability to make bill payments and have sufficient money for housing and for food over time. Analysis confirmed that this change could be attributed to participation in the PBIM program as a commensurate change was not observed for comparator respondents (p. ii)

Notwithstanding this somewhat positive side the evaluation however also reported that it "did not find evidence of any direct improvements in the care or education of children for participants on any measure" (p. iv).

ORIMA's (2010) evaluation of income management in Western Australia reported on balance quite positive results, largely relying upon respondent survey responses[10] and the views of stakeholders. It reported: "Around three-quarters of current VIM clients thought that IM had made a positive impact on their life" (p. 224) , along with positive perspectives from stakeholders including "two-thirds of peak welfare and community organisations (67%) and Centrelink staff (66%), and half of financial counsellors and money management advisers (50%) believed that the VIM trial had a positive or highly positive impact on family wellbeing and relationships among participants" (p. 225), although it was noted that this group reported a risk that "Clients might become dependent on the system and not be able to manage their finances without remaining on IM" (p. 229).

Similarly the **SPRC (2014)** qualitative evaluation of the introduction of VlM in the Anangu Pitjantjatjara Yankunytjatjara (APY) Lands in 2014 (Katz and Bates 2014) concluded that:

[10] As discussed with respect to a particular question in the SPRC/ANU/AIFS evaluation, in Attachment C we note that there are significant issues with the assessment of program impacts based upon this type of question. When tested against more objective data analysis indicates that the responses are significantly impacted on well-known survey response biases, in particular social desirability bias.

> Overall the introduction of income management into the APY Lands appears to be positively viewed by the community. There are indications that it may have already made a modest contribution to addressing some of the challenges in these communities. (p. 2).

These early optimistic findings all however have to be tested against the sharp declines in participation in this program.

Child Protection Income Management

Social Security (Administration) (Enhanced Income Management Regime—State Referrals) Determination 2023

The department describes this as “a tool for child protection authorities to help protect children who are experiencing abuse or neglect” (DSS 2014b), it would appear however that the program is specifically for cases of child neglect, not abuse. This was described upon its introduction as “the Australian Government will provide state and territory governments with the option of asking the Australian Government to manage government payments for parents where they consider the child to be at risk of neglect” (Howard 2007). This focus is also reflected in the various State government guidelines, as detailed below.

The program operates on the basis of referrals from State and Territory Child Protection services, each of which have their own operational guidelines for this. These generally have two components:

- That a child is at risk of neglect.
- It is considered that parental misuse of income support payments contributes to this.

Where persons are subject to the measure 80 per cent of their income support payments are income managed.

In the NT the guidelines state that: “Case Managers must refer an individual for CPIM where the individual is the primary carer of a child who is the subject of a substantiated child protection investigation: Due to neglect; and Where factors of concern include substance abuse, failure to thrive and/or gambling”, although noting exemptions apply “where there is no evidence that the carer’s use of their income support payment is contributing to the child protection concerns”. NT Government 2015)

Similarly in SA to consider referral for CPIM, the case worker’s assessment must identify that:

> … use of a person’s finances contributes to concerns for the safety or wellbeing of a child or young person; or use of a person’s finances is a barrier to reunification; or the safety or wellbeing of a child or young person will be improved if a person is supported to develop or strengthen their financial management and priority-setting capacity; and problematic use of finances is or is likely to be ongoing; and CPIM is likely to be a useful tool to address these matters, and contribute to the safety and wellbeing of the child or young person. (SA Department of Child Protection 2019)[11]

In WA the scope is: Child neglect cases, Concerns for an unborn child, multiple presentations for financial assistance, At risk young people, Reunification cases and Vulnerable young people in the CEO’s care. Additionally the criteria include clauses such as “where their use of financial resources:

[11] A revised guidance has been issued in November 2023 using more concise wording. This stresses “DCP staff should only use enhanced income management to improve the health, safety and welfare needs of infants, children and young people where there is no other suitable alternative” (SA Department of Child Protection 2023, 2).

contributes to them neglecting their children, and/or undermines the safety goals for the child and family on CPIM" (WA Department of Communities 2022, §1.2.4).

As at 29 September 2023 there were fewer than 40 persons across Australia subject to this subprogram, over half of whom were in Western Australia

Table 4. Persons subject to Child Protection Income Management, 29 September 2023

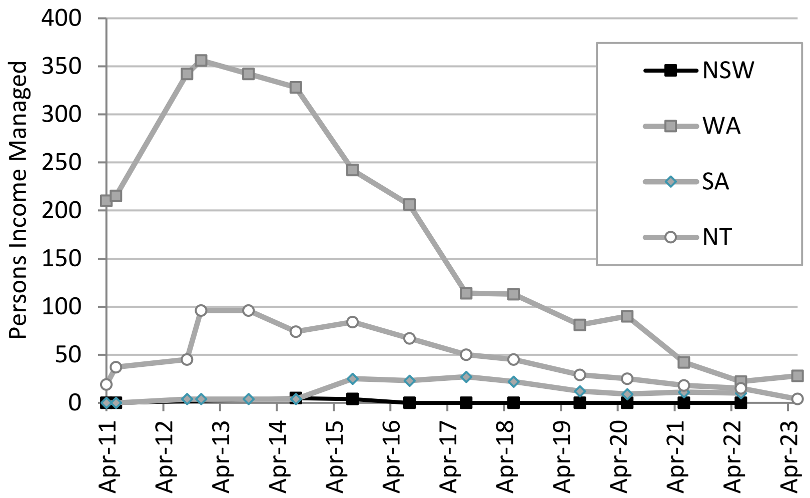
State	Persons
NSW	0
Victoria	0
Queensland	0
WA	22
SA	11
NT (a)	<5
Total (est.)	40

(a) The department does not publish the number of recipients if they are between 1 and 4.

Source: DSS 2023

Figure 6 shows the number of persons on this sub-program over time. This shows marked declines in all States and Territories over time, with particularly strong declines in Western Australia, from an estimated peak of 357 in December 2013 to 28 in June 2023, and in the NT from a peak of 96 to fewer than 5, over the same time period.

Figure 6. Persons subject to Child Protection Income Management, 2011 to 2023



Notes: Data in ORIMA (2010, Figure 2) Indicates that between January 2008 and October 2009 in Western Australia, there was a gradual increase in the number on this measure reaching around 75 at the end of the period, it then increase to around 200 in late November 2009.

Source: Refer 'Notes on Data'

There appears to be no explanation available for these declines. Although the data indicates that the number of cases of substantiated child neglect, across Australia, slightly declined over the period 2012-13 to 2021-22 from 11,303 to 9,361 (AIHW 2018, Table S19 & AIHW 2023, Table S3.14) this does not appear to explain the magnitude of change.

Evaluations

A number of evaluation reports have considered Child Protection Income Management; these however are quite dated and mainly focused on the earlier period of program implementation. The first two are of the trial in Western Australia, and the third of the program in the Northern Territory.

ORIMA (2010) undertook an evaluation of Child Protection and Voluntary Income Management in WA at a relatively early point of the program in that state. It was largely positive in its findings, although it was mainly reliant upon the viewpoints of stakeholders, especially those involved in implementing the program, and some surveys of participants focused on self-reported change. It did not look at any actual changes in outcomes. This report was strongly criticised by WACOSS including that "the report lacks factual information and evidence of behavioural change" (WACOSS 2011, 8)

The Department of Social Services (2014) conducted a relatively large-scale qualitative evaluation of Child Protection Income Management in Western Australia, including a review of case files and administrative data (DSS 2014). It found "Intermediaries reported income management as a useful tool to assist recipients", that "Recipients reported both positive and negative impacts of being on income management", but: "The evidence collected for this review suggests that income management's role in strengthening recipients' financial capability and skills is less clear than its reported ability to help recipients meet priority needs" (p. 13). In terms of overall impact it concluded:

> In relation to the ability of Child Protection Income Management to promote socially responsible behaviour, the findings were more varied. Intermediaries thought that income management was effective in helping to reduce financial harassment or humbugging and in reducing the amount of money available for alcohol and drugs. However, families generally experienced multiple problems and needed a holistic approach to support them, with income management being only one component in a raft of support mechanisms. (p. 14)

