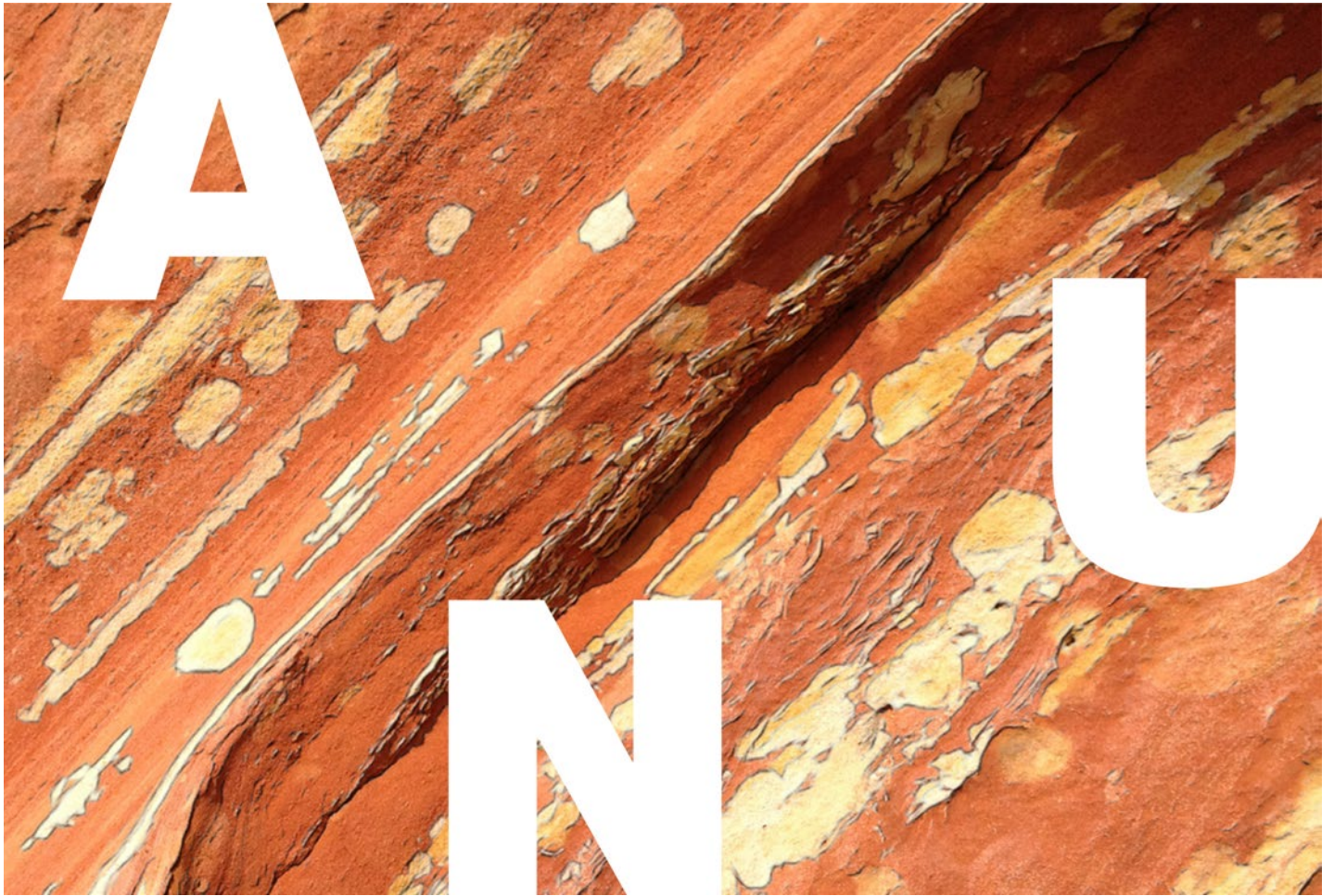




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INCOME MANAGEMENT EVALUATIONS –
WHAT DO WE NOW KNOW?
PLACING THE FINDINGS OF THE
EVALUATION OF NEW INCOME
MANAGEMENT IN THE NORTHERN
TERRITORY IN CONTEXT

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Aboriginal Economic
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Sciences

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October 2016



Income management evaluations – what do we now know?

Placing the findings of the evaluation of New Income Management in the Northern Territory in context

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Abstract

'Income management' programs, restricting the way in which some recipients of government transfers can spend this money, have operated in Australia since 2007. The nature of the programs implemented varies considerably, including the mix of voluntary and compulsory elements, and differences in the scope and nature of targeting. A number of evaluations and other studies of these programs have been made. The methodologies of these have varied, as has the specific set of subprograms they have studied; some have mainly relied on the perceptions of participants and various stakeholders, and a smaller group has focused on seeking to measure and report actual changes in behaviour and outcomes over time. This has led to an apparent diversity of findings that has been exaggerated by selective use in public debate. The largest and most in-depth evaluation of income management was the evaluation of New Income Management in the Northern Territory. This found that the program had not achieved its objectives and appears to have created dependence. The relative findings of the studies are considered.

Keywords: Income Management, Indigenous Australians, conditional welfare, social policy, program evaluation.

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Acronyms and glossary

AIHW	Australian Institute of Health and Welfare
ANU	Australian National University
APY	Anangu Pitjantjatjara Yankunytjatjara. The APY Lands encompasses 13 communities in the far north-west of South Australia.
BasicsCard	The main way in which income-managed funds are made available. An EFTPOS card that can be used at approved merchants.
Centrelink	The Australian Government agency responsible for delivering income support and other government payments and programs, including income management. It is part of the Department of Human Services.
CLC	Central Land Council. CLC provides a number of services for the benefit of traditional owners and other Aboriginal residents of the CLC region, which covers the southern half of the Northern Territory.
CPIM	Child Protection Income Management
CPSIM	Child Protection Scheme of Income Management. ORIMA Research used this term to refer to CPIM.
DHS	Australian Government Department of Human Services

DSS	Australian Government Department of Social Services (formerly FaHCSIA)
EFTPOS	Electronic Funds Transfer at Point of Sale
FaHCSIA	Australian Government Department of Families, Housing, Community Services and Indigenous Affairs. Renamed DSS on 18 September 2013.
FRC	Family Responsibilities Commission. FRC plays an important role in the Cape York Welfare Reform Trial, including referring people to income management where this is judged to be appropriate.
GBM	Government business managers. Australian Government officials placed in a remote community, as part of the NTER, to assist in managing and coordinating initiatives.
humbug	A term used with a variety of meanings, including to hassle, or to refer to a problem or difficulty. It is often used to refer to unreasonable and excessive demands from family and others. In the context of income management, it tends to refer to this latter taking the form of significant financial harassment.
IM	Income Management
Intervention	The NTER is commonly referred to as 'the Intervention'.
NG	Ngaanyatjarra. The NG Lands encompass 12 communities in the central far east desert region of Western Australia.
NIM	New Income Management. Income management introduced in the Northern Territory in August 2010 to replace the earlier NTERIM. Today the program is usually just called Income Management in the Northern Territory.
NTER	Northern Territory Emergency Response. A set of policies introduced by the Australian Government in June 2007.
NTERIM	Income management as part of the NTER and operating from September 2007 to late 2010. The program was applied to people on income support living in prescribed Indigenous Communities in the Northern Territory.
PBIM	Place-Based Income Management. A form of income management that operates in five disadvantaged locations. The program commenced in July 2010.
VIM	Voluntary Income Management
VULN-AT	Vulnerable Income Management Automatic Trigger. Refers in the PBIM evaluation to that group of young persons on this measure because of being in receipt of a specific payment.

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1 Introduction

Constraints on the way in which some recipients of government transfer payments can spend this financial assistance have been a feature of Australian social policies since 2007. The largest program seeking to implement these policies has been New Income Management (NIM) in the Northern Territory. This program was introduced in 2010 and has mainly impacted on Indigenous Australians.

A major evaluation of this program was undertaken between 2010 and 2013. This found that the program has not achieved the outcomes it had sought. Specifically, the evaluation reported (Bray et al. 2012, 2014ab) that there was an absence of any pattern of measurable positive impact across a wide range of behavioural and outcome measures for most participants, in particular those on the compulsory measures, and some indications that, rather than building capacity and self-reliance, the measure had made people more dependent on the welfare system. While there was a mix of views about the program by participants, program administrators and others, including some perceptions of outcomes having improved, these were not sustained when actual change was studied.

On the release of the evaluation, the then Australian Government Minister for Social Services stated, 'some of the findings are disappointing and seem to be inconsistent with more positive findings from evaluations of income management in other sites' (Andrews 2014a). The objective of this paper is to review the body of evaluations of, and related research into, income management to identify the extent of consistency across these studies and, where there may be variation, the reasons why.

In this analysis, a number of themes emerge. The first is that the nature of the different income management programs that have been implemented in Australia is quite diverse. While some effectively impose compulsory income management¹ in a relatively untargeted manner, using broad criteria such as duration on income support across a large proportion of income support recipients, other initiatives are tightly targeted at people with specific problems and identified needs. Although most people subject to the program have had the measure imposed on them, a significant minority have chosen to participate on a voluntary basis.² In some initiatives, people subject to income management have had the program imposed as part of a coordinated package of measures, including a range of supports; in others it stands in isolation. These and other differences in program characteristics

are likely to result in different outcomes for participants and, to the extent that different evaluations have been directed at specific measures, and hence differences in participant characteristics and circumstances, it would be anticipated that a range of findings may emerge.

The second theme is that a wide range of different approaches have been adopted in the evaluations and studies. Some focus on the perspectives of program managers and other intermediaries; others primarily use qualitative measures of the perceptions and views of participants. A more limited number, including the NIM evaluation, consider changes in actual behaviours and outcomes relative to the program objectives.

The third, and most critical, is that, when account is taken of these factors, there is in fact a considerable amount of consistency in the findings of the evaluations. These include that there are mixed views about the program among both participants, program managers and other intermediaries. These views include some, at times strong, positive perceptions by some people on the program of changes in behaviour and outcomes. However, those studies that seek to identify such changes through direct measurement, such as using repeated surveys which record individual behaviours and outcomes, and the use of administrative records, spending, consumption, or broader community outcomes data, find little or no effect. To the extent that the policy has any beneficial effect, this seems to be limited to those who have chosen to go on in a voluntary capacity, or where the program is tightly targeted to very high-needs individuals as part of an integrated package of interventions. Even here, the overall impact is small, and these gains are not experienced by those placed on broadly targeted compulsory measures. A recurrent thread across many of the evaluations is the absence of any evidence of improvements in individual financial management capacity and the potential role of the program in increasing dependence on the welfare system.

A possible explanation of the perception of 'inconsistency' in the findings of the NIM evaluation lies in the selective way in which the results of the various evaluations have been cited in public debate, in particular by the Australian Government, including successive ministers.

2 Background

The Australian Government first introduced income management as part of the social security system in 2007.^{3,4} The policy seeks to control the way in which certain people can spend a portion of the income they receive from income support and related government transfer payments. The initial implementation of the policy comprised two programs: the widespread imposition of income management in identified Indigenous communities in the Northern Territory, as a major component of the Northern Territory Emergency Response (NTER); and a much more targeted form of income management, as one of a range of strategies that could be used as part of the case management of some people identified as having adverse outcomes in the Cape York Welfare Reform Trial. Since then, the application of income management policies has been extended, and the original Northern Territory Emergency Response Income Management (NTERIM) program has been replaced by 'New Income Management' (NIM) in the Northern Territory.

Over the eight years since its initial introduction, the policy has been subject to a number of evaluations. The largest of these was the evaluation of New Income Management in the Northern Territory. This evaluation was commissioned by the Australian Government Department of Social Services (DSS) (at the time the Department of Families, Housing, Community Services and Indigenous Affairs [FaHCSIA]) and undertaken, after a competitive tendering process, by a consortium of researchers from the Australian National University, the Australian Institute of Family Studies and UNSW Australia. The consortium presented two major reports (Bray et al. 2012, 2014a) and a brief summary of the final report (Bray et al. 2014b).⁵ The second of these reports summarised the findings of the evaluation, in terms of the outcomes that it had achieved relative to the program objectives, as:

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. 2014a:316)

The report further concluded:

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, and the tools which were envisaged as providing people with the skills to manage have rather become instruments that relieve them of the burden of management. (Bray et al. 2014a:320)

The report did, however, observe that there was some evidence, mainly from intermediaries,⁶ that pointed to a potential for the use of an income management approach in a small number of cases where it was introduced as part of a range of interventions in a more managed and individualised approach:

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. (Bray et al. 2014a:320)

It was also noted that:

While there are some individuals, in particular those who chose to go on the voluntary stream, who find income management a useful tool and say that it has produced benefits for them, there is no systematic evidence of this generating change that can be identified across the income managed populations and the communities they live in as a whole. (Bray et al. 2014a:18)

2.1 Australian income management programs

Currently, the Australian Government has 12 income management initiatives in place. In March 2016, 26 508 people were being income managed. However, because specific program details are not available for this date, March 2015 data are used in this review to describe existing program arrangements⁷ (Table 1). As at 27 March 2015, 25 663 income support recipients were subject to the measure. The overwhelming majority of these,

80.5%, were in the Northern Territory, primarily on the two compulsory measures targeted on the basis of the duration of receipt of income support: Long-Term Welfare Payment Recipient and Disengaged Youth, referred to collectively as Compulsory Income Management.

Just over 10% of those on income management in March 2015 were on five 'place based' initiatives, with a further 2.9% on the program in Perth and 3.4% in the Kimberley. Each of the other four initiatives accounted for less than 1% of the number of people on the program. Of the non-Northern Territory population, 47.5% were on Voluntary Income Management, mainly in the Kimberley region and in Perth; and 41.2% were on an automatic youth trigger, mainly in the place-based initiatives. With the exception of the place-based initiatives, where 82% of participants were non-Indigenous, the overwhelming majority of people subject to the measure were Indigenous Australians.

Under most of the income management subprograms, income management is applied to half of the person's income support payments, including family payments, and all of any lump-sum payments. The proportion of income that is quarantined is higher for those on the child protection subprogram, at 70%, while the Cape York program has provision for variable proportions.

Funds subject to income management are mainly allocated to a BasicsCard. This is an EFTPOS card that can be used at approved merchants who have, among other criteria,⁸ agreed not to sell alcohol, tobacco, pornography, or gambling services and products to a person as part of a BasicsCard transaction. The cards cannot be used to make cash withdrawals or purchase some near-cash substitutes such as gift cards. In addition, a person subject to income management can arrange for Centrelink⁹ to make payments on their behalf for approved purchases and services, including housing.

Persons who volunteer to be on income management have been eligible for an additional payment of \$250 for every 26 weeks they are on the program.¹⁰

2.1.1 NTERIM and Cape York

The initial two income management programs in Australia were NTERIM and income management as part of the Cape York Welfare Reform Trial. These were markedly different from each other in scope and in the process by which people were determined to be subject to the measure. NTERIM was introduced as part of the NTER (also known as the Intervention) as one of a wide range of different programs and policies described as 'broad

ranging measures to stabilise and protect communities in the crisis area' (Brough 2007).¹¹ The program applied to all people who were in receipt of income support and lived in Indigenous communities in the Northern Territory which had been prescribed in legislation. These prescribed areas encompassed an estimated 70% of the Northern Territory Aboriginal population (Yu et al. 2008) and covered some 500 Indigenous communities. Initial roll-out of the program commenced in September 2007; in July 2010, about 16 900 people were on the program.

In contrast, the Cape York initiative, which began in July 2008, is a highly targeted approach. People are only subject to income management after a referral – for example, because of child neglect, or poor school attendance by their children, or from a magistrate in a court proceeding – and are required to appear in front of the statutory Family Responsibilities Commission, the members of which include a legally qualified Commissioner, and which case manages individual clients. The commission reported in September 2014, 'Since the commencement of the Commission 1462 CIM [Compulsory Income Management] orders inclusive of original orders, extensions and amendments have been made relating to 655 clients' (FRC 2014:10). At the time of this report, just 222 people were subject to compulsory income management. In the same report, the commission indicated that, although it considered it important to have income management as a resource, there was also value in people being 'afforded the opportunity to be initially conferenced and reminded of their personal and communal responsibilities' (FRC 2014:13). The report indicates that just over 40% of the people it has dealt with have been placed on income management, although all the people who have appeared before it have been referred because of school attendance issues, or magistrates' court or child safety and welfare notices.

2.1.2 New Income Management in the Northern Territory

NIM was introduced in 2010 to replace NTERIM. A key motivation for introducing NIM in 2010 was to maintain income management, but to do so in a way that would enable restoration of the *Racial Discrimination Act 1975* (Cwth), which had been suspended to enable the earlier program to be specifically imposed on Aboriginal communities. The new program, in addition to applying across all of the Northern Territory, differed from NTERIM in a number of ways. It no longer applied to all income support recipients, but rather was limited to those on a number of specified programs – including Youth Allowance, Newstart and Parenting Payment – for more than three months for those aged under 25 years

and more than a year for those above this age. The Northern Territory is the only significant location which has this form of widespread, nontargeted income management. The program also introduced Voluntary Income Management for those not subject to compulsory measures, as well as a number of additional targeted compulsory measures. These measures included Child Protection Income Management for people who have been referred by the Northern Territory child protection authorities, the Supporting People at Risk (SPAR) stream for people referred by the Northern Territory Alcohol Mandatory Treatment Tribunal, and Vulnerable Income Management. Placement on Vulnerable Income Management was initially based on referrals by DSS social workers and focused on people with significant self-management and related problems, but since September 2013 this subprogram has been dominated by an automatic youth vulnerable measure which is

directed at young people in receipt of particular forms of income support.¹²

In addition, NIM had scope for some exemptions for people who could provide demonstrated evidence of responsible parenting activities, or substantial employment. These exemptions have largely flowed to non-Indigenous women with children living in Darwin. In December 2013, whereas 36.3% of the non-Indigenous population potentially eligible for Compulsory Income Management had an exemption, the proportion of the Indigenous population with an exemption was 4.9%.¹³

As indicated in Table 1, despite the expansion of the program, income management in the Northern Territory accounts for four out of five people currently on income management in Australia, although only 1% of the Australian population lives in the Northern Territory.

