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Evaluation  
framework —Place  
Based Income  
Management

Department of Families,  
Housing, Community  
Services and Indigenous  
Affairs

Updated January 2013

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## Glossary

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AIHW	Australian Institute of Health and Welfare
BAFW	Building Australia’s Future Workforce package
CALD	Cultural and linguistic diversity
CBA	Cost benefit analysis
CCD	Census Collection District
CCT	Conditional Cash Transfer
CEA	Cost effectiveness analysis
Child wellbeing	Child wellbeing refers to the positive functioning of children across health (physical and mental), family, social and educational outcome domains
CPIM	PBIM Child Protection measure of Income Management
CPSIM	WA Child Protection Scheme of Income Management
Customers	People who receive income support payments from Centrelink
DHS	Australian Government Department of Human Services
FaHCSIA	Department of Families, Housing, Community Services and Indigenous Affairs
FMPS	Financial Management Program Services
HREC	Human Research Ethics Committee
IM	Income Management
NIM	New Income Management (in the Northern Territory)
NT	Northern Territory
participants	Centrelink customers who consent to participate in the evaluation
PBIM	Place based income management
SA1	Statistical Area 1
SEAM	Improving School Enrolment and Attendance through Welfare Reform Measure
Stakeholders	Organisations or persons with an interest in the evaluation of PBIM
VEA	Veterans' Entitlements Act 1986
VIM	Voluntary Income Management
Violence	The intentional use of physical force or power, threatened or actual, against oneself, another person or against a group or community, that either results in injury, death, psychological harm, maldevelopment, or deprivation

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# Executive Summary

Deloitte Access Economics was appointed by The Department of Families, Housing, Community Services and Indigenous Affairs (FaHCSIA) to conduct an independent evaluation of the place based income management (PBIM) trial.

## Place based income management

PBIM forms part of the *Better Futures, Local Solutions* place-based initiative within the Building Australia's Future Workforce (BAFW) package, a group of initiatives which aim to assist vulnerable families and children, and to enhance opportunities for people to enter or return to the workforce. The Australian Government is providing \$117.5 million over five years to introduce income management to five new locations in July 2012:

- Playford (South Australia);
- Greater Shepparton (Victoria);
- Bankstown (New South Wales);
- Rockhampton (Queensland); and
- Logan (Queensland).

The purpose of PBIM is to provide people with the financial stability needed to increase their social and economic participation and to encourage welfare recipients to spend Income Support Payments in the best interests of children and families. The scheme directs a proportion of Income Support Payments for expenditure on priority items including food, housing, clothing and utilities. Income managed funds cannot be spent on alcohol, tobacco, pornographic material or gambling products<sup>1</sup>. It is designed to be especially useful for people who are vulnerable to financial crisis or have alcohol abuse or mental health issues which affect their ability to budget. Access by IM customers to Financial Management Program Services (FMPS) is an important supporting platform for IM.

There are three IM measures:

- Child protection measure (CPIM) for parents, carers or young people referred for income management by a child protection worker.
- Vulnerable measure (VULN) for vulnerable income support payment recipients where a Department of Human Services (DHS) social worker assesses they would benefit from income management.
- Voluntary measure (VIM) for people on income support who wish to volunteer for income management to assist them to meet their priority needs.

## Logic framework for PBIM

Logic maps were developed to guide the evaluation. The desired short, medium and long terms outcomes of PBIM from the logic maps are described in the table below.

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<sup>1</sup><http://www.families.fahcsia.gov.au/our-responsibilities/families-and-children/programs-services/welfare-payments-reform/income-management>

Short term outcomes (interim evaluation report)	Medium term outcomes (final evaluation report)	Long term outcomes (out of scope for this evaluation)
Customer's children experience reduced neglect of basic needs (CPIM measure)	Customers' children continue to experience reduced neglect of basic needs (CPIM measure only)	Customers children experience improved education, health, and social outcomes (CPIM measure)
Customers spend an increase proportion of income support on priority needs including rent, bills, clothing and food.	Customers' children have a greater opportunity to engage in social and educational activities (CPIM measure only)	Customers experience improved health and wellbeing and less exposure to harmful behaviours
Customers reduce the amount spent on gambling, pornography, alcohol and tobacco	Customers establish a pattern of spending an increased proportion of income support and family payment on priority needs including rent, bills, clothing and food.	Customers consolidate their ability to manage their finances and experience sustained financial stability
Customers increased their knowledge skills and confidence in money management	Increase in customers' self care and attention to basic needs including food, clothing and medical needs.	Customers experience increased economic and social participation
Customers experience financial crisis less frequently	Customers establish a pattern of reduced expenditure on gambling, pornography, alcohol and tobacco	Customers experience improved food and housing security
Customers experience stability in housing	Reduction in experience of financial exploitation and pressure to give money to others	
	Increased capacity to manage finances and budgeting and greater financial stability	
	Customers experience greater housing stability	

### The evaluation – overarching approach

A process evaluation and an outcome evaluation will be conducted between 2012 and 2015. Key elements of the adopted approach to the evaluation are:

- comparison of the five PBIM trial sites with five sites that have similar characteristics to the trial sites but where PBIM has not been implemented. The comparison sites are: Wyong in NSW, Shellharbour in NSW, Canterbury in NSW, Hume in Victoria and Burnie in Tasmania.

- collection of baseline data as soon as PBIM has commenced (which constitutes the baseline fieldwork), followed by further waves of data collection in subsequent years; and
- sourcing and synthesis of a range of secondary data sources to understand the community level impacts of PBIM.

A requirement was to align the evaluation framework, where appropriate, with the design of the other evaluation of income management running concurrently — income management in the Northern Territory (referred to as New Income Management; NIM).

The evaluation will not analyse broader BAFW outcomes, nor will it analyse the effectiveness of any of the other place-based initiatives also being implemented in the five locations in addition to income management. It will, however, be looking at how these other initiatives impact on the effectiveness of income management and whether any outcomes (intended and unintended) have resulted due to the interaction of the suite of initiatives.

### Evaluation questions

A set of questions has been developed to guide the evaluation, including process and outcomes evaluation questions, as well as questions relevant to each individual PBIM measure.

### Evaluation methods

A mixed methodologies approach has been adopted involving collection and analysis of both primary and secondary data.

Primary data collection will include the following.

- **a longitudinal survey of DHS customers** over a 3 year period in both the trial and the comparison sites to capture the immediate and more sustained impacts of income management on customers' lives. Customers will be recruited in July 2012 to June 2013 using an opt-out consent strategy. The longitudinal customer survey originally aimed to achieve a sample of 150 participants in each site by the end the final fieldwork wave, which required an initial sample of approximately 485 in each site. Noting the lower than expected referral rates for the PBIM measures over the initial baseline period, it is unlikely that this number will be achieved and the evaluation will have to rely on a more modest longitudinal survey sample.
- **Face to face interviews with DHS customers** to gain a more detailed understanding of the impact of IM of their day to day lives, and the lives of their families or household unit. These interviews will be undertaken with 10 customers, and up to two family or household members, in each of the trial sites in 2013 and 2014 (leading to a sample of at least 50 interviews at each wave). The customer sample will be cross-sectional at each wave, rather than interviewing the same cohort of customers over the two fieldwork waves.
- **Online surveys** will be undertaken with:
  - **DHS staff involved in service delivery of IM.** The survey will be conducted in 2013 and again in 2014. This first wave of the survey will be more focussed on

issues related to the process of implementation, while the survey in 2014 will be focussed on the assessment of the impact of income management on customer outcomes.

- **Money Management and Financial Counselling staff.** The initial survey in 2013 will be focussed on the assessment of any issues related to implementation, while the survey in 2014 will be focussed on understanding what outcomes may have been achieved for customers.
- **Merchants accepting BasicsCards** in 2013 and 2014, to examine the issues related to the process of implementation of the BasicsCards.
- **Stakeholder interviews and focus groups.** Focus groups will be undertaken with DHS staff and Child Protection staff in each PBIM site in 2012 and 2014. In 2013, we would seek to include key community and departmental stakeholders in these groups, including: child protection workers; public housing authorities; DHS Zone Income Management Coordinators; DHS Government Action Leaders (GALs) and BAFW Community Action Leaders (CALs) involved in the implementation of the Better Futures, Local Solutions; and Community and non-government organisations who may have contact with income management customers, for example through the Communities for Children program.

**Secondary data**, principally administrative data, is a key component of the mixed-methods approach. The secondary data sources and data items ultimately used in the evaluation will be finalised in discussion with jurisdictions.

Secondary data measurements used in the *Process Evaluation* will focus on:

- Participation in PBIM and various components of the program.
- Time to respond to customer needs.
- The number and type of services and resources available (e.g. merchants, money management workers, case workers)

The measurements from the secondary data for the *Outcome Evaluation* are mainly in terms of trends. Some of the data likely to be used — subject to discussion with jurisdictions — include:

- Customer's engagement with PBIM (e.g. how long they stay on PBIM).
- Engagement with the financial components of PBIM (e.g. PBIM account balance).
- Expenditure patterns of PBIM customers.
- Life status statistics as can be provided by Commonwealth and State agencies.

A number of data sources are required to derive the diverse range of measurements outlined for evaluation from secondary data. In summary they are:

- DHS administrative data which is a source of a number of key data sets namely,
  - Centrelink customer records of customers in the trial and comparison sites.
  - PBIM administrative data of persons on PBIM in the trial sites.
  - Income Management Account data of PBIM customers in the trial sites.
  - Expenditure transaction data of PBIM customers in the trial sites.
  - BasicsCard transaction data of PBIM customers in the trial sites.
  - Merchant participation records.

- PBIM service usage data for customers in the trial sites.
- Merchant provided BasicsCard data.
- FaHCSIA financial management program (FMP) data for the trial and comparison sites.
- FaHCSIA *Communities for Children* performance reports.
- Child protection data from State child protection authorities for the trial and comparison sites
- Housing data from State housing authorities for the trial and comparison sites.
- Homelessness data from the AIHW-SHS data collection.
- ABS population data for the trial and comparison LGAs.
- Resourcing related data sources.

**Child protection case file analysis** will also be considered as an additional methodology in the evaluation of PBIM, noting that the initial numbers of customers being referred for CPIM has been considerably lower than expected. A methodology for the child protection case file analysis will need to be agreed with jurisdictions, and submitted as an amendment to the original ethics application, as it was not considered as part of the original evaluation approach. The child protection case file analysis would consider outcomes for CPIM customers such as reunifications, documented child neglect, and length of engagement with child protection services, and is anticipated to be undertaken towards the end of 2014.

Privacy issues and the sensitivity of the data required for evaluation preclude linking data from the different data sources. Thus the evaluation measurements from the secondary data sources need to be suitably granular and aligned to the targeted population if effects from PBIM are to be measurable. A way of sampling data from these sources which would protect customer privacy while allowing alignment with the Income Management population is to use the addresses of people receiving possible trigger Income Support Payments in each LGA to provide a sampling frame for the secondary data sources. This approach would involve drawing a list of addresses by LGA from the DHS database. No other data items other than address would be drawn. These lists would then be provided to the other agencies for selecting the relevant records from their datasets. The data returned from the agencies would be totally unidentified (if a unit record file) or aggregated if required.

### **Strengths, weaknesses, caveats and considerations**

The methodological approach and the data collected have been tailored to assess the outcomes of place-based income management for individuals, families and communities subject to the three different measures, with respect to:

- the different characteristics of the target populations
- the (highly variable) number of participants on each of the measures
- the challenges in engaging and recruiting participants from the different measures
- the extent to which participants in the different measures move on, off, or between the measures; and
- the extent to which the impacts/outcomes within the three measures can be measured within the time available for the evaluation.

A number of challenges in designing and conducting such an evaluation are discussed in the framework report, which in brief include:

- attribution;
- social desirability bias;
- sampling bias;
- response rates and loss to follow up; and
- the quality and granularity of secondary data available to inform the evaluation, and limitations on comparability of data across States.

### **Governance and ethics approval**

A Steering Committee comprising senior representatives from FaHCSIA, and an Advisory Group comprising representatives from FaHCSIA, the Australian Government Department of Human Services (DHS) and each of the affected States have been established as part of the governance framework for the evaluation. Ethics approval will be sought from the Bellberry Committee, a Human Research Ethics Committee registered with the National Health and Medical Research Council.

### **Deloitte Access Economics**

# 1 Background

Deloitte Access Economics was appointed by The Department of Families, Housing, Community Services and Indigenous Affairs (FaHCSIA) to conduct an independent evaluation of the place based income management (PBIM) trial. The trial and evaluation are to be conducted between 2012 and 2015.

This report outlines the framework which will be used to guide the evaluation.

## 1.1 Evaluation governance

A Steering Committee and Advisory Group have been established as part of the governance framework for the evaluation.

The **Steering Committee** comprises senior representatives from the Families Group and Social Policy Group of FaHCSIA. The Steering Committee's role is to oversee the evaluation and sign off on deliverables.

The **Advisory Group** comprises representatives from FaHCSIA, the Australian Government Department of Human Services (DHS) and each of the affected States (Queensland, New South Wales, Victoria, South Australia, and Tasmania; note that Tasmania does not have an income management site but has a comparison site). The role of the Advisory Group will be to provide advice to the evaluation team in relation to:

- Commonwealth or State government policies, programs and services operating at the trial and comparison sites which may affect the design or delivery of the evaluation, or which may affect its findings;
- Commonwealth or State government data or information relevant to the evaluation and arrangements for accessing these;
- interpretation and analysis of Commonwealth or State government data;
- contact names and details for relevant Commonwealth or State government staff or other (non-government) stakeholders relevant to the evaluation;
- feedback on evaluation design issues through review of the Evaluation Framework; and
- nuanced understanding of findings from the qualitative and quantitative analyses conducted as part of the evaluation.

## 1.2 Ethics review and guiding principles

Bellberry Human Research Ethics Committee (HREC) has scientifically and ethically reviewed the evaluation framework, and has provided ethical approval for the framework. Bellberry HREC is constituted and operates in accordance with the National Health and Medical Research Council's National Statement on Ethical Conduct in Human Research (2007).

The conduct and reporting of this evaluation will be guided by the Australasian Evaluation Society *Guidelines for the ethical conduct of evaluations* (AES 2010).

## 1.3 Deliverables and timeframes

The contractual deliverables for the evaluation are summarised in Table 1.1.

**Table 1.1: Deliverables and timeframes**

<b>Activity</b>	<b>Expected deliverable date (quarter, year)</b>
<b>2011-12</b>	
Submission of evaluation framework to the Department	Q2 2012
Ethics application submitted to ethics committee	Q2 2012
Evaluation Implementation plan submitted to FaHCSIA	Q2 2012
<b>2012-13</b>	
Completion of baseline fieldwork	Q2 2013
Submission of Baseline Report	Q3 2013
Acceptance of Baseline Report	Q3 2013
<b>2013-14</b>	
Completion of Wave 1 fieldwork	Q4 2013
Submission of Process and Short Term Evaluation Report	Q1 2014
Acceptance of Process and Short Term Evaluation Report	Q1 2014
<b>2014-15</b>	
Completion of Wave 2 fieldwork	Q4 2014
Submission of Medium Term Outcome Evaluation Report	Q4 2014
Acceptance of Medium Term Outcome Evaluation Report	Q1 2015
Submission of Consolidated Evaluation Report 2012-2015	Q2 2015
Acceptance of Consolidated Evaluation Report 2012-2015	Q2 2015

## 2 Place based income management

Place based income management (PBIM) forms part of the *Better Futures, Local Solutions* place-based initiative within the Building Australia's Future Workforce (BAFW) package, a group of initiatives which aim to assist vulnerable families and children, and to enhance opportunities for people to enter or return to the workforce.

Income management currently applies in the NT; in four communities in Cape York, Queensland under the Cape York Welfare Reform and in parts of Western Australia for child protection cases and for people who volunteer. The Australian Government is providing \$117.5 million over five years to introduce income management to five new locations from July 2012.

- Playford (South Australia);
- Greater Shepparton (Victoria);
- Bankstown (New South Wales);
- Rockhampton (Queensland); and
- Logan (Queensland).

The trial sites were chosen based on an assessment of the prevalence of factors indicating social disadvantage, such as unemployment, youth unemployment, skills gaps, the numbers of people relying on Income Support Payments as their primary source of income and the length of time recipients have been receiving Income Support Payments.

Under the trial, IM will apply to the following people in the designated locations:

- people referred for income management by state child protection authorities, this will be done in cases where it will benefit the child, family or young person by reducing the likelihood of behaviours that contribute to risk and neglect, people assessed by DHS social workers as being vulnerable due to circumstances including financial crisis, financial exploitation, homelessness or risk of homelessness (VULN), and
- people who volunteer for income management (VIM).

The income management model has been funded for up to 1,000 customers per location, per year, covering all three modes of referral. This is not a cap or a target.

### 2.1 Purpose and objectives of PBIM

The purpose of PBIM is to provide people with the financial stability needed to increase their social and economic participation and to encourage welfare recipients to spend Income Support Payments in the best interests of children and families. The scheme directs a proportion of Income Support Payments for expenditure on priority items including food, housing, clothing and utilities. Income managed funds cannot be spent on alcohol, tobacco, pornographic material or gambling products<sup>2</sup>.

<sup>2</sup><http://www.families.fahcsia.gov.au/our-responsibilities/families-and-children/programs-services/welfare-payments-reform/income-management>

The key objectives of income management are to:

- reduce immediate hardship and deprivation by directing welfare payments to the priority needs of recipients, their partner, children and any other dependents;
- help affected welfare payment recipients to budget so that they can meet their priority needs;
- reduce the amount of discretionary income available for alcohol, gambling, tobacco and pornography;
- reduce the likelihood that welfare payment recipients will be subject to harassment and abuse in relation to their welfare payments; and
- encourage socially responsible behaviour, particularly in the care and education of children.

## 2.2 Eligibility

Income management measures are intended for specified groups of income support payment recipients, based on their higher risk of social isolation and disengagement, poor financial literacy, and participation in risky behaviours. Those eligible for the income management measures are described below:

- Child protection measure (CPIM)
  - For parents, carers or young people referred for income management by a child protection worker. Child protection authorities will refer people for compulsory income management if the child protection worker deems that income management might contribute to improved outcomes for children or young people, particularly those at risk of neglect. This measure will apply at the discretion of a State or Territory child protection worker.
- Vulnerable measure (VULN)
  - For vulnerable income support payment recipients where a Department of Human Services (DHS) social worker assesses they would benefit from income management in order to meet their social and/or parental responsibilities, to manage their money responsibly, and to build and maintain reasonable self-care. This measure provides DHS social workers with an additional tool to help individuals who are vulnerable and/or at risk (e.g. individuals who are at risk of homelessness and those subject to financial harassment). It can only be applied following an assessment by a DHS social worker.
- Voluntary measure (VIM)
  - For people on income support who wish to volunteer for income management to assist them to meet their priority needs and to learn how to manage their finances for themselves and/or their family in the long term.

### 2.2.1 Trigger payments

Under the Vulnerable and Voluntary Income Management measures, a person must be receiving a category H payment, while under the Child Protection Income Management measures the person or their partner must be receiving a category H payment.