At the time of the **SPRC/ANU/AIFS (2014)** evaluation of New Income Management (NIM) in the Northern Territory (2014) there were 94 persons on the program in the Northern Territory. The evaluation undertook a detailed review of the program including an assisted review of the caseworker files and discussions with caseworkers in the Department of Children and Families (Bray et al 2014, 279-292). This concluded:

> The effectiveness was seen as being dependent upon the willingness of families to engage with services and with a process of change. The measure is reported to have very little impact where parents/carers are not committed to change. In these cases a number of strategies were used to "work around" the restrictions. As such Child Protection Income Management is a tool which when used by caseworkers in conjunction with other interventions can assist in improving outcomes for children who are experiencing neglect.
>
> In summary there is no evidence of Child Protection Income Management having an overall impact on the level of child neglect, and given the magnitude of the measure it appears that any major impact is unlikely. Where used as part of a set of responses the

> measure, in particular where families are willing to engage with this and other services, can have an impact at the individual case level. (p. 313)

While Child Protection Income Management was within scope of the **Deloitte Access Economics (2015)** evaluation of PBIM, as there were only 8 participants on this program at the time of the evaluation they were unable to provide any findings

Research for SA Royal Commission (2015)

Parkinson (2015) from the Australian Centre for Child Protection, in a report to the South Australian Child Protection Systems Royal Commission, undertook a review of Australian and International evidence and concluded:

> child protection income management alone would not be effective in addressing targeted social issues or promoting sustainable behavioural change and should only be implemented as part of a package of services and supports providing a holistic approach to addressing the needs of vulnerable children and families …. compulsory measures of income management in their current forms and in isolation to other services and supports may not be the most feasible approach to addressing child maltreatment. (p. 11)

The Royal Commission concluded:

> Considering the lack of conclusive evidence that income management has positive outcomes, as well as the practical and emotional hurdles that the program causes individuals, compulsory income management in isolation from other services and support should be avoided. (Nyland 2016, 207)

Supporting Persons at Risk (SPaR) Income Management

Social Security (Administration) (Enhanced Income Management Regime—State Referrals) Determination 2023

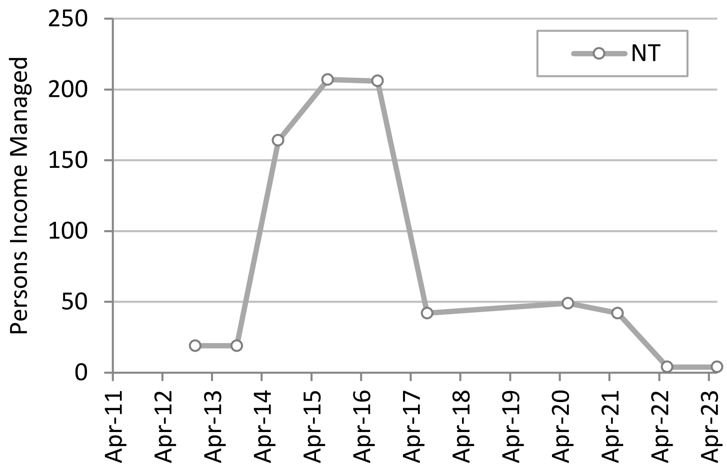
This program, introduced in December 2012, operates in conjunction with the Banned Drinkers Register (BDR) in the Northern Territory. It allows the BDR Register to refer persons onto Income Management under the SPaR provision if:

- a person has received a ban for 12 months or more, and
- where the BDR Registrar considers the banned adult would benefit from the making of an Income Management order.
- the person is in receipt of relevant income support payments

Where such an order is made 70 per cent of a person's income support is subject to income management for a period of 12 months. These orders are appealable to the Northern Territory Civil and Administrative Tribunal. (NT Government 2017)

As at 29 September 2023 there were fewer than 5 persons on this measure, all of whom were in Alice Springs, out of a total of 3,138 persons on the BDR as of June 2023 (NT DOH 2023). As shown in Figure 7 while there were up to 210 persons on the SPaR sub-program in 2014-2016, the number plummeted to fewer than 50 in 2017, before further declining in 2022.

Figure 7. **Persons in the NT on the Supporting Persons at Risk measure, 2012 to 2023**



Source: Refer 'Notes on Data'

Evaluation

It does not appear that any specific evaluation of SPaR has been undertaken. It was only introduced partway through the **SPRC/ANU/AIFS (2014)** evaluation of New Income Management in the Northern Territory and even at the end of the evaluation there were only 24 persons on this measure, precluding any separate analysis.

Vulnerable Welfare Payment Recipients (General) Income Management

Social Security (Administration) (Enhanced Income Management Regime - Commonwealth Referrals and Exemptions) Determination 2023

This program, also referred to as Vulnerable Welfare Payment Recipients (Social Worker Assessed) operates in the Northern Territory, in the 5 PBIM locations, and the APY (South Australia) and NG (Western Australia) Lands

Unlike many of the other forms of compulsory Income management which simply target a person on the basis of their income support receipt status, placement on this measure is based on an individual assessment of whether there is a need for income management and whether the person would benefit from being placed on the measure. Assessments are undertaken by a Centrelink social worker. The criteria for being assessed as being vulnerable, or at risk, are that the person: is in financial hardship, is experiencing financial exploitation, may not be undertaking reasonable self-care, or is homeless or at risk of homelessness.

As of September 2023 there were fewer than 130 persons on this measure, 99 of whom were in the Northern Territory.

Table 5. Persons subject to Vulnerable Welfare Payment Recipients (General) Income Management, 29 September 2023

State	Persons
NSW	8
Victoria (b)	<10
Queensland	6
WA	11
SA (a)	<5
NT	99
Total (est.)	130

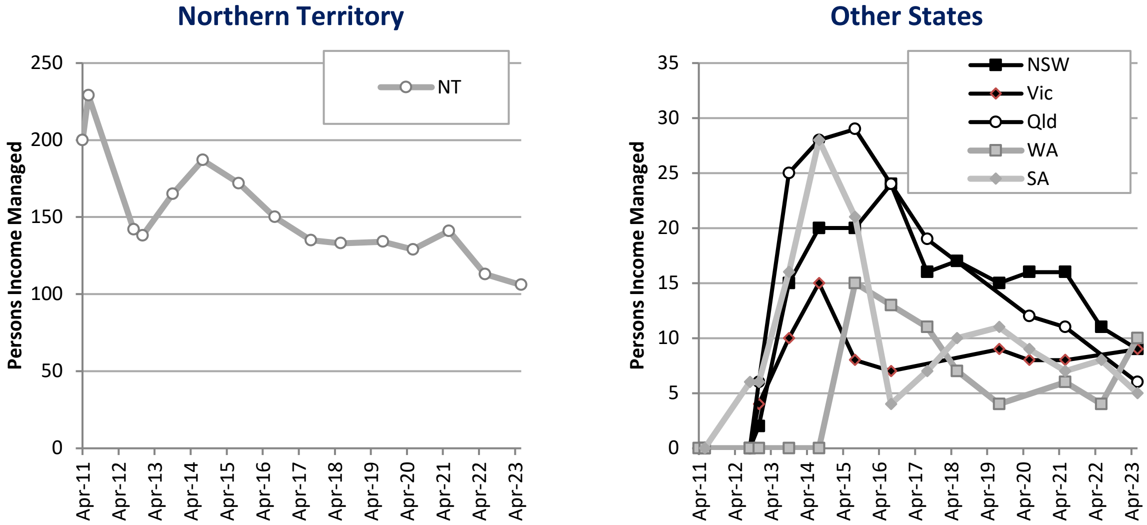
(a) The department does not publish the number of recipients if they are between 1 and 4.

(b) Estimated from June and September 2023 data.

Source: DSS 2023

While there was an initial high peak of some 230 persons on this measure in the NT in mid-2011, see Figure 8, there has been a general, although variable, decline to somewhat half this number in 2022 and 2023. Of note was a dip in 2012 which followed the Commonwealth Ombudsman review which noted: “Some of the decisions we reviewed did not address all of the required legislative criteria and lacked a sound evidence base” (Commonwealth Ombudsman 2012, 1). Also , as illustrated in the figure while varying in pattern in the other states there is an overall pattern of a decline from a total peak in 2014 and 2015 of some 90 persons to some 40 or so in 2023.

Figure 8. Persons on Vulnerable Welfare Payment Recipients (General) Income Management 2011-2013.