TABLE 1. Income management population, by initiative and program type, 27 March 2015, and 25 March 2016 summary data

Income management initiative (27 March 2015)	Program element								Total
	Compulsory			Vulnerable					
	Long-Term Welfare Payment recipient	Disengaged Youth	Child Protection (CPIM)	Social worker referrals on income management	Auto – youth trigger	Supporting People at Risk	Voluntary (VIM)		
Northern Territory ^a	11 963	4 279	68	178	449	194	3 524	20 655	
Cape York	–	–	–	–	–	–	–	153	
Perth	–	–	165	–	–	–	573	738	
Kimberley	–	–	115	–	–	–	760	875	
APY Lands	–	–	<20	<20	–	–	213	230	
NG Lands	–	–	<20	np	–	–	182	213	
Ceduna	–	–	<20	np	–	–	40	61	
Place based									
Bankstown	–	–	–	22	114	–	37	173	
Greater Shepparton	–	–	–	<20	140	–	211	365	
Logan	–	–	–	<20	865	–	170	1 044	
Playford	–	–	–	<20	485	–	114	608	
Rockhampton	–	–	–	21	448	–	79	548	
Total – March 2015^b	11 963	4 279	420	239	2 512	194	5 903	25 663	
Total – March 2016^c	13 097	4 393	333	250	2 622	198	5 478	26 508	

– = absence of participants; APY Lands = Anangu Pitjantjatjara Yankunytjatjara Lands; CPIM = Child Protection Income Management;

NG Lands = Ngaanyatjarra Lands and Laverton Shire; np = population too small to be released by Centrelink; VIM = Voluntary Income Management

a This was previously known as NIM, and is still referred to as NIM in this paper.

b The total number of people on the Child Protection Income Management and the Social Worker Assessed Vulnerable Income Management elements in 2015 is based on the 2016 distribution of participants, because the split between these programs is not available in the published data for some of the initiatives.

c The Department of Social Services appears to have stopped publishing detailed statistics at the program level. Total includes 137 on income management under the Cape York Welfare Reform Trial.

Source: Modified from DSS (2015a, 2016a)

In December 2013, 90.2% of those subject to NIM identified as Indigenous. Across the Northern Territory, it is estimated that about 1.3% of the non-Indigenous population aged 15 years and over is on income management as opposed to 34.0% of the equivalent Indigenous population. This is a function of the differences in rate of receipt of income support, with 11.0% of the Northern Territory non-Indigenous population aged 15 years and over receiving income support, compared with 53.2% of the equivalent Indigenous population, and the proportion of income support recipients subject to income management, which was 11.7% for non-Indigenous recipients in the Northern Territory as opposed to 63.9% for the Territory's Indigenous recipients (Bray et al. 2014a:73).

The introduction of NIM was proposed as a first step of a wider implementation of income management in a 'nondiscriminatory' manner. This was detailed in the government's major policy statement, 'Landmark reform to the welfare system, reinstatement of the Racial Discrimination Act and strengthening of the Northern Territory Emergency Response':¹⁴

The Government is moving to introduce landmark reforms to the welfare system which, over time, will see the national roll out of a non-discriminatory scheme to income manage welfare payments in disadvantaged regions across Australia. (Australian Government 2009:1)

2.1.3 Place-based initiatives

The five place-based initiatives, introduced in July 2012 in line with the above policy, were described as part of a strategy to 'tackle entrenched disadvantage' in 10 locations as part of the 2011–12 Budget initiative Building Australia's Future Workforce (BAFW) (Australian Government 2011). In this context, these locations were seen as part of a 'patchwork economy' in which economic opportunities were poorly distributed. To address this, a package of measures was introduced, including early intervention programs for jobless families and additional funding 'to deliver integrated local services and a Local Solutions Fund for innovative projects that provide new services and models to boost engagement and participation' (Australian Government 2011:28). The 10 areas were identified on the basis of 'numbers of jobless families, youth unemployment rates, the level of income support dependence, and the length of time recipients have been on income support' (Australian Government 2011:28).

In five of these locations – Bankstown (New South Wales), Greater Shepparton (Victoria), Logan (Queensland), Playford (South Australia) and Rockhampton (Queensland) – the package of measures included the introduction of a form of income management: Place-Based Income Management. The initiatives were described as 'trials' in the context of the 2009 proposal, noted above, to roll out the new form of income management more widely. Although initially developed in the context of the BAFW policy, Place-Based Income Management appears to have lost association with the other elements of this broader initiative, which has now effectively been terminated.

Unlike NIM, Place-Based Income Management does not have widespread compulsory income management as part of its program structure. The program comprises three streams of income management: Child Protection, Vulnerable and Voluntary. The vulnerable measure contains the same two components seen in the Northern Territory: social worker assessments and automatic measures directed at youth. As shown in Table 1, the majority of participants currently on the program are young people who have been subject to an automatic assessment as being vulnerable – with this being, in most cases,¹⁵ because they qualify for an income support payment at a higher rate, as it has been determined that it is unreasonable for them to live at home. Eligibility for this higher rate of payment is usually as a result of extreme family breakdown, health risk or an inability of parents to provide stable accommodation. Very few appear to have been placed on the program because they were individually assessed as being vulnerable.

Just over 22% of the population on this subprogram have volunteered for income management, with this number largely driven by the 57.8% of Greater Shepparton participants who have done so. The balance of participants is a very small group on the child protection measure.

2.1.4 Other initiatives

The other five initiatives are based in South Australia and Western Australia. In Western Australia, this comprises programs in the Perth metropolitan and Peel regions, in the Kimberley region (both of which commenced in November 2008), and in the Ngaanyatjarra (NG) Lands and Laverton Shire (commenced in April 2013). In South Australia, in addition to the place-based initiative in Playford, there are initiatives in Ceduna¹⁶ (since July 2014) and the Anangu Pitjantjatjara Yankunytjatjara (APY) Lands (since October 2012). As detailed in Table 1, participation in these latter two initiatives is overwhelmingly Voluntary

Income Management, followed by people placed on Child Protection Income Management. Although the vulnerable measure is part of the program in the NG Lands, the APY Lands and Ceduna, both on the basis of individual assessment and automatically for some youth on the basis of the payments they receive, it is not an element of the other Western Australian initiatives, which involve only Child Protection and Voluntary Income Management.

In August 2015, the government announced an expansion of Child Protection Income Management and Voluntary Income Management in the Greater Adelaide region of South Australia, following a coronial recommendation (Morrison 2015). This program commenced in October 2015.

An allied measure, a Cashless Debit Card Trial, which seeks to reflect the approach recommended in the Forrest review (see Section 3.4.11), commenced in early 2016. The scheme is to operate in up to three locations, with a cap of 10 000 participants.¹⁷ The program involves restrictions on 80% of the income support payment of all recipients other than Age Pensioners and those on veterans' payments, with these funds being paid through a debit card that cannot be used for the purchase of alcohol, for gambling or for cash withdrawals.¹⁸ The government has announced that there will be a detailed and independent evaluation of the program (Tudge 2015).¹⁹

2.2 Objectives of income management

The current²⁰ legislative objectives of income management include:

... to reduce immediate hardship and deprivation by ensuring that the whole or part of certain welfare payments is directed to meeting the priority needs ... to ensure that recipients of certain welfare payments are given support in budgeting to meet priority needs ... to reduce the amount ... available to be spent on alcoholic beverages, gambling, tobacco products and pornographic material ... to reduce the likelihood that recipients of welfare payments will be subject to harassment and abuse in relation to their welfare payments; to encourage socially responsible behaviour. (*Social Security [Administration] Act 1999* [Cwlth], s 123TB)

More generally, the purpose of the policy has been articulated as laying 'the foundations for pathways to economic and social participation' (Australian Government 2009:5), to 'deliver on the Government's commitment to a welfare system based on the principles of engagement, participation and responsibility' (Macklin

& Snowdon 2009) and 'to foster individual responsibility and to provide a platform for people to move up and out of welfare dependence' (Macklin & Snowdon 2009).

Although described in a positive role in the above statements, in some cases the program appears to be conceived of as also acting as a punitive sanction. This is particularly the case with the Cape York income management, which is described as a program that 'acts 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' (FaHCSIA 2012:8). This role in Cape York is further elaborated as:

The trial design envisages that measures to encourage people to change their behaviours as a result of compliance (e.g. the FRC's legislative sanction of income management or the prospect of being shamed at an FRC conference). (FaHCSIA 2012:28)

3 Income management evaluations and related studies

The impact of income management has been the subject of a number of evaluation studies and academic- and community-based analyses. In addition to studies specifically focused on income management, a significant body of research and evaluation is also associated with the Intervention in the Northern Territory, of which income management was one part.

Altman & Russell (2012) examined this latter set of studies and reported that by the end of October 2012 they had identified 98 'government and independent reports that might be defined as monitoring, auditing or reporting the Intervention' (Altman & Russell 2012:8). This study raised significant questions about the role of evaluation in the policy development of the Intervention and, more broadly, in government Indigenous policy, and concluded:

Given such a political impetus behind the Intervention, evaluation becomes another technique of governmentality and an obfuscating tool. Evaluation in the context of the Intervention then has been effectively divorced from the issues it seeks to assess. (Altman & Russell 2012:19)

Some of the issues associated with this critique are discussed in Section 5.2; however, the wider set of issues raised by Altman and Russell across the activities undertaken in the Intervention, and the broader reach of

the studies they consider, are largely beyond this paper. The focus here is on specific research and evaluation relating to income management, and the findings that emerge from this.²¹

3.1 *Some issues*

In considering the evaluations and other studies of income management, two factors need to be borne in mind. The first is that there is considerable variability across the studies in their scope, methodology and rigour. The second is the range of different forms of income management that have been implemented. This includes whether or not people are compelled to be subject to the measure, or have chosen to go onto the program, and whether this is because they believe it may be of benefit to them; whether they have been on an earlier compulsory program and have simply remained on; or whether they have responded to financial incentives. In addition, there are differences in the extent to which the compulsory programs are tightly targeted at those with individually identified specific needs, or are applied to a much wider population without regard to individual circumstances. These factors are considered in more detail below and have considerable implications for how the evidence from evaluations of income management should be weighed up.

3.1.1 *Methodology*

A wide range of different methodologies have been adopted in the research studies. Only two – the evaluation of NIM by the Social Policy Research Centre at UNSW Australia, the Australian National University and the Australian Institute of Family Studies consortium, and the Deloitte evaluation of Place-Based Income Management – can be considered as large-scale formal program evaluations, with systematic, although somewhat limited, attempts to obtain control groups²² and collect data on a longitudinal basis. A significant number of the projects have undertaken consultations with, and collected data from, program participants and a range of intermediaries. The latter include people directly involved in the delivery of the program and those engaged in providing services to people subject to income management – including specialist services – in addition to more general providers such as stores. A smaller number of studies, including the NIM evaluation, have supplemented the use of this type of impressionistic information by looking at actual changes identified in administrative and other data, including store sales. In contrast, some of the studies included here have not undertaken their own primary research but have drawn on secondary sources, and expert and other submissions.

The evaluation of NIM placed considerable emphasis on the principle of triangulation in drawing its conclusions. The rationale for this approach was explained as:

... the broad evaluation methodology involves drawing together findings from a wide range of sources in order to identify common and consistent trends and outcomes, and by means of this process of triangulation verify the robustness of the findings. (Bray et al. 2014a:41)

This approach to triangulation applied in several ways: in using data from multiple sources, in using both qualitative and quantitative material, and in assessing the consistency and significance of apparent outcomes derived from these various sources. That is, the researchers did not take any one individual result as representative of an outcome, but rather sought to identify whether there were consistent patterns of change across associated measures and across populations, or, where these were not present, to identify a rationale for this. This approach was adopted to ensure robustness and avoid the ‘cherry picking’ of results from a diverse set of outcomes.

Some of the reasons for this approach were highlighted in the first report of the NIM evaluation, which discussed the large differences that were observed in the study between the perception of change as reported by program participants and the actual changes that could be identified in these people’s lives over the period in which they were income managed. As documented in the first report (Bray et al. 2012:196), the researchers noted that, while some groups reported in response to a direct question significant improvements over the period of income management in their perceived capacity to purchase food, this perception was not sustained in the analysis of other data in the survey that recorded, for the same person, the incidence of having run out of food prior to, and while on, income management (Bray et al. 2012:196). Similarly, the report noted that, while many people reported positive perceptions of change in child outcomes, including school attendance, these perceptions were at odds with other data such as school attendance data (Bray et al. 2012:214). The final report documents the discussion of this type of contradictory evidence in a feedback session that was held with a community following the release of the first report. It notes:

In feedback we were told ‘what else do you think we would say – it would be a shame job if we said things had got worse for our children – and if we did, what would happen? Would the government take them away again?’ (Bray et al. 2014a:168)

This response emphasises not just the extent to which participant survey responses are at risk of the usual forms of social desirability bias,²³ but indeed a level of angst among some respondents about the consequences if 'nondesirable' outcomes are reported.

These methodological issues need to be borne in mind when considering the results of other studies, especially those that rely extensively on self-reports of change.

3.1.2 Nature of the programs evaluated

As discussed above, the nature of the income management programs implemented varies. In some locations, Voluntary Income Management has dominated participation, while other programs have elements of both voluntary and targeted measures. In some programs, placement on the measure occurs automatically based on criteria related to income support status. In contrast, in others – for example, the Cape York program – it only occurs after a detailed process involving the participation of the person to whom the measure may apply. It is only in the Northern Territory that widespread compulsory income management – under both NTERIM and NIM – has been applied.

It is reasonable to expect that the different characteristics of these programs would have differing impacts on the achievement of program outcomes. For example, it may be considered that those who choose to be subject to the program will be more motivated to use the program to improve their outcomes. Similarly, where a person is assessed as being vulnerable by a caseworker or other person who is involved in providing a range of other interventions to support the person, it is possible that the impact of the program, as part of an integrated case-management approach, would be quite different to simply being placed on the measure with no other interventions. It is equally likely that targeted approaches (i.e. that involve assessing a person and determining their need to be income managed because of their circumstances and outcomes) will have quite a different impact to where people are placed on the measure based on very general criteria (such as their duration of receiving the payment), without regard to their actual capacity to manage and the outcomes they achieve.

Given the different characteristics of the programs that have been implemented, considerable diversity could be expected in the findings of different evaluation studies. Consequently, findings of an evaluation related to one of the program elements should not be extrapolated to other forms of the program.

In this regard, it is noted that no single evaluation fully encompasses all forms. While the evaluation of NIM is the most comprehensive – reporting on Compulsory, Vulnerable (both assessed and automatic), Child Protection and Voluntary Income Management – it does not address the specific form of community assessment used in Cape York. The scope of all of the other evaluations is much more limited.

3.2 Formal evaluation studies

Income management, and the broader policy environment in which it was developed, especially as part of the NTER, has been the focus of considerable formal program evaluation. Eight of these evaluations are discussed below.

3.2.1 Report on the NTER, NTER Review Board, 2008

The NTER Review Board produced a major review of the Intervention and made extensive recommendations across many aspects of the policies that had been implemented as part of the Intervention, as well as the way in which this implementation had occurred. With respect to income management, it recommended that the NTER program of income management should cease and be replaced by a voluntary program, and that compulsory income management should 'only apply on the basis of child protection, school enrolment and attendance and other relevant behavioural triggers', and that it be applied across the whole of the Northern Territory (Yu et al. 2008:12).

The report noted that in the testimony presented to it many people spoke in support of the program, believing that it had produced positive results, but, most frequently, the board was told that people felt that there should be an opportunity to go onto the program voluntarily, along with a targeted scheme for those who demonstrate they are not meeting family and community responsibilities (Yu et al. 2008:21).

The board concluded its discussion of income management by emphasising the need for a much more integrated approach to the problems that it was targeted at, indicating:

However, it was emphasised that income management should be seen as only one element of a suite of measures which should include financial literacy, banking, home management and child welfare and protection services designed and implemented in partnership with the communities. (Yu et al. 2008:21)

More generally across the range of initiatives, the board emphasised a need for governments to 'reset their relationship with Aboriginal people based on genuine consultation, engagement and partnership' (Yu et al. 2008:12).

3.2.2 Evaluation of income management in the Northern Territory, Australian Institute of Health and Welfare, 2010

This report was prepared by the Australian Institute of Health and Welfare (AIHW) using data which had already been collected by the then FaHCSIA for evaluation of the program; AIHW indicates that FaHCSIA 'had primary responsibility for this income management evaluation. The department developed the evaluation approach and methodology, and managed the data collection process' (AIHW 2010:v). In addition to the post-licensing monitoring report (see Section 3.4.4) and the perceptions of intermediaries, especially the Australian Government 'government business managers' who had been placed in a number of the more significant Indigenous communities to coordinate government programs, the major source of empirical data was a survey undertaken by the Cultural & Indigenous Research Centre Australia of 76 people on income management, and qualitative data collected in focus groups and other forums with 167 participants.²⁴ In its report, AIHW (2010), while presenting a range of outcomes which would appear to be positive, in areas such as consumption, and community and child wellbeing, expressed a number of cautions about the evaluation, noting it would 'sit towards the bottom of Leigh's evidence hierarchy' (AIHW 2010:16) and that 'it was difficult to separate the effects of income management from the effects of the other measures' (AIHW 2010:16). AIHW also indicated that the findings were 'dependent on the perceptions and views of various stakeholders (clients, store owners, GBMs [government business managers], community groups, Centrelink staff) about whether there had been changes due to income management' (AIHW 2010:16) rather than the actual measurement of outcomes and changes in these over time. This led AIHW to conclude 'the overall evidence about the effectiveness of income management was not strong' (AIHW 2010:16). Notwithstanding these reservations, this report has continued to be cited as a key source of information about outcomes.

Specific findings of the report included that 'there had been improvements in child wellbeing since the introduction of income management' (AIHW 2010:vii), along with children appearing to be healthier. It also reported improvements in community wellbeing, including a reduction in financial harassment, gambling, drinking

and domestic violence. The report further indicated that 'three-quarters of clients interviewed ... reported spending more on food, with half ... buying more fruit and vegetables' (AIHW 2010:vii), and that 'more than two-thirds of store operators reported an increase in sales of fruit and vegetables and healthy food' (AIHW 2010:vii). Although the report indicated that 'more than half of the clients surveyed reported spending less on cigarettes', it also noted that 'the majority of store operators who answered the question reported that cigarette sales were unchanged' (AIHW 2008:vii).

3.2.3 Evaluation of the Child Protection Scheme of Income Management and Voluntary Income Management measures in Western Australia, ORIMA Research, 2010

This was an early evaluation of the initial income management programs in Western Australia. These comprised Child Protection Income Management and Voluntary Income Management. The results of later research into programs in Western Australia are discussed in Section 3.2.6. The study used quantitative data collected in a survey of 88 participants and a control group of 61. It also had an online survey of 132 intermediaries and qualitative interviews with 17 community leaders, and access to a range of administrative data.

The executive summary of the report indicates that:

The evaluation found that CPSIM and VIM were effective measures in helping people meet their priority needs and those of their children. Evidence provided by IM clients, Centrelink staff, DCP [Department for Child Protection – Western Australia] staff, financial counsellors, money management advisers, welfare/community organisations and community leaders was consistent and indicated that both measures had delivered significant positive impacts in relation to child and family wellbeing.

