

Compulsory Income Management in the Northern Territory – evaluating its impact

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Abstract

Australia has been experimenting with constraining the ways in which welfare recipients can spend their income support payments, limiting their ability to access cash and purchase some products. The policy objectives include to reduce spending on alcohol, gambling, pornography and tobacco in favour of meeting 'basic' family needs, especially for children, to limit the scope for financial harassment, encourage pro-social behaviours, and build financial capabilities. In the logic of the programs these outcomes are expected to be manifest at the individual, family and community levels. The policy has primarily impacted on Indigenous Australians as a result of its geographic targeting, although a recent report has recommended a more stringent version of the program be introduced universally to all welfare recipients other than the aged. The largest of these experiments is 'New Income Management' in the Northern Territory, which has had more than 35,000 participants since its introduction in 2010. This article reports on the key findings of the major independent evaluation of New Income Management commissioned by the Australian Government.

Keywords: income management, conditional welfare, Indigenous policy, program evaluation

Introduction

The Australian Government pays income support payments to some 5.1 million Australians, accounting in 2013 for 16.6 per cent of the population aged 15–64 years and 77.0 per cent of those aged 65 years and over. Payments are categorical, for example, on the basis of old age or being unemployed. In addition to specific eligibility criteria for each relevant category; many payments have additional conditions, such as requiring active job searching or other forms of participation. All payments are at a flat rate.² Payments are usually subject to income and asset testing based on the resources of the recipient and their partner, if any. Significant payments are also made to families with children. Income support is usually paid fortnightly through direct transfer to bank accounts.

In 2007 the Australian Government introduced a new approach to the payment of income support and related family payments for some recipients in a number of location-specific initiatives. This approach, termed ‘Income Management’, limited the amount of the payment made directly to an individual with the balance of the payment being managed in a way that restricted the items on which it could be spent. Typically this involves payments being made by Centrelink³ to specific merchants or other services on the person’s behalf, or the funds placed on a special debit card – a ‘BasicsCard’ – which can only be used at approved merchants for the purchase of non-excluded items. The principal exclusions are: tobacco, alcohol, gambling services and products, and pornographic material. Although introduced in a number of locations, the major initiatives have been implemented in the Northern Territory (NT), initially as part of the Northern Territory Emergency Response (NTER), referred to as the Intervention.

This policy can be seen in the light of ‘new paternalism’ (Mead 1997) with an emphasis on satisfying behavioural requirements along with close supervision and questioning the assumption that people are competent to make decisions in their best interests. The application of income management to Indigenous Australians builds upon a history of paternalistic management of their finances. The linkages between this history and income management and related policies are considered in Bielefeld (2012) and Howard-Wagner (2010). An alternative view on the relationship between Indigenous Australians and the welfare system is presented by Pearson (2011), who argues ‘the effect of passive welfare and the collapse of social norms made it necessary for society to mandate personal responsibility’. There is a growing literature on income management, including Billings (2011) and Mendes (2013). Cox (2011) and Cox and Priest (2012) provide an analysis of policy making and the evidence-base issues are taken up more widely in Altman and Russell (2012).

This article reports on the findings of an evaluation of the program as implemented in the NT between August 2010 and December 2013.

New Income Management in the Northern Territory

‘New Income Management in the Northern Territory’ (NIM)⁴ is the largest Australian income management program. It was introduced in August 2010, replacing an earlier scheme that was part of the 2007 NTER.

The primary objective of the replacement of NTER Income Management (NTERIM) by NIM was to enable the restoration of the Racial Discrimination Act, parts of which had been suspended to allow NTERIM to be targeted at NT Indigenous communities.

Although the use of income management as a targeted measure had been previously discussed,⁵ the 2007 Report of the NT Board of Inquiry into the Protection of Aboriginal Children from Sexual Abuse was a trigger for its introduction and application on a widespread population basis. This report, released on 15 June 2007, identified child sexual abuse and poor child outcomes across the NT, and saw this arising from ‘a breakdown of peace, good order and traditional customs and laws’ (NT Government 2007: 57). The first finding of the report was:

That Aboriginal child sexual abuse in the Northern Territory be designated as an issue of urgent national significance by both the Australian and Northern Territory Governments, and both governments immediately establish a collaborative partnership ... to specifically address the protection of Aboriginal children from sexual abuse. It is critical that both governments commit to genuine consultation with Aboriginal people in designing initiatives for Aboriginal communities. (2007: 7)

Although the inquiry made no specific recommendation on income management, it was briefly discussed as a potential policy that might reduce alcohol consumption and was thus worth investigation, but also that there was a risk that it could encourage dependency and could be seen as a return to paternalism (2007: 171).

Responding to this report, the Federal government announced on 21 June 2007 a ‘National emergency response to protect Aboriginal Children in the NT’ – the NTER, or ‘Intervention’ (Brough 2007a). This response comprised many elements including income management. In introducing legislation the Minister stated:

Aboriginal children in the Northern Territory will never be safe and healthy without fundamental changes to the things that make communities dangerous and unhealthy places. We need to dry up the rivers of grog. We need to stop the free flow of pornography. ... We need to make sure money paid to parents and carers by the government for feeding children is not used for buying grog or for gambling. (Brough 2007b: 10–11)

Income management under the NTER applied to people in receipt of income support who lived in prescribed areas. These included over 500 Aboriginal communities and over 70 per cent of the NT Aboriginal population (Yu, Duncan

& Gray 2008). All income support recipients living in these communities on 21 June 2007 were subject to the program. The Australian Labor Party, elected to power in December 2007, while initially continuing the program, had a commitment to restore the Racial Discrimination Act. This was achieved through the introduction in 2010 of 'New Income Management in the Northern Territory'. Rather than just targeting specific Indigenous communities, the program applied across the whole of the Northern Territory.