Source: Refer 'Notes on Data'

Evaluation

This program was considered in the **SPRC/ANU/AIFS (2014)** evaluation of New Income Management in the Northern Territory. This found that the program had the potential, when delivered in association with other supports, to improve outcomes for some highly vulnerable people. It emphasised however that the program was effectively palliative, and did not address the underlying problems these people faced. Drawing upon the assessment of DSS social workers and others involved in delivering the program the evaluation noted:

> Evaluation evidence is that income management that assessed Vulnerable Income Management can provide a degree of "harm minimisation" and can help to reduce, but not eliminate, financial harassment. However, it does not address the underlying chronic difficulties of the clients which, in their view, require a high level of support that is often not available. …Centrelink staff value assessed Vulnerable Income Management as an option for vulnerable clients without seeking legal guardianship or similar measures. (Bray et al 2014, 311)

It came to the conclusion:

> The evaluation evidence indicates that the targeting of assessed Vulnerable Income Management has been effective at identifying a group of highly vulnerable individuals. For a number of people in this small group (around 150 at any one time) some positive outcomes from income management have been reported. At the same time the evidence we have collected suggests that while income management is one of the tools that can assist in harm minimisation for this groups, they also need other supports. Furthermore, it is unlikely that income management can effectively build the capabilities of this group, but rather they will need this intervention on an ongoing basis. (p. 319)

The program was also considered by the **Deloitte Access Economics (2015)** evaluation of Place Based Income Management, although the scope of consideration was significantly limited by the very small numbers on the program at the time. From their stakeholder interviews and focus groups they reported on the four elements of PBIM as follows:

> The VIM measure appears to have achieved the most appropriate outcomes for customers, but there are concerns surrounding customer dependency. The VULN-SWA [SWA (Social Worker Assessed) = Vulnerable Welfare Payment Recipients (General)] achieved some positive outcomes, while the VULN-AT [AT (Automatic) = Vulnerable Welfare Payment Recipients (Youth) measure was perceived to be mostly detrimental for young people, and the CPIM measure not used. (Deloitte Access Economics 2015, 60)

They further reported that “stakeholder consultations did note that, while there was initial reluctance to participate, VULN-SWA participants did often come to realise positive impacts as well” (p. 65).

However as indicated they were unable to undertaken any evaluation of the actual impact of the program.

Vulnerable Welfare Payment Recipients (Youth) Income Management

Social Security (Administration) (Enhanced Income Management Regime - Commonwealth Referrals and Exemptions) Determination 2023

As with the 'General' provision of Vulnerable Welfare Payment Recipients Income Management this program operates in the Northern Territory, in the 5 PBIM locations, and the Anangu Pitjantjatjara Yankunytjatjara (APY) Lands (South Australia) and Ngaanyatjarra (NG) Lands (Western Australia). However in contrast to the 'General' provision which individually assesses people to determine whether or not they have a need for, and can potentially benefit from, income management this uses automatic assignment based on the characteristics of the income support payment the young person is on. Specifically this program applies compulsory income management to young people who are:

- Aged 16 to 21 years receiving Youth Allowance, Disability Support Pension or ABSTUDY at the UTLAH (Unreasonable to Live at Home) rate[12].
- Aged under 16 years receiving Special Benefit.
- Aged under 25 years who have received a crisis payment following release from imprisonment or psychiatric confinement.

This element did not form part of the original income management suite of programs, being introduced in the Northern Territory, and the Placed Based arrangements in July 2013. While it does not appear that the department has released any data it would appear that most of the people on this program have been placed under the first criteria – receipt of an UTLAH rate of payment (Bray et al 2014, 53 & Deloitte Access Economics 2014, 62).

In contrast to the other elements of income management most persons on this measure are in Queensland, Table 6, which shows 411 out of the estimated 955 persons on the program reside in that state. Within Queensland these were mainly in Logan (280).

12 This provision is triggered when a young person cannot live at the home of either or both their parents because:

. "of extreme family breakdown or other similar exceptional circumstances, OR

. it would be unreasonable to expect the person to do so as there would be a serious risk to his or her physical or mental well-being due to violence including family violence, child abuse, sexual abuse, neglect or other similar unreasonable circumstances, OR

. their parents are unable to provide the young person with a home because they lack stable accommodation." Australian Government 2023, §3.2.5.30)

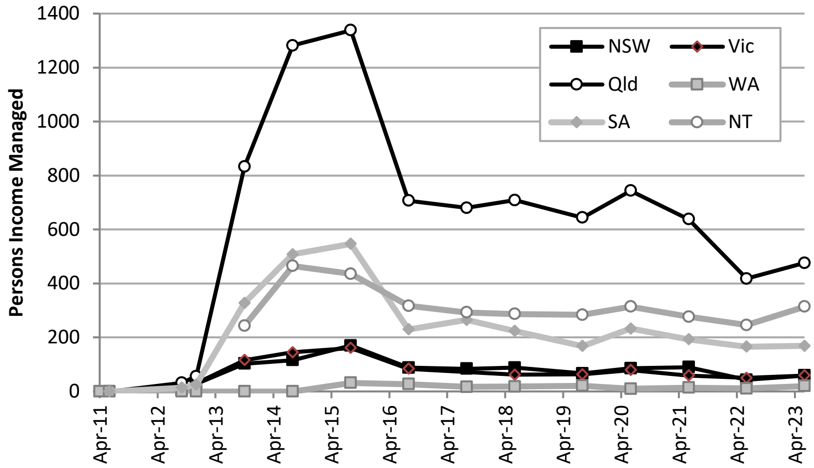
Table 6. Persons subject to Vulnerable Welfare Payment Recipients (Youth) Income Management, 29 September 2023

State	Persons
NSW	53
Victoria	61
Queensland	411
WA	25
SA	132
NT	270
Total (est.)	955

Source: DSS 2023

As an automatic process the number on this measure show some greater stability over time, although, as illustrated Figure 9, the program has had declines in all locations from the peaks recorded in 2014 and 2015. There appears to be no explanation of these trends over time.

Figure 9. Persons on Vulnerable Welfare Payment Recipients (Youth) Income Management 2011-2013.



Source: Refer 'Notes on Data'

Evaluation

Again because of timing this sub-program it was only briefly considered by the **SPRC/ANU/AIFS (2014)** evaluation, this did though report that those on the "automatic Vulnerable measure, in particular those on the Unreasonable to Live at Home measure, do not appear to have particularly poor financial management outcomes" (Bray et al 2014, 310).

This program was the major element of the Place Based Income Management programs which were evaluated by **Deloitte Access Economics (2015)**. With regard to the use of the automatic assignment of young people onto this measure because of the type of income support they received this reported:

> Overall, the evaluation repeatedly found that the automatic trigger approach drew individuals into the trial who were not in need of its assistance and, therefore, did not respond – or at times responded negatively – to its application (Deloitte Access Economics 2015, 66)

This reflected its more detailed assessment of the impact of the PBIM initiatives as a whole and the differential impact at times for the elements of the program, which found, as cited in discussion of the 'General' VWPR, that while there were some positive outcomes from Voluntary Income Management (although not necessarily in terms of actual impact on adverse spending) and a stakeholder view that Vulnerable Welfare Payment Recipients (General) recipients may also gain, this was not the case for Vulnerable Welfare Payment Recipients (Youth) participants. Specifically it reported that:

> Survey results indicated that PBIM did not appear to have a substantial or sustained impact on the level of alcohol, tobacco or gambling consumption, although face-to-face interviews confirmed that it had been effective for some individuals.
>
> A resounding finding of the evaluation was that outcomes differed substantially between VIM and VULN customers. The most positive outcomes of participation in PBIM appeared to be realised by those who voluntarily opted-in (VIM). That said, stakeholder consultations did note that, while there was initial reluctance to participate, VULN-SWA participants [Vulnerable Welfare Payment Recipients (General)] did often come to realise positive impacts as well.
>
> The VULN-AT [Vulnerable Welfare Payment Recipients (Youth)] participants, however, were less likely to report that PBIM had a positive impact on their life. Multiple sources of data suggested that PBIM was often not viewed as an appropriate tool to assist these individuals in realising the key objectives of the PBIM trial. (p. 65)

Disengaged Youth & Long Term Welfare Payment Recipient

Social Security (Administration) (Enhanced Income Management Regime—Commonwealth Referrals and Exemptions) Determination 2023

These are the two main forms of income management and apply in the Northern Territory, being introduced in 2010 to replace the former Northern Territory Emergency Response Income Management which operated in 'prescribed areas' in the territory since 2007.

