Senate Standing Committee on Community Affairs
INQUIRY INTO THE SOCIAL SECURITY LEGISLATION AMENDMENT (DEBIT CARD TRIAL) BILL 2015

Questions taken on notice

Public Hearing, 11 September 2015, Canberra

Questions to Professor Ilan Katz & Mr J Rob Bray

Joint response

Question 1 – Senator Siewert: Professor Langton referred to a family commission, which is very similar to the Cape York approach. What has your experience been of the different approach of Cape York around the family commission and the outcomes, if they have been any different, and what are those differences? I would appreciate your answer to that.

The Cape York Welfare Reform Trial (CYWRT) involved a very wide range of initiatives in four remote Aboriginal or Torres Strait Islander communities in Cape York in Queensland. A central component of the CYWRT was the Family Responsibility Commission (FRC). This involved a retired magistrate who had deep knowledge of the area and elders from the four communities sitting as commissioners.

Community members are notified to attend an FRC conference if they breach one of four conditions:

- They are involved in a Child Safety matter
- Children in their care miss three days of school in a school term without a reasonable excuse
- They breach the conditions of their social housing tenancy agreement
- They are convicted of an offence in the Magistrates Court.

The Commission does not have any sanction other than income management. Income management in Cape York is intended to act both as a means to ensure financial stability for families and as an incentive for the individual to engage with support services and observe behavioural obligations. Income management is used only as a last resort; the main approach of the FRC is to work with individuals to identify ways that they can change their behaviour. The FRC describes its role as being to 'encourage individuals appearing before the Commission to take the necessary steps to make lasting changes which will benefit their health, wellbeing, home and community life' (FRC 2014 Annual report, page 11). However the FRC can decide (or the community member may request) to have their income managed. An income management order can be made for up to one year, but can be extended or reduced if the individual's circumstances change. The Commission also can decide upon the rate at which income management is applied up to a maximum of 75%.

Thus the key differences between the CYWRT and the proposed Debit Card are:

- Only people who trigger a notification because of a breach of one of the conditions appear before the FRC. In contrast the Debit Card imposes conditions on everyone of working age in receipt of welfare payments.

- Income management is then only applied by the FRC if other means of behaviour change have failed. It is not applied in a blanket fashion and the individual can discuss issues with the FRC. The FRC applies income management in a measured fashion. It reports, for example, that 'As at 31 December 2014, 38 percent of the Commission's clients have been subject to a CIM [Conditional Income Management] order over the past six and a half years. As at 31 December 2014 there were 184 clients subject to a CIM order which equates to 10.5 percent of clients of the FRC being on a CIM order at a point in time.' (FRC Quarterly Report No 26 October 2014 to December 2014.) The Debit Card, in contrast is applied without any consideration of the individual's circumstances.

- The individual's circumstances are reviewed from time to time by the FRC which meets regularly to conference clients.

- The FRC is established under detailed legislation (the Queensland *Family Responsibilities Commission Act 2008*) and is subject to parliamentary scrutiny, including oversight by the Parliamentary Health and Community Services Committee. The community bodies under the Debit Card arrangements are simply authorised by the Minister through legislative instrument.

- In the Cape York communities there are a large number of evidence based interventions to support community members with a range of different problems including financial management, parenting, mental health, alcohol and drug misuse etc. In the normal course of operation referrals to these services are the key instruments used by the FRC.

As such the Family Responsibility Commission in Cape York operates in a way where a person is subject to income management only in cases where they have breached a community norm, and where the Commission considers that Income Management is a suitable sanction and support for that person, and where this referral is usually supported by a range of support services. In contrast the bodies referred to by Professor Langton deal with people who have automatically placed on the cashless card because of where they live, and only would have the power to reduce the proportion of a person's income support subject to the card from 80 per cent to a minimum rate of 50 per cent and effectively operates on a reverse burden of proof.

The evaluation of the CYWRT, published in 2013 found positive impacts of the FRC on the community and that after 4 years of the Trial people in these Communities perceived there were positive changes in people's willingness to take responsibility for themselves.

Information about the FRC is available at: http://www.frcq.org.au/index.php?q=content/family-responsibilities-commission

The evaluation of the CYWRT is available at: https://www.dss.gov.au/sites/default/files/documents/03_2013/cywr_evaluation_report_v1.2_0.pdf .