Objectives of income management

The 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 ... priority needs ... to reduce the amount of certain welfare payments 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; [and] to encourage socially responsible behaviour, including in relation to the care and education of children. (Social Security (Administration) Act 1999 (Cwth) – Section 123TB)

More broadly the program is described as

part of the Australian Government's commitment to reforming the welfare system. Income management is a tool that helps people better budget their welfare payments and ensure they are getting the basic essentials of life, such as food, housing, electricity and education (DSS 2015a).

This echoes the then Minister for Families, Housing, Community Services and Indigenous Affairs in her 2009 second reading speech on the NIM legislation:

Income management is a key tool in the government's broader welfare reforms to deliver on our commitment to a welfare system based on the principles of engagement, participation and responsibility. Welfare should not be a destination or a way of life. The government is committed to progressively reforming the welfare system to foster individual responsibility and to provide a platform for people to move up and out of welfare dependence. (Macklin 2009)

An underlying logic of income management is that constraining individuals' spending will have flow-on effects. For example, meeting the basic needs of children will have consequential benefits to their health and school participation, and hence educational attainment. Similarly, reduced spending on alcohol would lower alcohol abuse and consequences such as domestic and other violence and child neglect. These effects would manifest at the individual, family, and community level.

The structure and operation of NIM

Income management in the NT under NIM comprises a number of discrete sub-programs. The main form is Compulsory Income Management (CIM). This is targeted at two sub-populations: 'Disengaged Youth' – people under 25 years in receipt of income support payments for more than three months out of the previous six; and 'Long-term Welfare Payment Recipients' – those above this age in receipt of Youth Allowance; Newstart Allowance; Special Benefit; or Parenting Payment Partnered or Parenting Payment Single for more than one of the past two years. Unlike NTERIM, persons on other payments, including the Disability Support Pension, Carer Payment and Age Pension, were out of scope for the automatic imposition of income management. A further differentiation with the NTERIM was the availability of exemptions for people who could demonstrate certain behaviours.⁶

Additionally, targeted sub-programs impose income management on: persons identified as vulnerable – initially through social worker assessment, but later by automatic criteria; people referred by the NT Department of Children and Families (DCF) due to child neglect (Child Protection Income Management (CPIM)); and people referred by the NT Alcohol Mandatory Treatment Tribunal.⁷

People receiving income support, but outside these measures can choose Voluntary Income Management (VIM). Persons on this program received an incentive payment of \$250 for every 26 weeks spent on VIM.⁸

Most people subject to NIM have half of their income support payments income managed. Under CPIM the proportion is seventy per cent. Prior to being income managed people are asked by Centrelink to attend an 'allocation interview' to determine how their funds are to be managed. If placed on CIM they are also advised of their right to seek an exemption.

At the interview Centrelink staff discuss the person's household budget and how income managed funds are to be allocated. This can include placing all or some income managed funds onto a BasicsCard, or direct payment of regular costs, for example rent, and school meals. Funds can also be held in Centrelink accounts, with direct payments being made from these. In October 2013, 43.4 per cent of participants placed all of their income managed funds on their BasicsCard, with only 13.4 per cent allocating less than half their money this way. BasicsCard spending accounted for 79.7 per cent of all spending under the program.

An emphasis in legislation and program guidelines is on funds being used, in the first instance, to purchase 'essential items' or to meet 'priority needs'.⁹ This is illustrated in a statement on the DSS webpage 'Income management in the Northern Territory' (DSS 2015b), that people can 'if their priority needs have been met, allocate income managed funds to items that are not priority needs (as long as they are not excluded items)'. In operational terms this approach is largely not applied; rather, the focus is simply on preventing spending on excluded products and services.

The income managed population

Between introduction and December 2013, 35,000 people in the NT had been subject to income management, with 18,300 still on the program at the end of the period. As shown in Table 1, 16,514 of these identified themselves as Indigenous Australians. Most – 76.8 per cent – were on CIM, 3.1 per cent were on the various targeted measures, and 20.1 per cent were on VIM.

Table 1. Persons on income management in the NT by main program type and Indigeneity, December 2013

	Indigenous	Non-Indigenous	Total
Compulsory Income Management	12,402	1,650	14,052
Targeted measures	492	81	573
Voluntary Income Management	3,620	55	3,675
Total	16,514	1,786	18,300

Note: There may be minor discrepancies between numbers on the program depending upon the specific data set from which the information is extracted.

Source: DSS Administrative data.

Across the NT it is estimated that 34.0 per cent of Indigenous people aged over 15 years were subject to income management in December 2013 (Table 2). This reflects a high rate of income support receipt amongst the Indigenous population, and within this a high rate of income management. Only 1.3 per cent of the non-Indigenous population is subject to the program, reflecting lower rates of the incidence of both these factors.

Table 2. Proportion the NT population receiving income support and subject to income management, December 2013

	Non-Indigenous	Indigenous - Persons -	Total
Population 15 years and over	138,679	48,555	187,234
Income support recipients	15,288	25,834	41,122
People on income management	1,785	16,512	18,297
Rates – proportion of:		- % -	
Population aged 15+ years on income support	11.0	53.2	22.0
Income support recipients on income management	11.7	63.9	44.5
Population aged 15+ years on income management	1.3	34.0	9.8

Source: Bray et al. 2014: 73.

Women accounted for 59.2 per cent of those on income management. By family type, 39.8 per cent were single, 28.9 per cent members of couples with dependent children, 17.8 per cent single parents, and 13.5 per cent living with a partner but without dependent children.