Below is a list of category H Income Support Payments under the SSAct<sup>3</sup>:

- social security benefit:
  - widow allowance,
  - youth allowance,
  - austudy payment,
  - newstart allowance,
  - sickness allowance,
  - special benefit,
  - partner allowance,
  - a mature age allowance under Part 2.12B,
  - parenting payment (partnered),
  - parenting allowance (other than non-benefit allowance).
- social security pension:
  - age pension,
  - disability support pension,
  - wife pension,
  - carer payment,
  - parenting payment (single),
  - bereavement allowance,
  - widow b pension<sup>4</sup>,
  - disability wage supplement,
  - mature age partner allowance,
  - special needs pension,
- a payment under the ABSTUDY scheme that includes an amount as identified as living allowance,
- a Department of Veterans Affairs (DVA) service pension;
  - age service pension under Part III of the Veterans' Entitlements Act 1986 (VEA),
  - invalidity service pension under Part III of the VEA,
  - partner service pension under Part III of the VEA,
  - carer service pension under Part III of the VEA,
- a DVA income support supplement,
- a DVA defence force income support allowance.

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<sup>3</sup> [http://www.facsia.gov.au/guides\\_acts/ssg/ssguide-11/ssguide-11.1/ssguide-11.1.1/ssguide-11.1.1.50.html](http://www.facsia.gov.au/guides_acts/ssg/ssguide-11/ssguide-11.1/ssguide-11.1.1/ssguide-11.1.1.50.html)

<sup>4</sup> Widow B Pension is a payment for an older widow who did not qualify for a Parenting Payment, has limited means, and has lost the financial support of their partner

## 2.3 Income Management measures

### 2.3.1 Child protection measure

Income management is an additional tool offered to the child protection authorities to assist in the management of child abuse, neglect and financial mismanagement. Child protection workers can:

- determine whether or not income management would be helpful to a particular person/family;
- make a referral to DHS to income manage a person/family; and
- determine how long the Child Protection Measure is to be applied ranging from three to 12 months.

Child protection workers can place a person on income management for periods of three, six, nine or twelve months, at which time the worker will review the person's circumstances and whether or not income management will be continued.

People who are on income management under the Child Protection Measure cannot apply for an exemption, however the income management notice can be revoked by the child protection worker where they assess it is no longer needed by the family.

Under the Child Protection Measure, 70% of the customer's Income Support Payments are subject to income management and must be used to address priority needs.

### 2.3.2 Vulnerable measure

The Vulnerable Income Management measure provides DHS Social Workers with an additional tool for working with people who are vulnerable and/or at risk.

Clients can be placed on the Vulnerable measure following assessment by a DHS Social Worker, who determine based on decision making principles set out in a legislative instrument, whether the individual is experiencing an indicator of vulnerability (see below); whether this indicator of vulnerability is impacting on their ability to meet their priority needs, or the priority needs of their dependents; and whether income management will address the indicator of vulnerability (and will therefore benefit the person).

The indicators of vulnerability include:

- Financial hardship
- Financial exploitation
- Failure to undertake reasonable self-care, and
- Homelessness or risk of homelessness.

Under the Vulnerable measure, 50% of a person's support payment will be allocated to address priority needs, and people can be placed on the Vulnerable measure for up to 12 months.

A person placed on the Vulnerable measure has access to full DHS review and appeal rights. They can also ask the social worker to reconsider their circumstances at any stage. A social worker may revoke the determination to place a person on the Vulnerable measure at any time.

Community agencies can also contact DHS directly to discuss whether income management may be an option for clients they have concerns about. People who have income management applied by a DHS Social Worker will not be able to apply for an exemption.

### 2.3.3 Voluntary measure

The Voluntary measure is intended to help people better manage their money and ensure that money is available for essential needs. DHS customers can choose to participate in income management if they are currently receiving a relevant trigger payment.

When a person signs up to Voluntary Income Management they will have to stay on it for at least 13 weeks. After this period they can cease Voluntary Income Management at any time.

Under the Voluntary measure, 50% of the relevant income support payment is subject to income management.

## 2.4 Matched Savings Payment and Voluntary Income Management Incentive Payment

The Matched Savings Payment and the Voluntary Income Management Incentive Payment are available to eligible income managed people.

A person who is income managed under the Vulnerable or Child Protection measure will be eligible to receive a Matched Savings Payment from DHS, provided they have completed an Approved Money Management Course and have demonstrated a pattern of savings of their non-income managed funds over a minimum of 13 weeks. The Matched Savings Payment is a one-off payment of up to \$500 and is paid directly into a person's income management account. This payment is income managed at a rate of 100% and paid directly into the person's income management account.

The Voluntary Income Management Incentive Payment is a payment to encourage people to volunteer for income management and to continue to participate in it long enough to recognise its benefits. Only Voluntary Income Management customers are eligible for the Voluntary Income Management Incentive Payment. A person will be eligible for a payment of \$250 for every continuous 26 week period they remain income managed under Voluntary Income Management. This payment will be income managed at a rate of 100% and paid directly into the person's income management account.

## 3 Program logic and customer pathway maps

### 3.1 Revisiting the theory

Program logic maps attempt to depict the key program delivery components of PBIM and link the activities and outputs logically with the short, medium and long term outcomes.

Through PBIM, the Government aims, in the long term, to promote stronger community norms of parental and social responsibility, by

- creating greater structure in vulnerable people's lives,
- providing a practical method for people to set up direct payments to meet the costs of rent and other essentials, and
- identifying people who need assistance and training in dealing with their finances and provide that assistance.

Within the BAFW package, people have access to additional support services such as Financial Management Program Services (FMPS) and Communities for Children (CfC) services. People who are income managed will be provided with, and encouraged to access, free FMPS services, which encompass financial counselling and money management services. These services aim to increase the financial capability of families and individuals on income management, and to promote independence. CfC services provide 'wrap around' services for children and families, assisting parents to build skills that better support their children, attempting to break the cycle of entrenched disadvantage. Through the CfC services, families will receive early intervention and assistance to help get positive health, wellbeing and development outcomes for their children.

The provision of these complementary services further supports the overarching objectives of income management. By encouraging appropriate budgeting, developing financial literacy, and learning the skills to tackle life's obstacles, income management aims to stabilise people's circumstances in the long term. Ultimately, income management strives to encourage responsible spending of welfare payments, especially in meeting the needs of children. Within the broader BAFW package, income management is aimed at stabilising people's financial circumstances so that they can then focus on other areas of their lives, such as re-skilling, re-entering education, and joining or returning to the workforce.

Notably, these Commonwealth Government initiatives operate within a broader setting of State and local government programs and services, which, while not formally part of the BAFW, nevertheless contribute to outcomes.

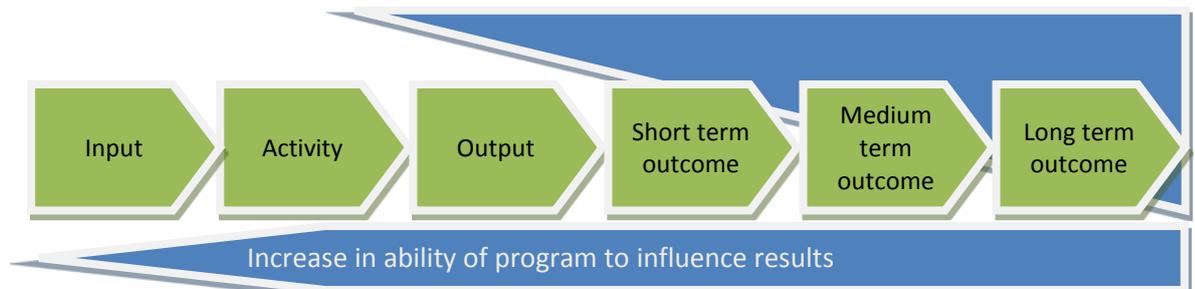
## 3.2 External influences on PBIM

PBIM operates as a part of a broader system, and a range of factors external to the Program will also influence the outcomes achieved. For example:

- Other BAFW initiatives delivered across all of the PBIM trial sites which will address the needs of similar socio-demographic groups and which overlap to some extent in their intended outcomes;
- A number of state government initiatives which are being implemented over a similar period, and again are looking to provide support to disadvantaged and/or welfare dependent populations. For example, one of the trial sites in Queensland (Logan) has introduced a number of new initiatives such as the *Logan Beenleigh Young Persons Project* and *Helping Out Families* which focus on service integration and case coordination for young people and families experiencing social and economic disadvantage;
- Services provided by state governments, in particular child protection and housing authorities, will have a significant bearing on outcomes for this customer group; and
- Variations in socio-demographic and cultural factors across the trial sites may also influence the ability of PBIM to achieve its intended objectives.

The existence of these external factors means that conclusions about the attribution of outcomes to PBIM alone will need to be made with care, and the evaluation of PBIM will need to bear in mind the impact of these other influences on outcomes. Proximal (short terms) outcomes can be attributed to the program with a greater degree of confidence than more distal (long term) outcomes, as they tend to reflect the unique contribution of the individual programs, while the longer term outcomes tend to reflect multiple causal factors and input streams. In this way measurement of short and medium term outcomes can assist in determining the unique contribution of the program to long term outcomes. Similarly, factors external to PBIM have a greater influence over outcomes than over outputs, and over long term outcomes than over short term outcomes (Figure 3.1).

**Figure 3.1: The influence of external factors**



### 3.3 Program logic maps

As part of the evaluation of the PBIM we have refined the existing program logic map developed by FaHCSIA, to provide a more detailed examination of the logic of each of three PBIM measures (Child Protection, Vulnerable and Voluntary), and to capture some of the variation in activities, outputs and outcomes across the three PBIM measures. The program logic maps can be seen in Figure 3.2 to Figure 3.4.

The refined program logic maps include consolidation of some of the short, medium and long term outcomes of PBIM so that clusters of these outcomes are grouped together where they are interrelated or likely to co-occur. Outcomes have been retained in the program logic where they demonstrate a clear logical link to either an output or an earlier outcome. The outcomes articulated in these maps have been used to inform the design of the primary data collection tools and the secondary data analysis strategy.

It should be noted that the program logic attempts to depict the key program delivery components of PBIM and link the activities and outputs logically with the short, medium and long term outcomes. Not all aspects of PBIM are depicted in the program logic maps to ensure that the maps provide an accessible overview of the program. The following are definitions of the key components of the program logic maps:

- **Inputs** – describes the funding and other uncosted resources which have been allocated to the program;
- **Activities** – describes what the program is funded to deliver;
- **Outputs** – describes the deliverables or units of delivery generated by the program, these can be quantified if there are pre-established funding targets or unquantified if the quantum of service delivery cannot be accurately estimated;
- **Short term outcomes** – the impacts or consequences of the outputs defined in accordance with the program objectives, which are likely to occur within the first year of program implementation;
- **Medium term outcomes** – the impacts or consequences of the outputs, or of the short term outcomes, defined in accordance with program objectives, which are likely to occur within the first three years of program implementation; and
- **Long term outcomes** – the impact or consequences of the outputs, or of the short and medium term outcomes, defined in accordance with the program objectives, which are likely to occur in the next four to ten years of program delivery. These are out of scope for the evaluation framework due to the timeframe for their realisation.

Finally it should be noted that program logic maps embody the intended outcomes of the proposed policy or program - they provide in essence a theory of how the program will work. The evaluation then provides an opportunity to test this theory, and ultimately provides feedback on the strength of the underlying logic of the program or policy, where intended outcomes are realised, or alternatively fail to materialise.

Figure 3.2: Program logic for Child Protection Income Management

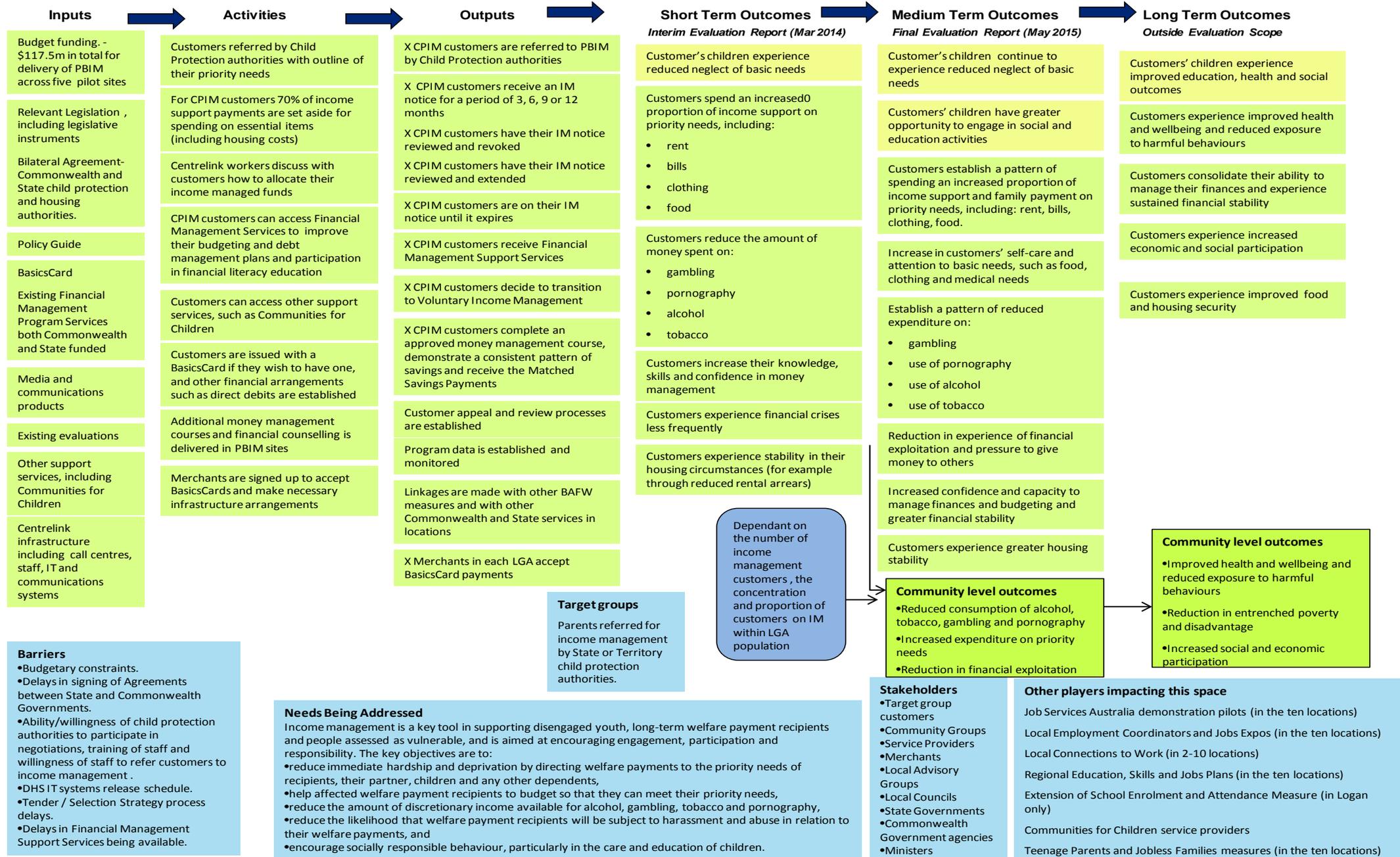


Figure 3.3: Program logic for Vulnerable Income Management

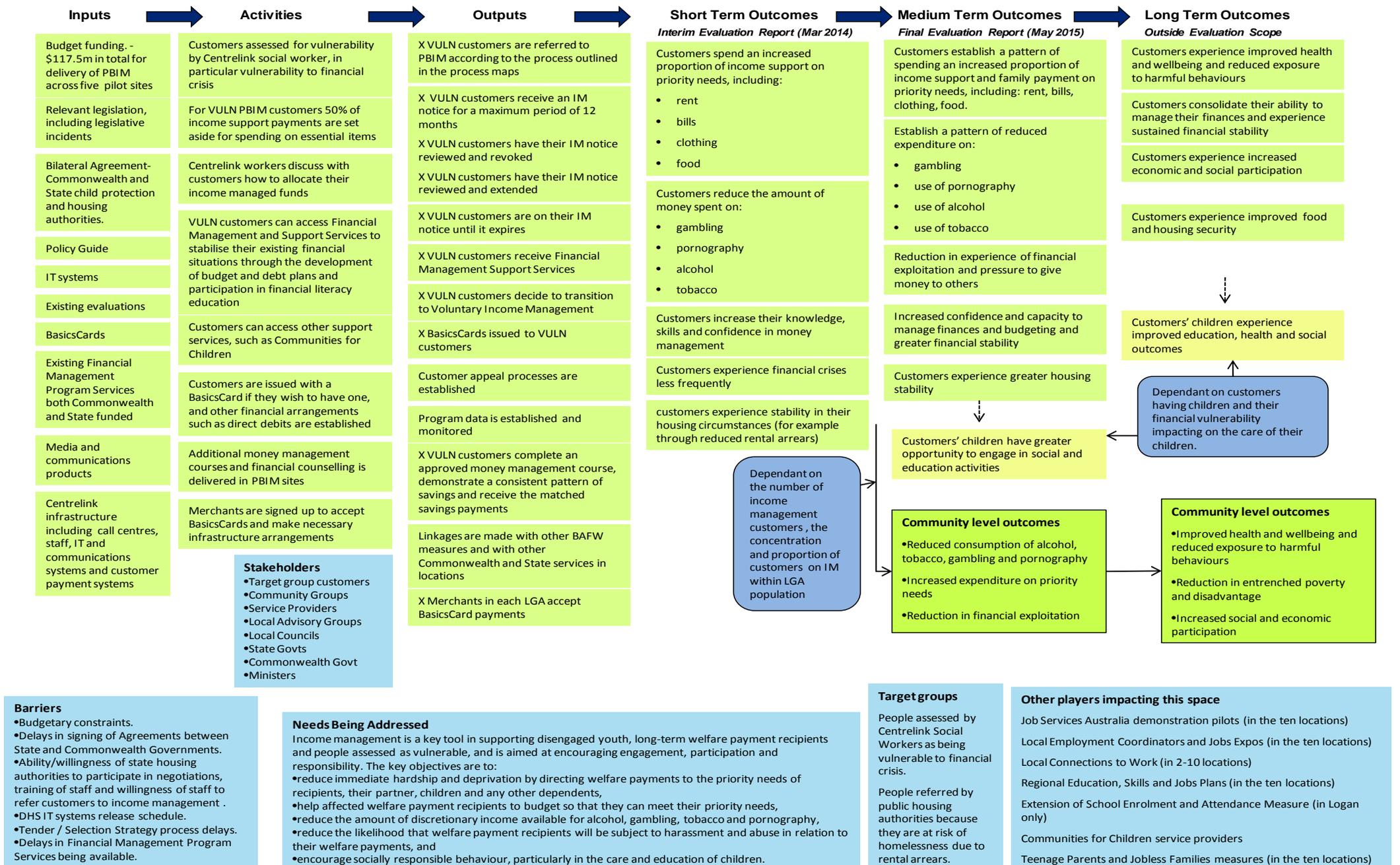
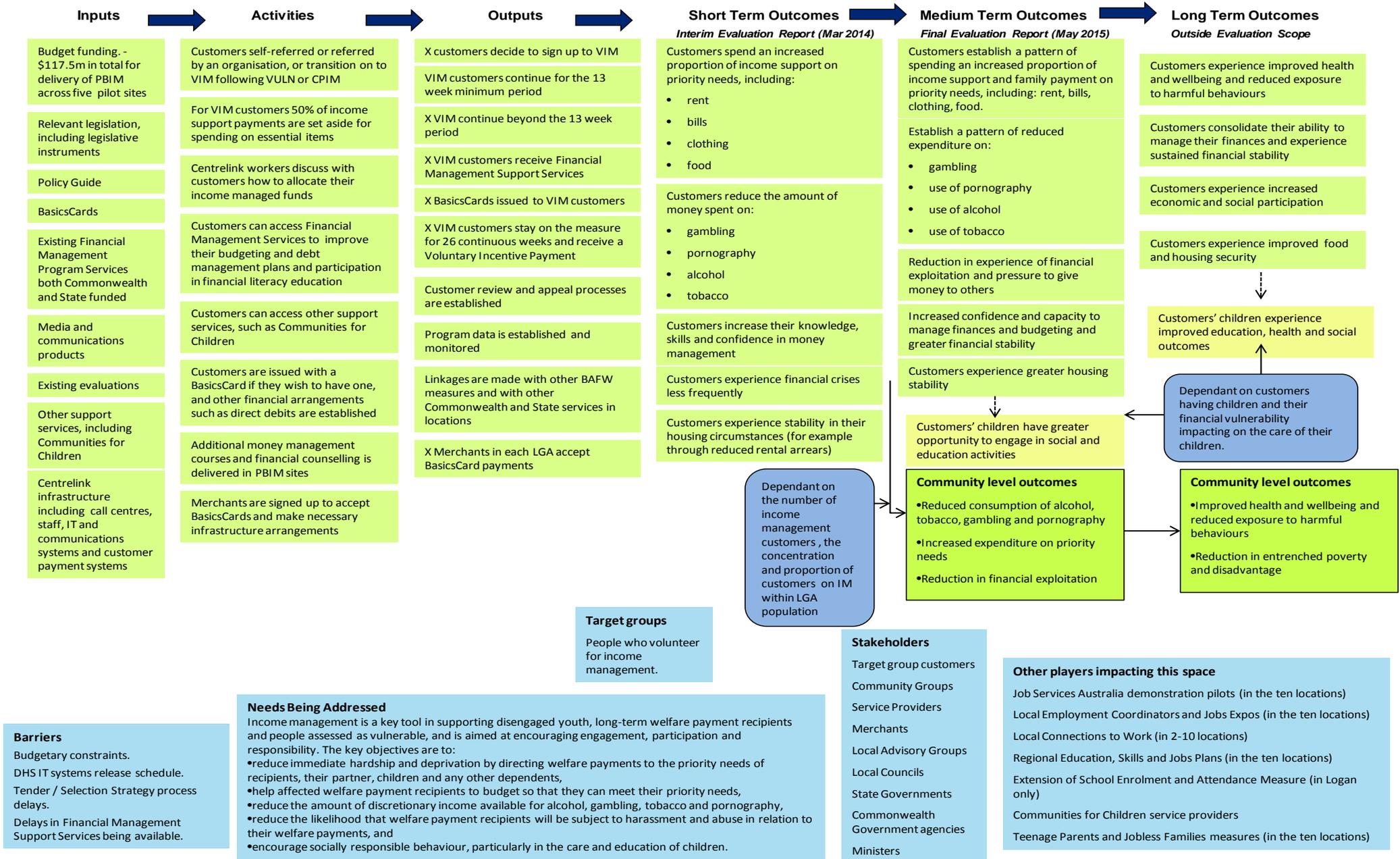


