

# Compulsory income management in the Northern Territory

## Briefing note

March 2025

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### Introduction

Income management is a policy that quarantines a percentage of a participant’s income support payment and restricts how this money can be spent. In general, income management programs have quarantined 50-90% of a participant’s income and that proportion of money cannot be spent on things like tobacco, pornography, alcohol and gambling. The remaining proportion of the payment is paid directly to the participants with no restriction on how it is spent.

### History

Compulsory income management (CIM) has existed in various forms in the Northern Territory since 2007. While the technicalities of how this program is administered have changed over the years, the core concept of CIM has remained. Names of specific programs such as Cashless Debit Card, Income Management, New Income Management, and enhanced Income Management – all refer to versions of CIM.

#### A brief timeline of income management in the Northern Territory<sup>1</sup>

2007	As part of the Northern Territory Emergency Response (NTER), the Australian Government moves from unconditional cash payments to Income Management measures. 50% of payment is quarantined for priority needs and held in a separate bank account. This is compulsory for people identified under the NTER – targeting all First Nations residents in remote Aboriginal communities and in other prescribed situations including town camps and some social housing.
2008	A debit-style card (the Basics Card) is introduced which participants could use themselves to spend the quarantined portion of their payment at approved merchants.
2008	<i>Income Management measures extend to other locations, including Cape York as part of the Cape York Welfare Reform Trial and selected communities in the Kimberly and Perth regions in WA as part of a child protection initiative.</i>
2010	Income Management is changed to New Income Management in the Northern Territory. The program is extended across the entire Northern Territory and the Rudd Government made changes to make it compatible with the Racial Discrimination Act.
2016-2018	<i>Cashless Debit Card is introduced in other areas of Australia, including Ceduna SA, Bundaberg and Hervey Bay QLD and Goldfields WA.</i>
2021	Cashless Debit Card is introduced in Northern Territory, alongside existing income management arrangements. The program applies to income management participants who have chosen to transition to the Cashless Debit Card as well as eligible income support recipients who have volunteered for the program. Other participants of compulsory income management remain on the Basics Card.

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<sup>1</sup> Adapted from Lovell, J., Friel, M., Alice, T., and Guenther, J. (2024) An exploration of the impact of Lutheran Care’s Financial Wellbeing programs in central Australia, the drivers of poverty and what can be done? Batchelor Institute of Indigenous Tertiary Education. Available at: <https://www.lutherancare.org.au/wp-content/uploads/2024/11/Evaluation-Report-Batchelor-Institute-Working-Paper-FINAL.pdf>



2022	Following a change in federal government, the Cashless Debit Card is withdrawn. In other regions, this means there is no longer compulsory income management. In the Northern Territory, for participants who remain in compulsory income management it reverts to the existing income management scheme (the Basics Card).
2023	Enhanced Income Management is introduced (the Smart Card). Some participants remain on the existing income management scheme (the Basics Card)

### Current status

As of December 2024, just under 30,000 people in the NT are on compulsory income management. This represents over 90% of participants Australia wide. This includes people on both the Enhanced Income Management program and Income Management, with slightly more (just under 17,000) on Enhanced Income Management (see Table 1, Appendix 1). Generally, 80-90% of compulsory income management participants in the NT are Aboriginal.

In the NT, there are seven measures by which a person can be referred to compulsory income management (see full breakdown of participants by measure at Table 1, Appendix 1) The most common measure is the ‘long term welfare payment recipient’, this is applicable if a person has been getting a certain payment (Youth Allowance, JobSeeker, Special Benefit or Parenting Payment) for 3 of the last 6 months and is only applicable in the NT.<sup>2</sup> If a person is referred through child protection or the ‘supporting people at risk’<sup>3</sup> measure, 70% of their income support payment is quarantined, under other measures 50% of their money is quarantined. For all measures, 100% of any advance and lump sum payments a person may be eligible for are quarantined.