The May 2014 Queensland Parliamentary Committee report on the FRC is available at: http://www.parliament.qld.gov.au/Documents/TableOffice/TabledPapers/2014/5414T5068.pdf

Question 2 – Senator Moore: **I would really like to get some information back from you both on your experience of looking at the issues around a card in isolation from other community services that wrap around it. How do you evaluate the impact in a community, just of the change in a card process?**

In standard evaluation approaches, including, for example, clinical health trials or agricultural experimentation, multiple treatments are addressed through experimental designs where different combinations of treatments are tested relative to a control population which remains untreated.

Applying this to the question of the cashless debit card and the proposal to expand community services in those areas where the card is trialled would typically call for three sets of trials: one with the card by itself; one of the card with services; and one with the services by themselves. Each of these trials would be conducted in a number of sites and outcomes would be compared with those in locations where no such trials are conducted. The locations should be randomly assigned to one of these sets of treatment. (Randomisation is important to ensure that results are not affected by other factors such as pre-existing community attitudes to the trials and desire for change, as both of these are likely to have an impact of outcomes.) This approach, while standard in most scientific fields, is less frequently used in social policy especially in Australia. It is however being increasingly used in areas such as development where organisations such as the World Bank are called upon to provide hard evidence that the programs they implement and assistance they provide is effective.

In terms of our own experience we consider that it is exceptionally difficult to examine the effect of income management as opposed to other services which are available to people who are income managed and other policies which are implemented in the affected areas such as alcohol management plans and more intensive policing. This is even more complex when these services are expanded and where one of the rationales for income management is also to incentivise people to access appropriate services and supports with the objective that they would learn the skills to better manage their financial circumstances and that they improve their own wellbeing and that of their families.

This was an issue of considerable concern to us in the evaluation of New Income Management (NIM) in the Northern Territory, although in the end it was not a major restriction, given the lack of positive outcomes that we found. evertheless our research tried to separate the impact of income management from other services in a number of ways. The first was by asking people who are subject to the measure and service providers to comment on the specifics of how they have been affected by income management, as opposed to by service provision. This can be further expanded by asking people what they consider to be the most important change. (The Community Safety and Wellbeing Research Survey results of this type of approach are cited in the Bray paper tabled at the hearing.) Secondly we adopted multiple outcome measures to attempt to differentiate the potential effect of multiple interventions by their relative impact on different outcomes. Again, while the absence of major effects limited the use of this approach, it is seen in our assessments that some of the change in financial management as seen in the rate of failed transactions was the result of the introduction of better facilities for balance checking. Similarly was the finding that the gain in fruit but not vegetable, consumption, seen in the ABS health statistics, was likely to be a result of the school nutrition program. (This reflected the lack of change in the proportion of sales of these items at stores, the fact that the increase was only with fruit and not in the balance of healthly purchases, and because fresh fruit generally featured in the food provided at schools.) Thirdly, and importantly, was a review of the other initiatives in order to understand the potential bias that these may have introduced into the results measured in the evaluation. In the NIM evaluation our expectation was that there would be a positive bias towards improved outcomes generated by these other interventions and hence that any gain we measured with respect to income management would be the upper boundary of the potential impact of the program, with the true effect likely to be somewhat lesser.

These techniques however are relatively weak and need to be used with considerable caution and ultimately can only provide some better understanding of the outcomes, rather than producing a robust measure of the relative contribution to these of other programs.

The interactions between programs are also complex. Some services, for example intensive family support (IFSS) were originally tied to income management but are now reportedly offered separately because it was considered detrimental to the outcomes of the service to be tied to income management. To the extent that some of these programs have been independently evaluated in isolation from income management and have been found to be effective, there is also some scope for subtracting this known effect from the combined effect. We did not adopt this approach in our quantitative analysis as there were only a small number of specific programs such as family support where this type of approach might have been appropriate and these had quite small numbers of participants. However, as we indicated in our report, there was some qualitative evidence to suggest that the targeted and case-managed combination of services and income management did assist some people in contrast to the imposition of the compulsory measure across the population.

Overall our response is that it is not ultimately possible to fully separate the effect of income management from other services which affect those individuals who are income managed unless the government is willing to engage in large scale randomised trials of different combinations of approaches. In the absence of this strategy the next best approach would be to deliver equivalent packages of services in a number of communities, without the card and include these communities, along with a number of control locations, within the evaluation. While this would produce less strong results it nevertheless would provide a first step towards understanding the relative contribution of the Debit Card relative to any expanded services.