In comparison to CIM, the VIM population was older. This is because participants were mainly on a Disability Support Pension (65.7 per cent) or an Age Pension (20.8 per cent); 86.5 per cent of those on VIM in December 2013 had originally been on NTERIM and 98.5 per cent were Indigenous.

Many people spend long periods of time on income management. Survival analysis indicates 81.7 per cent of Indigenous people who commence being income managed remain on after a year, 72.1 per cent after two years, and 62.4 per cent after three years. In contrast, the proportions for non-Indigenous participants were 37.5 per cent, 22.8 per cent, and 13.4 per cent respectively.

Evaluation approach

The program has been evaluated, for the then Department of Families, Housing, Community Services and Indigenous Affairs (FaHCSIA) by independent researchers from the Australian National University, the Social Policy Research Centre at UNSW Australia, and the Australian Institute of Family Studies.¹⁰ The evaluation commenced in 2010.

The evaluation had an a priori evaluation framework (SPRC & AIFS 2010), and used diverse data sources and a mixed methods evaluation methodology.

The evaluation framework was established contemporaneously with the implementation of the program. It detailed both process and outcome questions. The outcome focus was articulated as: ‘What are the short, medium and longer-term impacts of income management on individuals, their families and communities?’ (SPRC & AIFS 2010: 17), including: ‘Have there been changes in spending patterns, food and alcohol consumption, school attendance and harassment?’ (2010: 18).

Central to the methodology of the evaluation was the adoption of a principle of triangulation of results. This was done for a number of reasons, in particular:

- a) The evaluation framework identified multiple but interrelated objectives for the program.
- b) Even within the same domain the program was to achieve outcomes at the individual, family, and community levels.
- c) For many outcomes the evaluation had multiple data sources including qualitative and quantitative data.
- d) Many of the measures tended to be indicators, rather than direct measurements of outcomes.

Triangulation – using multiple sources and methodologies and testing findings against each other – substantially added to the robustness of the evaluation. At a higher level of conceptualisation triangulation focused on consistency. That is, the program impact should be apparent across outcomes and not simply manifest in one, and consistent outcomes should be observed for population subgroups (or alternatively a clear explanation as to why can be established).

An additional challenge for the evaluation was that NIM was only one of many policies being implemented in the NT with similar target populations and objectives. Other policies included some directly impacting on income support recipients, such as the School Enrolment and Attendance Measure, which could impose sanctions on parents if children were not attending school; as well as policies impacting more widely, such as alcohol controls, increased policing, child health initiatives, and improved housing. There was limited scope for controlling for these; rather, it was recognised that they may result in a positive bias in outcomes.

The evaluation had two phases. The first phase culminated in a July 2012 interim report (Bray et al. 2012) and a final report in September 2014 (Bray et al. 2014). An important aspect of this staged process was reporting back to participating communities and key intermediaries. In the first phase this helped to shape the second wave of research, while feedback from the second phase is reflected in an Epilogue in the final evaluation report.

Data

The evaluation was based on extensive quantitative and qualitative data derived from existing sources and surveys and fieldwork conducted for the evaluation. These included:

The two-wave LSNIM survey. This survey comprised a sample of people subject to income management in the NT and a control population in other states not affected by the program. The first wave was conducted in late 2011 and the second in late 2013. LSNIM collected quantitative and qualitative data, complemented by detailed qualitative interviews with a sub-sample of participants.

Unit record income support and income management data, including payments made on behalf of people being income managed and transactions¹¹ made on BasicsCard.

Quantitative and qualitative data from surveys and interviews with ‘intermediaries’ – people involved in administering the program, and in providing services to individuals and communities affected. These were conducted by the evaluation team.

Merchant data at the commodity level. This included samples of transactions at remote community stores and aggregate spending at a major retail group.

School attendance, health, crime and related data collected by Commonwealth and NT government agencies.

The collection and interpretation of data in the evaluation involved many challenges and required caution. A high proportion of the income-managed population are Indigenous Australians, many living in remote locations. As a population they are highly marginalised and have a long history of displacement

and discriminatory treatment. In addition to the logistics of collecting data in remote communities and from people for whom English is not their first language, the experience and attitudes of participants is important. Two examples illustrate this. The first concerns changes in child outcomes. The response by survey participants to a very general question on whether outcomes for children in communities had improved was positive. In contrast when more direct questions were asked about a range of specific child outcomes the responses tended to be negative. When asked about this difference in one of the community feedback sessions undertaken by the evaluation team one person replied: ‘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. 2014: 168) This highlights both cultural values and the scars left upon Indigenous communities by the ‘stolen generations’.¹² The second example, documented in the first report (Bray et al. 2012: 196), again reflects a difference between perceived and actual change, in this case whether people felt they had sufficient money for food and whether they had actually run out of food. While Indigenous people on income management reported a perceived improvement (feeling they had sufficient money for food) of 40.7 per cent, the actual improvement (whether they had run out of food) was just 4.2 per cent. Non-Indigenous people reported both perceived and actual improvement of 6.7 per cent.

A further issue identified in the research was that while at the program level there is a clear difference between the concepts of income support (that is, the money to which the person is entitled) and income management (as a program which determines how a portion of that money is to be spent), in the reality of people’s lives this differentiation is less meaningful, and in interviews and surveys the two were often conflated.

These examples also illustrate the importance of the mixed methods approach adopted in the evaluation. While this article mainly cites quantitative findings, both the specification of the quantitative instruments and the interpretation of results were influenced by the qualitative aspects of the study with, in turn, the focus of these shaped by the findings of the quantitative analysis. The strategy of triangulation again brought these components together.

Evaluation findings

The evaluation reported against 31 specific evaluation questions; here consideration is given to several of the most significant areas.