#### Income Management vs Enhanced Income Management

 <p>Income Management = Basics Card</p>	 <p>enhanced Income Management = SmartCard</p>
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Enhanced income management began on 4 September 2023. If a person was already on Income Management at this date, they could choose to move to Enhanced Income Management with a SmartCard or stay on income Management and keep using a BasicsCard. All new participants from 4 September 2023 go into the Enhanced Income Management program with Smart Card. Enhanced Income Management is largely the same as Income Management, the main change is that the technical features of the Smart Card differ slightly

<sup>2</sup> See [Northern Territory youth and long term payment recipients income management - Income Management and BasicsCard in the Northern Territory - Services Australia](#)

<sup>3</sup> This means an approved organisation has referred the participant. In the NT the only approved organisation is the Banned Drinkers Register.

from the older Basics Card. Key differences include ability to use online banking, online shopping, and the card is able to be used on more EFTPOS terminals.<sup>4</sup>

In 2022, the Federal Government committed to moving away from compulsory income management. In the lead up to the election, the Labor party committed to ending mandatory income management of all forms.<sup>5</sup> However the legislation passed at the end of 2022 abolished the Cashless Debit Card but left existing compulsory income management mechanisms in place in the NT.<sup>6</sup>

The Department of Social Services is undertaking a “phased consultation process to inform decisions on the future of IM” that has occurred over 2023 and 2024. While full details of consultation have not been published at the time of writing, at the Department’s appearance at the hearing for the Parliamentary Joint Committee on Human Rights’ Inquiry into Compulsory Income Management on 5 July 2024, a brief summary of consultation themes regarding a voluntary scheme was provided:

“From the nearly 4,000 consultations held to date, the department has identified that there is a clear message that people want choice on whether to stay on the program or leave. Although we have heard many would choose to leave, there are also many individuals who have said they would choose to stay on the program. . . We see a clear preference to allow people to choose whether to participate in the program.”<sup>7</sup>

## Evaluation

The original purpose of CIM was to stem the flow of cash that is expended on substance abuse and gambling, and to ensure funds that are provided for the welfare of children are expended appropriately.<sup>8</sup> In the 17 years since compulsory income management’s introduction there have been several evaluations into whether it has been effective in achieving its stated aims.<sup>9</sup>

The most significant evaluation completed into CIM in the NT, “could not find any substantive evidence of the program having significant changes relative to its key policy objectives, including changing people’s behaviours”.<sup>10</sup> This evaluation also found that CIM has increased dependency on the welfare system, contrary to its stated intent of building financial skills and capacity.<sup>11</sup> In a 2024 publication, Roche et al. also found that CIM is considered ineffective in reducing social harms, exacerbates challenges for recipients living in regional remote areas and is a form of social control and disempowerment.<sup>12</sup>

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<sup>4</sup> Full differences between the card are detailed here: [Comparison between cards - SmartCard information for businesses - Services Australia](#) and [Enhanced Income Management and Income Management differences fact sheet | Department of Social Services](#)

<sup>5</sup> See for example Catherine King MP, Tanya Plibersek MP, Senator Malarndirri McCarthy, and Marion Scrymgeour (6 May 2022) Media Release, ‘Labor’s Plan for Central Australia’ Available at: <https://perma.cc/WZN3-M4MV>

<sup>6</sup> Explanatory Memorandum, Social Security (Administration) Amendment (Repeal Of Cashless Debit Card And Other Measures) Bill 2022

<sup>7</sup> Official Committee Hansard, Parliamentary Joint Committee on Human Rights: Inquiry into Compulsory Income Management. Public, 5 July 2024, Canberra. Hope, Letitia. p.45; See also Department of Social Services’ submission (14) Available at [https://www.aph.gov.au/Parliamentary\\_Business/Committees/Joint/Human\\_Rights/HRIncomeManagement](https://www.aph.gov.au/Parliamentary_Business/Committees/Joint/Human_Rights/HRIncomeManagement)

<sup>8</sup> Explanatory Memorandum, Social Security and Other Legislation (Welfare Payment Reform) Bill 2007, p. 5

<sup>9</sup> Evaluations commissioned by the government are listed here: [Reporting and data | Department of Social Services](#)

<sup>10</sup> Bray, J. R., Gray, M., Hand, K., & Katz, I. (2014). *Evaluating New Income Management in the Northern Territory: Final evaluation report*. Social Policy Research Centre, University of New South Wales

<sup>11</sup> Ibid.