It has two elements, and applies to people on: Youth Allowance, JobSeeker Payment, Special Benefit and Parenting Payment.

- Disengaged Youth (DY) – persons aged under 25 years who had been on a payment for at least 13 out of the previous 26 weeks
- Long-term Welfare Payment Recipients (LTWPR) – persons aged 25 and over who have been on a payment for at least 52 out of the previous 104 weeks.

The program has some scope for exemptions. The main group with exemptions are non-Indigenous women in receipt of a parenting payment.

While the program operates only in the Northern Territory, once a person has been placed on the measure it continues to apply to them while they remain on income support even if they change location, as a consequence, as shown in Table 7, a number of recipients are resident in other states.

Table 7. Persons subject to Disengaged Youth & Long Term Welfare Payment Recipient Income Management, 29 September 2023

State	Disengaged Youth	Long-term Welfare Payment Recipient
	Persons	
NSW	<5	13
Victoria	9	10
Queensland	20	58
WA(a)	136	505
SA	11	61
NT	4,764	15,117
Total (est.)	4,950	15,800

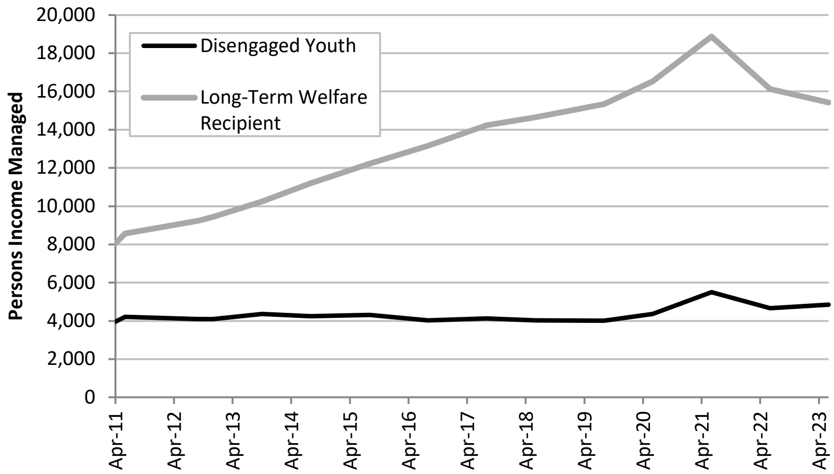
(a) These are mainly in the Ngaanyatjarra (NG) Lands in Western Australia, which abut the NT border.

Source: DSS 2023

The departmental data on the program appears to have ceased detailing the proportion of persons on each of the different programs by Indigenous status in 2014. As at August 2014 89.0 per cent of those on Disengaged Youth Income Management were Indigenous, as were 86.5 per cent of those on Long Term Welfare Payment Recipient Income Management. More aggregate data was published up until the end of 2019, at which point 83 per cent of all persons on income management in the Northern Territory identified as Indigenous. This represents some 18,500 persons, 33.7 per cent of the estimated Aboriginal and Torres Strait Islander population aged 15 years and over who live in the Northern Territory.

As illustrated in Figure 10 the number of people subject to these measures in the Northern Territory has increased over time (although with a COVID-19 related peak in 2021) with some 20,000 people on these forms in income management in 2023, compared with some 12,000 when the program was introduced.

Figure 10. Persons in the Northern Territory on Disengaged Youth & Long Term Welfare Payment Recipient Income Management, 2011 to 2023



Source:

Evaluation

These two programs were the focus of the **SPRC/ANU/AIFS (2014)** evaluation of New Income Management in the Northern Territory. This is the only substantive evaluation of these programs.

In large part the evaluation reported on the program as a whole, identifying at times the smaller sub-programs where there were significantly different results, however given the weight of these two programs, the overall findings broadly reflect their impact. The report summarised its findings as:

- The evaluation could not find any substantive evidence of the program having significant changes relative to its key policy objectives, including changing people's behaviours.
- There was no evidence of changes in spending patterns, including food and alcohol sales …
- There was no evidence of any overall improvement in financial wellbeing, including reductions in financial harassment or improved financial management skills…
- More general measures of wellbeing at the community level show no evidence of improvement, including for children. Data was collected on the incidence of problems in families due to alcohol, drugs and gambling. This was analysed as to whether there were any problems, and whether there were severe problems. All the groups reported a relative reduction in the incidence of there being any problems, but no change or an increase in severe problems (Bray et al 2014, xxi)

And finalised its summary as:

> Conclusion
>
> The evaluation data does not provide evidence of income management having improved the outcomes that it was intending to have an impact upon. Indeed, rather than promoting independence and the building of skills and capabilities, New Income Management in the Northern Territory appears to have encouraged increasing dependence upon the welfare system. (p. xxii)

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Attachment B: Impact of Income Management on Community Outcomes in the Northern Territory

Since the end of 2008 some one third of the Northern Territory Aboriginal population aged 15 years and over has been on income management at any one time, with these programs commencing in 2007.

As these programs are directed at improving the outcomes of these individuals, and the communities in which they live, the impact of the program should be reflected in these community outcomes.

These outcomes are considered here in terms of the trends in low birthweight, child vulnerability, school attendance and imprisonment.

Low Birthweight

Figure 11 reports the proportion of low birthweight babies for the Indigenous and non-Indigenous populations in the Northern Territory and Australia as a whole over the period 2006 to 2020. The data is presented as two, overlapping series, as there was a change in the specification of the indicator[13].

The AIHW (2018) explain the importance of this indicator as 'babies who are born with low birthweight are at greater risk of poor health, disability and death than other babies,' and further reports that 'low birthweight is a risk factor for neurological and physical disabilities, with the risk of adverse outcomes increasing with decreasing birthweight… The health effects of low birthweight can continue into adulthood. Research has found an increased risk of Type 2 diabetes, high blood pressure as well as metabolic and cardiovascular diseases'.

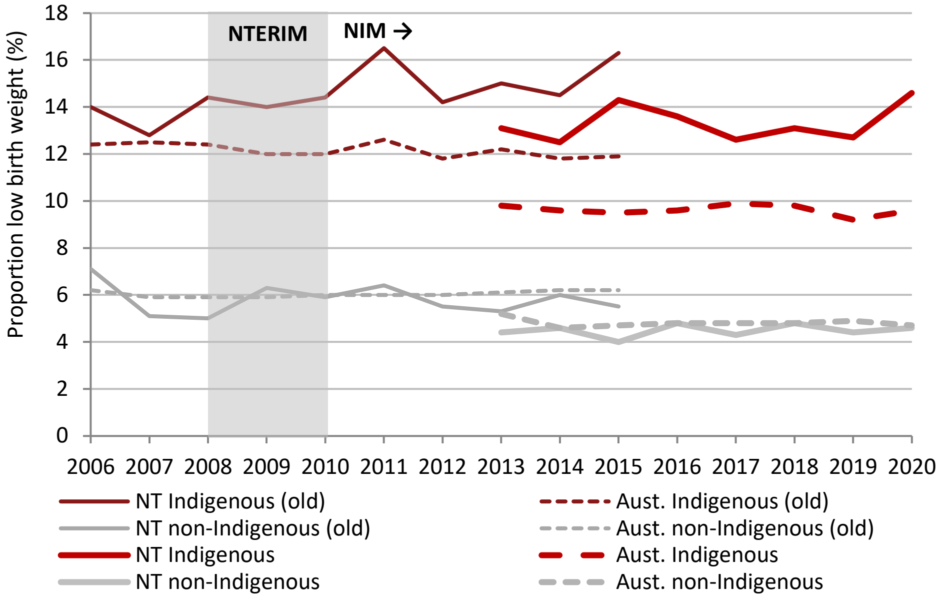
The series shows:

- The proportion of Indigenous low birthweight births in the Northern Territory has increased over the period since the initial introduction of income management under the NTERIM.
- The gap between the incidence of Indigenous low birthweight between the Northern Territory and in other locations in Australia has increased.

This trend not only points to worsening current outcomes in the Northern Territory since the introduction of income management, but also highlights the extent to which the current policy environment, given the known linkages between low birthweight and lifetime outcomes, is generating problems which will have repercussions into the future.