Perceptions and aspirations

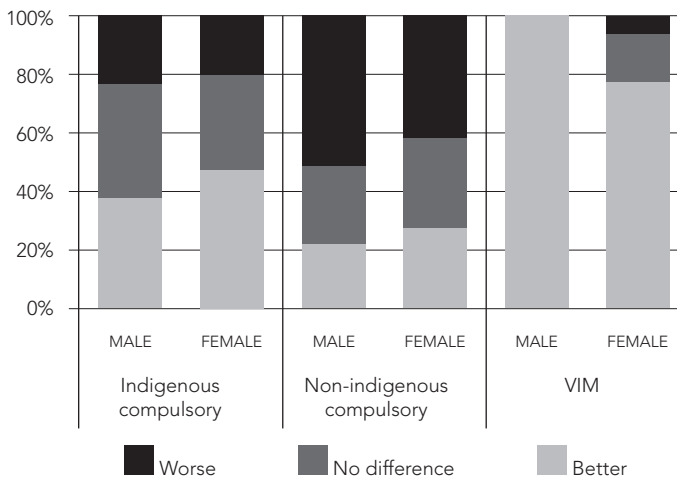
There were diverse and often strong views about income management amongst those subject to it. This is highlighted in the responses recorded in the LSNIM as to the aspirations of those on income management. Amongst Indigenous people on the compulsory measures,¹³ 45.4 per cent reported that they wished to stay on the program, 41.2 per cent said they wanted to get off, with the remainder being unsure. Non-Indigenous participants on compulsory measures were less positive,

with 56.2 per cent wanting to exit and only 31.4 per cent saying they wanted to continue. In contrast, 80.0 per cent of those on VIM said they wished to stay on, while 11.3 per cent said their objective was to get off. Given that this group could quit the program, this latter result appears to reflect not just short-term aspirations, but also longer-term goals.

There was little difference in the preferences of non-Indigenous men and women to remain on income management, while Indigenous women were somewhat more likely to wish to remain on (49.6 per cent) than Indigenous men (36.7 per cent).

This diversity of views was also seen in response to a question as to whether income management had made things better or worse. As illustrated in Figure 1, those on VIM overwhelmingly reported a positive impact. The views of those on the compulsory measures were more mixed, and varied between Indigenous and non-Indigenous participants. There were also, as illustrated, some slight gender differences. In aggregate, 44.1 per cent of Indigenous people on the compulsory measures reported a positive impact, 35.3 per cent said it had made no difference, and 20.6 per cent that it had made things worse. For non-Indigenous participants these proportions were 25.4 per cent, 29.1 per cent, and 45.5 per cent respectively.

Figure 1. Whether income management made things better or worse by Indigeneity, gender, and main program stream



Source: LSNIM Wave 2.

The differences between Indigenous and non-Indigenous participants on compulsory measures in part reflect different responses according to location. In urban areas the proportion of Indigenous participants considering that the program had made things better is 29.5 per cent, compared with 26.0 per cent of non-Indigenous participants. In contrast, half of Indigenous people living in town camps¹⁴ and almost 60 per cent of those in remote communities said this was the case.

When those on the compulsory measures were asked about their reasons for wanting to stay on income management, two main reasons were cited. First, that it was easier to manage their money; and secondly, they were used to being income-managed and it was easier to stay on. Around 30 per cent of respondents reported the first reason, and 20 per cent the second. The third major reason identified by Indigenous respondents was that they liked the BasicsCard, with 15.3 per cent giving this as their main reason and 31.2 per cent as one of the reasons.

These views about the BasicsCard appear to reflect two factors. The first is that unlike other transaction cards, the BasicsCard did not impose charges and effectively provided a free banking service. This was important as, especially in remote areas, there has been a history of high transaction charges, including fees simply for obtaining account balances. The second was the ability to use the cards flexibly, including as protection from harassment, but also in ways that went beyond approved practice. While for some the card was used as their own secure source of spending for purchases, for others, as illustrated in Table 3, it was used communally when shopping with others, given to others to do shopping on the person's behalf, or for themselves.

Table 3. Incidence of forms of use of BasicsCard by location and main program type

Proportion reporting that they or their close family:	Location			IM program		Total
	Urban	Town camp	Remote community	Compul-sory	Volun-tary	
				- % -		
Share/swap BasicsCard (BC) when shopping with others	33.3	25.9	42.9	37.0	27.5	35.4
Let others use BC on behalf	48.1	34.1	55.3	48.5	43.7	47.6
Let others use BC for self	40.3	17.3	44.7	38.6	29.6	37.0
Swap groceries for money, alcohol & tobacco	21.9	3.8	8.0	14.4	4.3	12.7
Swap cards for money, alc. & tobacco	19.5	1.3	7.5	12.4	4.3	11.0
Cash from taxis on BasicsCard	20.1	2.5	10.8	14.0	7.4	12.9
Gamble using BasicsCard	3.9	0.0	3.8	3.6	0.0	3.0
Get stores to sell tobacco and alc.	9.7	0.0	3.7	6.3	0.0	5.2

Source: LSNIM Wave 2.

Other behaviours such as swapping items bought with the card (for example, groceries, phone and power cards), using the card to obtain cash from taxi

drivers (through artificially inflating charges or registering non-existent trips) and getting stores to sell alcohol or tobacco on the BasicsCard, were relatively infrequent.

Over a third of people reported having to pay more because they used BasicsCard, with people citing credit card surcharges and minimum purchase limits, and almost 60 per cent reporting that they were unable to make some purchases. One reason for this latter situation, as discussed below, relates to limitations on the stores that can accept the card. Many cited problems with paying rent, especially in more informal arrangements, and an inability to use the card for fruit and vegetable and other purchases at markets.