Figure 3.4: Program logic for Voluntary Income Management

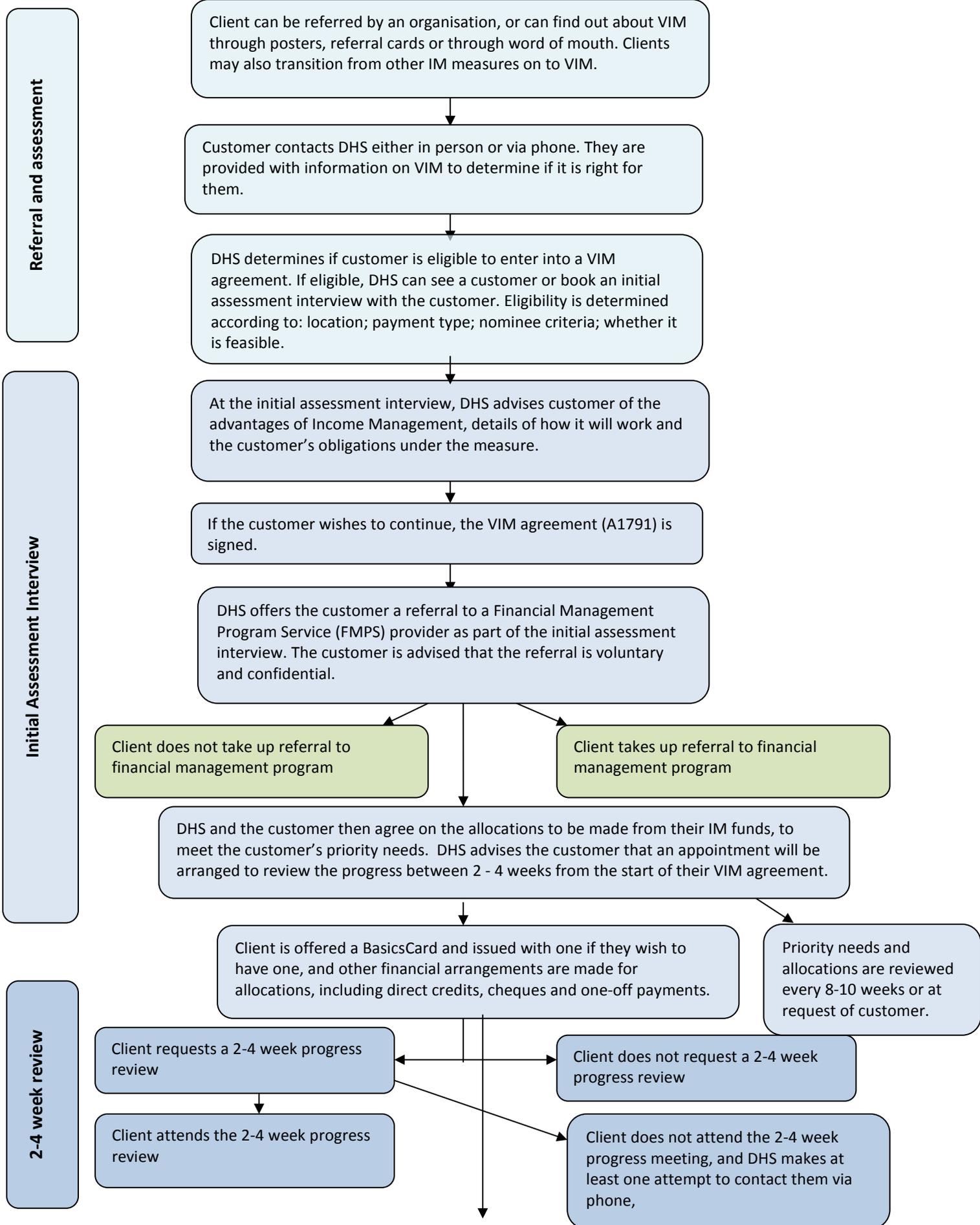


### 3.4 Customer pathway maps

Customer pathway maps were developed to provide a conceptual overview of the service delivery pathway for customers who are placed onto the three income management measures (Voluntary, Vulnerable and Child Protection), from the initial referral through to the completion of the income management notice period and exit from the measure. These visual maps have been based on written process maps developed by the Department of Human Services (DHS) and through consultation with FaHCSIA and DHS.

The process maps for each of the PBIM measures can be seen in Figure 3.5 to Figure 3.7.

**Figure 3.5: Customer pathway map for the Voluntary measure (VIM)**



Ongoing review

After 26 weeks of continuous VIM customer is eligible for a voluntary incentive payment

The customer can initiate contact with DHS as required to discuss IM, their BasicsCard, or to change allocations

Customers can contact DHS to exit their VIM agreement at any time after the minimum 13 week period is completed. DHS will provide the customer with a 'Request to End Agreement' (A1793) and discuss the implications of the exit request.

Exiting VIM

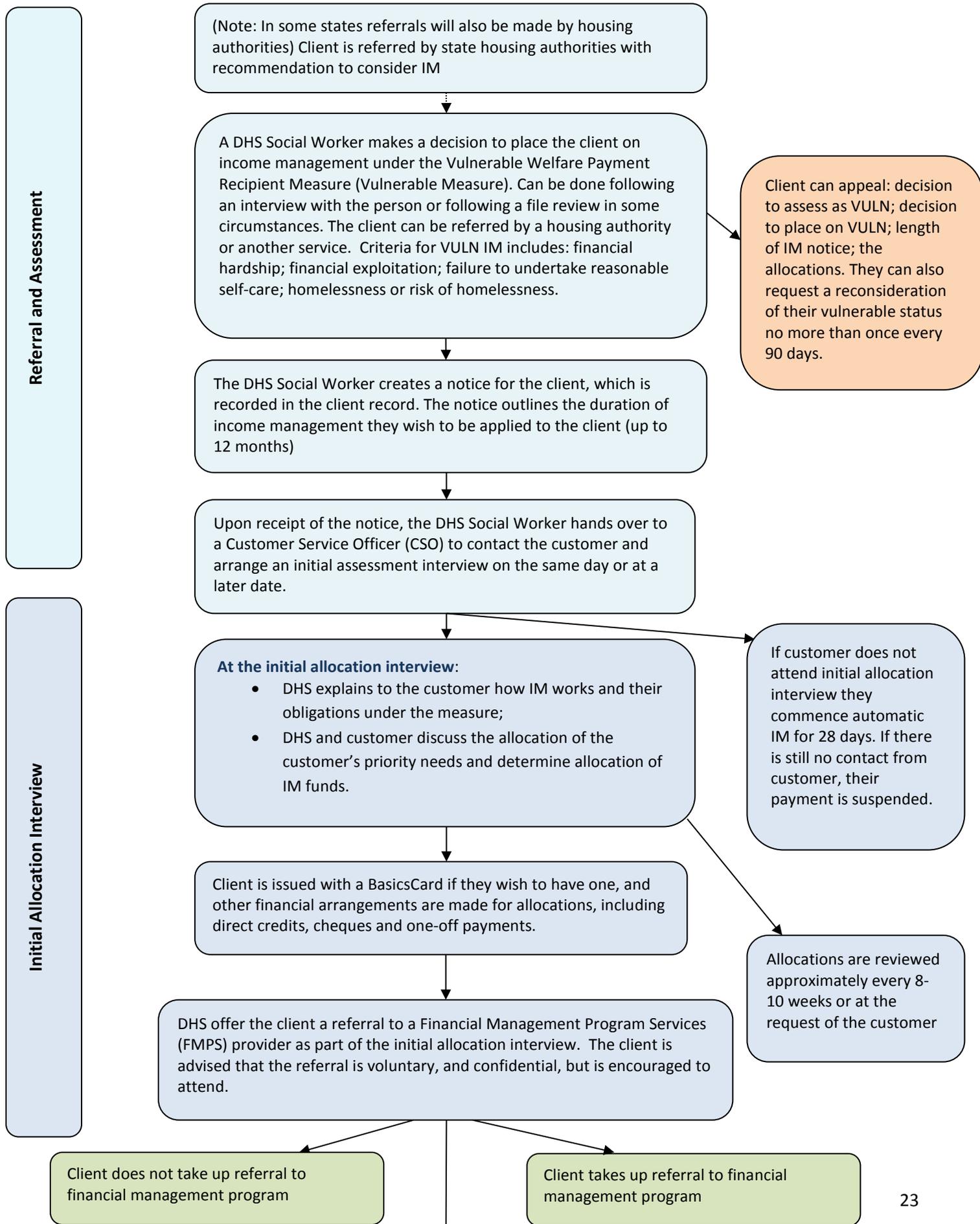
If customer decides to exit:

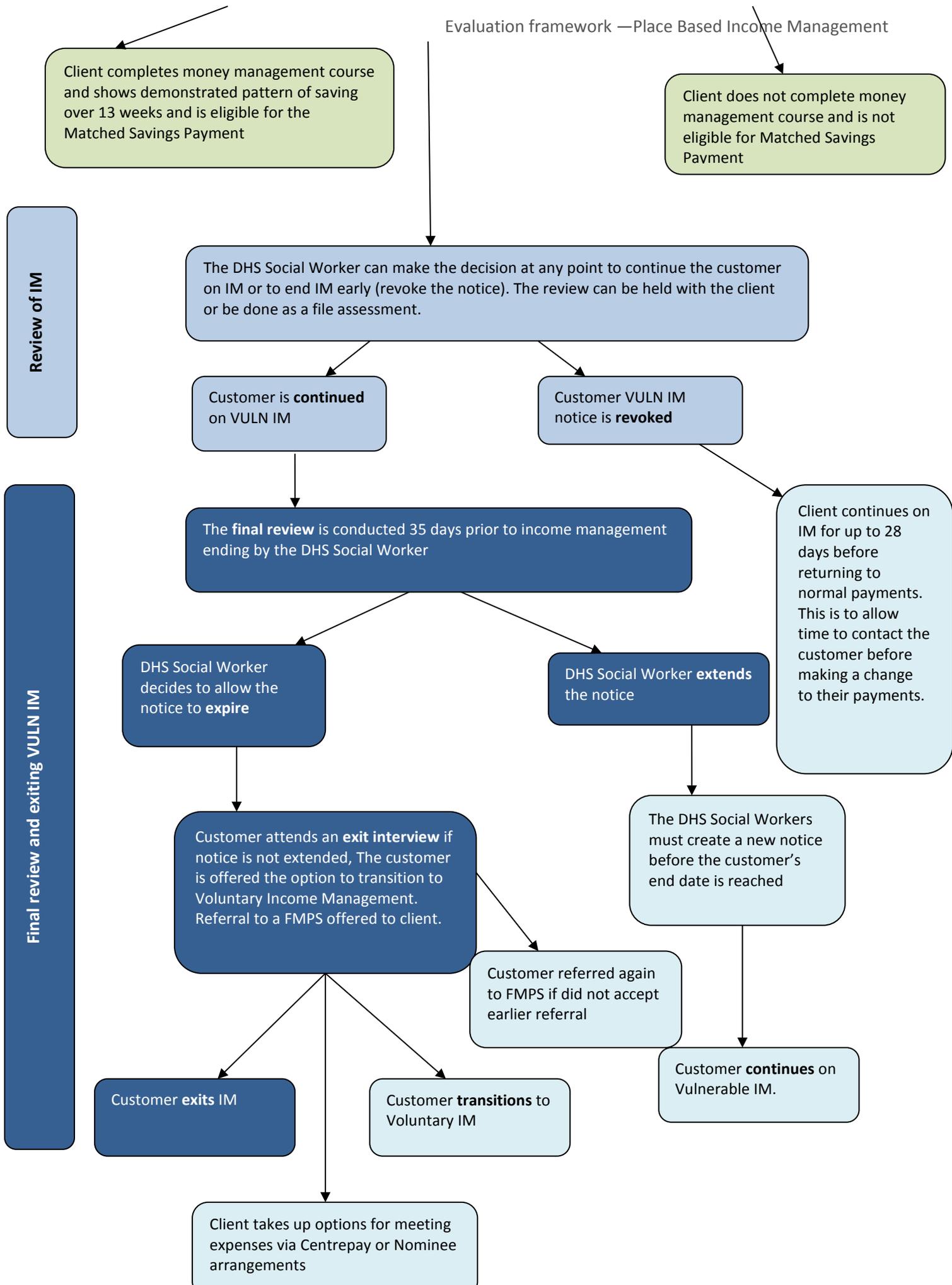
- A 21 day waiting period will apply from the date they exited before any new agreements can be entered into
- The customer can enter into a VIM agreement a maximum of 4 times in any 12 month period
- If the customer chooses to exit from their VIM agreement, this will result in loss of entitlement to the Voluntary Income Management Incentive Payment

Customers will remain on VIM agreement (subject to clients' eligibility) until they initiate an exit from the agreement. Flags on client record will indicate when eligibility changes, for example if their payment rate drops, or if they lose payment eligibility.