13 The initial data series is for all children of Indigenous mothers, while the second, more recent, series if for singleton Indigenous children (whether or not the mother is Indigenous). The use of data for singleton births is to isolate the trends from any changes in the proportion of births which are multiple births, where low birthweight is more common.

Figure 11. **Low Birthweight, Indigenous and non-Indigenous births, Northern Territory and Australia, 2006-2020**



Source: AIHW (2018), AIHW & NIAA (2022, Table D1.01.20) and PC (2023, Table CtG2A.1)

Research (Doyle, Schurer and Silburn 2022) reports, from analysis of the impact of the initial roll-out of income management under the NTER, that "exposure to the income management policy reduced average birthweight robustly by 85 g and increased the risk of low birth weight by 3 percentage points" (p. 1). They further reported that this was not explained by behavioural change such as maternal risk behaviour, but was most likely attributable to "acute income insecurity and stress during the rollout period, exacerbating the existing health inequalities it sought to address" (p. 1).

Additional data indicates that infant (children under one year of age) mortality rates in the Northern Territory between 2017-19 remain at a level above that recorded in 2008-10. (AIHW & NIAA 2022, Table D1.20.9), and while fluctuating there was little change in the mortality rate for children aged 0 to 4 years between 2008 and 2019 (Table D1.20.16).

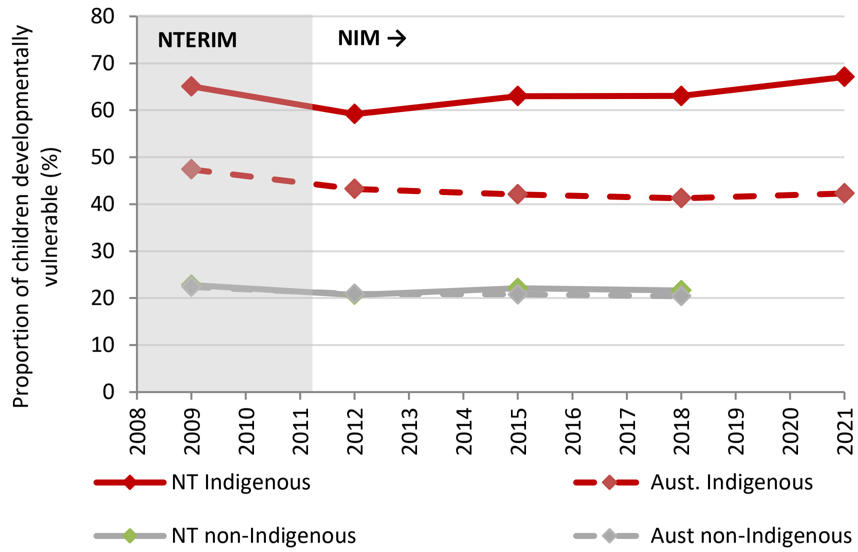
Child development - vulnerability

Figure 3 reports the proportion of Indigenous and non-Indigenous children in the Northern Territory and Australia as a whole that assessed as being developmentally vulnerable, at age four, through the Australian Governments Australian Early Childhood Census (AEDC), over the period 2009 and 2021[14]. The data indicates that a high proportion, over two-thirds, of Indigenous children in the Northern Territory in 2021 were assessed as being developmentally vulnerable on at least one domain. This proportion, 67.1 per cent, is higher than the 65.1 per cent recorded 12 years earlier in 2009 when the AEDC was first undertaken. Of particular note is the emergence of an increasing gap between Indigenous children in the Northern Territory, and Indigenous children in Australia as a whole for whom the proportion fell from 47.4 per cent to 42.3 per cent. That is, the trend in the Northern Territory since 2012 runs counter to the overall decline in vulnerability experienced by Indigenous children nationally.

14 The AEDC has been conducted every three years since its introduction in 2009.

While the 16.4 per cent of Aboriginal and Torres Strait Islander children who were assessed as being on track in all domains in 2021 was a little above the 13.1 per cent in 2009, over the same period nationally the rate for all Indigenous children increased from 25.5 per cent to 34.3 per cent, still however well below the 56.2 per cent for all non-Indigenous children (PC 2023, Table CtG 4A.1).

Figure 12. Children commencing school, Proportion developmentally vulnerable on one or more domains, 2009 to 2021



Source: 2009-2015: AIHW (2018, Children's Headline Indicators), 2018 (AEDC data extraction), 2021: PHIDU (2022, Table Early_childhood_development)

School attendance

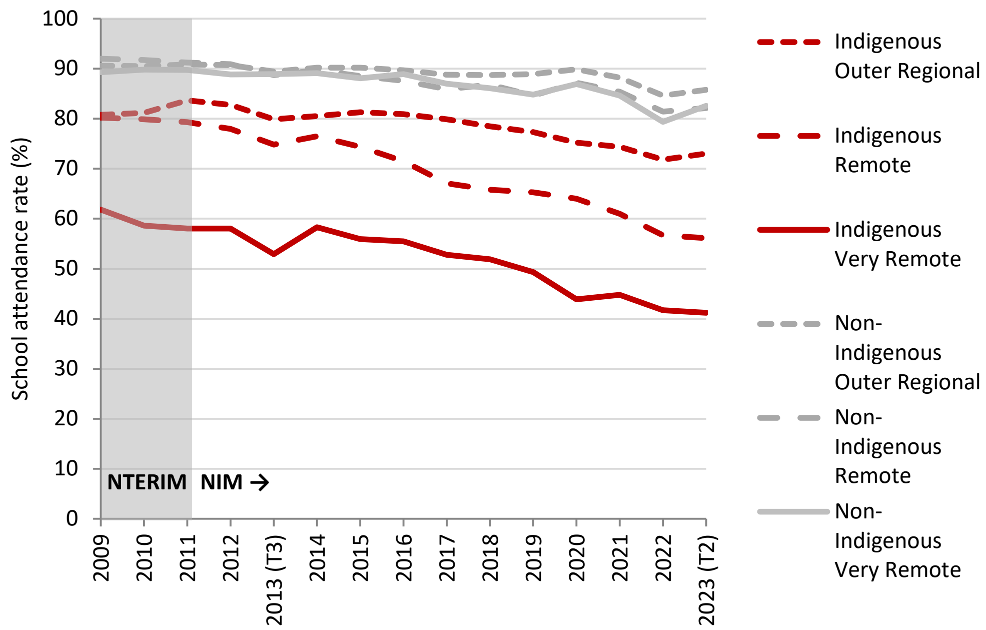
Figure 13 presents data on school attendance in the Northern Territory between 2009 and 2023.

This points to strong declines in the rate of attendance by Indigenous children, in particular in remote and very remote locations. In these latter the rate has fallen from over 60 per cent to just over 40 per cent. While the data also shows a decline in attendance by non-Indigenous children the magnitude of this is very significantly smaller

While not covering the full time period of income management, an insight to possible earlier impact can be gained from the analysis of the Northern Territory Department of Education data on school attendance at schools that were in the prescribed areas subject to the NTERIM. The official Australian Government Department of Families, Housing, Community Services and Indigenous Affairs (FaHCSIA) evaluation of the NTER reported, from their analysis of this, that 'there has been no observable improvement in school attendance between 2006, before the NTER was introduced, and 2010, the last full year for which data are available' (ACER 2011, 292).

Taken together this would suggest that the result of a strong decline in school attendance by Aboriginal and Torres Strait Islander children in the Northern Territory holds across the whole of the period of income management

Figure 13. Northern Territory school attendance for Indigenous and non-Indigenous children by remoteness, 2009–2023



Notes: The Northern Territory Department advises that new enrolment and attendance processes were introduced in 2013. As a consequence 2013 represents a break in series and therefore enrolment and attendance data prior to 2013 cannot be directly compared to 2013 or onwards datasets. This break is not considered to significantly impact the analysis presented here, with the trends before and after this break being consistent. Data for Term 3 only is used for 2013 because of this. Data for Term 2 2023 is the latest available.

Data covers Early Years, Primary Years, Middle Years and Senior Years.

