

**Submission to the Senate Community Affairs Legislative committee public hearing
– Social Security (Administration) Amendment (Income Management to Cashless
Debit Card Transition) Bill 2019 - Darwin**

I wish to bring to the Committee's attention some findings from a recent study of the population-level effect of Income Management on the birth outcomes of Aboriginal children born to women living in communities proscribed during the Northern Territory Emergency Intervention. This study is authored by Mary-Alice Doyle and A/Professor Stefanie Schurer (University of Sydney) and myself (Menzies School of Health Research).

The study involved use of de-identified NT administrative data assembled as part of a larger study on NT children's developmental outcomes funded by a NHMRC Partnership Grant (#1091491). Its methodology capitalized on the 'natural experiment' afforded by the staggered 13 month roll-out of Income Management during the NTER. It also capitalised on the timing of its roll-out to communities across the NT being random (i.e. not following any systematic plan), and the fact that its timing differed from when the various other NTER measures were implemented (e.g. increased policing and child health checks). We were able to show that the roll-out schedule was not based on a specific geographic logic and was not linked to community characteristics.

These specific features of Income Management's roll-out made it possible to statistically isolate and quantify its effects on the wellbeing of children. The progressive 13 month roll-out of Income Management on a community-by-community basis allowed us to compare the birth outcomes of the cohorts of children who were in utero when Income Management was rollout in the community with children who were in utero before Income Management was introduced, or introduced very late in the pregnancy. This analysis approach is similar to a randomised controlled trial, which is the 'gold standard' level of evidence needed for demonstrating a causal effect. Such methods have been used in many international research studies, most prominently in evaluations of the effectiveness of the US Food Stamps program.

Our statistical analysis controlled furthermore for a range of possible confounding factors, including unobservable community differences, which could have also affected birth weight. For instance, we adjusted the analysis for the fact that birth outcomes are on average always lower in some communities than in others, and for seasonal variations in weather variations conditions to which communities are exposed..

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The study's key finding of relevance to this Senate Committee hearing regarding the draft Bill to extend the implementation of the Cashless Debit Card to NT communities, is that the Aboriginal birth cohort affected by the 13 month roll-out of Income Management resulted in an average reduction in birth weight of 100 grams and a 30% increase in the likelihood of being born with low birth weight (i.e. below 2,500 grams). The magnitude of this effect is comparable to what has been reported from other international studies of births to women exposed to famines or extreme weather events such as cyclones.

There are many factors which can contribute to low birthweight including the length of gestation and the life circumstances and health of the mother during pregnancy. Children born with low birthweight can have difficulty feeding and gaining weight, maintaining body temperature and be more prone to infection than other children. Low birthweight is also associated with an increased risk of childhood behaviour and learning difficulties, and chronic health conditions in adulthood including diabetes, renal disease and cardiovascular disease, all of which are over-represented in the NT Aboriginal population. It is for these reasons that low birthweight is a key outcome indicator of *Closing the Gap* strategy. It is one of the most critical indicators of Indigenous disadvantage - and also, one of the most sensitive to evidence of disadvantage lessening.

Our study findings were initially reported as a working paper published on-line on 8 December 2018 on the ARC LifeCourse Centre website (lifecoursecentre.org.au/research/journal-articles/working-paper-series/do-welfare-restrictions-improve-child-health-estimating-the-causal-impact-of-income-management-in-the-northern-territory/). Subsequent to this, we have made revisions which extended the analysis incorporating feedback from leading US economic researchers, including Nobel Laureate Professor James Heckman. The updated version is due to be presented at the US National Bureau for Economic Research workshop on '*Indigenous health, wellbeing and children's outcomes*' on 1 November 2019 in Boston. **A copy of the draft manuscript prepared for the NBER meeting is attached as an appendix to this submission. This is provided for the Committee's exclusive use on basis that it remains embargoed until 1 November 2019.**

While our study data cannot explain why exactly the introduction of Income Management had this unexpected effect, we were able to rule out at least four likely explanations: Income management did not increase drinking and smoking during pregnancy, and it also did not increase the survival probabilities of babies that would otherwise have died (which would have reduced observed birthweights if these unhealthier babies had survived). We also did not see any change in mobility in and out of communities, or in the age and health characteristic of mothers who had babies during the roll out of Income Management. Excluding these possible alternate explanations left us with a more qualitative assessment of why Income Management reduced birthweights.

The scientific literature on low birthweight suggests two potential antenatal factors likely to be relevant: Maternal under-nutrition and exposure to chronic and/or traumatic stress. The Basics Card was intended to enable the greater proportion a parent's social welfare benefits to be spent on family essentials such as food, but its implementation did not take account of the informal household economy which exists in many NT Aboriginal communities. Extended family and itinerant visitors typically have cultural sharing obligations which can complicate how the card is able to be used by individuals.

We are aware of anecdotal reports that some mothers experienced significant difficulty in accessing and using their Basics Cards – which could have resulted in their having little or no income for weeks at a time. We have also heard stories of mothers being humbugged and harassed by others in the household resulting in their not being able to purchase sufficient essentials for themselves and their children. The disempowering effect of not having control over one's money could have been further cause of significant stress for pregnant women.

In fact, there is quantitative evidence for this hypothesis in data from the Longitudinal Study of Indigenous Children (LSIC). In the LSIC dataset, family members who moved from no welfare restrictions to welfare restrictions were almost 100% more likely to report an incident of harassment for money and family arguments (in which children are involved). If we had been able to access to the federal Department of Social Services (DSS) data from the time of the rollout, we would have been able to test directly whether the rollout of Income Management had led to temporary or longer-term consumption interruptions.

The size of the average reduction in birth weight for children born to mothers exposed to Income Management is particularly concerning for this cohort of children. While we are not able to say whether the policy continued to have an effect on the birthweight of NT birth cohorts from 2009 onward (as many other policies were introduced), it remains of significant concern that NT Aboriginal birth weight outcomes have not improved since 2009. Furthermore, the gap between Aboriginal and non-Aboriginal rates of low birth weight in the NT has widened.

In summary, these findings lead us to conclude that the Income Management component of the NTER has not contributed to any improvement in NT Aboriginal birth outcomes.

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(On behalf of Mary-Alice Doyle and A/Prof Stefanie Schurer)

20 September 2019

Enc.

Attachment 1. Draft manuscript of a paper prepared for presentation at the US National Bureau of Economic Research workshop '*Indigenous health, wellbeing and children's outcomes*' due to be held in Boston on 1 November 2019.