FMPS will be offered to the customer again, and a discussion about any residual IM funds will be held including the use of Centrepay to pay ongoing expenses

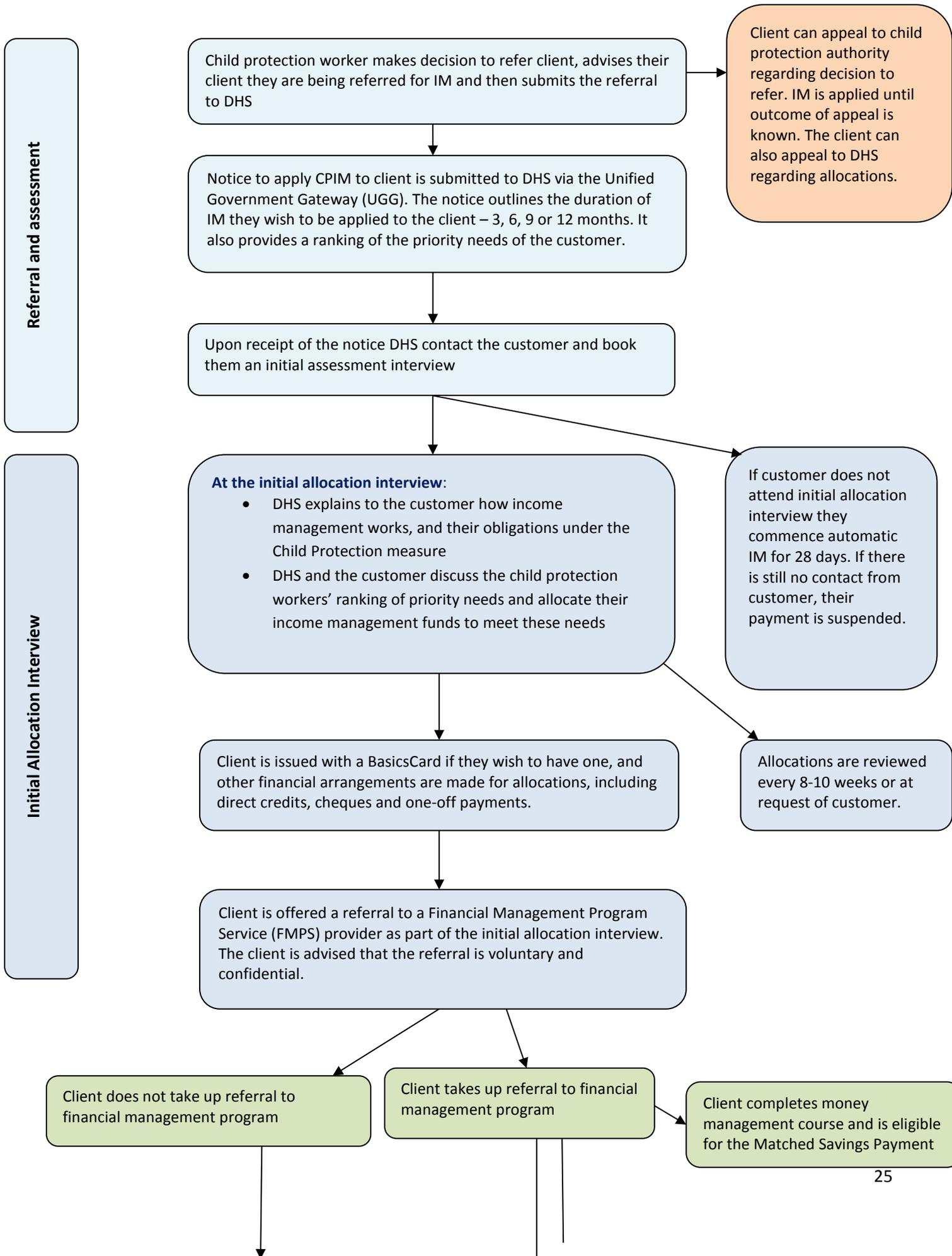
**Figure 3.6: Customer pathway map for Vulnerable measure (VULN IM)\***

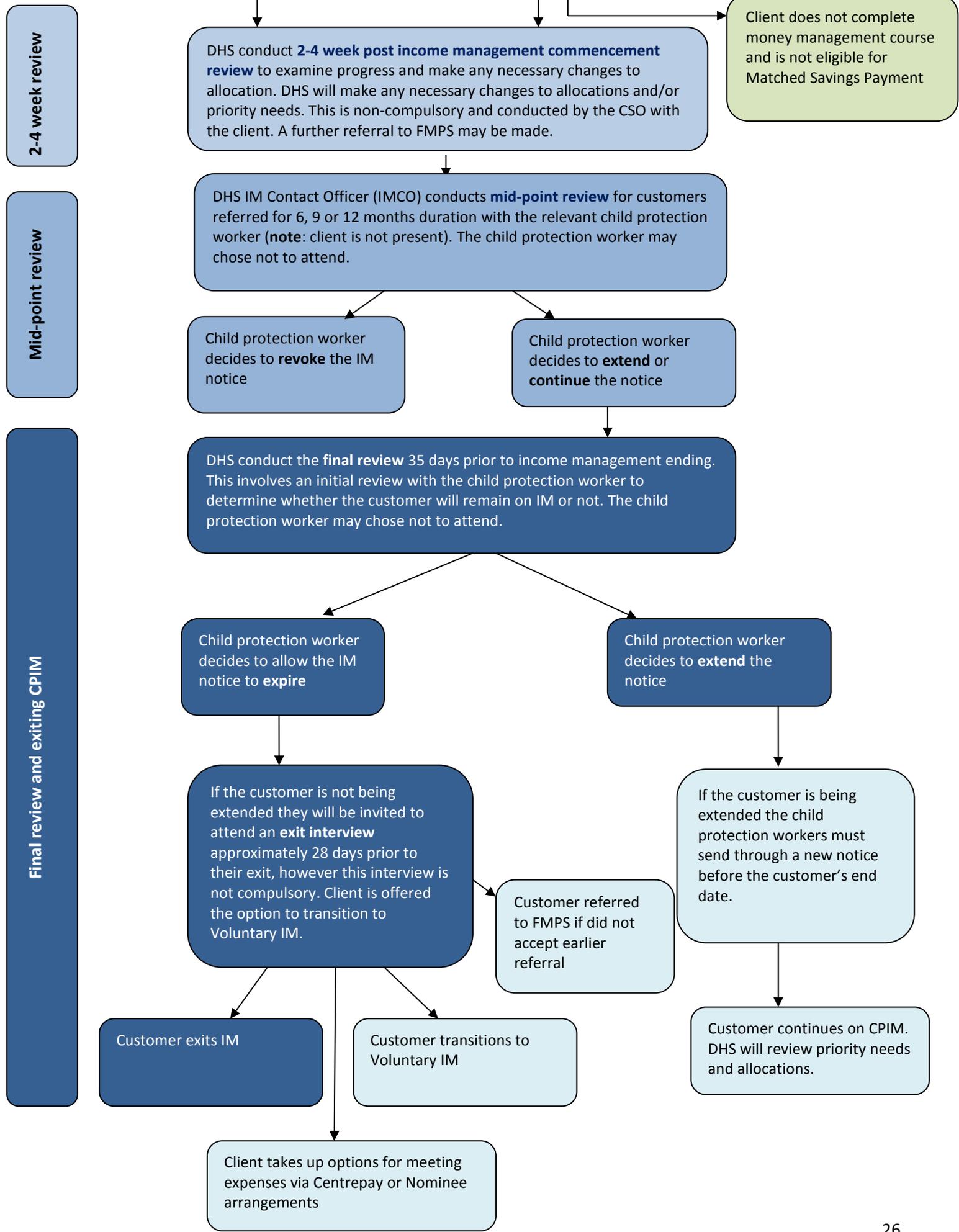




\*Note: Some elements of the Customer pathway maps may vary somewhat across jurisdictions, in line with jurisdictional variations in agreed referral pathways into income management by state government departments, namely housing and child protection authorities.

**Figure 3.7: Customer pathway map for Child Protection measure (CPIM)\***





\*Note: Some elements of the Customer pathway maps may vary somewhat across jurisdictions, in line with jurisdictional variations in agreed referral pathways into income management by state government departments, namely housing and child protection authorities.

## 4 Evaluation structure

### 4.1 Aim and scope

The objective is to provide FaHCSIA with an independent and expert evaluation between 2012 and 2015. The overarching aim of evaluation is to contribute to future policy decisions about income management and welfare reforms.

The project comprises a process evaluation and an outcome evaluation.

- The process evaluation aims to determine the effectiveness with which PBIM was implemented — that is, whether it was delivered as intended to the eligible population (including access to necessary services).
- The outcome evaluation aims to assess the impact of PBIM at the individual, family and community level over the short, medium and, where possible, longer term.

The evaluation framework needs to be aligned, where appropriate, with the design of the other evaluation of income management running concurrently — income management in the Northern Territory (referred to as New Income Management; NIM).

Pre-specified requirements were that:

- The evaluation would collect baseline data and include analysis of a comparison group (of individuals from other place-based sites that have not implemented the income management policy).
- Findings would be based on:
  - administrative data from DHS, Money Management Service Providers and State governments (including child protection and housing authorities); and
  - survey-based data and in-depth interviews from employees from the above agencies, from people subject to income management and from people in the comparison group.

The evaluation will not analyse broader BAFW outcomes, nor will it analyse the effectiveness of any of the other place-based initiatives also being implemented in the five locations in addition to income management. It will, however, be looking at how these other initiatives impact on the effectiveness of income management and whether any outcomes (intended and unintended) have resulted due to the interaction of the suite of initiatives.

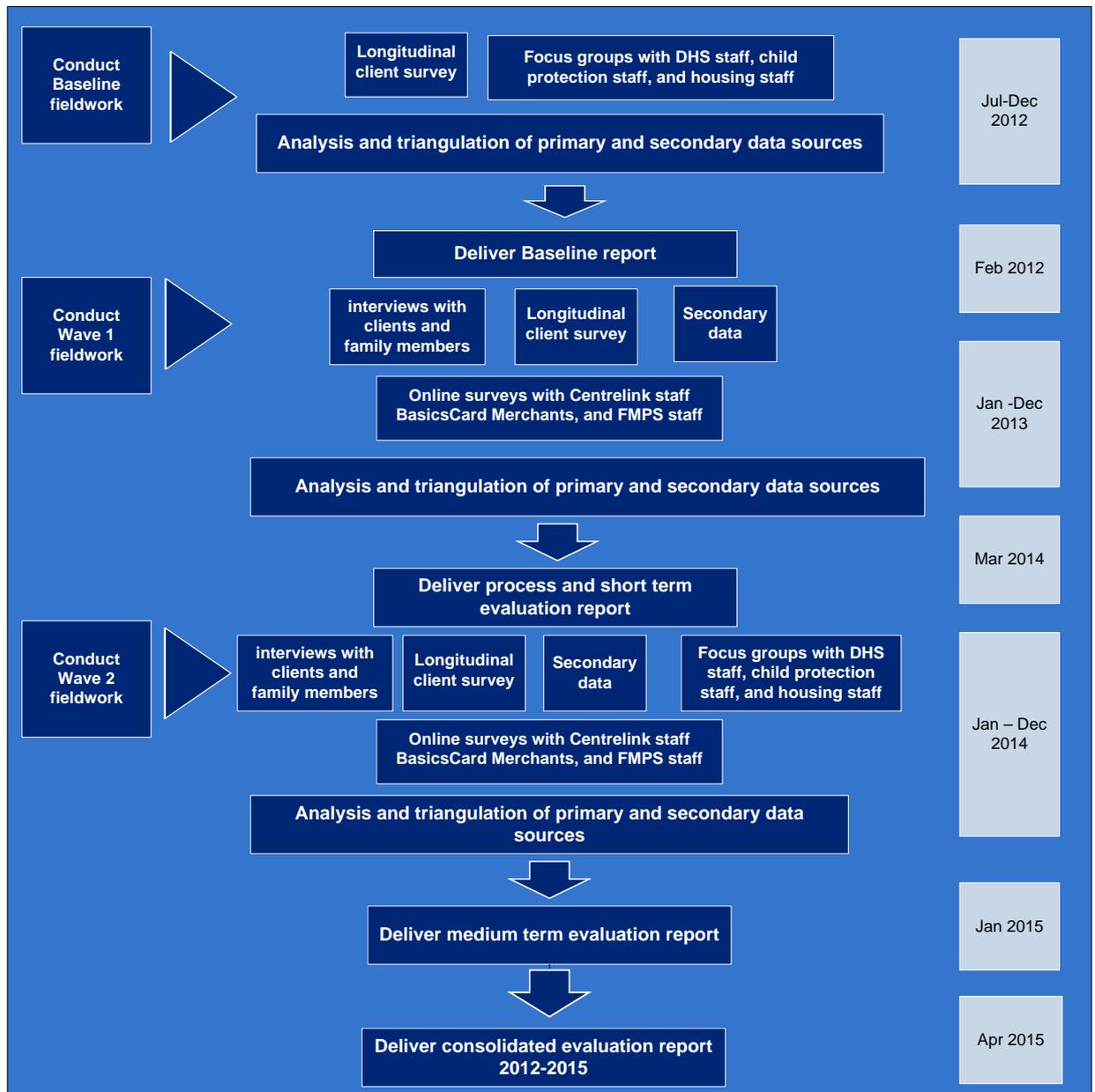
### 4.2 Evaluation overview

An overview of the proposed evaluation methodology can be seen in Figure 4.1. Individual methodologies are discussed in chapter 5. Consistent with the specified requirements, the key elements of the adopted approach to the evaluation are:

- Comparison of PBIM trial sites with sites that have similar characteristics to the trial sites but where PBIM has not been implemented;
- Collection of baseline data as soon as PBIM has commenced (which constitutes the baseline fieldwork), followed by further waves of data collection in subsequent years; and
- Sourcing and synthesis of a range of secondary data sources to understand the community level impacts of PBIM.

The evaluation questions and selected characteristics of the trial and comparison sites are discussed below.

**Figure 4.1: Overview of methodology**



A more detailed overview of the timings for the fieldwork periods and each of the component methodologies can be seen in Table 4.1 below. This includes meetings of the Advisory Group (as described in Section 1.1), and the range of primary and secondary data collection methodologies.

**Table 4.1: Overview of timing of fieldwork and component methodologies**

Project task	2012				2013				2014				2015	
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2
Advisory group meetings														
Finalise evaluation framework														
Submit to HREC and receive ethics approval														
Develop evaluation implementation plan														
Finalise data technical specs														
Baseline fieldwork														
Client longitudinal telephone survey														
Focus groups with Centrelink staff														
Focus groups with child protection staff														
Interviews with housing staff														
DHS provide initial data														
State govts provide data														
Testing and verifying secondary data for analysis														
Data analysis														
Draft report														
<b>Baseline evaluation report</b>														
Wave 1 fieldwork														
Progress report to Ethics Committee														
Client longitudinal telephone survey														
Client and family face to face interviews														
Online survey of Centrelink Staff														
Online survey of Money Management and Financial Counselling staff														
Online survey of BasicsCard Merchants														
DHS provide data														
State govts provide data														
Data analysis														
Draft report														
<b>Process and short term outcome evaluation report</b>														
Wave 2 fieldwork														
Progress report to Ethics Committee														
Client longitudinal telephone survey														
Client and family face to face interviews														
Online survey of Centrelink Staff														
Online survey of Money Management and Financial Counselling staff														
Online survey of BasicsCard Merchants														
Interviews with Child protection staff														
Focus groups with DHS staff														
DHS provide data														
State govts provide data														
Data analysis														
Draft report														
<b>Medium term outcome evaluation report</b>														
Analysis of consolidated data														
<b>Consolidated evaluation report 2012-2015</b>														

## 4.3 Evaluation questions

### 4.3.1 Outcome evaluation questions

1. What are the short, medium and (where possible) longer-term impacts of income management on individuals, their families (particularly their children) and communities? Consider unintended consequences, positive and negative.
2. How do these effects differ for the various measures of the project?
3. Have there been changes in spending patterns, food, alcohol, gambling, pornography and tobacco consumption?
4. Has place-based income management contributed to changes to financial management, child wellbeing, alcohol abuse, housing and homelessness, violence and child neglect?
5. What impact has the Matched Savings Payment had on customers' ability to manage their money, including savings?
6. Do the three measures achieve appropriate outcomes (based on the aims of each measure and of income management) for their participants?
7. Are there synergies or complementarities between income management and other place-based measures?
8. Has the outcome of income management differed across different groups, for example, women, Indigenous people and people from culturally and linguistically diverse backgrounds? Consider also – if sufficient data is available — location, age, educational status, work status, type of payment, length of time on income support, and family composition.
9. Is there a stigma attached to income management and/or the BasicsCard (in the view of people on income management and merchants)?

### 4.3.2 Process evaluation questions

1. How effectively has place-based income management been administered and implemented? What are the regional/jurisdictional variations (if any)?
2. How efficiently has place-based income management been administered and implemented?
3. What are the characteristics of those on place based income management? How do the characteristics of PBIM customers compare with the eligibility criteria for placement on PBIM?
4. What has been the effect of the introduction of place-based income management on service providers?
5. What is the level of take-up of Financial Management Program Services?
6. What is the level of take-up of other relevant support services (e.g. Communities for Children)?
7. What is the profile of people on the different income management measures?
8. Have there been any initial process 'teething issues' that need to be addressed?
9. What are the views of participants in the place-based income management model and their families on the implementation of the project?

10. Has the measure been implemented in a non-discriminatory manner?

#### 4.3.3 Child protection measure

11. What has been the impact of income management on child neglect/abuse?
12. What has been the impact on child physical and mental wellbeing in those families referred to child protection services?
13. What are the barriers and facilitating factors for child protection workers to use income management as a casework tool?
14. Has there been referral to, and use of, Family Support Services, including Commonwealth and State Government funded services, by families income managed under child protection services?
15. What (if any) service delivery gaps have impacted on the usefulness of the child protection services?

#### 4.3.4 Vulnerable measure

16. Are vulnerable people appropriately selected by this measure?
17. How does income management impact on the vulnerability of individuals?
18. Has income management had an impact on addressing homelessness and housing security?
19. Has income management had an impact on addressing financial crisis and financial exploitation?
20. Has income management made people less willing to disclose their problems to social workers for fear of being placed on income management?

#### 4.3.5 Voluntary measure

21. Have people who volunteered for income management been able to make an informed choice, by properly understanding terms and conditions and the voluntary nature of the measure?
22. How long do voluntary income management recipients stay on the measure?
23. What are the key motivations for people who voluntarily access income management, and why do they stop?
24. What impact has the Voluntary Income Management Incentive Payment had on take-up and retention rates of VIM?

## 4.4 Trial and comparator sites

The evaluation has a national perspective, comparing five trial sites and five comparison sites without PBIM. Selected characteristics of the populations of the trial and comparison sites are summarised in Table 4.2.

**Table 4.2: Characteristics of the populations of trial and comparator sites**

Site	Total population 2010 (a)	% Female 2010 (a)	% Indigenous 2010 (b)	% Born overseas 2006 (c)	% Speak language other than English at home 2006 (c)	% Poor proficiency in English 2006 (c)	% Working age population dependent on income support 2012 (d)	% Workforce unemployed 2012 (d)
<b>Trial</b>								
Logan	282,673	50.0	2.7	27.2	13.0	1.7	16.5	8.4
Rockhampton	115,526	49.5	6.3	7.4	3.3	0.4	15.4	7.2
Bankstown	188,814	50.6	0.7	38.7	53.7	9.0	15.9	8.1
Greater Shepparton	63,335	50.4	3.2	11.7	10.4	1.9	18.3	8.7
Playford	79,850	50.3	2.7	23.9	7.2	1.1	28.3	14.2
<b>Comparison</b>								
Hume	171,996	50.0	0.6	31.4	38.3	5.7	17.1	8.8
Burnie	19,892	51.4	4.6	8.4	2.2	0.2	22.5	9.3
Wyong	151,527	51.9	2.8	12.7	3.7	0.3	19.9	6.6
Shellharbour	67,797	50.6	2.3	19.5	11.3	1.5	15.6	7.4
Canterbury	129,963	49.7	0.6	46.9	69.9	26.0	15.2 <sup>(e)</sup>	7.9

Sources: (a) ABS 3235.0 Population by Age and Sex, Regions of Australia; Estimated Resident Population 30 June 2010. (b) ABS Census 2006 projected to ERP 2010 (c) ABS Census 2006 (Basic Community Profile) (d) BAFW Service Maps and background information prepared by the GALs, February 2012 (e) The proportion of those on income support for Canterbury is sourced from the Priority Areas Keep Australia Working Regional Employment Plan 2010, which reports a single rate for the Canterbury-Bankstown and South Western Sydney priority employment area.

## 5 Methodology

Individual components of the evaluation methodology are discussed in this chapter. As required for the project, the methodology has been aligned where possible with the evaluation of NIM being undertaken in the Northern Territory.

### 5.1 Literature scan

A literature scan was conducted to assist with the development of the evaluation framework. The findings of the scan are in Appendix B. The search strategy is documented in Appendix A. Similar to the Northern Territory (NT) NIM evaluation literature review, the scan for this project was exploratory in nature.

The aims of the literature scan included to:

- update the literature review conducted for the evaluation of the NT NIM framework (consistent with the brief for this project);
- provide an overview of the findings of evaluations of income management programs in Australia;
- ensure an understanding of the range of potential outcomes expected from income management programs (facilitating our understanding of the logic underlying such initiatives as well as any unintended consequences);
- describe the approach to evaluating income management programs;
- describe outcome metrics used to measure the performance of income management programs; and
- reflect on the evaluation design and analytical methods used to evaluate income management programs to provide an evidence base for establishing a robust and defensible evaluation methodology for this project.