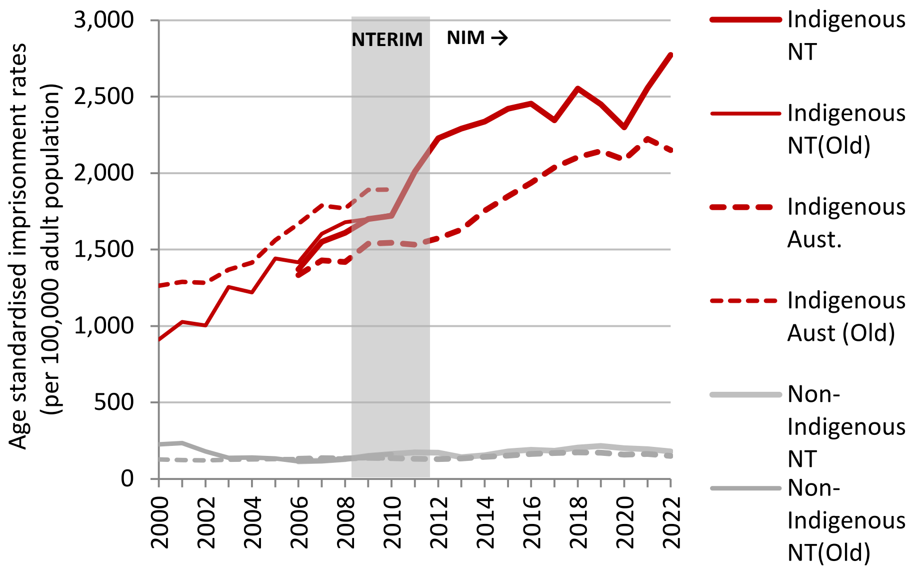
ARIA remoteness categories. Outer Regional comprises Darwin and Palmerston.

Source: NT Department of Education (various, Enrolment and attendance statistics).

Imprisonment

Figure 14 reports the age standardised imprisonment rates for the Northern Territory and Australian Indigenous adult populations, and the non-Indigenous imprisonment rate for the Northern Territory, over the period 2000 to 2022. The rate of imprisonment of Indigenous adults in the Northern Territory is much higher than the rate of imprisonment of non-Indigenous adults and the difference has dramatically widened since 2000. Furthermore since the introduction of the Northern Territory Emergency Response Income Management (NTERIM) in 2007 and subsequently New Income Management imprisonment rate for Indigenous people in the Northern Territory has increased relative to the rate for Indigenous people in Australia as a whole.

Figure 14. **Age standardised rates of imprisonment by Indigenous status, Northern Territory and Australia, 2000 to 2022.**



Note: 'Old' refers to the previous series. Large revisions tor Indigenous series have arisen due to revisions of the population estimates, which are used to derive rates, following each census.

Source: ABS, Prisoners in Australia, Cat. No. 4517.0, 2008, 2012, 2020 & 2022

In addition data on more specific crime, while volatile over time, shows no consistent positive trends, and indeed in 2022 the Indigenous assault victimisation rate in the Northern Territory was the highest recorded in the series commencing in 2008 (ABS 2022b, Table 23). While recorded crime rates can be affected by reporting this trend would appear to be confirmed in data on hospital admissions due to assaults over the period 2008 to 2018 (NT Health 2022, Figure 1).

Conclusion

The above key indicators[15] of community outcomes for Indigenous people in the Northern Territory confirm the findings of the evaluation of 'New' Income Management of an absence of any improvements in community outcomes associated with income management, even after a further decade of the program's operation. Indeed rather than improving outcomes many of the indicators point to worsening outcomes.

[15] A broader set of indicators is reported on in Bray (2020).

References – Attachment B

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Attachment C: Commentary on the Impact Analysis.

The Explanatory Statements for each of the Determinations contains a reference to an Impact Analysis having been prepared , referring to a Department of Social Services document "Reforming the Cashless Debit Card and Income Management" in October 2022 (DSS 2022)[16]. An "Impact Analysis Executive Summary" is attached to the end of the Statement.

We have three concerns with this:

- In large part the document is concerned with the Cashless Debit Card, rather than the Income Management Programs these Determinations relate to. This is particularly marked in the actual 'Executive Summary' document which is attached to the Explanatory Statements, which does not address any of the actual programs, other than the role of Voluntary Income Management in the context of the abolition of the Cashless Debit Card.
- To the extent the underlying documents refer to the future of income management there is no reference to the continued application of the compulsory measures the Determinations put in place.
- The departmental summarisation of the evaluation findings significantly distorts the findings from the evaluation of New Income Management in the Northern Territory, only reports the findings of the evaluation of the Place Based measures with respect to voluntary income management, and neglects to mention the strong critique of the evaluation of the Cashless Debit Card by the Auditor General (2018 & 2022)

Here we address the second two.

Proposed future arrangements for income management

The Explanatory Statement indicated that 'Option 2' of the Impact Analysis is the preferred option. Key elements of this option are (DSS 2022):

> *3.2.5 Transition from mandatory to voluntary IM*
>
> *Similar to the CDC transition, people in the IM site will be able to transition off IM. The Government will consult on the appropriate way to transition to a voluntary IM system. People will cease being placed onto the IM program, and existing participants will be transitioned off in a staged approach. Changes will be communicated to all affected participants and they will be supported throughout. Support services will be available 12 months prior to removal off IM to provide digital and financial literacy support.*
>
> *Services Australia and the Department will undertake community engagement in each region prior to transition in order to:*
>
> *• provide participants with information on the transition,*

[16] Available at https://oia.pmc.gov.au/sites/default/files/posts/2022/10/Regulation%20Impact%20Statement_1.pdf

• inform participants on their option to volunteer for IM, and

• refer vulnerable participants to local support services where needed

The Minister will consult with states and territories as each IM measure currently has a legislative instrument to operate in the relevant state or territory. The implementation of two measures - Child Protection and SPaR – relies heavily on the cooperation of state and territory-run authorities to refer relevant individuals to the program.

Community model for referrals to IM will also be explored (subject to future consideration by government). The Government will consult with communities whether they want a community model for referrals. This will mean communities could make determinations on who should be on the program, how long they should be on it and what level of quarantining should apply.

3.2.6 Opt-in referral based IM arrangements

An opt-in community based IM referral model would enable a suitable community authority or representative body to make referrals to IM or facilitate voluntary participation in IM. This could be similar to the existing model employed by the FRC in Cape York where individuals are referred to Income Management based on their individual needs. Alternatively, the opt-in approach could see a model that supports a collective community decision to opt in to IM for all eligible community members, where the community determines that IM is a useful tool to assist the community.

Such models would require several months of deep and thorough consultation to test the community support and capacity for such a model. Depending on the model, compulsory referral by community to IM would require Commonwealth or State legislation to authorise such powers for opt-in communities.

Final proposals will be determined through consultation and subject to future consideration by government. Based on the models chosen and the number of communities that choose to opt –in, the population figures in this regulatory costing could be less.

Consideration

The essential question is how does this relate to the provisions in the Determinations which extend Compulsory Income Management in the Northern Territory until July 2026, and the other program elements for a decade?

Given it is now a year from the date of the document there is also a question of what is the status of “several months of deep and thorough consultation”, and to what extent has this been community led?

Reviewing the Department of Social Services summarisation of the evidence on income management

In addition to a discussion of policy options the document provides the department's summaries of the evidence base derived from evaluation studies. These are considered below. In each case the italicised text is taken from the document.

Income Management

The document states:

> *Income Management evidence*
>
> *Between 2010 and 2019, seven evaluations of IM have been undertaken or commissioned by the Department. Evaluations for the most part, have been region based and considered compulsory and voluntary income management models. Findings across evaluations have been relatively consistent and included both positive and negative findings….*
>
> *The New Income Management in the Northern Territory: First Evaluation Report, by the University of New South Wales Social Policy and Research Centre, was released in 2012. The evaluation found few indicators of strong or consistent impacts of IM, rather, they found there have been diverse outcomes that affect a wide range of people and inconsistent range of views and experiences. First Nations people subject to IM reported strong perceptions to improvements in the wellbeing of children in their community and ability to afford food. Amongst First Nations people, 59 per cent on voluntary IM felt that IM had made things better, compared to 36 per cent on compulsory IM. Consistent with the First Evaluation Report the other evaluations found perceived improvements to access to children's clothing and education, decreased crime rates, reduced opportunities for humbugging and reduced access to alcohol and tobacco. (DSS 2022, 18)*

This reporting can only be considered to be a deliberate attempt to mislead.