The evaluation found some evidence of a positive impact of the measures on the financial management capabilities of participants, but this was not as conclusive as the evidence in relation to child and family wellbeing. (ORIMA Research 2010:17)

The study did, however, report that a:

... longer-term risk around the IM programs identified by stakeholders was that some IM clients may become dependent on the system and not take personal responsibility because of the view that their money is being managed for them. (ORIMA Research 2010:17)

This study was subject to criticism by the Western Australian Council of Social Service, which discussed a range of issues with the study, including technical aspects of the survey and the high standard errors. It concluded that:

The positive subjective feedback about the two income management programs should not be dismissed. The tone of the report, however, does tend to minimise some of the more negative responses and focuses on affirming qualitative data to support the programs intended outcomes. (WACOSS 2011:14)

3.2.4 NTER evaluation report, Department of Families, Housing, Community Services and Indigenous Affairs, 2011

This evaluation report (FaHCSIA 2011) was prepared by the Department of Families, Housing, Community Services and Indigenous Affairs (now the Department of Social Services). The report is an edited volume which draws together 10 chapters which had been commissioned by the department from a range of authors. The report covers the breadth of the NTER initiatives over its first four years, and encompasses both NTERIM and NIM.

The chapter on welfare reform and employment concluded that:

... the evidence collected to date suggests that the welfare reforms may have strengthened communities, making them more sustainable and safer, particularly for women and children. Income management may also have contributed to healthier children who have more access to food. There is also some evidence of improvements in community wellbeing, with less humbergging and less cash being available for gambling, cigarettes and substance abuse, as well as more spending by families on priority goods. (FaHCSIA 2011:362)

In large part, the evaluation drew on existing material, in particular the AIHW study described in Section 3.2.2, and the Community Safety and Wellbeing Research Survey (see Section 3.4.5). This was particularly the case in the chapter on welfare reform and employment, which contained the main discussion of income management. This chapter, prepared by Colmar Brunton, indicates 'the research for this chapter used a desktop methodology involving a review of 63 documents to inform the evaluation of welfare reform and employment measures' (FaHCSIA 2011:335). The conclusion of this

particular chapter, as presented in the key findings, was somewhat tentative:

There is some evidence suggesting welfare reform had some positive effects, such as strengthening communities and making them more sustainable and safer, particularly for women and children. However, given the limitations of the evaluations and consultations conducted to date, further research is necessary to confirm these findings. (FaHCSIA 2011:333)

The extent to which the material in the report reflected substantive evaluation activity varied across the chapters. In some cases, the material would appear to be more akin to anecdotal reporting, with little evaluative content. This tendency is particularly apparent in the overview chapter, which presents statements such as 'income management was supported by many people in the communities who believed that it was bringing about positive outcomes, especially for children' (FaHCSIA 2011:6). Similarly, in the case of people transitioning from NTERIM to Voluntary Income Management under NIM, the report says 'some participants have been able to save for and purchase major household items, such as washing machines or new refrigerators' (FaHCSIA 2011:32). Although this type of qualitative observation provides some valuable insights, where it is used to deepen an understanding of the actual outcomes, in the absence of such a framework it is much less informative and open to selective presentation. In addition to this type of anecdote being drawn from material other than that presented in the detailed evaluation chapters, despite the fact that this was an overview chapter, the chapter lacks any of the cautious notes apparent in more detailed considerations.

Harris (2011) critiqued this evaluation, citing a 'noticeable absence of any in-depth traditional insights to the issues under analysis' (Harris 2011:1) and exploring aspects of the methodology of a number of the data collections it used. She concluded:

The Evaluation has filled in many of the gaps in the story, while it has highlighted that many of the claims of success made by the Federal Government, are far from being evidence-based and are exaggerated. (Harris 2011:13)

3.2.5 Cape York Welfare Reform Evaluation, Department of Families, Housing, Community Services and Indigenous Affairs, 2012

As with the NTER evaluation report detailed in Section 3.2.4, this evaluation report (FaHCSIA 2012)

comprised a series of chapters commissioned by the department on different aspects of this initiative with a range of different authors. The Department of Social Services (at the time FaHCSIA) then brought these together with overview and summary material. The scope of the report goes well beyond income management, which is only one element of the Cape York Welfare Reform Trial. The model of income management used in the trial is quite distinctive. It uses a highly targeted approach²⁵ based on individual assessment of the appropriateness of the policy for the person by the Family Responsibilities Commission. It also operates as part of a case management approach in seeking to work with individuals, and within this framework income management has a duality as both a tool and a sanction. These characteristics mean that much of the benefit of the evaluation is in what it tells us about the use of different approaches, rather than extrapolating its findings more widely as being the impact of income management.

Overall, the evaluation reported that income management imposed and managed by the Family Responsibilities Commission had been a successful element of the welfare reform trial which had led to a better meeting of the needs of families and children. There was some evidence, in some locations only, that the policy may have impacted more widely on behaviour, with the report indicating some changes in the number of notices (for various adverse behaviours), specifically:

... there are some indications that being placed on income management by the FRC was more likely to be associated with subsequent lower rates of notification for residents of Hope Vale and Coen than it was in Aurukun or Mossman Gorge, but there was no overall significant difference in the number of notices per quarter before and after being income managed. (FaHCSIA 2012:209)

The question of the specific role of income management in achieving the changes was, however, more difficult to determine, with the report noting that:

... 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. (FaHCSIA 2012:50)

Similarly, Katz and Raven (2013:21) indicated that the commission's 'support and guidance' made an important contribution to improvements in child outcomes outside any potential impact of any income management it may have imposed.

The evaluation did, however, find some suggestion of dependence, and that the policy was less effective, or even potentially counterproductive, where people sought to avoid its impact on them:

The data indicate that some community members had become habituated to income management or had found ways around it. This appears in some cases to have produced unintended consequences, such as clients on income management harassing relatives for access to alcohol or drugs. It appears that for this group income management (and welfare reform more generally) has little effect. (FaHCSIA 2012:212)

Finally, the evaluation again stressed the extent to which this model differed from other forms of income management in the extent of its targeting and in the monitoring and case management of individuals – with the latter being a significant contributor to the outcomes.

The Cape York model has also been subject to a review by the Queensland Parliament Health and Community Services Committee. The committee reported:

The committee is confident that the FRC is satisfactorily performing its statutory functions.

It is more difficult for the committee to assess whether the FRC's role is one that is effective in contributing to the original rationale for its establishment ...

To restore social norms, responsible behaviour and local authority, the committee considers that a holistic approach and long term government support is necessary; significant social change is not achieved from short term initiatives. This is complex and challenging welfare reform, which requires more than the conferencing and income management provided by the FRC. Change must be fostered across years and across generations. Communities must be engaged, policy makers must be prepared to listen and to try diverse and innovative approaches that will be accepted by the communities in which they are to be implemented. (Ruthenberg 2014:18)

The committee also reports that in its consultations 'stakeholders stated that family members often share cards and that the goods purchased with BasicsCards can be readily traded in "culturally sanctioned reciprocal sharing of alcohol and tobacco"' (Ruthenberg 2014:8).

3.2.6 A review of Child Protection Income Management in Western Australia, Department of Social Services, 2014

This research, undertaken within the Australian Government, but with an external advisory group, used a combination of case file reviews, interviews and focus groups with 149 intermediaries, and interviews with 22 current and 10 former Child Protection Income Management participants. As has been discussed, it is the second study to examine the impact of initiatives in Western Australia. The review made findings with respect to both processes and the impact of the program. It did, however, caution that the review relied simply on qualitative data and that 'care should be taken in drawing conclusions, as the findings cannot be generalised' (DSS 2014a:71).

The review reported that intermediaries 'overwhelmingly reported that income management had assisted recipients to meet their priority needs and those of their children' (DSS 2014a:14). However, the assessment by participants was less clear. For this group, it was reported that 'of the 32 income-managed recipients interviewed, 10 commented on having more food and clothing for their children' (DSS 2014a:50). It further reported that around half of respondents indicated that they were better able to budget, and a similar proportion that they liked having payments made automatically on their behalf. Around a third of the participants said they wanted to remain on. Of the balance who said they wanted to get off, half said they did not want anything more to do with the program, while the others, although wanting to exit, wanted an option to return if they wished.

In terms of the wider impact, the review 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 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 one component. (DSS 2014a:71)

While not raising the issue of dependence, the report noted the concerns of a money management provider that 'they're not learning from it. It's getting done for them; do you know what I mean? Money is being managed for them. They're not learning from it' (DSS 2014a:56).

When compared with the previous evaluation of the same program, this review would suggest a somewhat less positive outcome, although again there was no evidence of actual changes in outcomes.

3.2.7 Place-Based Income Management, Deloitte, 2015

This evaluation was conducted between July 2012 and May 2015. Four reports were produced: an initial baseline evaluation report (Deloitte 2014a), a process and short-term outcomes evaluation report (Deloitte 2014b), a medium-term outcomes evaluation report (Deloitte 2015a) and a consolidated Place-Based Income Management evaluation report (Deloitte 2015b). The evaluation used diverse data sources, including a longitudinal survey of participants and a control population. The first wave of the survey had 458 Place-Based Income Management participants and 457 in the comparison group (Deloitte 2015b:22). Other sources of data included qualitative data from participants and stakeholders,²⁶ and administrative records.

As detailed in Table 1, most participants (74.9%) in Place-Based Income Management have been placed on income management because of the automatic youth trigger, although this varies by location. The program also differs from other initiatives in that most participants are non-Indigenous.

The evaluation noted that the population that had chosen the voluntary program were, on the basis of their survey responses about their behaviours and experiences, assessed by the researchers to be more financially vulnerable than those placed on because of their assumed vulnerability (Deloitte 2014b:91).

As with a number of the evaluations, the study found that a significant group reported some positive perceptions of outcomes, with 24.4% of those on the voluntary measure and 17.6% of those on the vulnerable measure reporting that the payment of bills on time was the main way the program had impacted on them (Deloitte 2015b:27). Looking at self-reported money management outcomes, the report identified a positive and significant improvement for those on the vulnerable measure across the longitudinal survey,²⁷ but no significant change between the baseline and the final survey for those who were compulsorily placed on the vulnerable program. This was also the case with respect to the questions on having sufficient money to last until 'pay day', running out of money to pay bills and running out of money to pay rent. Neither group reported any significant improvement

in running out of money to pay for food relative to the control population.

Turning to specific behaviours, there was no significant change in the incidence of smoking, although those on the voluntary measure reported a significant decline in the number of cigarettes consumed. There were no significant changes in the incidence or level of drinking, or the incidence of gambling. The study found no significant difference in the incidence of homelessness, although this was qualified by possible attrition in the survey.

Taking these results as a whole suggests that the group on Voluntary Income Management may have experienced some improvement in their ability to manage money, but not with respect to outcomes such as running out of money for food, or gambling or alcohol consumption, and, while the incidence of smoking has not changed significantly, the level of tobacco consumption has been reduced.

The report summarises the major results, differentiating between those on the voluntary measure and on the compulsory vulnerable stream,²⁸ as:

... 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 2015b:56)

The evaluation looked at a number of child outcomes, such as school attendance, and concluded that there was no evidence of improvement. In the short-term report the authors state:

The simple interpretation of this finding is that PBIM does not appear to have had a significant impact on measures that reflect the wellbeing or care of children, such as attendance at school or health of children in the short term. (Deloitte 2014b:91)

In the final report, Deloitte indicated that, because of sample size, this analysis could not be repeated

(Deloitte 2015b:42) in its medium-term study, but concluded that 'the longitudinal survey did not find evidence of any direct improvements in the care or education of children for participants on any measure' (Deloitte 2015b:iv).

The short-term evaluation also raised the question of whether people were developing a dependency on Place-Based Income Management (Deloitte 2014b:101). This was again identified in the medium-term report: 'It was noted that one potential unintended consequence of the program could be a learned dependence on external financial management' (Deloitte 2015a:91). More specifically, from focus groups with DSS staff it was reported, with respect to the vulnerable measure, 'that the automatic triggers associated with this measure were selecting customers who were managing financially and found that income management was detrimental to their establishment of financial independence' (Deloitte 2015b:53).

The Deloitte study concluded by suggesting a change in the program to orient it away from the widespread imposition of compulsory income management, maintaining instead a voluntary stream and a tightly targeted compulsory element:

It is suggested that over time, the Department gives consideration to re-orienting the focus of measures to reflect the characteristics of the voluntary measure. That is, that over time, there is a lower reliance on compulsory mechanisms to engage consumers in the program unless there are exceptional circumstances at play. One way in which this could be achieved is to remove the automatic trigger for enrolment in the VULN-AT²⁹ measure. (Deloitte 2015b:iv)

3.2.8 Voluntary Income Management in the APY Lands, Social Policy Research Centre at UNSW Australia, 2014

This evaluation (Katz & Bates 2014) was a qualitative study that was mainly concerned with short-term effects. It only considered the voluntary element of the program in the APY Lands. As seen in Table 1, voluntary participants currently account for 92.6% of those on the measure in this location. It should be noted that the context of the program in the APY Lands differs from that in many other locations, because the program was introduced on the initiative of some community members and in consultation with the community.

While there were diverse views about the impact of the program, the evaluation reported that overall there was

a perception that the program had a positive, although limited, impact. This was manifest in terms of greater protection against financial harassment, although this problem persists, and participants felt better able to manage their money. There was, in general, considerable uncertainty among the study participants as to whether there had been any beneficial impact on food consumption and especially whether there was more or less food available for children. While the report noted that more people reported that child wellbeing had improved rather than worsened, the majority reported that they did not know whether the program had had an impact in this regard, and the researchers indicated that they could find no link between school attendance and income management.

Data collected by the evaluation identified deep and persistent deprivation and disadvantage in the community despite the implementation of income management, and the evaluation noted in its conclusion that, to the extent that some positives were found, 'changes in wellbeing are likely to have been brought about by a combination of programs and not solely as the result of income management' (Katz & Bates 2014:41).

3.3 External scrutiny of operation of income management

A second strand of formal review of the program has concentrated on administrative aspects of the program. This includes three inquiries into aspects of the program by the Commonwealth Ombudsman and a review by the Auditor-General. While these bodies are primarily concerned with the administrative aspects of programs, and in the case of the Ombudsman the question of compliance with legislation and lawful and informed decision making, some aspects of program design and performance emerge. In addition, the program has been considered twice by the Parliamentary Joint Committee on Human Rights.

3.3.1 Ombudsman reviews

The Commonwealth Ombudsman has undertaken three inquiries into aspects of the operation of income management:

- Review Rights for Income Managed People in the Northern Territory, August 2010
- Review of Centrelink Income Management Decisions in the Northern Territory: Financial Vulnerability Exemptions and Vulnerable Welfare Payment Recipient Decisions, June 2012

- Administration of Income Management for 'Vulnerable Youth', February 2016.

The first inquiry (Commonwealth Ombudsman 2010) followed a complaint lodged with the Ombudsman, and related to the capacity of individuals to gain exemptions from NTERIM and, in particular, discrepancies between the claimed scope for review and the actual interpretation of this by the Social Security Appeals Tribunal.

The second inquiry (Commonwealth Ombudsman 2012) was an own motion investigation into aspects of decisions relating to whether people should be placed on the vulnerable program in the Northern Territory and the operation of some aspects of exemptions. The review identified a number of administrative inadequacies, including with regard to compliance with legislation and the quality of communications, and made 20 recommendations. Associated with this inquiry, which commenced in February 2011, was a marked decline in the number of people on the vulnerable program in the Northern Territory, from 243 in August 2011 to 133 in July 2012.

The third inquiry (Commonwealth Ombudsman 2016) followed receipt by the Ombudsman of complaints about the operation of the automatic vulnerable measure, in particular in Place-Based Income Management. A central concern of the Ombudsman was 'the potential to result in IM being applied to people in circumstances where it could be detrimental to their wellbeing' (Commonwealth Ombudsman 2016:5). The Ombudsman made 10 recommendations, including removal of automatic extensions of vulnerable assessments.

While all of these inquiries were limited to the scope of the Ombudsman's statutory responsibilities, a persistent theme in the findings was that income management had been implemented in a way that took limited account of individual needs, even where this was supposed to be part of the program design, and that systems and procedures were not sensitive to people's circumstances.

3.3.2 Administration of NIM in the Northern Territory, Auditor-General, 2013

This inquiry focused on a number of administrative aspects of NIM. The report contained two major recommendations relating to improved monitoring of, and reporting on, the program, including a performance reporting framework to measure the program's effectiveness (ANAO 2013:26). While these were agreed by the department, there is little indication of actual implementation of policies in line with this commitment.

In the 2013–14 DSS annual report, for example, the only performance indicator is a table of BasicsCard spending (which appears to be a merchant type-based classification) which reports that 100% of funds are spent on ‘priority needs’³⁰ (DSS 2014b:52). While there is a ‘deliverable’ relating to the number of people on income management in the Portfolio Budget Statements (DSS 2014c:99), there is no specific key performance indicator for the program.

The Auditor-General also made a number of key findings, including ‘there is an inherent risk that instead of developing budgeting skills, customers may come to rely on DHS [the Department of Human Services] and choose to remain on Income Management’ (ANAO 2013:68). It also noted that, while people could, under some circumstances, exit the program:

... this is not an explicit objective of the scheme and as a result there are no specific strategies in place to achieve this outcome. While some customers are likely to remain on Income Management indefinitely due to their personal circumstances, there are others who would benefit from a defined pathway to exit the scheme. This would be consistent with one of the overall aims of Income Management – to promote and support positive behavioural change and personal responsibility. (ANAO 2013:21)

3.3.3 Parliamentary Joint Committee on Human Rights

The Parliamentary Joint Committee on Human Rights is a cross-party and cross-House committee responsible for monitoring legislation for compatibility with human rights. It has conducted two inquiries into the Stronger Futures in the Northern Territory legislation, and reported in 2013 (PJCHR 2013) and 2016 (PJCHR 2016).

In its first review, the committee did not make any specific recommendation on income management, although it noted that it did not consider that the government had made a sufficient case for the program to be seen as nondiscriminatory, or a justifiable limitation on the rights of individuals with regard to social security, family and privacy (PJCHR 2013:61–62). In its second review, the committee, drawing on submissions, correspondence with ministers, and the results of the evaluations of NIM in the Northern Territory, Place-Based Income Management and income management in the APY Lands, noted ‘the Committee is concerned that the income management regime is not rationally connected to achieving its objectives’ (PJCHR 2016:61). Further, in the context of its responsibilities, the committee expressed the view that:

A human rights compliant approach requires that any measures must be effective, subject to monitoring and review and genuinely tailored to the needs and wishes of the local community. The current approach to income management falls short of this standard. (PJCHR 2016:62)

Based on this, it concluded with a recommendation to remove the widespread imposition of compulsory income management with criteria such as duration, in favour of a strictly targeted approach:

The committee recommends that income management should be imposed on a person only when that person has been individually assessed as not able to appropriately manage their income support payments. (PJCHR 2016:62)

3.4 Other research

In addition to the formal evaluations of income management, aspects of the program have been considered in a wide range of studies and reviews. A selection of these is listed below, with an emphasis on those studies that have used additional primary material or have particular policy implications, including official policy reviews.