Financial capability

A key objective of the program was to improve participants' financial management capability. The most direct policy intending to achieve this was a matched savings grant program. This involved people in the compulsory streams attending a Money Management course, after which they would be eligible for a \$1-for-\$1 grant matching new savings up to \$500. Out of an estimated 29,450 people who were eligible to participate in this as at June 2013, just 31 had received such a grant.¹⁵

Two aspects of the use of BasicsCards provide insight into financial capability. The first is the rate of BasicsCard replacement; the second the incidence of failed transactions. Taking the first, across the program, while 55,986 cards were issued to people commencing a spell of income management, 253,290 replacement cards have been issued for reasons other than the expiry of the card. Such card loss can be considered as an indicator of poor financial control and suggests a lack of financial responsibility. While a quarter of participants had no replacement cards, a quarter had ten or more. Analysis indicated only a slight reduction in the number of replacement cards over time.

The most frequent reason BasicsCard transactions failed was insufficient funds to cover the purchase. This can be considered as indicating poor financial management, as the person either was not aware of their available funds or had not checked their balance. Around one in ten transactions fail for this reason. The data shows a marked cohort effect, with those placed on income management in more recent years having lower rates. This suggests more recent targeting has drawn in people with better financial skills. Controlling for population characteristics and for improvements in facilities for checking balances, analysis points to a slight fall in the failure rate, potentially indicating improved financial management. This, however, is modest, at just 0.5 to 0.6 percentage points a year.

It was also possible to track the balances in income management accounts. Two features of these were considered as potentially indicative of individual financial management capacity. The first is the time people spend with a very low balance in their account, indicative of having spent all of their income support shortly after receipt. The second is the minimum balance people hold in their account. This is a measure of savings behaviour and precautionary financial management.

Over a two year period the proportion of a matched population on income management who had a balance of less than \$10 for more than half the time declined from 28.0 per cent to 26.0 per cent, while the proportion with such a balance for less than a quarter of the time increased from 55.4 per cent to 57.3 per cent. Turning to the actual minimum balances held by people, there was a small increase in the proportion whose minimum balance was less than \$1, from 31.5 per cent to 34.0 per cent, with a similar small increase from 81.2 per cent to 82.3 per cent in those with a minimum balance of \$10 or less over the payment cycle. There was, however, an increase in the proportion with a minimum balance of more than \$100 from 5.3 per cent to 7.4 per cent.

Taking this range of measures together, along with the poor outcome for the flagship matched savings initiative, indicates that the program had little impact on improving the financial management capabilities of participants.

Wellbeing outcomes

A central theme of the arguments for introducing income management was improving nutrition and reducing spending on alcohol and tobacco, as well as focusing income-managed spending on priority goods. This section considers these along with the wider set of wellbeing outcomes measured in the evaluation.

The composition of sales

Analysis of sales at selected stores showed that the pattern of spending on BasicsCard was, other than tobacco, broadly similar to that of other purchases from these stores. To the extent there were variations, for example, higher spending on clothing, these seem to reflect factors such as many income support recipients purchasing such items from major chains, rather than specialist shops, and the use of these stores for these purchases by people coming in from more remote communities with limited shopping. This is also likely to be a factor in the disproportionate spending on items such as mobile phones, phone cards, DVDs and various forms of electronic entertainment. An additional factor was the BasicsCard merchant approval process. To gain approval not only does a merchant need to undertake not to sell excluded items on the BasicsCard, and maintain records which allow this to be verified, but also half their turnover must be on priority goods. Because of this, while a mobile phone store or an electronic goods merchant cannot gain approval to accept BasicsCard, a supermarket can sell the same products on the card. Although some processes were available to permit people to buy such items from other stores through direct payment by Centrelink, these were viewed by people as being cumbersome, stigmatising and intrusive.

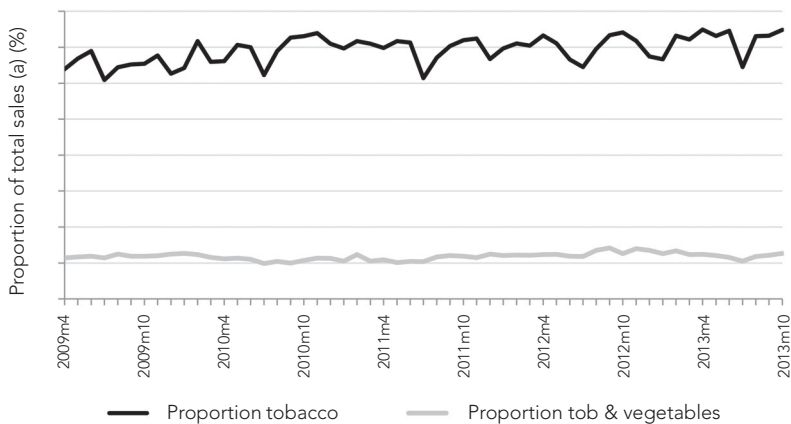
Sales at both urban stores and remote stores revealed some marked differences in the composition of food sales on BasicsCard relative to other spending. Most significant was spending on fresh fruit and vegetables. In urban stores these accounted for 12.0 per cent of BasicsCard food sales and 16.5 per cent of non-BasicsCard food spending. In community stores it was not as easy to extract total food sales, but fresh fruit and vegetables accounted for just 2.0 per cent of total BasicsCard sales, as opposed to 3.2 per cent of other sales. This community

store data also showed a pattern of spending consistent with other research¹⁶ that identifies a very poor diet, with high levels of spending in areas such as soft drink, fresh and processed meat, sugar and bread. The magnitude of soft drinks sales was such that almost half of transactions involved a sugar-based soft drink. The two items which accounted for the highest proportion of BasicsCard sales in community stores were \$30 pre-paid phone cards (4.3 per cent of sales) and 1.25 litre bottles of Coca Cola (3.4 per cent).