<sup>12</sup> Roche, S., Taylor-Zach, N., Taylor, R., & Mendes, P. (2024) *Perspectives on the ongoing impact of compulsory income management in the Northern Territory*. Australian Journal of Social Issues, 00, 1-18. Available at: <https://onlinelibrary.wiley.com/doi/10.1002/ajs4.323>

As well as academic and independent evaluations, there have been multiple senate and parliamentary inquiries (see Appendix 2). The latest inquiry by the Parliamentary Joint Committee on Human Rights found that the evidence provided expressed an overarching position regarding CIM, “not only does it not achieve its primary objective of reducing hardship and deprivation, but in many cases, it significantly increases those negative effects”<sup>13</sup>. The Committee’s first recommendation was that the government make income management voluntary.<sup>14</sup>

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<sup>13</sup> Parliamentary Joint Committee on Human Rights (2024) Inquiry into Compulsory Income Management. [p. 17] Available at: [https://www.aph.gov.au/Parliamentary\\_Business/Committees/Joint/Human\\_Rights/HRIncomeManagement/Report](https://www.aph.gov.au/Parliamentary_Business/Committees/Joint/Human_Rights/HRIncomeManagement/Report)

<sup>14</sup> Ibid. p. xiii

## Appendix 1 - Data

	Disengaged Youth	Long-Term Welfare Payment Recipient	Voluntary Income Management	Child Protection	Vulnerable Welfare Payment Recipient	Vulnerable Welfare Payment Recipient – Youth	Supporting People at Risk	Total Participants	Per cent Indigenous
Income Management	2,263	8,901	1,303	0	80	10	0	12,557	88%
Enhanced Income Management	3,957	11,652	777	0	207	114	0	16,707	81%
<b>Total participants</b>	<b>6,220</b>	<b>20,553</b>	<b>2,080</b>	<b>0</b>	<b>287</b>	<b>124</b>	<b>0</b>	<b>29,264</b>	

Data source: Australian Government Department of Social Services. (2025). Income Management Data Summary – January 2025. Available at: <https://data.gov.au/data/dataset/australian-government-income-management-program>

## Appendix 2 – Further reading

*Note: there is a significant body of literature regarding income management and these lists are not intended to be exhaustive.*

### Parliamentary and Senate inquiries:

1. Parliamentary Joint Committee on Human Rights (2024) Inquiry into Compulsory Income Management  
 Link to: [Inquiry report](#); [NTCOSS Submission](#)
2. Inquiry to Social Security (Administration) Amendment (Income Management Reform) Bill 2023  
 Link to: [Inquiry report](#); [NTCOSS Submission](#)
3. Inquiry into the Social Security (Administration) Amendment (Repeal of Cashless Debit Card and Other Measures) Bill 2022  
 Link to: [Inquiry report](#); [NTCOSS Submission](#)
4. Senate Community Affairs Legislation Committee on the Social Security (Administration) Amendment (Continuation of Cashless Welfare) Bill 2020  
 Link to: [Inquiry report](#); [NTCOSS Submission](#)
5. Senate Inquiry on the Social Security (Administration) Amendment (Income Management to Cashless Debit Card Transition) Bill 2019  
 Link to: [Inquiry report](#); [NTCOSS Submission](#)

## Academic articles

- Bray, R. J. (2016) 'Seven years of evaluating income management – what have we learnt? Placing the findings of the New Income Management in the Northern Territory evaluation in context', *Australian Journal of Social Issues* Vol.51 No.4, p. 464.  
<https://doi.org/10.1002/j.1839-4655.2016.tb01243.x>
- Parsell, C., Vincent, E., Klein, E., Clarke, A., Walsh, T., & Marston, G. (2020). Special Issue: welfare Conditionality in Australia. *The Australian Journal of Social Issues*, 55(1).  
<https://doi.org/10.1002/ajs4.103>
- Peterie, M., Marston, G., Mendes, P., Bielefeld, S., Staines, Z., & Roche, S. (2020). The 'hidden costs' of compulsory income management. *Social Security Rights Review*. <https://www.ejaustralia.org.au/social-security-rights-review/the-hidden-costs-of-compulsory-income-management/>
- Roche, S., Taylor-Zach, N., Taylor, R., & Mendes, P. (2024). Perspectives on the ongoing impact of compulsory income management in the Northern Territory. *The Australian Journal of Social Issues*, 59(4), 995-1012. <https://doi.org/10.1002/ajs4.323>

## Other useful documents

- Australian Council of Social Service. (2014). Compulsory Income Management: A flawed answer to a complex problem. Policy analysis: Updated September 2014. Available at: [https://www.acoss.org.au/images/uploads/Income\\_management\\_policy\\_analysis\\_September\\_2014.pdf](https://www.acoss.org.au/images/uploads/Income_management_policy_analysis_September_2014.pdf)
- Australian Council of Social Service. (2020). Cashless debit cards & income management: a briefing note on the evidence. Available at: <https://www.acoss.org.au/wp-content/uploads/2020/10/Cashless-debit-cards-1.pdf>