3.4.1 Reviewing the NTER: perspectives from six communities, Central Land Council, 2008

The Central Land Council undertook extensive consultations in six remote central Australian Indigenous communities in early 2008, including a detailed survey of 141 residents and 51 semistructured interviews. The research addressed a wide range of policies and programs associated with the NTER. In summary, the report concluded:

The overall picture is nuanced with support and opposition across the range of measures ... The results from this work were diverse and community specific – each community is different. The rollout took no account of that. Where good governance structures and systems existed, they were ignored and undermined ... the impact of most NTER measures is modest and that the deeper social issues in communities remain unaddressed. (CLC 2008:7)

With specific reference to income management, the report noted:

Responses across survey participants were evenly divided between people in favour and opposed to

income management. Gender and age were not significant factors in influencing people's level of support for income management ... Advantages associated with income management included increased household expenditure on food and children, young men contributing to family shopping, and reductions in gambling and drinking. Disadvantages associated with income management included less discretionary cash and restrictions on the use of managed money, blanket coverage being discriminatory, problems with accessing managed money ... Generally, there was some evidence that if income management was better directed towards people with alcohol, gambling or substance misuse problems, that people in communities would be more supportive of it. (CLC 2008:4–5)

The study also reported that 'store figures from one store in Hermannsburg show increased expenditure on different food types with a reduction in cigarette purchases following the introduction of income management' (CLC 2008:5). The data in the report suggested that sales of cigarettes in this store fell from \$17 200 over a three-month period in 2007 to \$11 200 over the same period in 2008 (CLC 2008:36).

3.4.2 Impact of income management on store sales in the Northern Territory, Brimblecombe et al., 2010

This research, headed by researchers from the Menzies School of Health Research (Brimblecombe et al. 2010), focused on the impact of NTERIM on purchases made in remote stores in Northern Territory Indigenous communities. The core finding was that:

... income management appeared to have no effect on total store sales, food and drink sales, tobacco sales and fruit and vegetable sales ... Soft drink sales and turnover dropped initially with income management, but increased thereafter.

These findings suggest that ... income management may not affect people's spending overall. The findings challenge a central tenet of income management – that people's spending habits will be modified in a positive way with mandatory restrictions on expenditure. (Brimblecombe et al. 2010:552)

The researchers further discussed these findings relative to those of government-supported research which primarily relied upon store reports rather than detailed sales analysis, noting that the data did not provide support for claims of healthier food and drink purchases, and particular pointed to no impact on fruit and vegetable

sales. They did, however, confirm the finding of this other analysis of there being no impact on tobacco sales.

This research was subject to an aggressive response by FaHCSIA (FaHCSIA 2010:4–9) in which the department claimed, *inter alia*, that the stores were atypical and hence could not be used to draw any conclusions. Further, FaHCSIA suggested that simple arithmetic calculations arrived at different conclusions to the statistical analysis undertaken by the researchers which used more sophisticated techniques to control for store characteristics. Some of the criticism appears to be based on an apparently unpublished³¹ consultant's report.

3.4.3 Women's experience of income management in the Northern Territory, Equality Rights Alliance, 2011

This research (Equality Rights Alliance 2011) describes itself as a 'limited qualitative study of selected urban accessible groups' (Equality Rights Alliance 2011:5) and not an evaluation of the wider impacts of income management. While describing itself as qualitative, it did collect some quantitative data, with 168 surveys being administered across the 183 women involved in the project. All of the participants were women with experience of income management, with 95% having a BasicsCard for more than a year. Most participants came from Alice Springs, including the town camps, with 96% identifying as Indigenous. Participants self-selected into the study, an approach that limits the generalisability of the findings and may introduce bias. Further, the study was reliant on self-reported outcomes and perceptions.

On balance, the results of this study were negative with respect to the need for, and effects of, income management. Almost all (97%) of women said they did not need help managing money, and 91% said income management had not made any difference to their family relationships, although 24% said it helped them look after their family better. A large majority, 85%, said that it had no impact on their shopping, although 22% said they saved money purchasing with BasicsCard, and 53% said it was often difficult to shop with BasicsCard. The majority said that they did not feel good using the card in big shops, and three-quarters felt they were not treated as nicely when using the card. Views on safety were split, with 70% saying they did not feel safer with the card, although 27% did. When asked if they wanted to stop using BasicsCard (i.e. stop being income managed), 79% said they wished to, whereas 20% said they were happy and wanted to keep using it.

3.4.4 Evaluation of the Community Stores Licensing Program, Cultural & Indigenous Research Centre Australia, 2011

One of the NTER initiatives was a licensing regime for community stores³² in the Northern Territory. This policy included requirements around the acceptance of BasicsCard, the range and quality of products available for sale, and the financial structure and practices of the store. The introduction of the licensing requirements was evaluated in 2011 (CIRCA 2011). The valuation concluded:

Overall stores licensing has had a positive impact on food security, in terms of ongoing access to food that is safe and of sufficient quality and quantity to meet household needs. (CIRCA 2011:36)

One particular aspect of the new licensing requirements was an elimination of the 'book-up system', which had seen many people perpetually in debt to their community store. While not addressing the outcomes of income management, this evaluation highlights the potential problem of attribution of changes identified in income management evaluations. That is, given there are many programs with similar objectives operating concurrently, trying to isolate the marginal contribution of each of these to any overall change in outcomes can be difficult.

3.4.5 Community Safety and Wellbeing Research Survey, Shaw and d'Abbs, 2011

This project (Shaw & d'Abbs 2011) involved surveying 1343 respondents in 17 remote Indigenous communities in the Northern Territory, with a key focus on collecting information on perceptions of change in the previous three years (i.e. since the Intervention).

The study reported on some very strong positive perceptions of change over the previous three years, with between 75% and 83% of respondents agreeing with the statements 'School is better', 'Easier to get help from Centrelink', 'Easier to get help at clinic', 'Easier to get help from the police', 'Store is better' and 'More kids being looked after properly'. Around 70% agreed with the statements 'Community is safer' and 'Community is working better together', and around two-thirds, or just under, agreed with the statements 'More respect for elders', 'Less people making trouble', 'Community leaders are stronger', 'Less drinking grog' and 'Less family fighting' (Shaw & d'Abbs 2011:26).

The research also used a voting methodology in 13 communities to identify what respondents considered to have been the most important changes in their

communities, as well as the biggest challenges. The first-placed change was better policing, as a result of additional police and new stations. The second-highest ranked change was better schools with more teachers and new facilities. The BasicsCard and more and better-quality housing were ranked as equal third (Shaw & d'Abbs 2011:32). The highest ranked challenge was housing, followed by jobs and training, and more activities for young people, which were ranked as equal second. In the executive summary, the report indicates:

The majority of people judge that their life has improved over the last three years. Qualitative feedback offered with this judgment stresses that employment has been a major factor in improving individual's lives. (Shaw & d'Abbs 2011:7)

Notwithstanding this, the report summarises its findings as 'a mixed picture of some triumphs and some seemingly intractable problems' (Shaw & d'Abbs 2011:134).

Tyler and Gibson (2011) criticised this study on a number of grounds. These included the specification of the time period over which people were reporting change, which they considered did not clearly demarcate the concept of changes that had occurred as a consequence of the Intervention; the extent to which the researchers tended to lead respondents; and a view that the consultants tended to simply report data from the survey at face value and claim this as substantive evidence of positive outcomes rather than placing it in context, including making use of other information that had been collected, to verify the validity of the results. As an example of the use of leading questions, they state, 'Many questions clearly lead participants. The survey begins, for example, with 15 positive assertions that things have improved compared with "three years ago"' (Tyler & Gibson 2011). They were also critical of the way in which the specific issues included in data collection, and reported on, tended to reflect a negative stereotype of Indigenous communities. The critique argued that, while in fact the data collected highlighted some of the core issues that were seen as being very important to the people living in the communities, such as culture, language and being close to family and friends, these were not substantively addressed.

As to the alleged tendency to take some responses at face value, without testing them further – especially perceptions of apparent improvements – they cited two examples from the Shaw and d'Abbs report: school attendance and reporting on violence. In the case of school attendance, the original study reported:

Children's level of activity, their school attendance, health and happiness are all seen to have improved.

It is clear that in many communities respondents' perception of increased school attendance is at variance with school attendance data, which record a decrease in attendance in some sites.

(Shaw & d'Abbs 2011:6)

In the case of interpersonal violence, Tyler and Gibson referred to the caveat in the original report:

Feedback from some data collectors suggested that a proportion of the 'No' (it is not OK to hit) response may have reflected the respondents' desire to say the right thing, rather than their real opinions.

(Shaw & d'Abbs 2011:120)

As pointed out by Tyler and Gibson, despite the need for some very strong qualifications on the perception data being indicative of actual change, given these types of contradictory evidence, and indeed grounds to consider the perceptions as being very weak evidence, this constraint appears to be ignored in the overall presentation of results in the Shaw and d'Abbs report.

3.4.6 Impact on commercial gambling, Lamb and Young, 2011

Expenditure on gambling and gambling products is a nonapproved activity under income management. While much of the gambling takes place within communities, Hing and Breen (2014) reported that the 'past 30 years of commercial gambling expansion has corresponded with growth in Indigenous gambling participation to levels well above those seen in the non-Indigenous Australian population' (Hing & Breen 2014:2). In this context, the study by Lamb and Young (2011) considered the effect of income management under the NTER on commercial gambling in Alice Springs and Katherine using outlet-level data on spending on electronic gaming machines (EGMs). The research drew a tentative conclusion that 'the Intervention has appeared to reduce the cash availability for EGM gambling, although this effect is difficult to separate from a range of localised spatial, social and temporal variables' (Lamb & Young 2011:135). The authors indicated, however, on the basis of their mixed results and the limitations of their technique, that further research is required, and placed an emphasis on a need for 'locally-sensitive policies formulated jointly with Aboriginal interest groups' (Lamb & Young 2011:136).

3.4.7 Income management in Mäpuru, Puszka et al., 2013

This was a study of the implementation of income management in a small Northern Territory Indigenous community between September 2008 and September 2009. As indicated from the dates, this was during the operation of NTERIM, and the study documents particular problems for the community as a result of problems with the stores' licensing. Individuals reported increased problems with having to manage three separate income streams (non-income support income, income-managed funds and non-income managed income support), and operational issues associated with balance checking and the complications in use of income-managed funds for purposes such as travel. The study reported no change in alcohol consumption, although a 'reduced capacity to purchase cigarettes' (Puszka et al. 2013:63) was identified. Other than this, the study reported that there was no change in consumption behaviour and concludes, 'Our research conflicts with the findings of government-conducted research suggesting that income management resulted in increased availability of food' (Puszka et al. 2013:67).

A strong theme which emerged from the study was the impact of the top-down implementation of the program. In addition to the specific issues of the operation of the local store, there was a 'perpetuation of disengagement and marginalisation', which was seen as setting back 'the actualisation of residents' aspirations for self-sufficiency and self-management' (Puszka et al. 2013:69).

3.4.8 Compulsory Income Management and Indigenous Australians: delivering social justice or furthering colonial domination, Bielefeld, 2012

In this academic paper, Bielefeld (2012) placed income management in the context of historical policies in Australia that limited the access of Indigenous people to money, including their own earnings from employment. She argued that income management is a continuation of colonial-era and later policies of domination and surveillance. Specifically, she noted that this paternalistic approach exacerbates the trauma experienced by Indigenous peoples and results in their disempowerment. In concluding, she emphasised the need for policy to take account of the needs and aspirations of Indigenous people, and noted, citing a range of different consultations with Indigenous communities about income management, that there may be scope for a purely voluntary model that would appear to have some support by communities. These concerns are further developed in Bielefeld (2014ab).

3.4.9 *Challenges in evaluating Indigenous policy, Malezer, 2013*

In 2012, the Productivity Commission held a roundtable: *Better Indigenous Policies: the Role of Evaluation*. In his presentation to this roundtable, Les Malezer, Co-Chair of the National Congress of Australia's First Peoples, spoke on the challenges of evaluation in Indigenous policy (Malezer 2013). Although not specifically addressing the question of income management, the paper directly addressed the question of the nature of these evaluations and their findings. Specifically, he spoke about how the outcomes measured in evaluation are, in most cases, framed from the perspective of governments and, more generally, mainstream non-Indigenous society, and as a consequence neglect to take account of the needs and priorities of Indigenous people themselves. In discussing the Closing the Gap targets, he stated:

These are important indicators, endorsed by Australian governments. But they do not address other important needs of the Aboriginal and Torres Strait Islander peoples. For example, they do not address the legacies of historical injustice, such as stolen wages, the stolen generation, stolen territories, the need for development, and the pursuit of culture and identity by Aboriginal and Torres Strait Islander peoples. Consequently, there is a disregard for the essential needs of self-determination through governance, decision-making, law and Indigenous peoples' own institutions. (Malezer 2013:77)

3.4.10 *Community perspectives on income management, Ceduna and region, Ninti One, 2013*

This study (Abbott et al. 2013) was commissioned by the Australian Government prior to income management in Ceduna. The study was based on interviews with 204 people in the region, around three-quarters of whom identified as being Indigenous. It reported that 58% of respondents knew something about income management, including 25% who knew of someone they thought had been on the program. The survey identified a wide range of problems, including substance abuse, unemployment and health, and reported that this indicated:

... the complexity of issues that people face, many of which are likely to compound and reinforce each other. The most obvious examples are grief, alcohol use and unemployment, a combination not uncommon in many communities in Australia and worldwide. (Abbott et al. 2013:38)

The study reported that:

... many participants (up to 89%, depending on the question) reported that their own financial management practices are satisfactory and enable them to meet their essential needs, implying disagreement with uniform and compulsory Income Management. (Abbott et al. 2013:5)

At the same time, this was not necessarily a rejection of the concept, with 58% responding that they felt there were other people they knew who would benefit (Abbott et al. 2013:21). Survey respondents reported a range of improvements they saw as potentially flowing from income management, but also a range of other problems they saw as being unaffected or worsening.

3.4.11 *The Forrest review, Forrest, 2014*

The Forrest review³³ was commissioned to 'provide recommendations to ensure indigenous training and employment services are targeted and administered to connect unemployed indigenous people with real and sustainable jobs' (Abbott 2013). The review drew on extensive consultation and formal submissions, as well as research by a secretariat; it did not undertake primary data collection. Among the recommendations in its report 'Creating parity' (Forrest 2014) the review proposed introduction of a Healthy Welfare Card³⁴ which would replace and extend income management.

In coming to this recommendation, the review noted that:

Income management was widely regarded as very helpful for vulnerable people, enabling them to manage their budgets, save for expenses and stay in stable housing. However, it is complex, it can be considered paternalistic and comes with a cost that renders it unsustainable and unsuitable for broader application.

While income management is useful to stabilise an individual's circumstances, it can make transitions off welfare and into work more difficult. (Forrest 2014:27)

The review observed that income management 'is very expensive for the government to administer and it has some stigma associated with it for the recipient' (Forrest 2014:102). The report also addressed the question of financial capacity. It called for the introduction of 'culturally relevant financial management and mentoring [which] could address gaps in the provision of financial ... assistance and support to first Australians' (Forrest 2014:105).

As noted earlier, in 2016 the government commenced trials of a cashless debit card in response to the recommendations of this review.

3.4.12 Report of the Reference Group on Welfare, McClure, 2015

The Reference Group on Welfare Reform³⁵ was established by the Minister for Social Services 'to identify improvements to ensure the system is sustainable, effective and coherent, and encourages people to work' (McClure 2015:5). As with the Forrest review, it relied primarily on consultations, submissions and research undertaken by a secretariat. With respect to income management, it concluded that the program 'should be used judiciously and should be delivered in conjunction with financial capability and other support services' (McClure 2015:24). Central to the reference group's concerns was that the ultimate focus of the program needed to be on helping 'people to develop the skills to become financially self-reliant' (McClure 2015:114) and that this was not currently the case. In particular, it indicated:

Stakeholders working closely with people on income support said income support recipients can become dependent on income management. They highlighted the risk that it can act as a disincentive to move into paid employment. They mentioned cases where people moved into paid employment and struggled financially because they did not have the skills to manage their own income. (McClure 2015:114)

More generally, the report indicated that the stakeholders consulted by the reference group held a diverse set of views about the program. These ranged from those who argued for the income management of all income support, those who proposed its use as an individualised and temporary support to stabilise individual circumstances, and those who rejected the program outright. The reference group also emphasised the need for the outcomes of income management to be evaluated, and that policies should be informed by the evaluations that were in place as the reference group prepared its report.

3.4.13 Community consultations on the Forrest review 'Creating parity' report, South Australian Commissioner for Aboriginal Engagement, 2014

In 2014, the South Australian Commissioner for Aboriginal Engagement undertook consultations with Indigenous communities and organisations³⁶ on the full range of recommendations of the Forrest report. Although

the consultations indicated support for some of the proposals, at times qualified, other proposals were not supported. In addition, there were some strong critiques of the review's approach, including what communities saw as a lack of respect for Aboriginal culture, a lack of recognition of a diversity of needs across communities, and the failure of the report to address issues, including racial discrimination and a lack of cultural competency by employers, and education and training providers.

With respect to the proposal for the Healthy Welfare Card, the report stated:

There was no support for this recommendation. A number of community members likened this proposed arrangement to the 'handing out of rations' to Aboriginal people.

Community members in areas such as Ceduna, Port Augusta and Coober Pedy drew similarities between this proposal and the 'Basics Card' income management scheme that is in place within those communities. They believed that total income management would lead to more strain on extended families, increased crime, and a 'black market' of selling goods (such as whitegoods) for cash. (Commissioner for Aboriginal Engagement 2015:8)

4 Key New Income Management evaluation findings

The evaluation of NIM in the Northern Territory presented extensive findings in its two reports. Six specific aspects of the findings are considered below: the attitudes and perceptions of people on the measure; four dimensions of impact – on consumption, on financial behaviour, on individual and community outcomes, and on dependence; and the relative impact of the programs on Indigenous Australians. In addition to these, the reports made significant findings with respect to other program elements, including the role of subprograms and the outcomes of the exemptions process.

The following sections discuss each of these, drawing on the findings of the other research discussed above, to identify the extent to which there is commonality or divergence in the findings.