Sales by community stores over time show no increase in the proportion of spending on fruit and vegetables and a broadly stable picture of spending on tobacco (Figure 2). In this latter case there was a fall in the volume of sales associated with some sharp increases in prices as a result of more widespread anti-tobacco policies.

Detailed analysis at the individual store level could establish no relationship between the proportion of people on income management, or total income-managed spending, and the level of tobacco sales.

Figure 2. Purchases of tobacco and fruit and vegetables as a proportion of total sales, selected NT community stores, April 2009 to October 2013



(a) Scale not included on y-axis as data are confidential.
Source: Sales data from selected NT community stores.

Other wellbeing outcomes

A central component of the evaluation was using the LSNIM to track the incidence of problems within families, households, and communities over time relative to the control population. This used a difference-in-difference methodology with propensity score matching to account for population differences.¹⁷ This analysis had three main sub-elements which are considered below.

In all of the following tables the data has been coded so that a positive score indicates an improvement – that is, a better outcome – relative to the control population.

Substance abuse and gambling

Three questions in the LSNIM collected data on the extent to which alcohol, drugs, or gambling were a problem ‘for your family’.¹⁸ In each case respondents could nominate whether it was ‘not a problem’, ‘a bit of a problem’, or ‘a very big problem’. The top panel of Table 4 reports on the change in the incidence of these (using a 3-point cardinal scale 0–2 to reflect the severity). As shown, there were no statistically significant differences relative to the control population for those on the compulsory measures, while those on VIM reported an improvement with respect to alcohol, but a weakly significant worsening incidence of gambling problems.

Table 4. Difference in Difference analysis of whether or not alcohol, drugs and gambling are a family problem, change between Waves 1 and 2 of the LSNIM (2011 to 2013) for people subject to income management

Problems for family	Indigenous compulsory measures	Indigenous VIM	Non-Indigenous compulsory measures
Specific problems			
Alcohol	-0.033	0.359 **	0.069
Drugs	0.027	0.079	-0.091
Gambling	0.012	-0.280 *	-0.002
Aggregate measures			
Any problem	0.291 ***	0.389 ***	0.306 **
Any ‘very big’ problem	-0.119	-0.240 ***	-0.085

* Statistically significant at $p < 0.10$; ** statistically significant at $p < 0.05$; *** statistically significant at $p < 0.01$.
Source: LSNIM Waves 1 and 2.

The bottom panel uses two aggregate measures, each coded dichotomously (i.e., 0, 1 variables). The first measure determined whether any of the three factors was identified as either ‘a bit of a problem’ or ‘a very big problem’; the second whether any of the problems is a ‘very big problem’. The results show a distinct pattern – a significant improvement in the incidence of ‘any problems’ and a trend towards a worsening outcome in terms of having a ‘very big problem’, although this was only significant for Indigenous people on VIM. This result suggests an improvement in low-level problems, but no change, or even a possible worsening, of severe problems.

Adverse financial outcomes

Adverse financial outcomes were also considered using individual indicators and an aggregate measure. The first two individual indicators were running out of money for food, and having problems paying bills. The second two relate to a particular concern, mainly in Indigenous communities, about financial harassment:¹⁹ whether a person experienced financial problems because they gave money to others; and whether they had to approach others for money to buy essentials. The aggregate measure records whether any of these specific problems occurred.

Table 5. Difference in difference analysis of absence of specific adverse financial outcomes, before income management to Wave 2 (pre-income management to 2013)

Whether in the past four weeks:	Indigenous compulsory measures	Indigenous VIM	Non-Indigenous compulsory measures
Specific outcomes			
Did not run out of money for food	0.029	0.176 *	-0.014
Did not have problems paying bills	0.340	0.077 **	0.035
Did not have problems because gave money to others	0.185 **	0.197 *	0.050
Did not have to ask others for money for essentials	-0.199 **	-0.288 ***	-0.032
Aggregate measure			
Absence of negative outcomes	-0.012	-0.009	-0.004

* = statistically significant at $p < 0.10$; ** = statistically significant at $p < 0.05$; *** = statistically significant at $p < 0.01$.
Source: LSNIM Waves 1 and 2.

As illustrated in Table 5, results were complex. Only Indigenous people on VIM report a significant improvement in running out of money for food, and this was only weakly significant. The same group report a more significant, but smaller, improvement in paying bills on time. On the questions of giving and asking for money, only the results for Indigenous respondents are significant and show a pattern of fewer problems because of others having asked for money, but a higher tendency to ask others for money in order to buy essentials. The aggregate measure is not significant, but negative and very small.

Community level problems

The third set of indicators relate to problems at the community level; first concerning children, and secondly more generally. Again individual and aggregate measures have been used. The aggregate measures are an average of the individual indicators – in this case also using some additional questions to those shown as specific indicators.

These results, reported in Table, 6 depict a pattern of negative results – worsening outcomes – although only a few are significant. This suggests no improvement in these outcomes at the community level.

Northern Territory wide outcomes

The evaluation reviewed extensive NT data on educational attendance and achievement, health status and other child wellbeing outcomes; crime and hospital data relating to alcohol abuse; and more general assault and imprisonment rates. This showed no positive consistent trends that might indicate improvements related to income management, or indeed more broadly, to the range of measures introduced over recent years. While some specific indicators

showed improvement, these were generally only in line with national results, or inconsistent across groups. In contrast some other indicators showed marked, and worsening, outcomes. Overall this data suggests that there was no evidence of income management having wider positive community outcomes.