FaHCSIA requested that the literature scan also reflect on the implications of behavioural economics for the success of IM initiatives.

### 5.2 Longitudinal survey of customers

A longitudinal telephone survey of customers will be undertaken over a 3 year period (2012-2014), in both the trial and the comparison sites. This intent of this survey is capture the immediate and more sustained impacts of income management on customers' lives. It will include follow up customers who are no longer on income management so that the enduring and time-sensitive impacts of this program can be understood.

The longitudinal survey has been designed using the customer survey for the NT evaluation of New Income Management (NIM) as a reference point, to ensure a good degree of comparability across these evaluation sites, as requested by FaHCSIA. Relevant questions have also been drawn from the previous evaluation in WA and the NT. However adjustments and modifications have been made to ensure the survey's validity and

appropriateness for the broader range of population groups and settings that are the focus of the current evaluation, and to address differences in evaluation questions across the two evaluation programs. The survey questions have been designed to enable measurement of the key short and medium term outcomes of income management as articulated in the program logic maps, and to enable relevant evaluation questions to be addressed. Some of the key areas to be assessed through the customer longitudinal survey include:

- Customers' experiences of financial stress and financial exploitation;
- Customers' experiences of housing stability;
- Customers' perceptions of their children's wellbeing and engagement with education; and
- Customers' confidence managing their money.

The baseline survey will seek to capture information on customers' experiences in the previous six months, in order to allow comparisons between the comparison and trial site participants in terms of key pre-existing characteristics. Though customers in the trial sites will be recruited once they have been placed on income management, they will be contacted within three weeks of their placement on income management, to ensure that the effects of recall bias are minimised.

There is some risk that participants in the trial sites may be reluctant to speak openly and honestly about their experiences of financial stress, housing stability and issues related to their child/children's wellbeing, once they have been placed onto an income management measure. We will attempt to address this by emphasising the independent nature of the evaluation, the confidentiality and privacy of their individual responses, and by advising them that the information they provide us will not impact in anyway of the service or the Income Support Payments they receive from DHS.

## 5.2.1 Recruitment

### 5.2.1.1 Trial sites

Customers will be recruited in July 2012 to June 2013 using an opt-out consent strategy. This baseline period has been extended from the original period to enable recruitment of a larger number of customers to the longitudinal survey, due to lower than expected referral rates to the PBIM measures. Clients will be followed up at 6 months following their baseline interview to capture the short term impacts of the PBIM measures, and then again at 18 months following their baseline interview, to capture any sustained impacts of income management. Customers will be following up for this final interview regardless of whether they remain on or have subsequently exited from a PBIM measure.

As part of standard practice, DHS ask all Centrelink customers if they would be willing to participate in evaluation or research activities. Those who decline are flagged in the Centrelink customer records and are excluded from any sampling frame for future research and evaluation activities. Additionally, when customers are placed on income management, as part of the privacy and confidentiality agreement, they are advised that their information may be provided to FaHCSIA for research and evaluation purposes.

The Social Research Centre (SRC) would receive weekly batches of customer contact details from DHS for those who have been placed on income management in the previous week. These customers would then be sent an approach letter which would:

- describe the broad intent of the evaluation, the nature of participation that is being requested of them, the focus of the survey and about what the data they provide would be used for and how it would be reported;
- advise them that a member of the evaluation team will contact them in the near future to ask if they would be willing to participate in a survey;
- provide them with a 1800 number to call if they have questions or that they can use to notify the evaluation team that they do not wish to be contacted; and
- the information will also make clear that customers are free not to participate, or to withdraw from the evaluation at any time. Importantly, customers would be advised that non-participation or withdrawal would have no adverse effects on the services they receive from DHS (including their Income Support Payments) or any other government services.

SRC would then call customers and ask if they would be willing to participate in a survey of their experiences of income management. Customers would again be informed of the nature of participation and the focus of the survey, and informed that they could withdraw at any time.

Participants in the longitudinal survey will be sent a letter with a small tangible reminder (e.g. fridge magnet) in the intervening period between fieldwork waves to maintain contact and encourage continued participation in the evaluation.

At the end of the survey participants would be asked if they would be willing to be re-contacted in about one year's time to check in on how they are going. If they agree, they would be asked to provide an additional contact person who the Social Research Centre may contact if they are unable to get hold of the customer via the contact details already provided. The customer would also be asked for any alternative phone numbers or email addresses on which they might be contacted. This will assist us to locate customers who may be highly mobile between fieldwork waves, and will minimise loss to follow up.

#### 5.2.1.2 Comparison sites

To recruit longitudinal survey participants in the comparison sites, a very similar process will be followed, however as customers won't be on income management the process for identifying the customer sample will differ somewhat. We would request that DHS extract customer contact details for those who are on relevant welfare Income Support Payments in the comparison sites (i.e. those who are on trigger Income Support Payments for income management, see Section 2.2.1). These customers would be surveyed at the same time points as the trial site customers, i.e. at baseline, at 6 months, and again at 18 months.

A random sample (which may be stratified according to key customer characteristics) of these customers would be selected, and an approach letter would be sent to them. The approach letter would:

- describe the broad intent of the evaluation, the nature of participation that is being requested of them, the focus of the survey and about what the data they provide would be used for and how it would be reported;

- advise them that a member of the evaluation team will contact them in the near future to ask if they would be willing to participate in a survey;
- provide them with a 1800 number to call if they have questions or that they can use to notify the evaluation team that they do not wish to be contacted; and
- the information will also make clear that customers are free not to participate, or to withdraw from the evaluation at any time. Importantly, customers would be advised that non-participation or withdrawal would have no adverse effects on the services they receive from DHS (including their Income Support Payments) or any other government services.

The letter would request their participation in a survey about the experiences of DHS customers. Income management would not be mentioned, as this may create confusion for participants. Instead reference would be made to the survey being part of a broader evaluation of DHS programs, and a means of understanding DHS customers' experiences. The subsequent recruitment strategy would be identical to that described for participants in the trials sites, as outlined in Section 5.2.1.1.

### 5.2.2 Sample size

The longitudinal customer survey originally aimed to achieve a sample of 150 participants in each site by the end the final fieldwork wave, which would have required an initial sample of approximately 485 in each site. This assumed an initial recruitment rate of 55%, and recontact rates of 75% at each of the follow up fieldwork waves, and were based on SRC's experience in recruitment and retention of similar socio-demographic groups in previous longitudinal survey work. However, as referrals to the PBIM measures have been slower than expected, the baseline period has been extended by a further 6 months to capture as large a sample as possible. Though initial recruitment rates have been better than anticipated, it is unlikely that the original sample targets will be met if referral rates remain stable.

The baseline fieldwork in the trial sites will run between July 2012 and June 2013. Comparison site recruitment will run over the same period.

We noted originally that if there were considerable lags in implementation of income management or in implementation of referral pathways across the trial sites, this may impact on the ability to recruit a sufficient sample for the longitudinal customer survey. As planned, the available sample and the recruitment rates were reviewed in September 2012, and it was noted that the referral rates for the PBIM measures were lower than expected, and despite higher than expected recruitment rates to the longitudinal survey, this had resulted in a sample size which was considerably lower than expected. In consultation with FaHCSIA and the SRC it was decided that it would be useful to extend the baseline recruitment period to ensure that a reasonable sample size for the longitudinal survey could be obtained.

## 5.3 Face to face interviews with customers

In-depth face to face interviews will be undertaken with a sample of income management customers, and where possible with two other family or household members, to gain a more detailed understanding of the impact of income management of customer's day to

day lives, and the lives of their families or household unit. The in-depth interviews would attempt to capture:

- The experience of income management on the household unit;
- Any unintended consequences of income management on customers;
- What customers have found helpful and unhelpful about income management; and
- Any issues that have arisen with the use of BasicsCards or other income allocation processes (including accessibility of BasicsCard merchants).

These interviews will be undertaken with 10 customers, and up to two family or household members, in each of the trial sites in 2013 and 2014 (leading to a sample of at least 50 interviews at each wave). The customer sample will be cross-sectional at each wave, rather than interviewing the same cohort of customers over the two fieldwork waves.

These interviews will allow the impact of income management on customers to be explored in greater depth than is permitted through structured telephone surveys, and will also enable the views and experiences of family and other household members to be elicited. The interviews would be conducted with family and household members at their place of residence or another appropriate setting of their choosing. Where family or household members are not available on the day, follow up telephone interviews will be considered.

These family and household interviews will be conducted with customers who had been on income management for a minimum of 6 months, including those who have recently been taken off the measure. We will attempt to get a mix of customers from each of the income management measures to understand the unique impacts of each of these on households and families, but this will be dependent on being able to ascertain information on the PBIM measure that customers are on from DHS, and on customer's across the measures being equally willing to participate in the interviews.

Incentives will be offered to the family or household following participation in each interview to compensate them for the time they have surrendered for the interviews. The incentives will be structured so as to encourage participation of the family or household member in the interviews, who may otherwise be quite difficult to engage, e.g. \$40 if it is just the customer, or \$80 if two other family or household members participate (note: the exact split of incentives is yet to be determined). This would be sent to them shortly after they completed the interview.

### 5.3.1 Recruitment

As part of standard practice, DHS ask all Centrelink customers if they would be willing to participate in research or evaluation activities. Customers who decline are flagged in the Centrelink customer records. These customers are then removed from any future sampling frame generated for research and evaluation activities.

Additionally when customers are placed on income management as part of the privacy and confidentiality agreement customers are advised that their information may be provided to FaHCSIA for research and evaluation purposes.

We would request DHS to extract a sample of customers who have been on income management for a minimum of six months. This would include those have recently been

exited from income management. We would request that the customers included in the sample are limited to those who live with other (adult) family members. Customer contact details would then be sent securely to the Social Research Centre.

This sample of customers would then be sent a letter from the Social Research Centre (co-branded with Deloitte) informing them that they had been randomly selected to participate in a survey about the experiences of DHS customers. The letter would advise them that a member of the evaluation team would contact them in the near future to ask if they would be willing to participate in an interview about the experiences of DHS customers. The letter would (in plain English):

- describe the broad intent of the evaluation, the nature of participation that is being requested of them, the focus of the interviews and about what the data they provide would be used for and how it would be reported;
- advise them that a member of the evaluation team will contact them in the near future to ask if they would be willing to participate in a face to face;
- provide them with a 1800 number to call if they have questions or that they can use to notify the evaluation team that they do not wish to be contacted; and
- the information will also make clear that customers are free not to participate, or to withdraw from the evaluation at any time. Importantly, customers would be advised that non-participation or withdrawal would have no adverse effects on the services they receive from DHS (including their Income Support Payments), or any other government services.

An interviewer from SRC would then contact the customer and ask if they would be willing to participate in a face to face interview about their experiences of income management. They would also be informed that SRC is seeking to interview two of the customer's adult family members or other members of the household to gain an in-depth understanding of income management on the lives of customers and those around them. Customers would be informed that they and their family members or household members are free to not participate, that their decision to participate will not affect the service they receive from DHS, and that if they agree to participate they can choose to withdraw at any time.

Customers who agree to participate, would be asked to nominate two other adult family or household members who could also be interviewed and to provide their contact details so that they could also be invited to participate. SRC would then contact these nominated people and seek their consent to participate. The nominated participants would also be informed that their participation is entirely voluntary and that they could withdraw at any time.

## 5.4 Online surveys

### 5.4.1 DHS staff survey

The experiences of DHS staff involved in service delivery of income management will be captured through an online survey in 2013 and again in 2014. This first wave of the survey will be more focussed on issues related to the process of implementation, while the survey in 2014 will be focussed on the assessment of the impact of income management on customer outcomes.

Some of the themes that will be covered in the online surveys will include:

- any barriers or facilitators to implementation;
- the perceived impact of PBIM;
- any differences in implementation or impact across the measures:
- the interaction between income management and related services (e.g. financial counselling and money management);
- the perceived impact of income management on customer outcomes; and
- views on how implementation might be improved.

This online survey would be piloted with a small number of DHS staff in 2012, before being fielded more broadly with relevant staff involved in service delivery to income management customers.

In identifying the relevant DHS staff target population for the survey, consideration will be given to the respective roles of DHS Social Workers and Customer Service Officers in the delivery of income management.

#### 5.4.2 Money Management and Financial Counselling staff survey

An online survey of Money Management and Financial Counselling staff will be undertaken in 2013 and 2014. The initial survey in 2013 will be focussed on the assessment of any issues related to implementation, while the survey in 2014 will be focussed on understanding what outcomes may have been achieved for customers.

The themes that will be canvassed in the 2012 survey include:

- The degree to which income management customers have engaged with these services;
- Perceptions as to the impact of the financial counselling and money management courses on outcomes for customers;
- Any improvements which could be made to the process of engaging or referring income management customers to these services; and
- Whether existing courses and services are well targeted to the needs of income management customers.

The online survey would be piloted with a small number of money management and counselling staff in 2012, before being fielded more broadly with relevant staff who have had contact with customers on income management.

#### 5.4.3 BasicsCard Merchants survey

An online survey of merchants accepting BasicsCards will be undertaken in 2013 and 2014, to examine the issues related to the process of implementation of the BasicsCards and any early issues that are arising.

The survey will address the following issues:

- Any notable changes in purchasing of household necessities and excluded goods;
- Whether BasicsCard holders are managed any differently to other customers and if so in what ways;

- Any perceived impacts on store costs or revenue related to the use of BasicsCards;

This online survey will be piloted with a small number of merchants who accept BasicsCards in the place based income management sites, before being fielded more broadly with these merchants.

## 5.5 Stakeholder interviews and focus groups

### 5.5.1 Consultation with child protection workers

Focus groups and/or interviews will be undertaken with Child Protection staff in each PBIM site in 2012 and 2014. The purpose of these consultations will be:

- to gain insights into how income management is viewed as a tool by child protection staff;
- to understand some of the customers issues that may be emerging for the CPIM customers; and
- to gather views on potential improvements to implementation.

### 5.5.2 Focus groups with DHS staff and other stakeholders

Focus groups will be conducted in each of the sites in 2012 and 2014. We would seek to include key community and departmental stakeholders in these groups, including:

- Centrelink staff;
- public housing authorities;
- DHS Zone Income Management Coordinators;
- DHS Government Action Leaders (GALs) and BAFW Community Action Leaders (CALs) involved in the implementation of the Better Futures, Local Solutions; and
- Community and non-government organisations who may have contact with income management customers, for example through the Communities for Children program.

The focus groups will attempt to capture:

- the impacts of the local mix of services on customer outcomes;
- the interaction between income management and local services for vulnerable families and how this might impact of customer outcomes;
- how community support or concern (such as anti-income management campaigns) may be influencing implementation and impact of income management; and
- any local factors, including demography and the cultural mix of the welfare recipient population, which might influence the success of income management.

The list of stakeholders may be modified over time to ensure that the views and experiences of the most relevant community members and departmental staff can be included over the course of the evaluation.

## 5.6 Child protection case file analysis

Noting that the initial numbers of Centrelink customers being referred to CPIM has proven to be considerably smaller than expected, the possibility of in-depth analysis of the child protection case files of customers referred to CPIM will be considered as part of the evaluation methodology. The purpose of this case file analysis would be to determine the impact of CPIM on outcomes such as reunifications, documented child neglect, and the length of engagement of these families with child protection services.

This approach was not considered as part of the original evaluation approach, which had assumed a larger number of customers being referred to CPIM and therefore had a greater focus on the use of administrative child protection data. Hence, it should be noted that the use of child protection case file analysis has not yet been subject to ethics approval. Once a methodology for the case file analysis has been agreed, this component of the evaluation will be subject to ethics approval via submission as an amendment to the current ethics application.

The approach to child protection case file analysis will also need to be agreed with jurisdictions, including the best means of accessing case file information. This may involve examining both electronic and hard copy file information for CPIM customers. We will also consider seeking consent from CPIM customers to access their case files as part of the longitudinal telephone survey of PBIM customers, noting that this may have an impact of the willingness of these clients to be involved in an ongoing way with the survey.

Given the types of outcomes we would like to explore in the case file analysis (i.e. reunifications, documented child neglect, length of engagement with child protection services), we would need to undertake the case file analysis towards the end of the evaluation period, to enable sufficient time post-referral to CPIM to accrue. At this stage we anticipate undertaking the child protection case file analysis at the end of 2014.

## 5.7 Analysis of secondary data

The analysis of secondary data, principally administrative data, is a key component of the mixed-methods approach to the evaluation. Analysing data generated as part of the Income Management process and related processes provides a critical underpinning in evaluating Income Management itself and in validating stated perceptions and outcomes from participants involved in the program.

### 5.7.1 Measurements derived from secondary data for evaluating PBIM

The evaluation is framed around specific questions which address (i) PBIM processes and (ii) PBIM outcomes. The *Process Evaluation* is about implementing the program and corresponds to the activities and outputs section of the program logic. The *Outcome Evaluation* relates to the short term and medium term components of the program logic.

**An extensive number of secondary data sources and data items are being considered for evaluating the program. Those which will ultimately be used are yet to be finalised as**

**they require detailed assessment regarding their utility for addressing PBIM evaluation questions and further discussions with jurisdictions regarding access.**

While the possible measurements derived from secondary data are extensive, it should be emphasised that the analysis of secondary data is only a part of the evaluation. The analysis of primary data complements the analysis of secondary data and fills any gaps which cannot be addressed by the secondary data.

Secondary data measurements used in the *Process Evaluation* focus on issues such as:

- Participation in PBIM and various components of the program.
- Time to respond to customer needs.
- The number and type of services and resources available (e.g. merchants, money management workers, case workers)

The measurements almost entirely relate to the trial sites only, as income management is only implemented in the trial LGAs. A few of the measurements may involve the comparison sites if the activities they measure are present at the trial and comparison sites. A comparative measure can be provided for these factors.

Most measurements from the secondary data for the *Outcome Evaluation* are likely to be in terms of trends. A successful outcome should relate to positive changes in behaviour which should be reflected in an improvement in a related measurement. The secondary data measurements for the *Outcome Evaluation* can be summarised as follows:

- Customer's engagement with PBIM (e.g. how long they stay on PBIM).
- Engagement with the financial components of PBIM (e.g. PBIM account balance).
- Expenditure patterns of PBIM customers.
- Life status statistics as can be provided by Commonwealth and State agencies.

Most of these measurements should relate to both the trial and comparison sites. Those measurements which involve engagement with PBIM processes will only relate to the trial sites.

In analysing the effects of PBIM on the different measurements the variation across site will be taken into account and where relevant the trial and comparison sites compared. Appropriate statistical tests will be conducted as required. These could be a comparison of means, a fixed effects model or a test on distributions.

The three PBIM measures have different referral paths, exit paths and purpose, thus they require separate evaluations even though many of the evaluation questions are common to all measures.

While the three PBIM measures have different primary constituents the activities within each PBIM measure is consistent across all sites and the goals are the same across all sites. Consequently the evaluation has been commissioned from a national perspective. The use of multiple trial and comparison sites is to provide variation for the evaluation and to assist in separating the effects of PBIM from other external effects rather than to analyse differences by site. As differences across site will be taken into account in the analyses those factors where a site performs significantly differently from other sites will be identified. As a result profiles of site specific differences can be collated.