4.1 Perceptions and views of people on income management

The NIM evaluation identified diverse views about income management among those who were subject

to the measure. Although the responses varied by the particular question asked, a typical pattern of response can be seen in the responses to the question of 'whether income management has made things better' for the person. Across the Indigenous population on compulsory income management, 44.1% said it had made things better, 35.3% said it had made no difference and 20.6% said that it had made things worse. For non-Indigenous persons on compulsory income management, the equivalent proportions were 25.4%, 29.1% and 45.5%, indicating a much more negative pattern of responses. In contrast, the population³⁷ on Voluntary Income Management was much more positive, with 83.3% saying that it had made things better, 12.5% that it had made no difference and 4.2% that it made things worse.

While there were some gender differences, with women being more positive than men, these were, in general, small. Among the Indigenous population, there were also marked differences by location. The key feature of this was that the experience and views of Indigenous people on the compulsory measures who were living in urban areas, other than in town camps, were substantially closer to those of the non-Indigenous population.

Other questions used in the analysis presented in the evaluation identify more complex feelings. For example, only half of those on Voluntary Income Management, a third of Indigenous respondents on compulsory measures and a quarter of non-Indigenous respondents on these programs state that they 'hardly ever' or 'never' feel that it is unfair being income managed.

The evaluation report stated, however, that significant caution needs to be exercised in interpreting these types of views in undertaking a program evaluation:

From an evaluation perspective, while peoples' views of income management are important, the essential question remains as to whether income management improves outcomes. Good policy may not always be seen positively by those whom it affects or by those implementing it, nor do positive feelings about a program mean that it is effective. (Bray et al. 2014a:315)

A similar diversity of views around income management is recorded in most of the other studies, although the balance varies. The AIHW NTER evaluation reported that 65.6% thought income management was 'good' (although this fluctuated from 23.1% to 92.3% by location³⁸), and 32.8% thought it was 'bad'; 1.6% were undecided (AIHW 2010:37). In the study of women's experience, using the proxy of remaining on BasicsCard, the results were:

79% answered I do not like using the BasicsCard and want to stop using it now. 20% answered I am happy with the BasicsCard and want to keep using it as it is now ... 1% answered I would use the BasicsCard if it was voluntary. (Equality Rights Alliance 2011:29)

As has been noted, this survey was based on a self-selected group of participants and is not likely to be representative.

The Central Land Council study of six communities summarised its findings as:

Responses across survey participants were evenly divided between people in favour and opposed to income management. Gender and age were not significant factors in influencing people's level of support for income management. (CLC 2008:4)

Perceptions also varied by who was asked. As an example, the ORIMA Research (2010) study of Child Protection Income Management in Western Australia reported the views of different intermediaries and people on the child protection measure about the impact of the program on family relationships. It reported that:

Around half of Centrelink staff (58%), financial counsellors and money management advisers (45%) and DCP [Department for Child Protection – Western Australia] staff (44%) believed that the CPSIM trial had a positive impact on clients' family relationships. (ORIMA Research 2010:130)

In contrast, the report indicated that:

The majority of CPSIM clients felt that IM had not had any impacts on relationships within their family ... Three-quarters of CPSIM clients (76%) felt that this was the case when they were on IM – 74% of current and 78% of previous clients. (ORIMA Research 2010:128)

These results show not just differences between 'experts' and those subject to the policy, but also between different intermediaries and experts.

4.1.1 Summary

Most research has identified a range of views on different aspects of income management, some strongly positive and others very negative. The balance of views varies, particularly between those on compulsory and voluntary measures. The NIM evaluation also identified differences by location, with people living in remote communities

and in some town camps being more positive about the program than those in urban locations, who were more likely to express negative views. The pattern of responses is also very dependent on the specific question that is being asked. This type of question also raises some issues about how changes in perceptions should be interpreted.³⁹

The NIM evaluation noted that, while these types of views need to be considered, they are not a substitute for actual measurement of changes in outcomes and circumstances as a basis for identifying the impact of the program.

4.2 *Impact on consumption*

The NIM evaluation made a number of findings around the impact of income management on consumption.

The first was that the conceptual and indeed the legal framework around 'priority needs' appears now to just be a rhetorical⁴⁰ stance. The nature of BasicsCard is that it only restricts spending on excluded items, and the composition of spending on the card appears – with the exception of tobacco – to be broadly similar to the usual pattern of sales in these stores.

The second finding was that there was no evidence of the share of spending on tobacco declining, nor of an increase in fruit and vegetable sales. Rather, the research found that the composition of diets in remote communities, as identified in BasicsCard spending, continues to be an issue of grave concern.

The third is that, while there was a weakly significant improvement in people on Voluntary Income Management reporting that they had run out of money for food, there was no change for those on the compulsory income management measures.

These findings are in general supported by a number of the other more detailed research reports, but not universally across all the studies.

Take firstly the question of spending on priority needs. It would appear that the DSS claim in its 2013–14 annual report that 100% of spending is on priority needs (see Section 3.3.2) is unsustainable and is quite misleading. All of the studies that have looked at the detail of the purchases made on BasicsCard are aware of the wide variety of goods purchased relative to the 'priority needs' specified in legislation. Rather, the concept appears to be simply one which continues to operate in the department's advocacy at a rhetorical level, with no

regard to the legislative definition of what these priority needs are.⁴¹

With respect to tobacco spending, there are data on a single store in the CLC 'six communities' report which indicate a one-year fall in the share of spending on tobacco from 12.2% of sales across a range of identified items to 6.9% (CLC 2008:36). This figure does not appear to be plausible as a general income management effect in the context of the other studies, such as that of AIHW, which reported that some three-quarters of stores reported that sales were unchanged. Nor is the finding consistent with actual tobacco sales data from a number of remote stores which were used in Brimblecombe et al. (2010), as well as the NIM analysis which shows no change (although the latter noted a price impact on volume). The Mäpuru study (Puszka et al. 2013) reported that the purchase of cigarettes was 'more difficult', but did not quantify the impact of this.

Turning to the incidence of smoking, the Cultural & Indigenous Research Centre Australia analysis included in the AIHW report suggested that 85% of smokers reduced their spending on tobacco on income management.⁴² This seems a remarkably high figure, and one that, if it occurred as a generalised income management effect, would surely have echoed strongly through the sales data, as well as being reflected in other studies such as the National Aboriginal and Torres Strait Islander Health Survey (NATSIHS) conducted by the Australian Bureau of Statistics (ABS). This was not the case, and a comparison of the NATSIHS data in 2012–13 with that in 2004–05 showed no change, or even a slight worsening, in the incidence of daily smoking (Bray et al. 2014a:231).⁴³

The Deloitte Place-Based Income Management evaluation reported that, while in the qualitative interviews some people reported that having been subject to income management had reduced their dependence on alcohol and tobacco (Deloitte 2015b:58), this effect was not identified in the quantitative longitudinal survey, which compared levels of smoking and drinking at various times, including before being subject to income management. The authors' conclusion from this was that 'PBIM did not have a significant impact on the financial stability, alcohol consumption patterns, gambling patterns, tobacco consumption patterns or housing stability' (Deloitte 2015b:61).

The NIM evaluation found a pattern of lower spending on BasicsCard on fruit and vegetables relative to non-BasicsCard spending in both major urban and remote stores.⁴⁴ This was most marked in remote communities.

Both the NIM evaluation and the Brimblecombe et al. (2010) research suggest no change over time. In contrast, AIHW, as cited earlier, reported very strong improvements, with three-quarters of participants reporting spending more money on food, and over half spending more on vegetables, and over two-thirds of store managers reporting increased sales. Data on child nutrition from the ABS NATSIHS cited in the NIM evaluation (Bray et al. 2014a:225–226) showed inconsistent results for Indigenous children, with minor improvements in milk consumption between 2004–05 and 2012–13, a very marked decline in vegetable consumption over the period and an improvement in fruit consumption. The study noted that there were other factors, such as school lunch programs, introduced in 2007 as part of the School Nutrition Program, which were likely to have had an impact, especially as these programs tend to have a visible fruit component. More generally, the NATSIHS data indicate, consistent with stores data cited in the NIM evaluation, continuing major issues with nutrition, with over a third of children not having an adequate daily fruit intake and some 95% not having an adequate vegetable intake. If the changes cited in some of the earlier studies were correct, it appears highly improbable that the changes would not also have been seen in trends in sales, the adequacy of current diets or health surveys.

The third issue was that of food security and running out of food. Here the NIM evaluation found a small and weakly significant improvement in the incidence of running out of money for food for those on Voluntary Income Management and no change for either Indigenous or non-Indigenous people on the compulsory measures. This pattern of responses is very similar to those recorded in Place-Based Income Management, although in the evaluation of this measure none of the movements was statistically significant between the baseline and final survey.

The AIHW report indicated that in the 2008 'Community Feedback Report', which used qualitative data for four communities, the purchase of more food was 'identified consistently across the research' (AIHW 2010:46), with the ORIMA Research Western Australian evaluation of Child Protection and Voluntary Income Management reporting that the proportion running out of food decreased from 59% prior to being placed on income management to 29% while on the measure, and 16% after having left the program (ORIMA Research 2010:122). The DSS evaluation of the same program reported that, from a survey of 32 program participants, about a third of people spoke of no longer running out of money for food each day (DSS 2014a:50). The APY Lands study did not look at actual change over time, but found that

72.5% of those who had chosen to go onto income management had run out of money for food in the past four weeks, compared with 56.1% of those not on income management (Katz & Bates 2014:22). The need for caution in interpreting data on perceived improvements in food was highlighted in the first NIM evaluation report (Bray et al. 2012:196), which presented an analysis of the marked discrepancies between perceived and recorded change in ability to purchase adequate food for some income-managed populations.

In addition to these findings, the data collected in a number of studies show that there are high and persistent problems of food security and in the nutritional value of food consumed, which remain across major components of the populations on income management, even while they are on the program.

4.2.1 Summary

Despite perceptions of improved consumption of some food items and claims that income-managed funds are being spent on priority goods, those studies which have considered sales data and actual consumption in longitudinal terms indicate that there is little or no evidence of this actually happening. Given the nature of these relative data sources and the potential bias in responses, it can be considered that the findings based on actual change over time and on the basis of sales are much more robust. More generally, these studies also highlight significant problems that have continued unabated by program activities. Although some very limited early data on tobacco use suggested there was some evidence of a reduction (although even this was inconsistent across locations and studies), later studies and alternative sources suggest this is not the case, other than possibly for some on the voluntary measure, and that overall tobacco sales have not been affected. With regard to food security, where this has been tracked over time, there is some, although not wholly consistent, evidence suggesting some improvements for those on voluntary measures, but a more general finding of no effect for those on compulsory forms of income management.

4.3 Impact on financial behaviours

The NIM evaluation concluded that there was minimal impact from the program on the financial capability of program participants. This was based on detailed examination of a range of indicators, including the pattern of failed BasicsCard transactions, how people care for and use their BasicsCards, and spending patterns of income-managed funds. It also took account of changes

in reported household outcomes and the impact of the specific programs designed to improve financial management skills.

The report noted that, although there were very positive reports of perceived improvements in financial management capabilities, these were not sustained in actual changes. It cited results from survey responses by people who had exited income management, among whom 'some 44 per cent of Indigenous and 30 per cent of non-Indigenous respondents agreed with the statement that "income management taught me how to better manage my money"' (Bray et al. 2014a:304), and the more ambiguous finding that:

Between 40 and 50 per cent of Indigenous people on income management indicated that most or all of the time they felt that they were more in control of their life, and had more control over their money. In contrast some 50 to 60 per cent of non-Indigenous people reported that they hardly ever or never felt this way. (Bray et al. 2014a:304)

These apparently positive sentiments were then compared with a series of quantitative measures derived from survey and administrative data. This found some isolated indicators of impact for some of those on Voluntary Income Management but not for others.

The longitudinal survey allowed some changes in experience over time to be studied. With respect to whether people had problems paying bills on time, the NIM evaluation found a small but significant improvement for those on the voluntary measure, but no significant change for those on compulsory measures. This is the same pattern, noted above, with regard to running out of money for food.

Using the administrative data, a number of indicators were constructed in the NIM evaluation to assess whether there may have been changes in the financial management capacity of people as a result of their experience of being income managed.⁴⁵ Three are discussed here.

The first was one of several measures which looked at the relative behaviour of a matched sample of people in October 2011 and October 2013. This considered the proportion of time people had low financial balances in their income management accounts as an indicator of the extent to which people managed their spending over time and kept any reserves for unexpected costs. This found, for example, at best, a slight fall (from 28.0% to 26.0%) in the proportion who had a balance of less than \$10 in their

income-managed funds for more than half the period between receipt of payments (Bray et al. 2014a:163).

A second set of measures concerned the incidence of failed BasicsCard transactions. The expectation here was that these would decline as people better managed their funds, including being more aware of their available funds, if there were improvements in their financial management skills. The BasicsCard transaction data showed that around 10% of attempted purchases failed because people had an inadequate balance to cover the purchase. Analysis of the incidence of this type of failed transaction over the duration of NIM found that, while the rate declined over time, this was a relatively small shift, especially when account was taken of improved balance-checking facilities (Bray et al. 2014a:153–161). It also found that more recent groups placed on the program showed lower levels of financial vulnerability on this measure. This would suggest that the program was becoming increasingly targeted at people with higher levels of financial management skills.

A third indicator was the rate of BasicsCard replacement. This was seen as providing some insight into how well people took on their financial management responsibilities, including taking action to care for the card and minimise the risk of loss or theft. On average, across the program, each participant had 5.3 replacement cards issued to them each year because of loss, theft or related causes. There was a lack of any decline in this rate associated with duration of time on income management, although there was a slight fall in the number of replacement cards over time for a matched population (Bray et al. 2014a:148–153).

The lack of marked impact of the program in substantively improving financial management capacity, across these and an array of associated measures, was also emphasised by the failure of the matched savings program. This program, which was envisaged as a major element of the wider approach of building financial management capability through income management, resulted in just 31 grants being made for successful outcomes in this program, from a target population of about 29 500 (Bray et al. 2014a:297).⁴⁶

The ORIMA Research study concluded its discussion of financial management as:

The evaluation found some evidence of a positive impact of the measures on the financial management capabilities of participants, but this was not as conclusive as the evidence in relation to ... wellbeing. (ORIMA Research 2010:17)

The AIHW study, relying on the perception of respondents in surveys and stakeholders in focus groups, reported some positive change. The APY Lands study suggested that people had a feeling of greater control, but also indicated that the management of cards was frequently quite flexible – for example, letting others use it (Katz & Bates 2014:18). The DSS Western Australian Child Protection Income Management study concluded, ‘It remained unclear whether income management provided recipients with financial management skills’ (DSS 2014a:69–70).

The Deloitte study summarised its findings as, ‘For VIM customers, PBIM appeared to have a positive impact on their capability to better save and spend their money’ (Deloitte 2015b:ii), but those on the compulsory measure ‘did not demonstrate a significant improvement in their capability or confidence in saving or spending their money’ (Deloitte 2015b:iii).

A final issue with respect to financial behaviour concerns the variety of ways in which people use their BasicsCard. The conceptual approach of the program is highly individualistic. A person is issued with an individual BasicsCard, which has a personalised PIN,⁴⁷ that is to be used to purchase the ‘basic’ items a person and their children need. This is not what occurs in many cases. Rather, the NIM evaluation found that cards are used highly flexibly and in different ways, depending on individual circumstances. Over a third of participants stated that they swapped or shared cards when shopping with others; almost 45% said they let others use the card to do shopping on their behalf; and over a third said that they let others use their card for their own purchases. Between 12% and 15% reported they or members of their family had engaged in various practices such as swapping food for cash, alcohol or tobacco, or getting cash from taxi drivers (Bray et al. 2014a:135). Some of these practices were also reported by the Queensland Parliamentary Committee on the Cape York trial (Ruthenberg 2014) and by Katz and Bates (2014), noted above, in their research on the APY Lands. This was also reported in the Deloitte evaluation: ‘it is recognised that mechanisms remain for customers to “get around” using the BasicsCard’ (Deloitte 2015b:68).

4.3.1 Summary

There is a large degree of consistency in studies reporting perceptions of improvements in financial management capabilities by at least a significant proportion of the people who were subject to income management. Only a more limited number of studies have looked at actual evidence of change. These find some, more isolated,

positives of varying degrees for those on the voluntary program, and no change for those on compulsory forms of income management. This seems to be consistent with the findings from the NIM evaluation.

4.4 Impact on individual and community outcomes

The analysis undertaken as part of the NIM evaluation took a multilevel approach in seeking to identify outcomes. In addition to seeking to measure outcomes at the individual level, it considered the outcomes program participants reported for the communities in which they live, and reviewed data more widely to seek to identify changes in outcomes across communities in the Northern Territory, and in the Territory as a whole. It found there was no systematic pattern of improvement which could be associated with income management. Indeed, despite both income management and the much wider array of initiatives associated with the Northern Territory Intervention and other programs operating in the Northern Territory, overwhelmingly the indicators point to no improvements in community outcomes, or, where there was change, this was consistent with changes more widely across Australia.

The results of analysis of changes in individual consumption and financial capability outcomes have been discussed above. In addition, the evaluation looked at the incidence of problems for people and their family. The first measure of these was the incidence of problems with alcohol, drugs and gambling. This had two elements: firstly whether any problem existed, either large or small; and secondly whether or not they had at least one large (‘very big’) problem. The results of this analysis suggested that, while there was some evidence of a reduction in the incidence of at least one of these areas being a problem for all groups,⁴⁸ there was no reduction in the incidence of at least one being a major problem. Indeed, for some groups on income management, the incidence of major problems had increased (Bray et al. 2014a:185). That is, while some milder problems appear to have declined, the occurrence of more severe problems had not or, in some cases, might have increased.

One of the ways in which income management was to have improved outcomes was by reducing the vulnerability of people to financial harassment and reducing the level of this within communities. Although the NIM evaluation found that Indigenous people⁴⁹ – on both voluntary and compulsory measures – reported a reduced incidence of problems because they gave money to others, they equally recorded an increase in having to ask others for money for essentials (Bray

et al. 2014a:189). This suggests a need for some caution in interpreting the claims of other studies of reduced humbugging. The need for this caution is reinforced by the results of the analysis of longitudinal survey responses on financial harassment at the community level. This found no evidence of change. More generally, longitudinal analysis of the survey responses on the incidence of a range of community problems, including child outcomes and problems such as too much drinking, found no positive outcomes at the individual or community level, and indeed a number of the more specific questions had negative results.