In the first instance it only cites the first of the SPRC-led consortium reports in New Income Management in the Northern Territory (NIM), that is the initial interim report (Bray et al 2012), and fails to make mention, or cite, the final report based upon the completed evaluation which concluded:

> The evaluation data does not provide evidence of income management having improved the outcomes that it was intending to have an impact upon. Indeed, rather than promoting independence and the building of skills and capabilities, New Income Management in the Northern Territory appears to have encouraged increasing dependence upon the welfare system (Bray et al 2014, xxii)

More specifically the cited findings misrepresent what was reported. Specifically the evaluation in the interim first report, while noting the perceptions of some gains, went on to provide more detailed analysis of these perceptions relative to actual changes in outcomes. From this it concluded: "For Indigenous people on income management there is a clear tendency for the perceived change to be substantially larger than their actual change in outcome" (Bray et al 2012, 195). The evaluation then cited other research which found that this was the case. This included the 2011 evaluation of the NTER which had been commissioned by the department, and noted: "the NTER evaluation found that participants in NTER communities had much more positive views about the effects of the NTER in relation to factors such as school attendance than were actually reflected in the rates of school attendance" (p 196).

- For the department to cite only the perceptions without any reference to the fact that this was presented as part of a discussion which compared these with other results and where the evaluation found that these did not accurately reflect actual outcomes, is highly selective leaves the reader with an erroneous understanding of the evaluation findings.[17]
- More generally the finding reported about the divergence of perceived change and actual change raises very significant doubts about the value of a number of other studies (including the CDC as discussed below) which have heavily relied upon this methodology and failed to use objective data.

The question of outcomes was examined much more comprehensively in the second evaluation report, which as noted above is completely omitted from the departmental summary. For example:

- Using detailed longitudinal analysis with a control population, the evaluation found that amongst those on compulsory income management there was no statistically significant change, over the two year period of income management studied, in the incidence of problems for families with regard to alcohol, drugs and gambling, when these were analysed individually, and that although there was a statistically significant improvement in the extent to which any one of these was a "problem", that this was not sustained for the analysis of whether the family had a "very big" problem, and indeed the sign of this was negative (Bray et al 2014, 185). Again within this group statistically significant negative movements – that is an increase in problems – were identified in terms of children in the community attending school, being looked after properly, and at the community level of "hassling for money" (p. 186). Looking at the incidence of financial problems in the past four weeks the evaluation found that while there were gains reported in terms of running out of money for food, paying bills and problems because of giving money to others, only the last of these was statistically significant, and in policy terms needs to be balanced against the other item in the scale which was not having to ask others for money for essentials. Here the evaluation found a statistically significant increasing incidence of the problem. That is while these compulsory participants reported being humbugged less, they themselves actually humbugged more.

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17 The department's approach here can only be considered to be a deliberate attempt to misrepresent the findings.

The preceding text to the table from which the data is drawn states: "While questions about perceptions of change can provide a valuable insight into what has occurred, it also needs to be recognised that reported perceptions can at times be fallible and may reflect more general issues of outlook or other changes in the environment in which people live. In this study this can be tested by comparing the responses to the questions on change in the incidence of running out of money to purchase food with the extent people felt it had become easier or harder to have enough money for food. This is demonstrated in Figure 10-1 which shows, for a range of population subgroups, the rate of reported net improvement with respect to whether they ran out of money for food (Table 10-5) with the net change in their perception of whether it was easier to have enough money for food (Table 10-7)" (Bray et al 2012, 194-195) This was then followed on by further discussion of the limitations of perceived change, including reference to earlier findings from other studies.

- The evaluation also (pages 209-235) examined a wide range of indicators relating to education, child health and well-being, crime and alcohol and concluded: "When the data are taken as a whole, not only does it suggest that there has been very little progress in addressing many of the substantial disadvantages faced by many people in the Northern Territory, but it also suggests that there is no evidence of changes in aggregate outcomes that can plausibly be linked to income management" (p. 235).[18]
- The evaluation reported from a detailed analysis of spending across a network of remote stores, that relative to levels of income management in these communities over time "the evaluation could not identify any change in the tobacco sales which can be attributed to income management" (p. 147). In looking at community wide data, it cited ABS data which showed no decrease in the self-reported rate of smoking or risky drinking by Indigenous adults in the Northern Territory between 2004-05 and 2012-13[19].

This summary also neglects to mention the evaluation of Place Based Income Management (PBIM) which was conducted by Deloitte. This was the only other evaluation which utilised a robust longitudinal approach. Key findings (Deloitte 2015) included:

> … for VIM [Voluntary Income Management], participation in PBIM had a significant and positive impact on financial management capability. For example, over time, VIM customers were significantly less likely to run out of money before payday or have enough money to pay rent or mortgages. Further, VIM participants improved their confidence in both saving and spending over time. Such improvements were not noted for surveyed VULN [Vulnerable Income Management] customers over time …
>
> The longitudinal survey did not find sustained, significant impacts on self-reports of smoking, drinking or gambling habits across any of the measures. (p. 56)
>
> the longitudinal survey did not find evidence of any direct improvements in the care or education of children for participants on any measure' (p. iv)

So returning to the claims in the departmental summary:

- *improvements to access to children's clothing and education*: <u>Evidence:</u> **NIM:** No improvements in actual levels of school attendance. **PBIM:** No evidence of improvement in care or education of children.
- *decreased crime rates*. <u>Evidence:</u> **NIM:** No change in crime rates and increasing rates of imprisonment of Indigenous persons in the Northern Territory.

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18 This and related and updated data was again reviewed in Bray (2020) which concluded:

"if the program has achieved its objectives it would be expected that there would be a range of improved outcomes across a number of domains including with respect to child health and wellbeing and education, in terms of risky alcohol consumption and in anti-social activity including criminality.

As has been presented in the preceding sections there is an absence of evidence of any such gains. In fact there been negative trends in a number of key outcomes for Indigenous people living in the Northern Territory including infant mortality, low birthweight children, injury deaths, substantiated child abuse and neglect notifications, and school attendance. Furthermore where there have been some gains, for example educational achievement as measured by NAPLAN results, these have been well below those recorded by Indigenous children living in other locations which have not been subject to income management" (p. 39)

19 Bray (2020, 32) notes that there is however some debate about the quality of the ABS NATSISS data from which this is derived.

- *reduced opportunities for humbugging*: Evidence: **NIM:** Evidence of worsening at community level reported by those on compulsory income management, while at the individual level although this group reported a decrease in being subject to humbugging, they also reported an increase in their own humbugging.
- *reduced access to alcohol and tobacco*. Evidence: **NIM:** No association between level of income management and tobacco spending in remote stores, no statistically significant decrease in alcohol as a problem for families for those on compulsory income management, trend sales of alcohol declined consistent with trends established before introduction of any income management. **PBIM:** No improvements in self-reported smoking, drinking or gambling.

The DSS "Reforming the Cashless Debit Card and Income Management" (DSS 2022) summarises the findings of evaluation of the Cashless Debit Card as follows:

> *Cashless Debit Card evidence*
>
> *Evaluations of the CDC program have reported both positive and negative findings. Reviewing previous evaluation activities, the ANAO audit report found that while the Department's administrative oversight of the CDC program is largely effective, the Department was not able to demonstrate that the CDC program is meeting its intended objectives.*
>
> *The second impact evaluation of the CDC in Ceduna, East Kimberley and the Goldfields Region was undertaken by the University of Adelaide. It commenced in November 2018 and was released in February 2021. The evaluation found evidence of reductions in alcohol consumption and gambling, and suggestions of a reduction in the use of illicit drugs.*
>
> *Twenty five per cent of surveyed CDC participants who reported they drink alcohol reported reducing the amount they drink at any one time, and 22 per cent reported reducing the number of times they drink. Twenty one per cent of survey respondents reported a positive change in gambling behaviours for either themselves, family, friends or the community where they live. The report did not find any clear effect on child welfare. Forty six per cent of CDC participants reported they did not drink at all, either before or after they were put on the card. The evaluation also found that CDC participants reported experiences of stigma and discrimination. Of those surveyed 74 per cent of CDC participants wanted to opt out, although the majority of survey respondents (made up of stakeholders and participants) supported the continuation of the CDC in some form.*
>
> *The evaluators noted that analysis had been constrained by limitations of available data. The evaluators noted that a range of programs and policies impact on outcomes in CDC regions, making it more complicated to attribute impacts to the CDC.*
>
> *These findings of the second impact evaluation, including data limitations, were consistent with those of the first impact evaluation undertaken by ORIMA Research on the CDC in the Ceduna and East Kimberley regions.*
>
> *Feedback from consultations are that some people are finding ways around the card's restrictions to continue purchasing drugs or alcohol or to gamble. Examples include*