The process and outcome components of the program are evaluated separately. However, note that implementation of PBIM has a direct effect on the effectiveness of the outcomes. If the services delivering PBIM are not available, delayed or only partly available the desired outcomes cannot be achieved to their maximum and the likelihood of any desired outcome is heavily reduced.

### 5.7.2 Evaluating eligible populations and communities

The evaluation considers the effect of PBIM on both individuals and families and on communities. In terms of secondary data the evaluation of individuals and families relates to data associated with people on PBIM. The effectiveness of PBIM on communities and the effective targeting of communities will be evaluated by analysing key indicators at a local area of geography (Statistical Area Level 1).

PBIM is a program designed to assist particular segments of the population. The Local Government Areas selected for the evaluation have been selected based on the prevalence of the target population within these areas. However the size of the target populations within the LGAs is relatively small making it difficult to measure any effect on these populations at a total LGA level. Localised populations are more likely to have concentrations of the target populations as people with similar needs tend to live within close proximity to one another. Thus the effects of PBIM may be relevant and observable in some local geography but not others. Localised data will be required for both the trial and comparison sites.

This is an important facet of the evaluation and for it to be realised it is important that the secondary data can be resolved to a local area of geography.

### 5.7.3 Data sources

**As noted earlier, the secondary data sources and data items ultimately used in the evaluation have yet to be finalised and are subject to further assessment regarding their utility for addressing PBIM evaluation questions and further discussions with jurisdictions regarding access.**

Data sources examined for potential inclusion in the evaluation include:

- DHS administrative data which is a source of a number of key data sets namely,
  - Centrelink customer records of customers in the trial and comparison sites.
  - PBIM administrative data of persons on PBIM in the trial sites.
  - Income Management Account data of PBIM customers in the trial sites.
  - Expenditure transaction data of PBIM customers in the trial sites.
  - BasicsCard transaction data of PBIM customers in the trial sites.
  - Merchant participation records.
  - PBIM service usage data for customers in the trial sites.
- Merchant provided BasicsCard data.
- Medicare unit record data of persons in the trial and comparison sites.
- FaHCSIA financial management program (FMP) data for the trial and comparison sites.
- FaHCSIA *Communities for Children* performance reports.

- Child protection data from State child protection authorities for the trial and comparison sites.
- Primary and secondary school education records from State education departments for the trial and comparison sites.
- Housing data from State housing authorities for the trial and comparison sites.
- Homelessness data from the AIHW-SHS data collection for the trial and comparison sites.
- ABS population data for the trial and comparison LGAs.
- Resourcing related data sources.

A number of these data sources have been assessed and found not to be appropriate or feasible for inclusion in the analysis for various reasons. For example, to be effective in evaluating PBIM on its target population the secondary data need to be sufficiently granular to relate to different types of individuals, the different factors which might affect their behaviour and the local communities.

A number of potential data sources were unable to be used as the data were not granular enough (the data were only available for the general population not the target population and/or were only available for the total LGA) or the measurement statistic was not sensitive enough (too few people were measured by the statistic and/or the intrinsic variation in the statistic was more than any change which could be attributable to people on PBIM).

Secondary data considered but excluded for reasons such as these include: crime statistics, drug and alcohol treatment data, deaths, ABS labour statistics, education data ACARA (Australian Curriculum, Assessment and Reporting Authority) education data and health data (e.g. Medicare).

#### 5.7.4 Timing of secondary data sets

There will be two analyses of secondary data. The first will relate to the Short Term Outcomes and will include data up until the 30 June 2013. The second will relate to the Medium Term Outcomes and will include data up until 30 June 2014. PBIM begins 1 July 2012 and it is expected that around twelve months data would be required to provide an initial assessment, given that Income Management is for a minimum of 13 weeks with a desired participation of 6 to 12 months. Specific time periods for the different data sets may vary slightly and will be provided with the individual data requirements.

It is sufficient for data being analysed to be provided once per year. To provide sufficient time for data delivery it is expected that the data would be provided by 30 September 2013 and 30 September 2014. This allows time for data validation, processing and analysis. If the occasional data set requires more time for delivery this could be managed. If the delivery time is too tight for many data sets the data time period over which data were extracted would need to be changed.

While the annual data is sufficient for analysis, data will also be requested for up until March each year, to be delivered in June, to minimise the risk of data not being able to be delivered when required for analysis.

Data from each source will also need to be provided in September 2012 as samples from which to develop the systems for loading, cleaning, validating and deriving the required measurements for the evaluation. This is a critical stage in the evaluation process. It will ensure that the data required exist, that they can be provided in a suitable format and that the systems are in place for efficient processing and delivery.

### 5.7.5 Sampling from secondary data sets

The analysis of secondary data for the evaluation is derived from a number of data sources and PBIM is a program which relates to a particular population. It is estimated that the proportion of the general population of the trial LGAs which may go on PBIM might be around 1%. Any change in behaviour by these people is unlikely to be observed at the total LGA level.

Privacy issues and the sensitivity of the data required for evaluation preclude linking data from the different data sources. Thus the evaluation measurements from the secondary data sources need to be suitably granular and aligned to the targeted population if effects from PBIM are to be measureable.

A way of sampling data from these sources which would protect customer privacy while allowing alignment with the Income Management population is to use the addresses of people receiving possible trigger Income Support Payments in each LGA to provide a sampling frame for the secondary data sources. The approach would involve drawing a list of addresses by LGA from the DHS data base. No other data items other than address would be drawn. These lists would then be provided to the other agencies for selecting the relevant records from their datasets. The data returned from the agencies would be totally unidentified (if a unit record file) or aggregated if required.

This method of sampling would provide no details across agencies. The only information known by the agencies is that someone in the households on the list is a welfare recipient. The individual in the household and type of welfare would not be known. Providing details of this kind is common practice when selecting people for surveys. A number of address lists may be provided for each LGA if sub-populations are required for the evaluation. Sub-populations could be people on the different PBIM measures, particular demographic segments or a random group designed to mask the presence of a PBIM address list. Any sub-population would consist of a sufficient number of addresses (for example 30) to ensure no one person could be identified.

The criticality of data being related to SA1 was mentioned previously. If secondary data sources do not have this field associated with their data the address lists provided could include the SA1 which could be appended to the secondary data provided. If this action was undertaken each SA1 would need to contain at least three addresses.

This is an important procedure if suitably granular data is to be obtained while maintaining complete anonymity.

## 6 Strengths, weaknesses, caveats and considerations

The methodological approach and the data collected have been tailored to assess the outcomes of place-based income management for individuals, families and communities subject to the three different measures, with respect to:

- the different characteristics of the target populations
- the (highly variable) number of participants on each of the measures
- the challenges in engaging and recruiting participants from the different measures
- the extent to which participants in the different measures move on, off, or between the measures; and
- the extent to which the impacts/outcomes within the three measures can be measured within the time available for the evaluation.

### 6.1 Attribution

The BAFW evaluation strategy and the NT NIM evaluation strategy both highlighted the challenges associated with attributing evaluation findings to a specific initiative. While the use of quasi-experimental design (with data drawn from “control” (comparison) sites along with the trial sites) will assist to some degree with teasing out the influence of in particular other BAFW programs (which are common across the comparison and trial sites), initiatives or site-specific factors on the intended outcomes of PBIM, it will not entirely resolve the challenges in attribution. Additionally, analytic techniques can be applied to control for the influence of known alternative explanatory factors which may have a bearing on the intended outcomes of the PBIM. Unknown alternative explanatory factors will remain a potential confounding influence on inference of attribution to the program.

This challenge becomes more pronounced when attempting to detect changes in indicators of disadvantage at a community level, based on the impact of income management on individuals within that community, depending on the geographic definition of community and the granularity of the data available to measure changes in indicators of disadvantage. Figure 6.1 articulates the challenge of using data defined by LGA to detect community level changes in the evaluation of PBIM. We would in the first instance seek to acquire secondary data at a more granular level to assist the analysis of community level change, such as Census Collection District (CCD) or Statistical Area 1 (SA1). However we note that even with more granular data, low numbers of income management customers and/or the geographic dispersion of customers on income management in a particular LGA may minimise or mitigate any community level effects.

**Figure 6.1: Detecting community level changes**

The proposed size of the target participants in the programme for each community is 1000. Although this is large enough to analyse individual trends, it may be too small to produce statistically significant results at the community level. To achieve a 95% confidence level (at +/- 2% confidence interval), the following number of participants for each community (based on the 2010 Census, ABS) is:

• Logan, QLD (population 283,673)	2381
• Rockhampton, QLD (population 115,526)	2352
• Bankstown, NSW (population 188,814)	2371
• Greater Shepparton, VIC (population 63,335)	2313
• Playford, SA (population 79,850)	2331

Lower confidence levels may need to be used to statistically analyse the community level impacts of PBIM, noting that community level impacts are dependent on both the volume and concentration of income management customers in a particular LGA.

## 6.2 Social Desirability Bias

Social desirability bias is one of the most common forms of bias affecting the validity of surveys and experimental designs<sup>5</sup>, and is particularly relevant when asking individuals about behaviours or beliefs which may contravene perceived societal norms, for example questions about drug or pornography use. The social desirability bias makes individuals more likely to respond in a way that they think will earn social approval rather than disapproval and therefore can impact on the accuracy of their responses. There are a number of means by which social desirability biases can be controlled or minimised in survey methods, including the use of social desirability scales within a survey. In designing the longitudinal customer survey we have attempted to minimise the influence of social desirability biases through the use of forced-choice responses and randomising particular multi-choice responses where appropriate<sup>6</sup>. Emphasising the privacy and confidentiality of participant responses and the independent nature of the survey should also assist in encouraging participants to respond honestly and accurately. However, these strategies will not entirely remove the effect of social desirability bias on survey responses, and this form of bias will be borne in mind when examining baseline responses and changes in these responses overtime.

## 6.3 Sampling bias

One of the critical threats to methodologies which utilise a comparison or control group is sampling bias, which can lead to a sample that is in some way non-representative of the target population. If recruitment methods differ between experimental/trial groups and control/comparison group, or if different populations are more or less likely to participate in one site or condition than another, the resulting trial and comparison samples may not

<sup>5</sup> Nederhof A (1985). Methods of coping with social desirability bias: A review. *European Journal of Social Psychology*; 15(3):263-280.

<sup>6</sup> Ibid.

be entirely comparable, leading to difficulties in attributing outcomes to the intervention or initiative in question. In this evaluation of PBIM, the likelihood of customer self-selecting to participate in the longitudinal survey in the trial sites where they will have been recently placed on income management, and in the comparison sites where they will be current Centrelink customers on similar payment types, may vary to some extent. Similarly, customers who have been recently placed on income management in the trial sites may in some way systematically differ from ongoing Centrelink customers who are recruited from the comparison sites. This will be a particular issue for the comparison of customers placed on the Child Protection Income Management measure, as there is a chance that the Centrelink customers who are currently engaged with the child protection system may be under-represented in the sample recruited in the comparison sites.

In order to minimise the likelihood of sampling bias in the current evaluation, we have attempted to ensure that the sampling frame and recruitment strategies are as aligned as possible across the trial and comparison sites. We are continuing to explore with FaHCSIA and DHS how the comparison site sample can be further refined to maximise the match of pre-existing client characteristics across the two samples, for example by stratifying our sampling according to particular income support payment types. Statistical techniques can assist in modifying some of the effects of sampling bias (such as through use of weighting), but they cannot remove the impact entirely if particular population groups are excluded from the comparison group sample. The use of incentives is also being considered as a further means of encouraging the participation of a broad range of population groups, particularly in the comparison sites.

## 6.4 Response rates and loss to follow up

Low responses rates and loss to follow up can pose a significant threat to the validity of longitudinal survey research. The SRC has considerable experience and expertise in maximising response rates and minimising loss to follow up in longitudinal survey research, in particular with disadvantage groups such as welfare recipients. The use of well-trained interviewers, making repeated attempts to contact individuals selected within the available sample, the use of additional contacts for participants who may be highly mobile, and maintaining contact with participants between fieldwork waves are all strategies which will be employed in our longitudinal customer survey to mitigate against low response rates and loss to follow up.

## 6.5 Challenges in using secondary data to evaluate PBIM

While secondary data are a powerful source of information and insight, their usefulness is limited by the quality and granularity of the data available and the reality of the situation from which they are derived.

Separating the effectiveness of PBIM from other initiatives and programs can be difficult particularly if their processes and outcomes are closely aligned with those of PBIM. The use of multiple trial sites and comparison sites to provide an 'overall' evaluation is designed to reduce this risk.

All the trial and control sites have been selected because of their participation in the *Building Australia's Future Workforce* (BAFW) package. The same BAFW initiatives are present at all sites except for Income Management which is only present at the trial sites. Similarly *Communities for Children* is present at all sites although the activities associated with *Communities for Children* can vary by site. These differences by site however will be known to the evaluation from the data reported.

Other major initiatives which overlap with PBIM and are not common across sites need to be identified to understand the variation across sites, including both Commonwealth and state government initiatives. *Logan Beenleigh Young Persons Project*, which is only in place at Logan, is one such initiative. Additionally, *Referral for Active Intervention* is being run in both the Logan and Beenleigh sites, while *Breaking the Cycle of Domestic and Family Violence* is being run in Rockhampton, both of which may potentially touch on the customer group for PBIM.

External factors such as the availability and the price of goods and services relevant to people on Income Management (for example food and housing) may counter any positive effect of PBIM on the desired outcomes. While site based differences can be controlled to some extent, any strong local influences of factors such as these will be difficult to control for when analysing administrative data for the evaluation. The main difficulties lie in knowing what the factors might be and in obtaining data sensitive enough to measure the change in circumstances and relate them to outcomes. If the presence of external factors such as these is identified in the analysis their potential influence will need to be considered in interpreting the results.

Hard administrative data are well suited to measuring specific actions and behaviours but less suited to measuring softer outcomes such as perceptions and broad outcomes such as overall wellbeing. The implementation process and short term outcomes are heavily aligned with actions and relate well to administrative data sources. Many of the medium term outcomes identified in the program logic also relate to actions and behaviours however a number are 'softer' outcomes which will need to be measured from primary data sources. Individual components of 'overall' measurements can be evaluated, although how they are combined into a single 'overall' measurement is often a subjective decision. The weight of evidence from individual components can make an 'overall' result self-evident. However, if some component factors are effective and others ineffective, 'overall' effectiveness is less clear. Using multiple methods and multiple measurements to evaluate PBIM outcomes increases the likelihood of a self-evident assessment of overall effectiveness.

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## Appendix A: Strategy for the literature scan

Consistent with the brief for this project, the literature scan sought to build on the literature review conducted for the evaluation of the Northern Territory (NT) New Income Management (NIM) initiative with a view to updating the previous literature review where relevant to this project. The purpose of the NTNIM evaluation literature review was to guide the development of a robust mixed methods evaluation of the NIM in the NT. The NT NIM Evaluation team reviewed the Australian and international literature addressing research designs and outcomes of income management policies. They examined literature published between 1995 and 2010. The review was exploratory rather than systematic. Data bases included Google Scholar, and more specialised databases such as IngentaConnect, Project Muse, Cambridge Journals Online and Medline. The key search terms were: income management, conditional cash transfers, conditionality, social protection, welfare, family income and expenditure.

In order to avoid duplicating the work undertaken as part of the literature view for the NT NIM Evaluation, the search strategy for this project was restricted to articles published between 2009 and 2012.

The databases and search terms utilised in the NT NIM Evaluation review were incorporated into our search strategy, together with additional terms and databases outlined below.

Relevant Australian government websites were also reviewed to collect information on recent policy developments and other evaluations of income management programs completed since the NT NIM Evaluation literature review. For example, the *Evaluation of the Child Protection Scheme of Income Management and Voluntary Income Management Measures in Western Australia* (ORIMA Research 2010

### Search terms

Key search terms are detailed in Table A.1, as well as the various combinations used. In addition to the search terms detailed below, the bibliography of the articles found were reviewed to broaden the search.

**Table A.1: Search terms**

#	Search terms used
1	'Income management'
2	'Conditional cash transfers' OR 'Conditionality'
3	'Social protection' AND #1
4	'Welfare' AND #1
5	'Parent*' AND #1

#	Search terms used
6	'vulnerab*' AND #1
7	'Family' AND #1
8	#7 AND 'expenditure'
9	'Family' AND #1 AND 'evaluat*' OR 'measure' OR 'metric'
10	'Place based' AND #1
11	'Evaluat*' AND #1
12	#11 AND 'measure' OR 'metric'
13	'Effective*' AND #1 OR #8
14	'Child*' AND #1
15	'Child*' AND #1 AND 'evaluat*' OR 'measure' OR 'metric'
16	'Community' AND #1 AND 'evaluat*'
17	'Wellbeing' AND #1 AND 'evaluat*' OR 'measure' OR 'metric'
18	'voluntary' AND #1
19	#1 AND 'outcome' OR 'performance' OR 'impact'
20	#1 AND 'financ*' AND 'capability' OR 'vulnerab*' OR 'stress'
21	#1 AND 'cost' OR 'efficiency' OR 'cost effective*'

### Databases searched

To explore the Australian and international literature, a number of data bases which focus on health and social policy were selected. The table below provides a brief description of each database.

**Table A.2: Databases**

Database	Topics of focus
<b>Medline</b>	Biomedical literature, clinical practice, administration, policy issues and healthcare services
<b>Pubmed</b>	Biomedical literature, clinical practice, administration, policy issues and healthcare services
<b>Australian Public Affairs &amp; Information Service</b>	Legal, social, economic and ethical aspects of health and medicine in Australia
<b>Cambridge Journals Online</b>	Various topics
<b>Ingentaconnect</b>	Various topics
<b>Project MUSE</b>	Humanities, arts, social sciences and sciences

In addition to searching the academic databases, the websites of Government departments, existing peak bodies and non-governmental organisations associated with disadvantaged and financially vulnerable populations were reviewed.

**Table A.3: Government and peak body websites**

Government, peak body and research institute websites searched
The Department of Families, Housing, Community Services and Indigenous Affairs (FaHCSIA)
Department of Education, Employment and Workplace Relations (DEEWR)
Australian Institute of Health and Welfare (AIHW)
Relevant government departments in each State with an active PBIM site (e.g. Department of Communities in Queensland)
DHS
Mission Australia
Telethon Institute for Child Health Research
Australian Social Policy Association
Communities and Families Clearing House
Australian Domestic & Family Violence Clearinghouse
Association of Children’s Welfare Agencies
Australian Research Alliance for Children and Youth
Social Policy Research Centre
The Centre for Aboriginal Economic Policy Research
Australian Council of Social Services and Victorian, Queensland, NSW and South Australian affiliates
Australian Institute of Family Studies

### Inclusion and exclusion criteria

To ensure the results obtained were specific and relevant to the purpose of the literature scan, a number of inclusion and exclusion criteria were developed. The following inclusion and exclusion criteria were applied:

- **Date:** In order not to repeat the work undertaken for the NT NIM Evaluation, only studies published between 2009-2012 were included.
- **Language:** Restricted to articles published in the English language only.
- **Population:** The population is defined as the poor or financially vulnerable who are receiving benefits from either a conditional cash transfer or income management program.
- **Intervention:** Any program which sets aside a percentage of a person’s Income Support Payments, either voluntarily or involuntarily, for their priority needs and those of their children and families.
- **Study Design:** The study should be a solid empirical study with high quality reporting. Those studies based on anecdotal evidence will not be included, neither will those not providing detail on the methodology.
- **Relevance:** Studies were only included if they were relevant to understanding research designs and outcomes in income management research.