Given the high proportion of the Indigenous population in the Northern Territory placed on income management, to the extent that the program had significant effects on behaviours and outcomes, it could be expected that these should also be apparent at more aggregate levels. This was investigated through an extensive review of a diverse set of outcomes for the Northern Territory, including in the areas of child mortality and health, education attendance and outcomes, the incidence of alcohol-related crime and the role of alcohol in hospital admissions. All of this analysis found no significant improvements which could be associated with income management. Indeed, more generally, the evaluation noted that this result not only reflected the lack of change associated with income management, but, as noted above, more broadly the very limited change in outcomes associated with the whole of the Intervention and related initiatives.

Figs 1 and 2 provide some of the updated data from the AIHW Children's Headline Indicators (AIHW 2015) for the incidence of low birthweight and infant mortality, which continue to show the pattern of no positive change which can be associated with income management.

The findings of the ORIMA Research (2010) study in Western Australia presented some inconsistent results on both individual and community outcomes. On the one hand, the study reported from surveys of participants that 70% of people on Child Protection Income Management reported less drinking in their community, along with 67% saying there was less violence, 62% less gambling and 60% less humbugging (ORIMA Research 2010:132). A slightly lower proportion of those on Voluntary Income Management reported these outcomes, with the exception of humbugging, where 51% said it had increased (ORIMA Research 2010:215). In contrast, the study reported, based on a survey of Centrelink staff, Department for Child Protection – Western Australia staff, and financial counsellors and money management advisers who were considered to have an

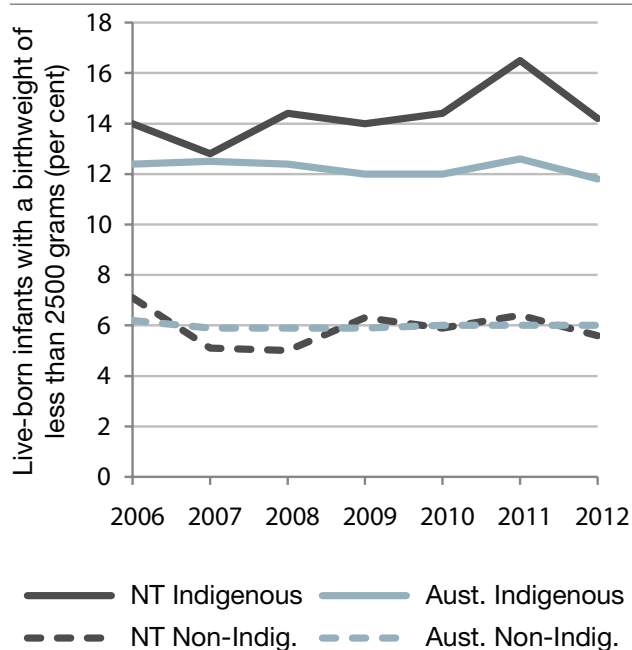
understanding of the impact that may have occurred in communities, that:

On average across the three groups, no material impact was the option most commonly selected by respondents in relation to all behaviours except excessive drinking (where respondents were more likely to report that IM had had a positive impact). (ORIMA Research 2010:133)

The Central Land Council study also reported mixed views, this time within the population subject to NTERIM, although, overall, 39.2% of respondents said there was less alcohol consumption and 18.4% slightly less (CLC 2008:51). The extent of this perceived change, however, not only varied across communities, but was attributed to a range of policies and not just to income management. Other factors cited were that there had been more policing and increased penalties for transporting alcohol into communities. The study also reported that, with one exception, 'the perspective of most GBMs [government business managers] from the communities surveyed was that there had been no real shift in alcohol consumption in communities' (CLC 2008:54). Reflecting these results, it concluded that, notwithstanding perceptions of a decrease in consumption, 'evidence as to whether this is actually occurring is inconclusive. More research is needed before any conclusive findings about changes in alcohol consumption can be made' (CLC 2008:51).

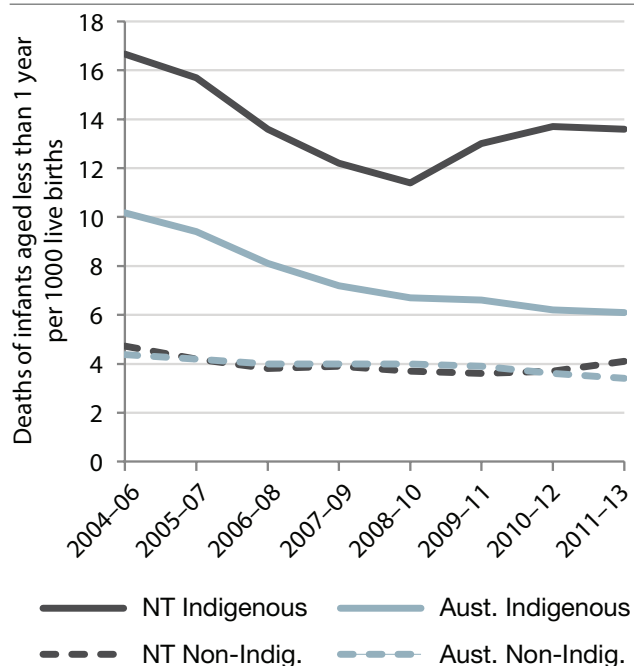
There is relatively little on measurable outcomes available on the Cape York program, although the evaluation (FaHCSIA 2012) did identify a decline in the rate of notices issued to people in some locations – which can be taken as an indicator of whether behaviours had changed. The data in the report indicate, across the trial-wide population, there was a reduction in notices from an average of 0.88 per quarter before being placed on income management, to 0.87 per quarter after placement (FaHCSIA 2012:209). Both the magnitude and direction of change varied for the individual locations in which the program operated. On less direct outcomes, such as building independence and higher participation in education, training and employment, it reported that 'the trial has not yet brought about significant behaviour change in these areas' (FaHCSIA 2012:62). It did report some tentative, but quite positive, changes at the community level, but was uncertain whether these could be linked to the Cape York Welfare Reform Trial because there had also been gains in other Queensland communities and there had been multiple initiatives (see the discussion in FaHCSIA 2012:221).

FIG. 1. Incidence of low birthweight, by Indigenous status, Northern Territory and Australia, 2006–12



Source: Indicator 8, updated June 2015 in AIHW (2015)

FIG. 2. Infant mortality, by Indigenous status, Northern Territory and Australia, 2004–06 to 2011–13



Source: Indicator 8, updated June 2015 in AIHW (2015)

The AIHW study of NTERIM reported that:

There was some evidence from client interviews and stakeholder focus groups that child and community wellbeing had improved since the introduction of income management. The impact on families was less clear. It was also difficult to separate the effects of income management on these outcomes from the effects of other NTER measures designed to improve the wellbeing of children, families and communities ...

In relation to the impact on families, the data from the client interviews showed that only a minority thought there had been changes since income management. (AIHW 2010:61)

As identified in both the NIM evaluation and the Shaw and d’Abbs (2011) study, many of these perceived changes do not appear to be confirmed when tested against other more neutral measures of change, and considerable caution needs to be exercised in the interpretation of these responses. Both of these studies, for example, note that, while some participants have reported strong improvements in school attendance as a positive outcome from income management in their communities, when these claims are tested against the administrative data from the schools themselves,

no change in attendance has occurred, or indeed in some cases, attendance worsened.

The Place-Based Income Management evaluation, as noted above with respect to consumption, did not find changes in the above behaviours, and in its summary reports: ‘The longitudinal survey did not find sustained, significant impacts on self-reports of smoking, drinking or gambling habits across any of the measures’ (Deloitte 2015b:iii), for those on either the compulsory or voluntary measures. It however cites anecdotal reports suggesting that for some individuals it might have had an impact where they were self-motivated to change. In looking at data on health and school attendance, Deloitte reported (see Section 3.2.7) that they could not find any evidence of direct improvements.

While Lamb and Young (2011) found some evidence of reduced spending on electronic gaming machines associated with the introduction of NTERIM, they expressed some caution around this finding. Furthermore, as they only considered one type of gambling, this study cannot inform as to whether there was any substitution of other forms. The NIM evaluation, however, reported only a very low incidence of reports of gambling using BasicsCards.

With regard to harassment, the dual characteristics of the NIM finding – that is, some reduction of problems because of giving money to others, but an increased incidence of seeking money from others – is also seen in the Place-Based Income Management evaluation. While having only qualitative data on this, Deloitte reported that ‘PBIM had been effective in reducing the vulnerability of individuals to financial exploitation and harassment with respect to their welfare payments’ (Deloitte 2015b:iii), but also cited ‘reports of negative impacts placed on relationships – where some respondents noted an increased dependence on others around them for funds’ (Deloitte 2015a:88).

The APY Lands study was tentative in its conclusions concerning change in communities, recognising it was only reliant on the views of community members and stakeholders, was not longitudinal, and ‘it was not possible to verify these findings through objective measures of changes in wellbeing’ (Katz & Bates 2014:2). Given this, it summarised its findings as:

There are mixed responses in relation to the impact of income management on the wellbeing of the community as a whole, but overall there is a belief that it has had a positive impact so far, although its impact is limited. (Katz & Bates 2014:1)

A further limitation, as detailed by the authors, was:

... findings are not able to provide indications of changes in overall community wellbeing resulting from the implementation of income management through outcome measures such as school attendance, child health assessments, child protection notifications, crime rates, or changes in spending patterns. (Katz & Bates 2014:42)

4.4.1 Summary

In looking at this set of individual and community outcomes, although a number of studies have reported some findings which, taken in isolation, can be used to suggest some gains, this does not constitute robust evidence.

In the first instance, many of these results have not been sustained when more robust analysis has been undertaken and independent data have been used to attempt to verify the results. Second, there is an absence in most studies of any coherent pattern of improved outcomes which would suggest systematic change has occurred. Examples of this latter include the identification of change for only one subgroup on income management

– suggesting it is not income management per se which is the causal factor – or where changes are not consistent across locations and there is an absence of a rationale for why there would be an impact from income management in one location but not another.

This suggests a need for these earlier findings to be treated with caution. While in some cases the reports seek to advise users of these limitations, in other cases the studies simply report the contradictory findings without seeking to explore what these mean for the validity of other findings, including those they choose to headline as results. A key question on the research concerns methodology and the extent to which the more positive findings have very frequently relied on the views of external intermediaries, including some who have a stake in the program, or are self-reported changes – or perception of changes – by participants in single cross-section surveys or consultations. As identified in some studies, these survey responses are likely to reflect what is seen by participants as being the socially desirable response. The tendency to provide such a response may be exacerbated by past trauma faced by communities and the extent to which many communities may feel under threat.

In comparison to these methodologies, the NIM evaluation can be considered to have adopted a more robust approach; it used longitudinal data on changes in outcomes⁵⁰ relative to a control population, as did the Place-Based Income Management evaluation, and a range of independent administrative and other data. Because of the magnitude of the program in the Northern Territory with, as has been noted above, over a third of the Indigenous population aged over 15 years on income management, the NIM evaluation was also able to use extensive and independent data on wider community outcomes to test its findings.

The balance of the results across the studies would suggest, as was found in the NIM evaluation, that, although there are some perceptions of improvement reported by some participants and intermediaries, more robust analysis of actual outcomes, and the use of longitudinal analysis with control populations, there are few grounds to support these perceptions of improvement. This is also largely the finding of the Place-Based Income Management evaluation, which again adopted a more sophisticated approach than much of the early analysis. These results suggest that there is a commonality with the NIM findings with respect to perceptions, and, where studies have gone further, with the finding that there is a lack of consistency between many of these perceptions and the actual incidence of

change. It was in taking analysis of the latter further that the NIM evaluation was able to provide firmer findings than the earlier research, a position largely endorsed by the Place-Based Income Management results.

4.5 *Impact on dependency*

A concluding observation of the NIM evaluation, as cited earlier, is that the program appears to have encouraged increasing dependence on the welfare system rather than achieving the goals of fostering independence and building capacity. This conclusion was based on a number of the more detailed findings, including the extent to which some people wished to remain on income management – and the main reasons nominated for wishing to do so. For those on the compulsory measures, the evaluation found that the major reason was that it was ‘easier to manage money’ (with over half the Indigenous and more than 40% of the non-Indigenous respondents citing this as a reason) followed by ‘I am used to income management and it is easier to stay on’ (Bray et al. 2014a:174). This pattern was even more marked among those on Voluntary Income Management, with 57.7% of respondents giving the ease of money management as their main reason, and 73.1% indicating that it was one of the reasons (Bray et al. 2014a:260). In addition, as discussed above, the evaluation found little evidence of improved financial capability and low levels of engagement with services to build their financial management skills. The latter was summarised in a comment made by a participant in a recent interview: ‘Why do I need to learn how to manage my money, Centrelink does it for me’.⁵¹

The risk of this type of dependence has been a recurrent theme in many of the studies. The ORIMA Research report noted the most commonly reported potential negative outcome of the program was that ‘clients might become dependent on the system and not be able to manage their finances without remaining on IM’ (ORIMA Research 2010:12). This was echoed in the 2014 DSS report on the same program: ‘Intermediaries suggested that income management could cause dependency for some recipients, evidenced in their inability to budget without it’ (DSS 2014a:69). The Place-Based Income Management evaluation noted, in the short-term report, from an analysis of duration, that there was a ‘question of possible dependency on the PBIM measure’ (Deloitte 2014b:101) and again in the medium-term report that the data raise ‘the question of dependency on external financial management’ (Deloitte 2015a:26–27). Although only a minority of DSS staff reported concerns about dependence in the focus groups, Deloitte reported ‘there was concern that income management had led to

dependency on DHS to pay customers’ bills’ (Deloitte 2015a:74), and referred to ‘learned dependence’ (Deloitte 2015a:91). More specifically, the qualitative research reports that, for some young people impacted by the automatic trigger, ‘income management was detrimental to their establishment of financial independence’ (Deloitte 2015b:53). The Auditor-General as cited previously also identified this as a risk (ANAO 2013:68). It has also been raised by external commentators, including Brown (2010) and Arthur (2013).

A number of the studies have gone further. As cited earlier, the Forrest review reported that income management can reinforce dependence on income support because ‘it can make transitions off welfare and into work more difficult’ (Forrest 2014:27). The McClure committee encountered this issue in its consultations and, as quoted earlier, heard reports of particular cases where income management not only was a disincentive but left people without skills to manage their money.

4.5.1 *Summary*

The question of increased dependence has been raised consistently across many of the studies, including both of the two major policy reviews. The finding of the NIM evaluation in this regard is well supported.

4.6 *Impact on Indigenous Australians*

Overwhelmingly, income management is a policy that has been imposed on Indigenous Australians. This has been achieved through the geographic targeting of the program at locations with high Indigenous populations, the overrepresentation of Indigenous people among income support recipients, including as a result of the specific payment types that have been targeted by income management, and the low rate of exemptions for Indigenous people subject to Compulsory Income Management in the Northern Territory.

The evaluation framework for NIM included the question ‘Has the measure been implemented in a non-discriminatory manner?’ This framing is, however, narrow and is primarily concerned with process rather than overall outcomes. In response to the question, the evaluation reported that, in both waves of the research, it had:

... not identified any active and overt discrimination in the implementation of New Income Management in the Northern Territory, and there was no evidence produced that Centrelink staff tend to be prejudiced or discriminatory. (Bray et al. 2014a:300)

The evaluation did, however, go on to state:

At the same time, income management disproportionately impacts on the Indigenous community in the Northern Territory and this group has not been able to avail itself of mechanisms such as exemptions at anything like the same rate as the non-Indigenous population. (Bray et al. 2014a:300)

With respect to exemptions, the report estimated that, controlling for personal characteristics,⁵² while a non-Indigenous person with dependent children on Compulsory Income Management had a 55.0% probability of making an application and a 65.9% chance of this being successful, an Indigenous person in the same situation had a probability of making an application of 33.4% and a rate of success of 34.3%. The disparities were even greater for those without children (Bray et al. 2014a:106).

The final report cited the findings of the first report with regard to exemptions and the fact that little had changed over the intervening period, specifically:

The First Evaluation Report identified significant problems with the exemption process, stating:

There seemed to be little support available to assist people in developing and presenting their case for exemption; gathering the supporting documentation was too demanding for many people. The centralisation of the exemption process in Darwin was also a barrier for people in other locations who prefer dealing face to face rather than over the telephone. The process for obtaining exemptions was seen by many stakeholders as imposing a heavy reverse burden of proof on people subject to income management to prove they meet the exemption criteria. (Bray et al. 2012)

There is little evidence to suggest this has changed. In particular, Indigenous people continue to apply for exemptions at a much lower rate and with lower success. (Bray et al. 2014a:296–297)

The evaluation of Place-Based Income Management provided data showing that 15.2% of people on Place-Based Income Management are Indigenous, including 28.4% of those on social worker–assessed vulnerable measures, compared with 11.8% of income support recipients in the areas affected by the program. In analysis, however, the evaluation reported ‘Indigenous status was found to be of relatively low importance in

determining the propensity for a customer to be on PBIM’ (Deloitte 2014b:28). This latter finding is based on a classification tree approach, rather than more usual regression-based methodologies used to derive the wholly independent contribution of particular factors.

The DSS evaluation of Child Protection Income Management in Western Australia (DSS 2014a), besides observing that 63% of people placed on Child Protection Income Management were Indigenous, made no analysis of the relative impact of the program on Indigenous people. Similar scant coverage was provided in the ORIMA Research report, which simply presented a few tables showing the Indigenous status of participants, without any reference to the relative incidence of income management, and observed that ‘Indigenous CPSIM clients were slightly less likely to exit the program’ (ORIMA Research 2010:56).

The AIHW study of NTERIM was largely silent on this matter. In its executive summary, for example, the researchers did not even note that the program was specifically addressed at Indigenous Australians, and indeed the only reference to ‘Indigenous’ or ‘Aboriginal’, other than in the department’s name, occurred when noting the difficulty of collecting data in Indigenous communities.