Table 6. Difference in difference analysis of the perceived incidence of problems at the community/location level, change between Waves 1 and 2 of the LSNIM (2011 to 2013) for people subject to income management

Problems in community	Indigenous compulsory measures		Indigenous VIM		Non-Indigenous compulsory measures
Specific child-related problems					
Kids not looked after properly	-0.528	***	0.016		-0.072
Kids not going to school	-0.288	**	-0.310	*	-0.265
Specific community problems					
Drinking too much	-0.628		-0.446		-0.086
Hassling for money	-0.298	**	0.229		-0.071
Aggregate measures					
Community – child outcomes	0.024		-0.027		-0.060
Community – general outcomes	-0.061		-0.002		-0.027

* = statistically significant at $p < 0.10$; ** = statistically significant at $p < 0.05$; *** = statistically significant at $p < 0.01$.
Source: LSNIM Waves 1 and 2.

Cost effectiveness

Although the evaluation was originally intended to report on the cost effectiveness of the program, the department advised it was unable to provide detailed program expenditures. Additionally, the lack of outcomes from the program would have made this a difficult exercise. Publicly available estimates of the program cost indicate that the average cost per participant per annum is around \$5,000 (Australian National Audit Office 2013).

Discussion and conclusion

In concluding, we focus on four issues: some ambiguities and disjunctures in the policy framework; the perspectives of participants; an overall assessment of whether NIM achieved its objectives; and finally, the government's response to the evaluation and other policy proposals.

Some areas of ambiguity

As has been noted earlier, there is a gap between the program rhetoric of spending on priority needs, on the one hand, and actual spending and program implementation on the other, which focused on limiting spending on excluded items. Three other aspects of the program exhibit similar disjunctures. First, the duration of income management. Statements about the program cast it as a short-term intervention to stabilise current circumstances. For example, 'stabilising household budgets' (Australian Government 2009: 1); to

‘stabilise people’s circumstances’ (Macklin 2011); and ‘to stabilise and protect communities’ (Brough 2007a). Similarly, NTERIM was introduced ‘for an initial period of 12 months’ and extended for ‘at least 12 months’ (Macklin 2008). In contrast to these sentiments the program has effectively been in operation now for almost eight years, with many recipients registered on the program for the entire period. The second aspect is the extent to which the program is one of providing positive support – or is a sanction. Again almost all of the literature on the program stresses its role as one of support, but many participants and intermediaries interpret it as a form of sanction. Thirdly, while announced as part of a ‘national roll out of a non-discriminatory scheme to income manage welfare payments’ (Australian Government 2009: 1), NIM in the NT is the only form of widespread compulsory income management and disproportionately impacts on Indigenous Australians.

The perspective of participants

As discussed, perspectives of people subject to income management concerning the program vary considerably, with many being positive and wishing to remain on the program. Although this can be interpreted as a positive verdict on the program, the evaluation considered this not to be the case.

The reasons for taking this position is illustrated by the reasons people provide for wishing to remain on the program. The prevailing responses were that it is easier being on income management, either because it makes managing money easier or because recipients are used to it and it is easier to remain on the program. This can be viewed as the program having built dependence rather than independence. While we note that factors such as the value of the BasicsCard as a banking service are also seen as valuable, this type of functionality can be provided without the broader apparatus of income management.

This finding is also relevant to the ambiguity we note above with regard to the conceptualisation of income management as short-term stabilisation. It appears that there has been a drift in the policy away from an intervention intended to change behaviour, and towards a permanent mechanism to control it, which some people then become reliant upon.

A final perspective is that while income management was something about which many people in communities had a view, there were other issues seen by them as being much more important. These included employment opportunities in communities, housing, and education. Sitting above all of these, and also related to income management, was a strong desire for policies to be developed and implemented at the community level.

Has New Income Management achieved its objectives?

New Income Management in the Northern Territory was introduced with a key objective to build individual capacity and improve outcomes for those on income support, their families and children, and the communities in which they live.

The data reviewed here suggests the program has not achieved these objectives. There is no evidence to suggest any transformative change in financial capability.

Although some indicators suggest some positive outcomes with regard to aspects such as failed transactions, these are very small relative to the incidence of problems. The major initiative, the matched savings program, has been ineffective.

There is little evidence of improved consumption choices by people on income management, including reductions in spending on alcohol and tobacco. Data on food expenditure and fruit and vegetable sales, in particular, highlights the persistence of well-known problems of inadequate diets amongst Indigenous Australians, especially in remote communities. There is no evidence of an overall impact on the incidence of people running out of money for food.

The program has had little effect on financial harassment, and while there was some improvement in people reporting financial stress because they had given money to others, there was no improvement identified in community level problems of financial harassment, and an increase in the relative extent to which people on income management sought financial assistance from others.

At the community level there have not been improvements in child outcomes, either reported by participants, or from administrative data across a wide spectrum of indicators, including health and education.

Taken together these findings suggest that the program has not achieved its objectives.

Future policy developments

The question of future Australian Government policy on income management has been discussed by Government Ministers and a number of independent inquiries.

In October 2013 the Federal Government announced a review of Indigenous training and employment programs, chaired by Andrew Forrest, a businessman with extensive involvement in the mining industry. The 2014 Forrest Report proposed the general implementation of a 'Healthy Welfare Card' under which all income support payments other than Age and Veterans pensions would be paid through an EFTPOS²⁰ card which blocked 'the issue of cash and the purchase of alcohol, gambling and illicit services and gift cards at the point of sale' (Forrest 2014: 28). In making this recommendation the report stated: 'Income management was widely regarded as very helpful for vulnerable people However, it is complex, it can be considered paternalistic and comes with a cost that renders it unsustainable and unsuitable for broader application' (Forrest 2014: 27).