## Appendix B: Findings from the Literature

The aims of the literature scan included to:

- update the literature review conducted as part of the NT NIM evaluation framework ;
- provide an overview of the findings of evaluations of income management programs in Australia;
- ensure an understanding of the range of potential outcomes expected from income management programs (facilitating our understanding of the logic underlying such initiatives as well as any unintended consequences);
- describe the approach to evaluating income management programs;
- describe outcome metrics used to measure the performance of income management programs; and
- reflect on the evaluation design and analytical methods used to evaluate income management programs to provide an evidence base for establishing a robust and defensible evaluation methodology for this project.

FaHCSIA requested that the literature scan also reflect on the implications of behavioural economics for the success of IM initiatives.

Similar to the NT NIM evaluation literature review, the scan for this project was exploratory in nature. The strategy for the scan including search terms and databases as described in Appendix A.

### Recent findings from evaluations/studies of income management initiatives

There are several key published evaluations of IM currently available. For ease of differentiating these publications, they are sub-divided into full and partial evaluations as well as commentaries. Full evaluation reports include the evaluation of NIM in the Northern Territory (AIHW 2010) and the evaluation of the Child Protection Scheme of Income Management and Voluntary Income Management Measures in Western Australia (ORIMA 2010) which evaluate the program in a holistic manner. Partial evaluations include research articles that evaluate the program based on one or more of the IM objectives. These articles include the evaluation on the impact of IM on store sales (Brimblecombe et al 2010) and the impact on commercial gambling expenditure (Lamb and Young 2011). Commentaries include opined pieces on various topics such as income management and homelessness (Webster 2011) and income management in the context of family violence (Marshall 2011). All of which are below.

## Full evaluations

### Evaluation of New Income Management in the Northern Territory (AIHW 2010)

Income management was one of a package of measures introduced in the NT in July 2007 and had been in place for between seven and 20 months at the time of the evaluation. Key evaluation questions included:

- How well was IM implemented and administered?
- Was more individual/family income being spent on priority needs?
- Had there been an improvement in food security and food choices?
- Was less individual/family income being spent on excluded items and/or harmful behaviours?
- Had the capacity of people to manage money improved?
- Had the wellbeing of children, families and communities improved?
- What other issues were identified by the evaluation?

The AIHW (2010) concluded that evidence collected by the evaluation was not strong reflecting weaknesses in the evaluation methodology which included point in time descriptive studies and qualitative research. There was no comparison group, and no baseline information available to compare the situation before IM (reflecting the short time frame in which the package of measures was implemented). In addition, there was a limited amount of quantitative evidence available. The findings are therefore heavily dependent on the perceptions and views of small samples of various stakeholders about whether there had been changes due to income management. There are nevertheless some interesting findings. Selected findings from the evaluation are summarised below.

- Initially there was confusion among customers about how income management (IM) worked and how to access their money. Whilst this improved over time, in part due to improved administration, after one to two years, 39% of participants could not explain the purpose of IM. Stakeholder focus groups suggested ongoing communications and education about income management were limited. That said, participants commented positively that those administering IM were responsive and addressed problems as they were identified.
- The introduction of the BasicsCard alleviated difficulties initially experienced by customers in spending IM funds at different shops and in different locations, allowing more portability and versatility. However, there was some suggestion that BasicsCards did not allow customers to access cheaper goods available through less formal means such as garage sales.
- While IM appeared to improve money management in some families, and made it easier to pay bills, there was scope for greater development of money management and financial skills. For example, a relatively high rate (17%) of transactions on the BasicsCard were declined due to insufficient funds, suggesting a need for more education in financial literacy. Less than one in five interview participants reported they had sought assistance with managing their money. Without improvements in money management and financial skills, it was suggested that customers may become dependent on IM.
- Overall, IM helped a significant proportion of families to manage their money and better meet their priority needs. Customers purchased more and better quality food

including more fruit and vegetables. More than half of the customers interviewed spent more on clothes and saved more and a significant majority of customers increased spending on accommodation, utilities, children’s expenses and white goods. While there was some evidence of reduced expenditure on excluded items or harmful behaviours, this was not consistent across all studies. Surveys revealed that 65% and 24% of respondents said they were spending less on gambling and drugs and alcohol respectively.

- Customer interviews reported changes in the wellbeing of children, primarily through increased consumption of food. 52% reported their children were healthier (sample size 48) and 57% customers reported a weight gain in children (sample size 47). However, the impact on family wellbeing was less clear. Only a minority of customers interviewed noted a change in family wellbeing since the introduction of income management — 24% said there had been positive changes and noted that their family was happier and had increased access to food. The 2008 Community Feedback Report noted that income management had empowered women by removing the accessibility of the welfare money they received and ensuring they had money to buy food.
- The impact on community wellbeing was reported more consistently across the studies. The majority of interview and stakeholder group participants reported a reduction in alcohol abuse, gambling and humbugging.
- Whilst positive outcomes in child, family and community wellbeing were noted, it was 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.

### **Evaluation of the Child Protection Scheme of Income Management and Voluntary Income Management Measures in Western Australia (ORIMA Research 2010)**

In November 2008, the Australian Government implemented a trial of two separate measures of income management in the Kimberly region and metropolitan area of Perth in Western Australia (WA), the Child Protection Scheme of Income Management (CPSIM) and Voluntary Income Management (VIM). Free Financial Management Program Services (FMPS) were included as a key component of IM and the aim was to offer all CPSIM and VIM customers these services. The BasicsCard was available throughout the trial period.

The evaluation had three objectives:

- to assess the impact of income management in improving child wellbeing,
- to assess the impact of income management on the financial capability of individuals, and
- to assess the effectiveness of implementation.

The quantitative component of the methodology involved tailored online surveys, interviews (either telephone or face to face) and analysis of administrative data provided by the Western Australian Department for Child Protection (DCP) and DHS. CPSIM, VIM and a comparison group of non-IM customers were invited to participate in the research via interview, whilst DCP staff, DHS staff, financial service providers and peak welfare and community organisations were invited to participate via tailored online surveys. A small qualitative component was included in the methodology to capture the views of community leaders.

The key findings of this evaluation are summarised below.

- Overall, CPSIM and VIM were effective measures in helping people meet their priority needs and those of their children. Evidence provided by IM customers, DHS staff, Department of Child Protection 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. Reported positive impacts on the wellbeing of children included: an increase in the amount of food eaten, better housing conditions, an increase in the quality and adequacy of clothing, greater access to items and equipment needed for school, and (for VIM families) improvement in emotional wellbeing.
- Many CPSIM and VIM respondents reported that IM had had a positive impact on their ability to meet priority needs and for many customers this was sustained after exiting IM. IM customers were more likely to be able to save money when they were on IM compared to before they started the program and this was sustained whilst they were not on IM. However, stakeholders commonly suggested that expected improvements in budgeting and financial management were yet to emerge, and the evaluation suggested further information on the longer term experience of former customers is necessary before definitive conclusions can be made about the impact of IM on financial management.
- The referral and take up rates of financial management services among CPSIM and VIM customers were low. The key reasons reported by customers for not using financial management services included: not knowing about the service and not needing money management skills when having their money income managed. Following their initial interview with DHS, less than half (44%) of CPSIM and VIM customers were aware that they could use free financial counselling.
- The most commonly identified factor discouraging customer participation in financial management services was a lack of understanding by customers about what financial counselling was and how it could help. Stakeholders thought an increase in customer awareness of the benefits and support offered by these services would increase uptake.
- The evaluation found that there was limited understanding of key features of CPSIM and VIM among customers. The evidence indicated that better communication of these features by the Department of Child Protection and DHS could have improved customer understanding and contributed to better outcomes. Information gaps for customers included: lack of awareness of financial counselling and money management advisory services; that they could change their allocation of IM money; and that they could use DHS-issued store vouchers and other options whilst travelling in areas where BasicsCard was not accepted.
- IM customers expressed a desire to be able to use the BasicsCard at more places. This was one of the main reasons why VIM customers exited the program. DHS staff also thought that extending the places that accepted BasicsCards was an area for improvement.

## Partial evaluations

**‘Pushing buttons’: an evaluation of the effect of Aboriginal income management on commercial gambling**

Lamb and Young (2011) used an interrupted time-series analysis to test whether there had been a decline in gambling revenues at the level of the individual venue following introduction of income management. The primary outcome measure was expenditure per electronic gaming machine. Expenditure data was analysed from July 2002 to July 2010 for hotels and clubs in the towns of Alice Springs and Katherine. Of the 13 pubs and clubs included in the analysis only two venues, the Todd Tavern (Alice Springs) ( $p=0.028$ ) and Crossways Hotel (Katherine) ( $p<0.001$ ), showed a significant and permanent reduction in expenditure per electronic gaming machine after the IM intervention was introduced. However, the finding may have been confounded by: the high natural variability in expenditure per gaming machine in remote towns, seasonality in expenditure per gaming machine in the Northern Territory, the high mobility of Aboriginal Australians and the fact that visits to gambling facilities are closely tied to alcohol management regimes, and finally, there are numerous other gambling opportunities available outside of pubs and clubs. In light of these confounding factors, Lamb and Young (2011) only tentatively concluded that the intervention was correlated with a reduction in expenditure on gambling.

### **Impact of income management on store sales in the Northern Territory**

A recent study by Brimblecombe et al (2010) examined the trends in total store sales, total food and beverage sales, fruit and vegetable sales, soft drink sales and tobacco sales between October 2006 and September 2009. This study utilised an interrupted time-series analysis of sales data from 10 Arnhem Land Progress Aboriginal Corporation (ALPA) stores. The results suggested that the increasing rate of monthly sales observed prior to income management remained unchanged even after the income management came into effect. The only exception was the sales of soft drinks which declined significantly at the initial phase but increased substantially thereafter. Brimblecombe et al (2010) further suggested that the government stimulus payment was associated with a significant increase in the rate of sales for all outcome measures. Consequently, they concluded that independent of the stimulus payment (i.e. the Economic Security Strategy Payment where government-assisted families were provided a lump-sum payment of \$1,000 per child during the fortnight following 8 December 2008), income management appeared to have no beneficial effect on tobacco and cigarette sales, soft drink or fruit and vegetable sales.

FaHCSIA (2010) argued there were some weaknesses in the Brimblecombe et al (2010) study. First, to conduct the interrupted time series analysis, the actual dates in which the income management were 'switched on' in various stores would be important. The dates served as interrupted points in which the impact of the policy could be observed. FaHCSIA (2010) pointed out that using earlier switch-on dates in some cases likely reduced the measured impact of income management. Second, the conclusion drawn from the data sampled from 10 ALPA stores may not be generalisable because ALPA stores are unique, and their primary focus is on improving the nutritional status of Indigenous communities. As such, FaHCSIA (2010) argued that the impact of IM on store sales, especially fruits and vegetables, may be minimal. Finally, FaHCSIA (2010) pointed out that the stimulus payment was itself income managed. This led to the question whether or not it was reasonable to segregate the 'stimulus payment period' from the 'income management' period in the analysis done by Brimblecombe et al (2010). In light of these potential issues, FaHCSIA suggested further research was required to identify the impact of IM on tobacco and cigarette sales.

This literature scan did not reveal studies of the impact of IM on possession of pornographic materials. The Report on the Northern Territory Emergency Response Redesign Consultations (Department of Families, Housing, Community Services and Indigenous Affairs 2009) indicated that community members thought that the restrictions on pornographic materials were beneficial and should be continued because of the need to protect children from sexual or violent material. However, links between income management and the possession of pornographic materials were not specifically investigated by the report.

## Commentaries

One of the leading questions asked by various commentators is the question of evidence. That is whether or not there is sufficient evidence to justify the IM initiatives (for example, Farrell (2011)). Webster (2011), for instance, pointed out that it was yet not clear how IM would assist a person experiencing homelessness. She argued that rates of homelessness in NT were affected by various factors such as a shortage of public housing, a lack of affordable accommodation and a lack of adequately funded support services. Quarantining income support of those who were homeless, she argued, would not help improve their current plight (Webster 2011).

Marshall (2011) debated the possibility of compulsory IM working against one of its objectives of the likelihood of reducing family violence. She postulated that victims of family violence may prefer not to disclose family violence for fear that their welfare payment would be income managed. She proposed a more flexible 'opt-in and opt-out' voluntary approach to IM which she believed would provide a more measured response.

A recent Parliamentary Library Background Note by Buckmaster and Ey (2011) noted that there were few studies currently available that have attempted to directly measure the impact of IM separately from other policy interventions. Of those which have done so, various methodological problems have been highlighted such as the lack of a comparison group and a limited amount of quantitative data. Consequently, Buckmaster and Ey (2011) suggested that the overall picture of the effectiveness of IM had been uneven and fragile. The Department of Human Services NSW similarly concluded that it could be too early to determine whether IM was an effective strategy to improve family outcomes.

Catholic Social Services Australia (2007) went further to argue that there was no evidence that depriving people of personal responsibility for their finances would be the best way to increase their capacity to be financially more responsible. Catholic Social Services Australia (2007) also suggested that stigmatisation of income support recipients would not lead to effective policy outcomes.

## Outcomes of conditional cash transfers

Following the NT NIM evaluation report, a literature scan on CCT programs has also been included here. Conditional cash transfers (CCT), are often associated with requirements on recipients such as educational participation by their children and/or healthcare utilisation for their children. Moreover (and as a consequence), the 'conditions' associated with the CCT contribute to the outcomes and also drive what is examined by research studies. Not

surprisingly, two of the most common outcomes assessed by research on the impacts of CCT programs in many developing countries are education and child health outcomes.

CCT programs are implemented not only with the aim to reduce financial hardship but also to enhance and improve targeted welfare recipients' human capital to ensure longer term benefits are achieved. The programs are most commonly seen in developing countries.

The effectiveness of CCT programs has been assessed by many studies. The systematic review of CCT program effectiveness by Lagarde, Haines and Palmer (2009) found that, unlike evaluations of other social financing schemes, evaluations of CCT programs were well-designed and executed. Conclusions from these studies suggest that CCT programs can increase health service utilisation, immunisation coverage, and school enrolment and attendance, and improve health outcomes and the nutritional status of children. However, Department of International Development (2011) suggested that it was not yet clear whether conditionality per se contributed to CCT success. This was because of the success of unconditional cash transfers in South Africa which raised the possibility that cash alone could be sufficient (Department of International Development 2011).

Some key outcomes of CCT evaluations drawn from the literature are summarised below.

### **Child health and behavioural outcomes**

Findings of a positive relationship between CCT programs and the nutritional status of newborns and young children are common. The primary outcome measures for nutritional status frequently include weight gain, height to weight ratio, height to age ratio, change in height and probability of stunting (Lagarde, Haines and Palmer 2009). As an example, one of the papers referenced by Lagarde, Haines and Palmer (2009) — Gertler (2004) — reported an increase of 0.96cm ( $p=0.004$ ) in the height of children aged 12 to 36 months in comparison to the control group. Attanasio et al (2005) reported a weight gain of 0.58kg in newborns whose parents participated in a CCT program. Attanasio (2005) also reported an improvement in the height for age ratio of infants younger than 2 years ( $p<.01$ ). Importantly, direct distribution of nutritional supplements was a core component of these CCT programs.

Evidence suggests that CCT programs (where cash transfers are withheld until specific conditions relating to child health are met) can have other positive impacts on children's health. Gertler (2004) reported that children aged 0 to 3 years in the intervention group were 22.3% less likely to be ill in comparison to the control group ( $p<.001$ ). The outcome measure was the probability that the mother reported that her child was ill in the four weeks prior to the survey. Gertler (2004) noted the disadvantages associated with relying on self reports.

Children's probability of suffering from anaemia is a common primary outcome measure in studies of the impact of CCT programs. Similar to height and weight indicators, the probability of suffering from anaemia is considered an objective measure of a child's nutritional status. However, the resource implications associated with collecting blood samples from children means it is a relatively costly outcome measure. Nonetheless, Rivera et al (2004) noted that after one year of participating in the Mexican CCT program, children aged less than 12 months old had a significantly higher haemoglobin value in comparison to the control group ( $p<.01$ ). This result was further strengthened by the disappearance of this

difference in haemoglobin levels once the control group had been exposed to the program one year later (Rivera et al.2004). An important consideration to note when measuring nutritional improvements in children is the probability of leakage between the control and treatment groups of any nutritional supplements or food vouchers distributed under the program (Lagarde, Haines and Palmer 2009).

One study found evidence suggesting that a CCT program was associated with improvements in children's behaviour. Ozer et al (2009) relied on reports by mothers of their children's behaviour in investigating the impact of the Mexican CCT program on children's aggressive/ oppositional symptoms and anxiety/ depressive symptoms. Results of the analysis indicated that participation in the CCT program was associated with a 10% decrease in aggressive /oppositional symptoms ( $p=0.03$ ).

### **Healthcare utilisation**

CCT program have also been associated with improvements in use of healthcare clinics, nutrition monitoring appointments and immunisation rates of children (Rawlings and Rubio 2005). For example, CCT increased the number of daily health consultations by 2.09 ( $sd=0.067$ ) (Gertler 2000). Furthermore, a study conducted in Nicaragua showed attendance at healthcare clinics increased by 19.5 percentage points after one year of participation in a CCT program (Maluccio and Flores 2005). These outcomes appear to be driven by the withholding of income or cash transfers until a certain number of clinic attendances or immunisation administrations are achieved (Lagarde, Haines and Palmer 2009).

Improvements in immunisation rates have also been linked to CCT programs. Evaluation of Mexico's Progreso program showed a 5 percentage point increase in the tuberculosis immunisation coverage for children aged between 12 to 23 months (Lagarde, Haines and Palmer 2009). Furthermore, evaluation of Nicaragua's CCT program found fairly substantial and significant impacts on vaccination coverage for selected vaccines, age groups and sub populations (Barham and Maluccio 2009). This evaluation used household survey data to estimate intent-to-treat double-difference program effects. Five months after the program was implemented, a 20 percentage point increase in on-time coverage rates for fully vaccinated children was observed. However, these results did not remain statistically significant when measured one year after implementation (Barham and Maluccio 2009). The authors suggested this was most likely due to limitations associated with the sample size.

### **Education outcomes**

CCT programs often include a financial incentive for children's enrolment and attendance at school with the objective that this will improve the educational outcomes of children (Lagarde, Haines and Palmer 2009; Baird, McIntosh and Ozler 2009). There is a large and empirically well-designed body of evidence which demonstrates CCT programs can improve enrolment and attendance in schools (Baird, McIntosh and Ozler 2009). This is an important positive finding since educational attainment is a key determinant of chronic poverty (Gable and Kamerman 2011). However, this body of evidence is largely confined to the analysis of these programs in developing countries which typically suffer from very low enrolment rates and high dropout rates (Baird, McIntosh and Ozler 2009).