Although the Auditor-General’s report provided data on the differential rejection rate of applications by indigeneity and notes stakeholder concerns about the differences in exemption rates for Indigenous and non-Indigenous people, the report did not seek to directly address the issue. Indeed, it would appear that at times it sought to downplay the extent to which the program impacts on Indigenous Australians. For example, while indicating that in interviews between Centrelink and program participants about exits from income management ‘the nature of discussions is often complex’, it is only in a footnote to this text that it records that ‘this can be a more significant issue for customers from a diverse cultural and linguistic background, including Indigenous Australians, who face English language and literacy barriers’ (ANAO 2013:63). In a similar fashion in the key findings, it appears to deliberately avoid making reference to indigeneity in reporting:

Further, there would be benefit in DHS investigating whether there are any unintended barriers which either discourage particular customer groups from applying for an exemption, or affect the likelihood of their application being successful, and taking any necessary remedial action. (ANAO 2013:20)

The question of the impact of income management, and related programs, in regard to Australia's human rights obligations has, as noted, been considered twice by the Parliamentary Joint Committee on Human Rights. In discussion of the extent to which the program disproportionately impacted on Indigenous Australians, the first report in 2013 concluded:

... the committee considers that, in light of the evidence that is available to the committee and notwithstanding that the income management regime pursue legitimate goals, the government has not yet clearly demonstrated that:

- the income management regime to the extent it may be viewed as having a differential impact based on race, is a reasonable and proportionate measure and therefore not discriminatory; or
- the income management regime is a justifiable limitation on the rights to social security and the right to privacy and family. (PJCHR 2013:91–62)

4.6.1 Summary

The NIM evaluation clearly documented the extent to which income management disproportionately impacts on Indigenous Australians and that there were significant barriers to Indigenous people accessing exemptions. In large part, this question is not considered by other studies. One reason for this may be because NIM is the only program which includes widespread compulsory income management, but also that such a disproportionate impact is simply assumed in other programs which are specifically targeted at Indigenous communities – for example, the APY Lands and Cape York. More generally it appears that many of the studies seek to avoid addressing this dimension of the program's impact. It is, however, noted that the Place-Based Income Management study suggests that indigeneity only makes a minor direct contribution to the likelihood of being on income management under this program.

5 Conclusion – reflections on the evidence and interpretation

The above analysis shows that, once the scope and methodologies of individual studies, along with some of the caveats present in reports, are considered, there is a degree of consistency across the research as to the impact of income management, or, more precisely, the lack of impact of the program on changing adverse outcomes and behaviours, in particular for those placed on the program on a mandatory basis. This raises the

question as to why there continues to be a persistent view within government that the program should be maintained, and indeed expanded.

This is considered in this final section, focusing firstly on how the findings of the research have been portrayed by governments, and then a final consideration of the way program evaluation of income management may have resulted in some of the more important questions not being addressed, let alone answered, in particular for Indigenous Australians, but also potentially for other income support recipients.

5.1 On interpreting the findings

As discussed in the introduction, the then Minister for Social Services responded to the findings of the NIM evaluation with a claim of the findings being 'inconsistent with more positive findings' of other evaluations. This section considers whether this was the case, and, if not, why this perception of inconsistency was presented.

5.1.1 Was the NIM evaluation out of step?

The above analysis would suggest that the findings of the NIM evaluation, while more robust than those of many of the other studies, tend to build upon these studies rather than being contradictory. To the extent that there are differences, these are very much around the extent to which the NIM evaluation went beyond simply relying on the perceptions of participants and certain intermediaries as they were reported to, or interpreted by, evaluators, to also directly focus on seeking to measure outcomes, and assess the impact of the program on this basis. This is consistent with the scale of this evaluation, in terms of the ability to assess change over time, and because of the scope of income management in the Northern Territory, which allowed the evaluation to consider its overall impact on the basis of independent measures.

In addition, there are significant differences in the scope and nature of the various income management regimes which have been implemented and evaluated. The Cape York trial has been tightly focused on people who have been identified as having significant individual or family problems, and is imposed only after a formal process of assessment in the context of a case management approach with counselling and support at the community level.

The Western Australian programs and the APY Lands program have mainly involved Voluntary Income Management and, to a much lesser degree, compulsory income management as part of a child protection

response. A priori, it would be expected that the outcomes for those who choose to be income managed would be different to those who have the measure imposed on them, and indeed the NIM evaluation noted that this was the case for a number of the outcomes it examined.

In the case of child protection, the use of income management was, in many cases, just one of a range of interventions, including close monitoring, and frequently counselling and other support. While the intervention in these cases was not necessarily associated with poor financial management and severe substance abuse, it was still based on an identified poor outcome. Again, this represents quite a different context to the more general imposition of income management under NIM. While the size of this element of the program, accounting for just 0.5% of the income-managed population, precluded its inclusion in most of the statistical analysis and in the survey-based main outcome analysis undertaken as part of the NIM evaluation, it was one of the foci of the qualitative analysis. This reported a mixed picture of effectiveness, but on balance, where the program was appropriately focused on those where neglect was linked to poor money management and where it played a reinforcing role as part of a set of supports especially the Intensive Family Support Services, it was seen as being a useful tool.

The Place-Based Income Management initiative comprises both a small number of people on Voluntary Income Management and a larger population on compulsory income management, mainly being youth subject to the measure because of the automatic youth trigger. While this scope is much narrower than that of the NIM evaluation, the evaluation had a number of methodological similarities, although it lacked the use of independent outcome and consumption data. As discussed, the evaluation of this program found some positive, although limited, outcomes for the voluntary element, but these findings were not replicated for those on the compulsory elements – the primary focus of the NIM evaluation.

5.1.2 Why a perception of inconsistency?

One of the reasons a perception of inconsistency may have arisen is as a consequence of repeated selective use of evaluation findings, with this becoming embedded in people's perception of what the program outcomes actually are. The tendency by government to be selective is examined below with regard to the first NIM evaluation report, and then the short-term Place-Based Income Management and the APY Lands reports.

Government reporting of the findings of the first evaluation report on NIM

The first NIM evaluation report presented its key findings in its summary as:

Taken as a whole there is not strong evidence that, at this stage, the program has had a major impact on outcomes overall. Although many individuals report some gains, others report more negative effects. (Bray et al. 2012:xxiii)

and concluded:

More generally our analysis suggests that for many people the program largely operates more as a means of control rather than a process for building behaviours or changing attitudes or norms. (Bray et al. 2012:xxiv)

In the minister's press release, the report was described as having 'found that among Indigenous people on income management in the Northern Territory, there was a statistically significant perception of an improvement in their ability to afford food', and that 'income management may make a contribution to improving wellbeing for some, particularly those who have difficulties in managing their finances or are subject to financial harassment' (Macklin 2012).

The Department of Social Services, in an 'Income management evaluation and review fact sheet'⁵³ written in June 2014 and still posted on the website in late 2015,⁵⁴ presents the totality of the findings as 'One of the findings from the first report, released in November 2012, was that Indigenous communities perceived an improvement in child wellbeing and ability to afford food' (Australian Government 2014).

In addition to having failed to take account of the overall assessment of the evaluation, the minister's statement, and the selective results cited by the department, require some attention. Turning to the ministerial media release, the first statement, as to the perception of being able to afford food, is a partial citation of a dot point in the summary of the evaluation and omits the second half of the text, which is a major qualifier. The full point reads:

Amongst Indigenous people on income management, there was a statistically significant perception of an improvement in their ability to afford food. Relative to the control group there was no reduction in the extent to which they reported running out of money for food. (Bray et al. 2012:xxviii)

That is, while participants had a perception of change, this was not actually reflected in the outcomes they experienced. The ministerial statement simply ignores this fact.

The misleading use of this particular material is even more marked given the extent to which the evaluation report considered this issue. In the report, not only was the difference between the perception and outcome with regard to this aspect of food security highlighted in the summary reporting, it was subject to a page of analysis. This included the presentation of a chart which plotted the relative results of the two measures – that is, perception of change, and the difference in the incidence of running out of food prior to and while on income management – for a range of population subgroups. This chart, as well as documenting the discrepancy, also showed how the change in actual outcomes for these subgroups related to the control populations (Bray et al. 2012a:195–196). Explicit in this discussion was a differentiation between what were described as ‘perceived’ and ‘actual’ changes. Given this, it is difficult to see the choice to report only the perception rather than the actual as being other than a deliberate attempt to misrepresent findings.

The second half of the ministerial statement relates to the possibility that the program ‘may make a contribution to improving the wellbeing of some’, but omits the substance of the preceding paragraph in the report, which read:

The evidence gathered to date for this evaluation suggests that NIM has had a diverse set of impacts. For some it has been positive, for others negative and for others it has had little impact. Taken as a whole there is not strong evidence that, at this stage, the program has had a major impact on outcomes overall. Although many individuals report some gains, others report more negative effects. (Bray et al. 2012:xxiii)

The departmental material in the ‘fact’ sheet, as well as not having been updated to account for the final report, again refers to the perception of running out of food, but also adds perceived improvements in child outcomes. Again, the evaluation drew attention to the lack of consistency between these perceived child outcomes and the actual changes in areas such as school attendance. In doing so, the report also indicated that this type of discrepancy had been found in previous research, stating:

For example, 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. (Bray et al. 2012:196)

The NIM evaluation report further considered this in analysis of its own survey findings, looking at data on changes in school attendance, as published by the Northern Territory Government, and again emphasised the ‘considerable gap between perceptions and actual change’ (Bray et al. 2012:214). This discrepancy, with respect to individual and child wellbeing, was then specifically addressed, and the report stated:

Indigenous people subject to income management ... reported strong perceptions of improvements ... cautions need to be exercised in interpreting these findings ... such perceptions are not confirmed by objective data where it is possible to test this. (Bray et al. 2012:255)

As such, not only are these references by the then minister and the department highly selective, but the specific results cited were in fact heavily qualified in the report, with the report, in particular, highlighting that they appeared to be implausible in the light of the other evidence which was examined.

Government reporting of the findings of the Place-Based Income Management and APY Lands evaluations

In response to the short-term Place-Based Income Management and final APY Lands evaluation reports, which were released in 2014, the then Minister, Kevin Andrews, presented the findings in his press release as:

Mr Andrews said the reports show income management is helping individuals and families to better budget and stabilise their lives.

‘The reports found that the vast majority of people who volunteered for income management were positive about the initiative, reporting lower stress levels and marked improvements in their ability to manage their money.

‘In addition, those on voluntary income management reported they had reduced their use of substances such as alcohol and in the APY Lands there were also improvements reported in child well-being’. (Andrews 2014b)

Notable in this presentation is that only the results of the Place-Based Income Management evaluation with regard to those on the voluntary measure were cited, not the results for the overwhelming majority who are on compulsory measures. While the Place-Based Income Management evaluation did report some positive outcomes for those on Voluntary Income Management, as discussed previously, the evaluators clearly reported that these were not replicated in the study for those on the compulsory measure.

The media release also addresses the APY Lands study. The presentation of the 'finding' with respect to a reduction in substance abuse needs to be weighed against the actual text of the report, which was 'Overall there is mixed evidence at this stage for the effect of income management on substance misuse and gambling, with different community members having different views and perceptions' (Katz & Bates 2014:38). Nor is the optimistic cast of the minister's language tempered by other findings such as 'the survey found high levels of deprivation in the community, with over 70 per cent of participants saying that they had run out of money in the past four weeks' (Katz & Bates 2014:21).

A second reference to the APY Lands evaluation in the minister's media release concerns child outcomes. Here the minister says there were 'improvements reported in child well-being'. The data presented in the report were much more ambiguous on this:

... the majority of participants were non-committal about changes in child wellbeing. Of those who did respond, most felt there had been no change. Very few felt that the changes had been negative. (Katz & Bates 2014:33)

The evaluation further indicated:

These findings should all be considered in the light of the methodology for this project, which is primarily based on the views of community members ... therefore the findings are not able to provide indications of changes in overall community wellbeing resulting from the implementation of income management through outcome measures such as school attendance, child health assessments, child protection notifications, crime rates, or changes in spending patterns. (Katz & Bates 2014:42)

On the Department of Social Services webpage 'Income management evaluations', the final findings of the Deloitte evaluation of Place-Based Income Management are summarised as:

The Consolidated Place Based Income Management Evaluation Report shows that improved financial management, the reduction of harassment and abuse relating to welfare payments, confidence in saving and spending, and improved housing stability were the most positive outcomes for people participating in Placed Based Income Management. (DSS 2016b)

What this summary omits to say is that the quoted results relate solely to the findings for the 22.3% of the Place-Based Income Management population who had chosen to go onto Voluntary Income Management, and were not the findings of the research for the overwhelming majority, 77.7%, who were on one form or another of compulsory income management. The marked differences the evaluation found with regard to these two groups of participants were made very clear in the summary of the report, which noted:

For VIM customers, PBIM appeared to have a positive impact on their capability to better save and spend their money ... VULN-AT did not demonstrate a significant improvement in their capability or confidence in saving or spending their money. (Deloitte 2015b:ii-iii)⁵⁵

The evaluation further indicates, as has been referenced earlier, that, across all components – that is, both compulsory and voluntary – 'the longitudinal survey did not find sustained, significant impacts on self-reports of smoking, drinking or gambling habits across any of the measures' (Deloitte 2015b:56). As indicated earlier, a recommendation from this study was to remove the automatic triggers for compulsory income management and to simply maintain a voluntary stream and a tightly targeted compulsory element, based on individual assessment and 'exceptional circumstances'.

What is clear from the cases is that the selective use of the findings of these evaluations would appear to be a deliberate process.

5.1.3 Why has this occurred?

It could be suggested that the government reference to the 'inconsistency' of the NIM evaluation findings was just a cynical attempt to discredit the study.⁵⁶ Alternatively, it can be seen as a symptom of a more pervasive problem in government with regard to evidence, programs and policies. This is that there is a strong imperative on ensuring that any policy that a government has introduced or endorsed is seen as being successful. This lends itself to a 'cherry picking' approach to the results of evaluations, one which stresses any positives and

supportive findings, and either ignores or rationalises away any qualifications, or indeed negative findings.

While this can be seen as just being astute ‘political’ management – ensuring that government programs are seen as being successful – the ongoing implementation of these policies, and indeed their expansion, despite evaluation findings, suggest that a deeper process may be occurring. This could take several forms. The first is simply a belief in the policy at a theoretical or conceptual level. That is, governments, and indeed some departments, hold a deep-seated belief in a simple intuition such as ‘if you control the way in which people spend their money, this will prevent them spending the money in an unwise manner’. Or a belief that all of the problems experienced by some groups is as a consequence of their bad behaviours – such as consuming alcohol and tobacco – and hence, if you limit this bad behaviour, all of the problems will be resolved. Such beliefs in simple narratives, if firmly held, may not be amenable to the demands of evidence. This approach can be almost conceived of as ‘faith-based policy’, in that rational evidence is not required and indeed can be ignored.⁵⁷

An alternative approach is that of ‘group think’. In this case, there is a similar starting point – an initial belief in the policy being right because the origin of the decision was made by ‘moral people’ behaving in a ‘moral way’. In this explanation, a more subtle process tends to lock in the policy – and ignore the evidence. This approach, as identified by Janis (1973), sees decisions becoming detached from the actual real circumstances through a range of processes, including a belief in the inherent morality of the group, self-censorship and the emergence of self-appointed mind guards who ‘protect the group from adverse information’ (Janis 1973:22). Although this approach was specifically developed in the context of small group decision making, especially in times of crisis, it may equally apply to decision making within government around income management.

5.2 Limitations of the program evaluation approach

Before concluding this review of the evidence from the evaluations of income management, there is value in considering what such evaluations fail to do. This has already been alluded to in the comments from Malezer (2013) regarding the tendency for the outcomes measured in evaluations to be framed from government and mainstream non-Indigenous perspectives rather than the priorities and needs of Indigenous people themselves, as well as the Altman and Russell (2012) paper.

Associated with this, as is more generally recognised in the evaluation literature, is the narrowness of program evaluation which is solely concerned with what has happened against the objectives of the program. This danger was emphasised by Stufflebeam (2001):

The objectives-based approach is especially applicable in assessing tightly focused projects that have clear, supportable objectives. Even then, such studies can be strengthened by judging project objectives against the intended beneficiaries’ assessed needs, searching for side effects, and studying the process as well as the outcomes. (Stufflebeam 2001:17)

A wider criticism is from Ahlenius, the former Auditor-General of the Swedish National Audit Office: ‘Focusing only on the easier part of it – that is, internal efficiency/productivity – is dangerous, as it may result in ever better performance of the wrong tasks’ (Ahlenius 1997:82).

5.2.1 NIM, and community priorities and aspirations

While the NIM evaluation was undertaken in a classical program evaluation framework and was focused on answering specific questions about the program outcomes relative to the program objectives, this wider concern was addressed in an epilogue chapter to the final report (Bray et al. 2014a:Chapter 16). This chapter arose from the final community feedback discussions held by the evaluation team with a number of the communities which had participated in the evaluation. The report noted:

In reporting back on the evaluation to communities, peak organisations and others it became obvious that, while many people were interested in the impact that the program was having – and often had strong views on the measure – income management was not seen as being the key to obtaining change and that there were many other issues that they considered to be more important to improving outcomes and they wanted their views on these communicated. (Bray et al. 2014a:326)

Specific issues raised included better employment opportunities within communities; addressing housing, especially overcrowding; education; and persistently ‘the need for policies to be built up at the community level and implemented by communities’ (Bray et al. 2014a:327). In this context, although income management was an issue, it was not seen as being the priority for achieving better outcomes.

5.3 Conclusion

Since its introduction in 2007, income management, and the range of more specific initiatives implemented in different locations, has been subject to a substantial number of evaluations. The nature of these evaluations, the forms of income management they relate to and the findings of the evaluations have varied. Notwithstanding this, there are some clear themes which emerge from these studies:

- In all but the place-based initiatives, the program has disproportionately impacted on Indigenous Australians.
- There are mixed views about the program from those who are subject to the measure and those working with them or involved in the implementation.
- Those studies which utilise objective or repeated measures of outcomes, such as consumption, financial behaviours and school attendance, generally find little, if any, evidence of changes associated with the program. In contrast, questions around perceptions of change are much more frequently answered positively (although far from universally so).
- To the degree that there have been any impacts on outcomes, these are associated with people who have chosen to go onto the program – that is, those who participate in Voluntary Income Management. In contrast, there is no evidence of such impacts for those placed on widespread compulsory income management.
- The evidence base on the much smaller, highly targeted compulsory programs is less substantive and, on balance, has been more reliant on qualitative information. There are grounds from the evaluations to consider that these programs may have a beneficial impact where the individuals are motivated to make changes, and where they are supported by caseworkers and other interventions. In other cases, the evidence suggests that, where people wish to, they work around the restrictions imposed on them.
- There are recurrent concerns across many of the evaluations that the program is leading to increased dependence on the welfare system rather than fostering independence. Specific measures to improve financial capability, such as the matched savings grant, have been a failure.

In this context, claims that the findings of the NIM evaluation were inconsistent with other studies appear to be misplaced. Indeed, the major findings of a lack of positive improvements for those subject to widespread

compulsory income management appear to be strongly buttressed with the subsequent findings of the evaluation of Place-Based Income Management.

It appears rather that the claims of inconsistency arise from a range of other factors. One is a desire to cherry pick results to ‘prove’ program success. This has operated through three mechanisms. First, simply choosing and portraying selected, and indeed contested, results as being absolute, with no concern about any qualification placed on these, their consistency, actual impact, or indeed the existence of contradictory evidence. Second, failing to take account of the different implementations of income management, especially not differentiating the outcomes of voluntary from broadly targeted compulsory programs. Third, relying on reported perceptions of change, rather than actual measurement of change and outcomes.