Responding to the NIM evaluation report, the Minister for Social Services argued the absence of any positive outcomes was because:

most people in the Northern Territory are on income management rate of 50 per cent, which appears to be too low to reach the more positive outcomes because it doesn't capture enough discretionary spending to be relevant to a lot of people.

While the government is considering the next steps for income management, it has become quite clear that income management

at 50 per cent is too low to achieve the positive social outcomes that income management can bring. (Andrews 2014)

Reflecting this position, and the Forrest recommendation, the Government introduced the ‘Social Security Legislation Amendment (Debit Card Trial) Bill 2015’ in August 2015. This proposes a trial of what is described as a ‘cashless welfare arrangement’ in up to three trial sites with 80 per cent of all transfer payments to people of workforce age being made into a restricted bank account. Cards attached to these accounts could not be used to withdraw cash, purchase alcohol, or for gambling.

In contrast to these approaches, the Government’s independent Reference Group on Welfare Reform which reported in 2015 recommended that ‘income management should be used judiciously and delivered in conjunction with financial capability and other support services. Its outcomes need to be evaluated.’ (McClure 2015: 24)

Summary

The evaluation indicates that the widespread implementation of income management through NIM has been an expensive and ineffectual policy. While the findings provide some evidence that would support the McClure Report recommendation of scope for the judicious use of the program as part of an integrated response to particular needs with a range of support services, it provides little support for the other proposals.

Although it can be argued, as a social control mechanism, that a higher rate might limit some socially undesirable expenditures, this focus ignores the underlying problems of the policy. In addition, such an approach is likely to result in significant practical problems for many recipients who currently spend their limited resources in a disciplined and responsible manner.

More generally it is likely to exacerbate the outcome seen in the evaluation:

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. 2014: 320)

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Endnotes

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- ² The two major rates are: a 'pension rate' of \$430.10 per week, typically for an Age Pensioner, carer, or a person with a disability; and an 'allowance rate' of \$268.22 per week for an unemployed person. Taking into account both family related payments and additional rent assistance, an 'allowance' couple with two young children would receive \$832.33 per week. (Rates applying 20 March–30 June 2015).
- ³ Centrelink is the Australian Government agency responsible for delivering income support and related social programs.
- ⁴ As at 2 January 2015 25,137 people were on income management, 20,165 (80.2 per cent) of whom were on NIM (DSS document, 'Income Management Summary', accessed from data.gov.au in May 2015 – Tabled document provided to the Senate Estimates Social Services Portfolio Committee on 25 February 2015). While the programs in other locations have some elements in common with NIM – in particular targeted income management for people identified as being vulnerable, or as part of Child Protection, and Voluntary Income Management – it is only under NIM that widespread Compulsory Income Management is implemented.
- ⁵ The concept of delivering 'targeted welfare via a debit card' for families with children was proposed by the Minister for Families, Housing, Community Services and Indigenous Affairs in an April 2006 speech (Brough 2006).
- ⁶ Exemptions are not considered here. The evaluation reports that 4.9 per cent of Indigenous and 36.3 per cent of non-Indigenous people otherwise eligible for income management were exempt (Bray et al. 2014: Chapter 5).
- ⁷ These programs are not discussed here; they are considered in detail in the evaluation report. The evaluation found they can play an important role as part of a tailored package of support to help stabilise individuals, or as part of ongoing case management.
- ⁸ This payment has been abolished under legislation given assent on 16 September 2015.
- ⁹ The program originally had very prescriptive guidelines relating to these, for example, permitting the purchase of a bicycle if used to access work, training or education, but not for recreation; permitting 'educational toys', but not electronic games, etc. (Bray et al. 2014: 120).
- ¹⁰ The consortium was selected by FaHCSIA through a selective competitive tender process.
- ¹¹ This data provided details on the time, value, merchant, and outcome (success or rejection) of all transactions, but did not provide information on the actual items being purchased.
- ¹² The 'stolen generations' refer to the forcible removal of Indigenous children from their parents from early colonial days up until the 1970s.
- ¹³ In analysis of the LSNIM, persons on CIM and the targeted sub-programs have been grouped as being on 'compulsory measures'.
- ¹⁴ Town Camps refer to discrete Indigenous communities located within the boundaries of major towns and cities. The word community had been used to describe other, frequently remote, Indigenous communities in the NT.
- ¹⁵ This payment was also abolished in September 2015.
- ¹⁶ There is an extensive body of research on Indigenous nutrition. An overview is available at the Australian Indigenous HealthInfoNet site: <http://www.healthinfonet.ecu.edu.au>. It should be noted that the NIM evaluation results were found notwithstanding a number of initiatives to increase the consumption of healthy foods. Lee and colleagues (2015) discuss the limited impacts of such strategies in the APY Lands.
- ¹⁷ In the evaluation a range of different approaches to this analysis were tested. In large part these showed only small differences. In analysis Indigenous and non-Indigenous participants were compared with their respective control populations.

¹⁸ These questions were framed in terms of the person's immediate/close/small family. This allowed individuals to report problems – including potentially illegal activities – without self-incrimination. It also took account of the extent to which the income support received by an individual frequently constituted part of the resources shared by a wider group.

¹⁹ A strong element of Indigenous culture is that of sharing resources, including demand sharing where there may be a kinship obligation to share resources with a person who asks for assistance. In circumstances where traditional values may be weak, this can transform into inappropriate financial harassment.

²⁰ Electronic Funds Transfer Point of Sale.

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