The findings of the evaluation of the School Enrolment and Attendance through Welfare Reform Measures (SEAM) Program in Australia are consistent with the studies conducted in developing countries. SEAM was implemented in both the Northern Territory and Queensland during 2010. The purpose of the program was to improve children's enrolment and attendance in school by attaching conditions to Income Support Payments (Social Policy Research and Evaluation Section Research Branch, Social Policy and Economic Strategy Group and Department of Education, Employment and Workplace Relations 2010). This evaluation utilised both a quantitative and qualitative approach. The quantitative analysis used DHS and enrolment and attendance data from government education authorities to establish a baseline. The specific outcome measures used included SEAM and non-SEAM comparisons of individual student enrolment start and end dates and the daily attendance rate for each student. The data collected in 2009 (baseline) was then contrasted to the 2010 data. The qualitative analysis involved fieldwork which gathered information relating to: the implementation of the SEAM trial in QLD, the effectiveness of SEAM and its outcomes in QLD and views held by all groups of stakeholders in QLD including parents, principals, community workers, DHS and the QLD Department of Education and Training. A survey was also issued to parents living in the Logan area to explore parents' attitudes towards their children's schooling and the SEAM program (Social Policy Research and Evaluation Section Research Branch, Social Policy and Economic Strategy Group and Department of Education, Employment and Workplace Relations 2010).

The results of this evaluation indicated that students participating in SEAM showed a greater increase in school attendance rates than their non-SEAM peers in both the NT and QLD from 2009-2010 (Social Policy Research and Evaluation Section Research Branch, Social Policy and Economic Strategy Group and Department of Education, Employment and Workplace Relations 2010). The issuing of attendance notices to parents had a short term impact during the compliance period. However, a relapse in attendance rates was commonly observed after the compliance period (Social Policy Research and Evaluation Section Research Branch, Social Policy and Economic Strategy Group and Department of Education, Employment and Workplace Relations 2010). A key finding was that families faced complex and significant barriers which compromised their attempts to ensure their child attended school (Social Policy Research and Evaluation Section Research Branch, Social Policy and Economic Strategy Group and Department of Education, Employment and Workplace Relations 2010). This is a common consideration in the evaluation of CCT programs as the effectiveness of such programs is heavily dependent on the accurate identification of barriers preventing access to services or products (Lagarde, Haines and Palmer 2009). Overall, issuing attendance notices and the potential for suspension of Income Support Payments had an apparent positive impact on school attendance (Social Policy Research and Evaluation Section Research Branch, Social Policy and Economic Strategy Group and Department of Education, Employment and Workplace Relations 2010).

The results for enrolments were confounded by limitations in data preventing distinctions between non- or partial enrolment and transfers by students between schooling systems. The proportion of children partially enrolled increased in SEAM schools, whilst in non-SEAM schools this proportion decreased (Social Policy Research and Evaluation Section Research Branch, Social Policy and Economic Strategy Group and Department of Education, Employment and Workplace Relations 2010).

## Behavioural economics and income management outcomes

As noted above, FaHCSIA requested that the literature scan also reflect on the implications of behavioural economics for the success of IM initiatives.

The concept of behavioural economics provides a valuable insight into understanding how income management programs can be designed to successfully influence human behaviour.

Studies in behavioural economics seek to explain the difference between observed and theorised consumer behaviours (Psendorfer, 2006<sup>7</sup>). In particular, behavioural economics challenges one of the fundamental assumptions in standard economic theory which is that consumers are rational, taking all available information into consideration, and making decisions that are in their best interests. For example, despite having access to a myriad of welfare and transfer payment programs, a high proportion of the poor and the vulnerable appeared not to take up these offers in the US and UK (Currie and Grogger 2001<sup>8</sup>, and Currie 2004<sup>9</sup>).

Hypotheses put forward to explain these observed ‘irrational’ behaviours include the presence of procrastination (or the level of motivation), the ‘hassle’ involved (Bertrand et al, 2006<sup>10</sup>, Holmes and Ryan, 2010<sup>11</sup>), and the influence of norms and emotions over decision making (Institute for Government, 2010<sup>12</sup>).

According to Holmes and Ryan (2010), it may be possible to alter welfare recipients’ behaviour in the long run using incentives such as rewards or sanctions. However, the way in which these incentives are portrayed, administered and monitored matters. For instance, the effectiveness of incentives may depend on the nature of interactions between clients and agency staff — interactions perceived by clients as threatening and highly controlling may undermine effectiveness.

Holmes and Ryan (2010) also suggested that the integration of policy objectives with the personal objectives of individual clients is important. ‘Internalisation’ of policy objectives by individuals is likely to lead to sustainable behavioural change. Designing programs in a way which recognises individuals’ psychological needs for autonomy and which acknowledges their ability to complete any requirements (and the challenges faced in meeting program requirements) is also likely to contribute to sustainable behavioural

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<sup>7</sup> Psendorfer, W 2006, ‘Behavioural economics come of age: a review essay on advances in behavioural economics’, *Journal of Economic Literature*, 44(3):667-71.

<sup>8</sup> Currie, J, Grogger, J 2001, ‘Explaining recent declines in food stamp program participation’, in W. Gale and J. Rothenberg-Pack (eds), *Brookings Papers on Urban Affairs*, Washington, DC: Brookings Institution.

<sup>9</sup> Currie, J 2004, ‘*The take up of social benefits*’, National Bureau of Economic Research Working Paper 10488.

<sup>10</sup> Bertrand, M, Mullainathan, S, Shafir, E 2006, ‘Behavioral economics and marketing in aid of decision making among the poor’, *Journal of Public Policy and Marketing*, 25(1):8-23.

<sup>11</sup> Holmes, J, Ryan, C 2010, ‘Incentives, rewards, motivation and the receipt of income support’, Department of Families, Housing, Community Services and Indigenous Affairs, Occasional Paper No. 32.

<sup>12</sup> Institute for Government 2010, ‘MINDSPACE: influencing behaviour through public policy’, Report for the UK Cabinet Office.

change. Compliance and/or reward structures need to be administered in ways which provide welfare recipients a sense of choice and which appeal to their individual objectives. Commanding language and threats of punishment are unlikely to be successful. Provision of support in meeting program requirements such as job search is also likely to lead to positive outcomes.

Suggestions by Holmes and Ryan (2010) are aligned with Kelman (1958)<sup>13</sup> who identified three different influencing processes as follows.

- Compliance. Individuals comply with program requirements because of expected rewards or avoidance of punishments. Individuals do not believe in the content of the policy and when the rewards or punishments cease, compliance stops.
- Identification. Individuals change their behaviour because they want to establish or maintain a satisfying relationship. The content of the policy is irrelevant in this instance.
- Internalisation. Behavioural change occurs because it is intrinsically rewarding.

To ensure long-lasting behavioural change among targeted individuals, internalisation of the policy objectives and the individual's personal concerns is critical. Understanding individuals' motivations for and reasons underlying their existing behaviours will also therefore assist in designing initiatives that are likely to achieve sustainable behavioural change (Institute for Government 2010).

Equally important are the ways messages are phrased — not only to convey the right information but also to generate the intended perception. For instance, studies have shown that people are highly loss averse (i.e. the loss associated with giving up a good can be greater than the utility associated with obtaining it). Consequently, messages advising clients how to avoid loss through participating in the program may be more effective in achieving desired outcomes than those advising clients of the potential benefits of program participation. Other factors such as individuals' perceptions of program details and default options, and the 'hassle' involved in compliance (i.e. length of an application form or ease of re-enrolment for example) should not be overlooked (Currie and Grogger, 2001<sup>14</sup>; Currie, 2004<sup>15</sup>; Bertrand et al<sup>16</sup>, 2006; Reason and Dunstall, 2009<sup>17</sup>).

Sunstein and Thaler (2003) went a step further to suggest the use of opt-out strategies as opposed to opt-in in order to steer people's choices. They believed this would be more effective in ensuring participation while still presenting a choice to affected individuals. This, they argued, is paternalism in a libertarian way, noting that staunch anti-paternalists would object believing it was unacceptably intrusive.

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<sup>13</sup> Kelman, H 1958, 'Compliance, identification and internalization: three processes of attitude change', *Journal of Conflict Resolution*, 2:51-60.

<sup>14</sup> Currie, J, Grogger, J 2001, 'Explaining recent declines in food stamp program participation', in W. Gale and J. Rothenberg-Pack (eds), *Brookings Papers on Urban Affairs*, Washington, DC: Brookings Institution.

<sup>15</sup> Currie, J 2004, 'The take up of social benefits', National Bureau of Economic Research Working Paper 10488.

<sup>16</sup> Bertrand, M, Mullainathan, S, Shafir, E 2006, 'Behavioral economics and marketing in aid of decision making among the poor', *Journal of Public Policy and Marketing*, 25(1):8-23.

<sup>17</sup> Reeson, A, Dunstall, S 2009, 'Behavioural economics and complex decision-making: implications for the Australian tax and transfer system', Confidential Report prepared for Treasury, CMIS Report 09/110, CSIRO.

The Institute for Government (2010)<sup>18</sup> compiled a checklist of possible influences on individuals' behaviours to consider when making policy. The influences are summarised in the table below.

If IM proves to be a successful initiative (in terms of meeting objectives for improving child wellbeing and social and economic participation), reducing the stigma attached to it is likely to improve its cost effectiveness. Based on behavioural economic theory and assuming PBIM is indeed successful, it may be possible to construct publicity campaigns promoting IM — with arguments constructed from the perspective of avoidance of loss. For example, highlight IM's potential for reducing the risk of homelessness or preventing child neglect.

**Table B.1: Checklist of possible influences on individuals' behaviours**

Influence	Description
Messenger	We are heavily influenced by who communicates information
Incentives	Our responses to incentives are shaped by predictable mental shortcuts such as strongly avoiding losses
Norms	We are strongly influenced by what others do
Defaults	We 'go with the flow' of pre-set options
Salience	Our attention is drawn to what is novel and seems relevant to us
Priming	Our acts are often influenced by sub-conscious cues
Affect	Our emotional associations can powerfully shape our actions
Commitments	We seek to be consistent with our public promises, and reciprocate acts
Ego	We act in ways that make us feel better about ourselves

Source: Institute for Government (2010).

## Overview of approaches to program evaluation

A number of studies noted the hierarchy of evidence based on methodologies used to evaluate welfare programs, these include both IM and CCT programs, with the ideal approach being randomised controlled trials (RCTs) (AIHW 2010; Largarde, Haines and Palmer 2009; Lamb and Young 2011; Brimblecombe et al. 2010; Barber and Gertler 2009; Baird, McIntosh and Ozler 2009; Soares, Ribas and Osorio 2010). However, RCTs are generally not practical or considered ethical in social policy research. Controlled experimental designs where a control group or town is matched to the treatment group or town is considered the next best option (Soares, Ribas, Osorio 2010; Social Policy Research Centre, University of New South Wales and Australian Institute of Family Studies 2010). A common approach used to combat the ethical and political concerns associated with using a control group is to take advantage of the gradual implementation of income management programs (Rawlings and Rubio 2005). However, the speed at which the program is implemented impacts on the ability to measure longer term outcomes (Rawlings and Rubio 2005).

<sup>18</sup> Institute for Government 2010, 'MINDSPACE: influencing behaviour through public policy', Report for the UK Cabinet Office.

While there is considerable variation in the design, target groups, conditions, benefits and administration of both IM and CCT programs, the nature of the measured outcomes does not frequently vary. Education outcomes, child and maternal health outcomes, changes in consumption levels and patterns, labour force participation, and financial management remain commonly measured outcomes. Selected metrics obviously depend on the target population and primary objective of the program.

For CCT programs, school enrolment rates and attendance rates are the most common metrics for educational outcomes (Rawlings and Rubio 2005). The evaluation of the Progresa CCT program went further, and attempted to measure changes in impact indicators such as average test scores (Rawlings and Rubio 2005; Gertler 2000). It is however difficult to attribute changes in these sorts of impacts to CCT.

To measure child and maternal health outcomes a combination of healthcare utilisation indicators and nutritional indicators are generally used. Child health indicators typically include: vaccination coverage, malnutrition rates, incidence of diarrhoea, participation rates in child growth and development monitoring, weight gain, height for age ratio, height for weight ratio, proportion of babies with low birth weight and probability of suffering from anaemia (Soares, Ribas and Osorio 2010; Rawlings and Rubio 2005). Maternal health indicators usually include healthcare clinic attendance rates, and utilisation of pre and post natal care options (Rawlings and Rubio 2005).

Changes in consumption levels and patterns are also common metrics in CCT programs. Evaluations have measured changes in the consumption of nutritional supplements provided as part of the program (Rawlings and Rubio 2005; Gertler 2004). Total consumption per capita disaggregated by food and non-food items, such as health and education spending is also a common indicator (Rawlings and Rubio 2005). Some evaluations have sought to assess the impact of the CCT programs on poverty using income per capita (Skoufias and Di Maro 2008).

The impact of CCT programs on labour force participation is heavily dependent on the work incentives offered through the program. Furthermore, the direct and indirect time costs associated with adhering to the requirements of the programme can influence the ability of beneficiaries to participate in work (Skoufias and Di Maro 2008). Hence, the reported impacts of CCT programs on labour force participation vary across the different programs (Soares, Ribas, Osorio 2010). Typical measures used include: participation in paid and unpaid work activities, and overall labour force participation rates (Skoufias and Di Maro 2008).

For IM initiatives in Australia, evaluations have measured changes in expenditure patterns on fruit, vegetables and the quality of food, clothes and/or accommodation purchased (AIHW 2010). Gambling expenditure is another example (Lamb and Young 2011).

An additional measured outcome of IM initiatives is the provision of financial management services and counselling. This is aimed to increase the chance of sustainable behavioural change in relation to budget and financial management. Directly measuring changes in participants' understanding of financial management is often difficult and indirect measures are generally used. These include participation rates in financial management services, the percentage of income saved, percentage of bills and rent paid on time and number of households seeking emergency payments (AIHW 2010; ORIMA Research 2010).

In all program evaluations, the collection of baseline data is crucial to determining how outcomes and characteristics of participants change overtime (Rawlings and Rubio 2005). Household surveys which collect information on the demographic composition of the household, household expenditure, socio economic status, education, health, migration and labour market participation are the main data collection instruments used (Rawlings and Rubio 2005). School and health centre surveys and community questionnaires are also frequently used for evaluation (Rawlings and Rubio 2005). Qualitative studies are also common to capture the perceptions of key stakeholders and beneficiaries (Rawlings and Rubio 2005; AIHW 2010; ORIMA Research 2010).

The effectiveness of both IM and CCT programs depends on the magnitude of barriers to accessing health and education services and ability to purchase basic needs (e.g. foods, clothing). Therefore, the quality and accessibility of services available to welfare clients must be established prior to an evaluation. A thorough understanding the adequacy and accessibility of health and education services and adequacy of food products available is important to ensure the effectiveness of income management programs is captured accurately (Lagarde, Haines and Palmer 2009).

## Outcome metrics used to measure the performance of income management programs

The table below captures some of the outcome metrics used in evaluations of IM and CCT programs. Relevant outcome metrics depend on the purpose and objectives of the evaluation and of the program.

**Table B.2 Outcome metrics**

Outcome metric	Evaluation instrument	Program type
<b>Financial Management</b>		
Total income and proportion of income spent on food, education and children's clothing (Soares, Ribas and Osorio 2010)	Social survey	CCT
Proportion of households meeting rent or utility payments (AIHW)	Social survey	IM
Households seeking emergency payments (AIHW)	Social welfare agency data	IM
Uptake and participation rates in financial management services (ORIMA Research 2010)	Social survey	IM
Percentage of income saved (ORIMA Research 2010)	Social survey	IM
Percentage of bills and rent payments made on time (ORIMA Research 2010)	Social survey	IM
<b>Education</b>		
School attendance (Soares, Ribas and Osorio 2010)	Education department administrative data	CCT

<b>Outcome metric</b>	<b>Evaluation instrument</b>	<b>Program type</b>
Probability of absence (Soares, Ribas and Osorio 2010)	Education department administrative data or social survey	CCT
Probability of dropping out (Soares, Ribas and Osorio 2010)	Education department administrative data or social survey	CCT
Re-entry rates amongst school dropouts (Soares, Ribas and Osorio 2010)	Education department administrative data or social survey	CCT
Enrolment rates (Soares, Ribas and Osorio 2010)	Education department administrative data	CCT
<b>Health</b>		
Child immunisation rates (Soares, Ribas and Osorio 2010)	Health clinic administrative data Social surveys	CCT
Proportion of babies with low birth weight (AIHW 2010)	Population health data	IM
Probability or attendance rates at health clinics (Gertler 2004; Soares, Ribas and Osorio 2010)	Health clinic administrative data Social surveys	CCT
Child stunting, measured by lack of height for age (Soares, Ribas and Osorio 2010)	Anthropometric surveys	CCT
Child wasting, measured by lack of body mass for height and age (Soares, Ribas and Osorio 2010)	Anthropometric surveys	CCT
Weight gain (Gertler 2004)	Anthropometric surveys	CCT
Child height and change in height (Gertler 2004)	Anthropometric surveys	CCT
Probability of suffering from anaemia, measured through haemoglobin levels (Rivera et al. 2004)	Anthropometric surveys	CCT
Child illness, defined by: Probability that a mother reports that her child experienced an illness in the 4 weeks prior to the survey (Gertler 2004)	Social surveys	CCT
Adolescent and adult health status, defined by: Days of difficulty with daily activities due to illness Days in-capacitated due to illness Days in bed due to illness Number of kilometres they were able to walk without getting tired (Gertler 2004)	Social survey Semi- structured interview	CCT
Incidence of diarrhoea (Soares, Ribas and Osoria 2010)	Anthropometric surveys	CCT
Utilisation of pre and post natal care options (Soares, Ribas and Osoria 2010)	Health clinic administrative data	CCT
<b>Harmful and anti-social behaviours</b>		
Expenditure per gambling machine (Lamb and Young 2011)	Expenditure data collected from gambling facilities	IM

Outcome metric	Evaluation instrument	Program type
Expenditure on tobacco or cigarettes (Brimblecombe et al. 2010).	Store sales data	IM

## Conclusions

Results from the first generation of IM program evaluations in Australia appear mixed. While there are qualitative findings that suggest improvements in the well-being of Indigenous communities in the NT, and broader communities in WA, these are balanced by some other studies of store sales data and gambling expenditure. The nature of research into social policy initiatives is that there are many confounders, and IM is no exception. Moreover, IM has been introduced as part of a broader package of initiatives which introduces additional confounders. There are so far no studies of IM available which are based on the highest quality of evidence (randomised controlled trials or matched control studies). These issues mean that conclusive findings are difficult. Unlike CCT programs in developing countries, IM in Australia is a relatively new initiative that has only been introduced progressively. Therefore, the period in which the impact can be assessed is still relatively short. Consequently, further research and evaluation are required to understand the impact of IM initiatives in Australia.

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