While this might just be a case of political expediency in presenting results, the persistence of this conduct, and the absence of any substantive policy changes despite the findings of multiple evaluations, point to a more concerning situation where the level of commitment to the program – within both some elements of government and the bureaucracy – has resulted in a process of rejection of ideas contrary to their belief in the program, with this becoming self-perpetuating.

A major gap in the evaluations is the absence of any measure of cost-effectiveness. In the case of the NIM evaluation, the department said it was unable to provide data on the actual costs. Nevertheless, account needs to be taken of direct costs of some \$5000 per person per year for marginal, if any, changes in outcomes.

Finally, it needs to be noted that the top-down imposition of the policy not only is likely to have detracted significantly from any potential positive outcomes the initiative might have had, but has also acted to further marginalise groups, including Indigenous Australians, and has deprived communities of the opportunity to participate in building solutions to the problems that they see as being their priorities. This question has not been strongly focused on in evaluations, which have rather been structured to address specific questions related to program implementation and program-specific outcomes.

Notes

1. In this paper, it should be noted that the terminology ‘Compulsory Income Management’ is largely restricted to references to the Long Term Welfare Payment Recipient and Disengaged Youth streams of New Income Management in the Northern Territory, whereas ‘compulsory income management’, or the ‘compulsory measures’ relate to all of the measures that may be imposed on a person – that is, all forms other than Voluntary Income Management. As, however, much of the material here directly references other studies which may use this language differently, the terminology is not necessarily always consistently used.
2. In the case of NIM, most (86.5% in December 2013) voluntary participants had previously been subject to compulsory income management under the NTER. While the first NIM evaluation report found some indications that the ‘choice’ they made to move onto Voluntary Income Management may not have been fully informed (Bray et al. 2012:257), the evidence suggests that most participants, after having been on income management for periods of up to six years, seek to remain on the program, in large part because it is ‘easier being income managed’ (Bray et al. 2014a:260–261).
3. While there have been long-standing policies under which a person may have a nominee who receives income support payments on their behalf and who is responsible for spending these funds for the person’s benefit, this is a distinctly different mechanism and is implemented only at a person’s behest, or in association with a guardianship or similar statutory arrangement.
4. Similar approaches are used in a number of countries, with varying degrees of targeting and control. In the UK, an ‘Azure Card’ is issued to some asylum seekers; in addition to direct housing assistance, it is the sole means of support provided to them. The Azure Card, introduced in 2009, is a prepaid card, mainly able to be used at major retailers, which cannot be used either to withdraw cash, or to purchase alcohol, tobacco, vehicle fuel, or store or gift cards (Santo 2014). A limited evaluation of the card in 2014 by researchers in the British Red Cross concluded that this arrangement ‘does not allow refused asylum seekers to meet their basic needs and live with dignity. It creates unnecessary suffering for people who are already in desperate situations’ (Carnet et al. 2014:8). New Zealand has introduced Money Management across a number of youth payments. Under this program, young people are limited to a cash amount up to \$50 per week, with the balance of their income support being redirected to living costs and debt repayment through direct payments made on their behalf, or through a payment card. The range of items that can be purchased on this card is limited and includes:
 - ... food and grocery items; public transport passes; pre-paid power cards; education and training related items, eg stationery; health care related items, eg medication costs; basic clothing, eg socks; basic appliances,
 - eg electric jug; and basic household items, eg plates/ plastic food containers. (MSD 2015a)
 Excluded items include ‘alcohol, tobacco, appliances and electronics’. In discussing policy options, the Ministry of Social Development (MSD), while indicating that the broader Youth Service approach, of which money management is part, was an effective and, in the long term, cost-efficient policy, noted more specifically that ‘money management is an expensive intervention’ (MSD 2015b:18) and ‘money management becomes less beneficial as clients become older’ (MSD 2015b:29). It supported targeting the extended measure only to those at risk. (See also Fletcher et al. [2013].)

In the United States, assistance under the Supplemental Nutrition Assistance Program (SNAP), formerly known as Food Stamps, is delivered at the state level through a range of mechanisms, including debit cards. The funds cannot be used for the purchase of:

 - ... alcoholic beverages, tobacco products, hot food and any food sold for on-premises consumption. Non-food items such as pet foods, soaps, paper products, medicines and vitamins, household supplies, grooming items, and cosmetics. (USDA 2015)
5. The evaluation and key findings are also discussed in Bray et al. (2015)
6. The reference to ‘some’ evidence was a qualification reflecting that the subpopulations on the two highly targeted measures – child protection and assessed vulnerable – were very small, and, in drawing this conclusion, the evaluation was largely reliant on qualitative data collected from intermediaries. As discussed later, intermediaries are people, such as Centrelink officers and community workers, who are either associated with implementing the program or working with those affected by it.
7. Over the period March 2015 to March 2016, the total number of people being income managed increased by 3.3%, mainly as a result of 9.5% growth in the number on the Long Term Welfare Payment Recipient measure, which is part of income management in the Northern Territory. The number of people on Voluntary Income Management fell 7.0%. There also appears to have been a fall of just over 20% in the number of people on Child Protection Income Management; however, this is an estimate because the detailed data have not been published.
8. These criteria include the composition of store sales – with the main business being the sale of priority goods and less than half of sales being of excluded products – along with record keeping and other obligations.
9. Centrelink is the agency within the Australian Government Department of Human Services responsible for the administration of income support and other related payments, and the implementation of income management.

10. In the 2015–16 Budget, it was announced that this payment was to be phased out as part of streamlining the operation of income management, on the basis that it was one of the ‘underutilised parts of the services’ (DSS 2015b). There appears to be no explanation by the department of the basis on which they consider the payment to be ‘underutilised’, although DSS has previously reported that, as of 27 March 2015, 41 535 Voluntary Incentive Payments had been made over the life of the program to 9525 people (DSS 2015a).

... there will be a detailed evaluation process which will be undertaken. It will be an independent evaluation, and by and large we will be tracking the main harm indicators in the community as well as taking some qualitative assessments (Tudge 2015),

no detailed evaluation plan appears to have been released, and ORIMA Research, the organisation contracted to conduct the evaluation, simply describes the task as:

The aim of the project is to collect information on the experiences of Trial participants, of their families, and of people living in those communities over the 12 months of the Trial. (ORIMA Research 2016)
11. The Northern Territory Emergency Response policies were identified by the Australian Government as a response to the ‘Ampe Akelyernemane Meke Mekarle [Little Children are Sacred] (Wild & Anderson 2007) report.
12. Data for March 2016 show that 159 people in the Northern Territory in the vulnerable stream of income management had been assessed by a social worker and 431 had been automatically placed under the youth measure. In the rest of Australia, the numbers are 91 and 2191, respectively (DSS 2016a).
13. Details of the approach used to derive the exemption rate are provided in the NIM evaluation (Bray et al. 2014a:96–97). Data for March 2016 (DSS 2016a) indicate that the overall exemption rate in the Northern Territory has fallen from 10.2% in December 2013 to 9.4% in March 2016. It would appear that the exemption rate has fallen for both Indigenous and non-Indigenous people.
14. See also Macklin (2008).
15. Other automatic triggers include being under 16 years and receiving Special Benefit, or receiving Crisis Payment on release from prison.
16. Income management in Ceduna has been suspended for a 12-month period from March 2016 due to the trial of the cashless debit card.
17. In August 2016, the program was only operating in two sites: Ceduna in South Australia, and the Kununurra and Wyndham region in Western Australia. No statistics appear to have been published on the number of people placed on the measure, but it would appear that the number will be well below the level of the cap.
18. This cashless debit card is different to the BasicsCard. The key difference is that, while the BasicsCard is only able to be used at approved merchants who need to meet a range of criteria including the proportion of sales on goods defined as ‘basics’, and where the stores manually limit the sales of items such as tobacco, the cashless debit card is proposed to be able to be used at all usual outlets using the EFTPOS system, other than those selling alcohol or gambling services, and cannot be used for cash withdrawals.
19. See Katz & Bray (2015) for a discussion of some of the issues associated with this evaluation. It is further noted that while the government commitment was that:

20. The original aspirational objective introduced into the legislation was ‘to promote socially responsible behaviour, particularly in relation to the care and education of children’ (*Social Security and Other Legislation Amendment (Welfare Payment Reform) Act 2007* [assented to 17 August 2007]). This was subsequently amended in the Social Security and Other Legislation Amendment [Welfare Reform and Reinstatement of the Racial Discrimination Act] Act 2010 (assented to 29 June 2010) to the form cited here.

21. For the same reasons, this paper does not cover more general academic and related papers on income management. These include O’Mara (2010), Sanders (2010), Billings (2010, 2011), Cox (2011), Buckmaster & Ey (2012), Coghlan (2012), Buckmaster (2013), Dee (2013), Mendes (2013) and Mendes et al. (2014).

22. Ideally, control groups should be obtained from the random assignment of people to either a treatment or a control population. For these studies, however, control populations have been selected from populations in locations not subject to the program. Under this approach, especially where the focus is on the treatment group rather than the intention to treat population, it is more difficult to obtain an equivalent population, especially where there are more detailed and individualised selection criteria, and elements of self-selection such as in the case of Voluntary Income Management. To the extent that these evaluations focused on changes in behaviours, and outcomes were expected to be more prevalent in the treated population, the direction of any bias introduced by this selection effect is likely to be towards an overstatement of positive change.

23. It is also possible that these findings point to attribution bias. Specifically, when people were surveyed, they were aware that the questions were related to income management and this may have triggered a tendency for them to provide an explanation for changes in the context of the narrative of income management that has been provided to them. (That is, when people are placed on the program, and in the array of program marketing material, they are told that income management will improve their capacity to care for children, purchase food, etc.) In a population with some random variation in the capacity to achieve these outcomes over time (e.g. due to exogenous income shocks or expenditure demands), there is likely to be a tendency to causally attribute the random events consistent with the narrative

- to the program, while ignoring the inconsistent ones. This process of asymmetrical reporting leads to a biased pattern of responses.
24. In the AIHW report, both studies are listed as ‘unpublished report prepared for Department of Families, Housing, Community Services and Indigenous Affairs, Canberra’ (AIHW 2010:87).
 25. While the program is described as being highly targeted, the Queensland Parliamentary Review (Ruthenberg 2014) notes, for example, that it found ‘in the first three years of the Trial, half of the adult population in the participating communities had direct contact with the FRC for breaching at least one social obligation’ (Ruthenberg 2014:15).
 26. It appears that the consultation with stakeholders was directed at what may be considered to be direct intermediaries involved in administering the program. That is, it involved DHS staff, and staff employed by public housing authorities and child protection agencies, in addition to retailers. There seems to be little indication that the evaluation sought broader views from the community sector. In addition to collecting qualitative data, some quantitative data were collected from some stakeholders.
 27. It would appear from the evaluation report that, while the researchers had a longitudinal data collection, the analysis of change treated each of the waves as independent cross-sections. The evaluation does not appear to discuss the reasons for this methodology, or the impact of attrition across waves of the survey, nor does it appear that account was taken of when some participants may have exited the program and hence the effective ‘treatment time’ of income management. In addition, it is not entirely clear in the report the extent to which some of the reported effects are within group, or relative to the control population.
 28. This program is part of the mix of income management programs in some locations. It involves people assessed as being vulnerable by Centrelink social workers and young persons receiving some specific forms of income support.
 29. This refers to young people placed on income management as a result of the automatic triggers related to payment type, relative to those placed on income management following a social work assessment.
 30. A further issue is that this reporting also appears to ignore the actual classification of priority needs and simply seeks to redefine all non-excluded purchases as ‘priority needs’. This is not correct. Priority needs are detailed in legislation (*Social Security [Administration] Act 1999*, s 123TH) and related regulations. These are quite prescriptive. For example, in the *Guide to social security law*, priority goods are defined to include ‘toys (that are educational, this does not include electronic toys)’. Similarly, the definition specifies that only ‘basic personal hygiene items’ are permitted, and limits the purchase, repair and use of motor vehicles and bicycles to situations where these are used for education, training, accessing health services, funerals and employment, and, while identifying fixed line telephones, it does not include mobiles (Australian Government 2015:section 11.1.3.50, ‘Priority needs under income management’).
 31. The report is ‘A critique of the published statistical analysis in a study by the Menzies School of Medical Research, August 2010’ by DSI Consulting Pty Ltd. It does not appear to be available from the DSS website, and most references to it appear to be citations from government documents. Altman & Russell (2012) describe it as unpublished.
 32. These are stores in remote Indigenous communities. In many cases, the stores have a local monopoly.
 33. The review was headed by Andrew Forrest, and the report of the review is in his name. The documentation of the review does not present a clear picture of the review’s structure. The then prime minister, in releasing the report, cites as ‘members’ of the team ‘Professor Marcia Langton and my Parliamentary Secretary, the Hon Alan Tudge, MP’ (Abbott 2014). In view of this membership, it is not entirely clear whether this should be considered as an independent report or as one shaped by the government’s position on these matters.
 34. The proposal was that the entirety of all transfer payments, other than the Age Pension and veterans’ payments, would be made available through an EFTPOS card that would be blocked to prevent its use to withdraw cash or purchase alcohol, gambling, illicit services and gift cards, at the point of sale.
 35. Members of the Reference Group were Mr Patrick McClure AO (chair), Ms Sally Sinclair and Mr Wesley Aird.
 36. The commissioner noted that because of time constraints the consultation did not include input from the APY Lands and Maralinga Tjarutja communities. Although this meant that there was no feedback on the experience of income management in the APY Lands, as noted in the discussion, the consultations did include people in the Ceduna area who provided input based on their experience of the implementation there.
 37. The small number of non-Indigenous people on Voluntary Income Management meant that this population could not be separately analysed; the program population was treated as a whole.
 38. This pattern of responses raises further questions that an evaluation needs to consider. Is the variation in responses from the different communities simply a consequence of the small samples of participants in these locations who were asked and is simply sampling variability? Alternatively, does it reflect different biases in community views or a differential impact of the program in locations? If it is the latter, why are there these different impacts from a uniformly applied program – and what are the implications of this actual effectiveness of the program? In contrast to the cited results from the NIM evaluation, this variability does not appear to be a reflection of the different circumstances of people living in urban areas relative to communities, because the data

- used in the AIHW study relate to three remote communities and town camps in a regional town.
39. In writing more broadly about the impact of the Intervention and the Closing the Gap initiative, Waterford reflected on the use and interpretation of this type of subjective measure of improvement as an indicator of program outcomes:

There was some slight progress on a few of the Closing the Gap targets, and, in a few places, subjective feelings (as often as not by providers rather than recipients of the love) that things were now marginally better than they had been before. But what does it mean if 30 per cent think things are better? (Waterford 2014)
 40. See discussion in endnote 30 on the restrictive nature of goods identified as responding to 'priority needs'.
 41. It appears that, since this point was raised at a conference, DSS has further reduced the amount of information in its 2014–15 annual report relating to income management and no longer makes such a claim. This further reduction in information in the annual report and other departmental material suggests a further retreat from the commitment made by DSS to the Auditor-General to improve the performance reporting framework.
 42. The report indicates that 55.7% of respondents reported reduced spending on tobacco while 34.3% said the question was not applicable (AIHW 2010:43), implying they were nonsmokers.
 43. Here it should also be noted that income management was not the only policy or program in place that sought to reduce tobacco consumption.
 44. The study documents the reasons why this finding cannot be simply ascribed to the differential consumption patterns of low-income households.
 45. It is recognised that these measures are indicators rather than direct measures of financial capability and good financial management. Essentially, the intuition behind the approach is that if a person is showing good financial management they will be aware of their resources and will not usually have a transaction fail because they have insufficient funds to cover it. Similarly, good financial practice is to be protective of transaction cards; although loss or theft can occur, action to minimise this and the effectiveness of this protection will increase with better management skills. In the case of minimum balances, prudent financial management would suggest value in keeping some funds in reserve to meet unexpected costs, or at least to minimise the time without such a fall-back. Given this characteristic, the evaluation placed emphasis on using multiple indicators to provide an insight into trends in financial management capability, rather than reliance on a single measure. The concept of financial capability is not simple to measure – for example, Kempson et al. (2013) propose a 30- to 40-minute survey to measure it in developing and middle-income countries.
 46. The program has been terminated as part of the 2015–16 Budget measures.
 47. Personal identification number – the confidential code used to confirm a transaction.
 48. The evaluation looked at the outcomes for three groups: Indigenous people on compulsory forms of income management, Indigenous people on Voluntary Income Management and non-Indigenous people on compulsory measures. This approach reflected the use of separate Indigenous and non-Indigenous control populations in the study.
 49. The problem of financial harassment is one mainly associated with Indigenous communities, where it often involves a perverse form of traditional sharing arrangements. No change was identified for non-Indigenous people on compulsory income management.
 50. While these outcomes are in many cases still self-reports, to the extent that there are either systematic biases in respondent reports, or more general trends which will impact on both respondents and the control population, this approach will tend to minimise the degree to which these factors may distort the analysis.
 51. Personal report from a researcher to the author.
 52. These probabilities are derived from modelling presented in the evaluation report. Characteristics included in the model included gender, age, partner status, age of youngest child, the socioeconomic status of locations, duration on income support and number of children.
 53. Title as listed on website; actual document titled 'Income management evaluation and review'.
 54. The document appears to have been removed from the website in early 2016. This may be associated with the provision of an early draft of this paper to a parliamentary committee in late 2015.
 55. In the report, Deloitte further indicated that, with respect to the Voluntary Income Management population, 'Analysis confirmed that this change could be attributed to participation in the PBIM program as a commensurate change was not observed for comparator respondents' (Deloitte 2015b:ii). This causal attribution needs careful attention given that there appears to be no attempt in Deloitte's analysis to control for the clear selection effect that is a consequence of self-selection into the program. Rather the methodology, as reported, cannot differentiate between whether the difference is simply a result of the different motivation and characteristics of those who self-select, whether the program provided these participants with tools they could use for better management or whether the program imposed external constraints on their behaviour. Given the small proportion of the potential target population who self-selected into Voluntary Income Management in the PBIM sites, in contrast to the NIM evaluation, this is a major methodological constraint.
 56. Such an interpretation is suggested by Altman and Russell (2012), who present five observations based on the evaluations of the NTER and government responses to these

– these include: ‘Observation 3: Controlling evaluations’ to minimise the risk of adverse findings and ‘Observation 4: Discrediting evaluations’. In their discussion under this latter observation, they review the treatment of research by Brimblecombe et al. (2010).

57. This type of approach also allows for reliance on some illustrative examples, or indeed parables, which serve to demonstrate the narrative. This can be seen, for example, in the use of views in ‘some communities ...’ as indicative, and privileging selective qualitative data and individual narratives over more systematic quantitative results.

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