



Northern Territory Council of Social Service (NTCOSS)

Submission to the Senate Community Affairs and Legislation Committee inquiry into changes to the Social Security arrangements, and the restoration of the Racial Discrimination Act.

Dear Chair

Thank you for the opportunity to make a submission to this enquiry.

The Northern Territory Council of Social Service (NTCOSS) is a peak group for community sector organisations across the NT, and an advocate for disadvantaged Territorians.

We would like to confine the scope of this submission to an examination of whether the available evidence demonstrates that income management measures have improved the lives of people living on prescribed communities in the Northern Territory.

In respect to the broader range of matters covered by the terms of the inquiry, NTCOSS endorses the more wide-ranging submission which has been made by the Australian Council of Social Service (ACOSS).

In respect to the narrower question of income management, we believe that the government must clearly demonstrate that these measures have worked successfully in prescribed communities. In the absence of clear objective evidence, NTCOSS would suggest that the case for extending these measures cannot be sustained.

Our view is that, while the Government has provided a great deal of anecdotal information and rhetoric, there is a notable absence of hard data to support the claims that have been made for the effectiveness of the income management system.

### **AIHW Report**

The Australian Institute of Health and Welfare's *Report on the evaluation of income management in the Northern Territory* itself expresses a number of serious reservations about the methodology used to assess the merits of the income management regime<sup>1</sup>:

- The research studies used in the income management evaluation (point-in-time descriptive surveys and qualitative research) would all sit towards the bottom of an evidence hierarchy.
- The overall evidence about the effectiveness of income management in isolation from other NTER measures was difficult to assess.
- There was a limited amount of quantitative data on which to base the evaluation findings. (Only 76 people - from four communities - of approximately 15,000 people subject to income management were surveyed.)

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<sup>1</sup> Report on the evaluation of income management in the Northern Territory, Australian Institute of Health and Welfare, August 2009,, p.iv

- The absence of a comparison group meant that the evaluation was dependent on the perceptions and views of various stakeholders
- There were some data quality issues with the research conducted for the evaluation.

### **Healthy Food**

Most of the material provided by FaHCSIA to demonstrate the ‘success’ of the intervention is based on surveys and the opinions of sample groups and focus groups, rather than quantitative data. The director of ANU’s Centre for Aboriginal Economic Policy Research, Prof Jon Altman has noted that “In the area of income quarantining there is still fraught methodology, so it is store operators rather than customers that are surveyed and while 68.2 per cent of store operators report that more healthy food purchased, it is unclear if this ‘more’ is in dollar terms or quantity.”<sup>2</sup> NTCOSS calls on the Minister to collect and publish information about the actual volume of fresh fruit and vegetables that is being sold in remote communities, rather than merely the subjective impressions of store managers.

It should also be noted that any increase in the consumption of healthy food may simply reflect the increased availability of these products. Store operators in remote locations were required to ensure an adequate supply of healthy food in order to obtain their Basics Card licence. While NTCOSS applauds the wider availability of healthy food, it should not be misrepresented as a direct consequence of the imposition of the income management system.

### **Basics Cards**

There is no public data available which breaks down Basics Card purchases made at large retailers which sell a wide variety of goods. The Basics Card may be used at large department stores to buy anything other than prohibited items (alcohol, tobacco and pornography). Our understanding is that Basics Card food expenditure data is not based on actual goods purchased but on the original funding allocation. This means that the data provided tells us only how much Basics Card money was spent on non-prohibited goods, but not what proportion of spent funds was spent on food as opposed to other items (for example, clothing, DVDs, music, toys, furniture etc).

There have also been conflicting reports about the impact of income management. Hospital separations data for preventable injury or disease, or ear, eye, dental and environmental health conditions for children aged 0 - 5 years, during the period January to June 2009 [data](#) shows reported child malnutrition is up.<sup>3</sup>

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<sup>2</sup> Altman 2009 “After the NT intervention violence up, malnutrition up, truancy up, Crikey 9 November 2009

<sup>3</sup> Report on the evaluation of income management in the Northern Territory, Australian Institute of Health and Welfare, August 2009, P.27

<sup>3</sup> The NTER Monitoring Report Part 2, Table 1.5.1 P.17

## **Alcohol Restrictions**

The departmental report on the NTER Redesign Consultations found that some participants in the consultation process felt that alcohol restrictions had resulted in quieter communities and a reduction in violence. However, a sizeable number of those consulted said that alcohol-related problems in their community had worsened since the NTER.