> *people finding a merchant who is prepared to overcharge for a product and provide cash back to the CDC participant. There are also anecdotal reports of people bartering with the card, by purchasing unrestricted goods such as groceries for a person who then pays them cash in return. These activities are hard to identify, and reports of people successfully applying workarounds to access cash have continued over the life of the programs.*

With regard to the CDC and the initial ORIMA evaluation, the Auditor-General reported that "The Department of Social Services largely established appropriate arrangements to implement the Cashless Debit Card Trial, however, its approach to monitoring and evaluation was inadequate" (Auditor-General 2018, 8). This was further detailed as:

> Arrangements to monitor and evaluate the trial were in place although key activities were not undertaken or fully effective, and the level of unrestricted cash available in the community was not effectively monitored. Social Services established relevant and mostly reliable key performance indicators, but they did not cover some operational aspects of the trial such as efficiency, including cost. There was a lack of robustness in data collection and the department's evaluation did not make use of all available administrative data to measure the impact of the trial including any change in social harm. (p. 32)

We detailed in our submission of 21 September 2017 to the Senate Standing Committee on Community Affairs: Inquiry – Social Services Legislation Amendment (Cashless Debit Card) Bill 2017 (Gray and Bray 2017), a number of specific criticisms of this project. These included: the lack of baseline data and a proper control population; the interviewing approach including the demand to see government identification papers; the confounding of several waves of population data which effectively rendered change in time data unusable; non-analysis of the apparent out-migration of some income support recipients; and the highly limited use of independent administrative data. In this latter regard we reported that while ORIMA had cited in some detail in a preliminary report SA police data indicating a decline in crime, in the final report when more comprehensive data was available, the evaluators simply sought to summarise this as: "the administrative data available in relation to the levels of criminal activity across the two Trial sites generally did not show evidence of a reduction in crime" (ORIMA 2017, 61), and sought to attribute this result to limitations with the crime data. We also cited the work of other researchers who have critiqued the evaluation. More generally we note that this study relied heavily on the type of perceived change questions which had been identified as highly problematic in the NIM evaluation.

The Auditor-General (2018), in addition to identifying faults in the evaluation approach, also provided the results of their own analysis drawing upon independent administrative data from a number of sources. This indicated that a number of the claims from this evaluation and in departmental advice were not robust. The Auditor-General specifically found that

- falls in alcohol related pickups were part of a longer term trend and not a program-specific outcome;
- ambulance pick-ups had actually increased rather than decreased; and
- school attendance by Indigenous children had fallen rather than increased (p. 45)

The second study of the CDC, undertaken by the University of Adelaide, has also been reviewed by the Auditor-General. The result of this was a recommendation that the "Department of Social Services undertakes an external review of the second impact evaluation of the CDC" (Auditor-General 2022, 62). The department disagreed with this indicating: "The author of the second impact evaluation, the University of Adelaide, the department and the ANAO have acknowledged the significant limitations of the evaluation due to availability of robust data, including data held by the state and territory governments" (p. 62). This departmental response however avoided commenting on the more important role of such an external review which is to allow for the review of the techniques used in the analysis and the extent to which the conclusions reported can be effectively sustained from the analysis. Given the methodological critiques of the report this is a major omission, in particular as the department continues to cite particular findings as indicative of the policy's impacts.

More specifically the Auditor-General reported:

> 4.25 The University of Adelaide made reference in its evaluation report to methodological limitations affecting the ability to draw conclusions about impact. These included: behaviours subject to strong social acceptability reporting biases; lack of experimental design in the trials; no quantitative survey of stakeholders and the broader non-CDC population; longer-term outcomes being assessed in a short study timeframe; community data limitations; concurrent CDC policies and initiatives making it difficult to identify whether it was the CDC that drove any observed changes; and lack of generalisability of the findings due to extensive use of qualitative methodologies. The evaluation report also stated that a challenge of the second evaluation was to gain the trust of CDC participants and stakeholders.
>
> 4.26 The ANAO also notes that in addition to social acceptability bias identified by the evaluators, participants were asked to recall their behaviours and attitudes prior to the introduction of the CDC, as well as reporting their current behaviours. This reliance on memory is subject to recall bias. A range of data sources including alcohol sales, emergency hospital presentations and wastewater monitoring were not used in the second evaluation at an aggregated level. (p. 59)

The Auditor-General in this report also made reference to the unpublished cost benefit analysis undertaken by The Centre for International Economics which it reported " concluded that 'Despite uncertainty around benefit estimates, the core conclusion that the benefits of the CDC are outweighed by the costs appears to be robust'" (p. 65). As best we can identify the department has to date failed to publish this report.

We also would strongly critique the University of Adelaide study.[20] A core issue is the heavy reliance on retrospective change questions to draw its conclusions. As we detail above these are not robust

[20] Here we only document a few of the issues we identify. In general, we consider that the evaluation failed to utilise the full range of data available to it, and while ostensibly mixed methods, did not well integrate the qualitative and quantitative data and indeed often appeared to overly favour the qualitative where this could not be sustained on the basis of the quantitative. In this regard we would note specifically that the usual collective presentation of 'stakeholder' views did not reflect the varying interests of the stakeholders, their actual knowledge of what had occurred, and the impact this had on their responses.

and this had been well established and documented prior to this evaluation. This is a particular problem for a number of their major conclusions on the incidence of social harm – including the claim that they had "consistent and clear evidence that alcohol consumption had reduced" (Mavromaras et al 2021, 65), in particular in the light of the conclusion that "The qualitative research uncovered little consensus as to whether the CDC is fulfilling its intended aim of reducing the social harm caused by alcohol misuse" (p. 62).[21]

We also note that, while the chapter this is reported in was headed "Perceived Impacts of the Cashless Debit Card", in the wording of the report these 'perceptions' had become 'evidentiary facts'. Similarly, while the researchers qualify this data early in their report as, "The accuracy of statements made by respondents has not been independently verified because the in depth interviews sought to gain an understanding of respondents' perceptions" (p. 19), they fail to do so when drawing conclusions.

The evaluation only made use of very limited independent data, with the report only including crime statistics for the Goldfields and East Kimberly. This showed marked, statistically significant, increases in crime, especially domestic violence in East Kimberly over the period of the operation of the CDC, and a statistically significant increase in domestic violence in the Goldfields (p. 120). In this section the evaluation went on to say "Notably, the present report does not include figures for Police outcomes in Ceduna and surrounds because no significant impacts were detected for any of the offence types" (p120). This we contend is a fundamental failure of the evaluation and breaches accepted academic practice – a null finding is just as meaningful as a finding of change – even more so when the policy which is being evaluated is designed to achieve change.

Conclusion

As noted in our introduction the document:

- Does not address the substance of the Determinations, and provides no rationale for them.
- Presents a highly distorted summary of the evidence base for the program, including ignoring the significant issues raised by the Auditor General, and engaging in selective citing of material to misrepresent evaluation findings.

21 While the evaluation also collected information on levels of reported alcohol consumption before and after the introduction of the CDC they do not report this on the basis of "It is widely recognised that any observed change over time that is measured this way will contain the individual impact of the CDC policy, but it will also contain the individual (and possibly independent of the CDC) impacts of other concurrent policies, as well as their possible interactions with the CDC policy" (p. 55). This rationale appears to be odd since this equally applies to reported change. Furthermore with regard to social desirability bias responses, while the two question approach is likely to net out much of the effect, the single question (which only itemised positive responses) will contain the full effect.

Some data is provided on this type of before and after basis from other questions. This indicated, for example, an increase in the use of illicit drugs from 6 per cent to 11 per cent (p. 70), and a balance of 15.6 percentage points to 8.5 percentage points in the proportion of people on the measure with worsening financial circumstances (p. 86). We further note that in the analysis presented in the report some of the major conclusions appear to be drawn from analysis which uses these questions to categorise people into those with poorer or better circumstances before and then looks at change. Caution needs to exercised with such an asymmetrical approach as with 'noisy' data this can capture regression toward the mean.

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