“Problems identified included more illegal alcohol trafficking (that is, ‘grog running’), dangerous drinking outside town boundaries, invasion of personal privacy and breaches of rights[as police can now enter town camp dwellings without a warrant if they suspect there is alcohol], increased road accidents and personal injury due to unsafe drinking practices, and poor relationships between communities and the police.”<sup>4</sup>

## **Other indicators**

Information across a broader range of indicators of child development and wellbeing and family financial stability is needed for the effects of income management to be properly measured, benchmarked to pre-Intervention data. These indicators should include things like the incidence of preventable disease, malnutrition, birth weight and learning outcomes. In addition, broader measures of family financial security and stability should be developed, for example, the number of families in rental arrears, seeking emergency assistance or failing to pay utilities bills. Again, this data would need to be benchmarked to pre-Intervention figures to enable meaningful analysis of the effects of income management.

While the proposed changes may appear to make the income management scheme a more equitable system insofar as those affected won’t be seen to be targeted on the basis of race, certain groups of people will still be seen to be unfairly targeted and marginalized. The proposed scheme which will be rolled out nationally is based on a discriminatory assumption that people on income support cannot manage their money, or that they are unable to care for their children.

In fact, many of these people are managing their finances well. The minority of people who do not manage their finances successfully and who may have substance misuse problems or live in families facing multiple challenges cannot be identified merely by the type of payments they receive, or by their location. Most long term unemployed people lack work for reasons such as a disability, chronic health issues, inadequate skills, age discrimination, or because the area in which they live has few low-skilled jobs and limited employment assistance.

We are also concerned about the ‘opt-out’ system, which places the onus on individuals to go through a fairly onerous process to ‘prove’ that they should not be subject to income management. In our view, this is analogous to presuming guilt on the part of an accused person, unless they can demonstrate their innocence. If such a system was to operate NTCOSS would regard it as critical for the integrity of the process that an external review of these decisions was available.

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<sup>4</sup> Report On the Northern Territory Emergency Response Redesign Consultation, Australian Government, 2009

### **Practical and administrative issues**

There have also been significant practical issues associated with the operation of the Income Management system in the NT, including problems in checking balances of Basics Cards, and restrictions on merchants where people can shop. The ‘freecall’ number to get information about the card or account is not free from public or mobile phones (which most people use), but is a timed call and can be quite expensive due to delays. While some communities have a ‘hot-linked phone’ direct to Centrelink, this is not widespread.

We also understand that restrictions on the number of merchants who offer Basics Card also impact on people’s ability to get value for money. For example, Basics Cards are not accepted at second-hand shops. Finally these restrictions compromise usual resource sharing practices, especially in relation to sorry business. (A number of research participants noted that income management had restricted people’s cultural practices in relation to sharing resources. This was particularly mentioned in context of ‘sorry business’ where people generally use cash to contribute. Focus group participants said that “less and less people are getting involved” and that “people need more help for sorry business”).<sup>5</sup>

The Australian Council of Social Service (ACOSS) has raised serious concerns about the spiraling administrative costs of income management, with the Government committed to spending \$352 million over four years in the NT to manage the income of 20,000 people. The ACOSS report observes that “these resources would be better spent on improving the adequacy of income support payments and funding appropriate and effective services for struggling individuals and families.” NTCOSS endorses this position.

Evidence from the Cape York trials suggests that improved school attendance is attributable principally to case management, rather than income management. Consequently, NTCOSS believes that the way forward lies in the provision of case management and support services for those who have difficulty managing their money, rather than the unilateral quarantining of social security payments.

### **Conclusion**

The Northern Territory Emergency Response has been in place for two and a half years now. However ‘results’ are for the most part limited to subjective and methodologically questionable telephone surveys of attitudes. NTCOSS notes that the AIHW report found that “the evaluation findings would have greater strength if these views were supplemented by empirical indicators that showed evidence of the changes reported by the various stakeholders”.

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<sup>5</sup> Report on the evaluation of income management in the Northern Territory, Australian Institute of Health and Welfare, August 2009, p.57 2009 Stakeholder focus groups (qualitative data, 4 communities, 167 persons)

We believe that the largely anecdotal information which is currently available does not justify an extension of income management. Such a significant change to public policy must be supported by a sound evidence base. Proposed additional expenditure of this magnitude in another sphere of public policy without a solid evidence base would be widely questioned. The target group of these new measures – still overwhelmingly Indigenous Australians – should not be subjected to unproven policy directions merely because they lack an effective voice.

NTCOSS also believes that there has been insufficient consideration of alternative approaches that maintain dignity and enable people to take control of their finances. We are concerned that measures which may suit a few will be imposed on the many, without broader consultation. There has been no broad consultation with community and consumer organisations who represent and provide services to people who will be affected on a daily basis, nor with those who will soon be affected. Finally, the Government has failed to address the inadequacy of income support payments, which is a major cause of poverty and deprivation among these groups.<sup>6</sup>

NTCOSS would argue that before committing many millions of dollars of public money to the extension of income management arrangements, the government should gather and assess the required empirical data. Without a solid evidence-base to demonstrate the success of the policy, an expansion of welfare quarantining would be a merely speculative use of substantial amounts of public money.

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<sup>6</sup> Community Sector Statement on Income Management, ACOSS, December 2009