

SACOSS Factsheet: Income Management



#4: Implications for small towns and communities

Overview

A bill currently before Federal Parliament¹ seeks to extend a system of compulsory income management, initially introduced into select indigenous communities in the Northern Territory, to areas throughout Australia. The compulsory scheme quarantines part of an individual's social security payment to ensure that it is used in particular ways (usually on goods deemed essential or appropriate). This may have particular ramifications for parts of South Australia.

The Federal government has said compulsory income management will be applied to "disadvantaged regions" after a review of the Northern Territory experience, but there is no definition of "disadvantaged area" and neither the review nor the limitation to disadvantaged areas is required by the Act.

The Australian Bureau of Statistics has economic indicators² which rank all localities in Australia from 1 to 100 in terms of the level of socio-economic disadvantage. A rank of 1 means that those areas are in the 1% of areas rated as the most disadvantaged in the country, while a rank of 100 is the least disadvantaged.

Small towns and rural areas

Assuming that compulsory income management is more likely to be targeted at areas of most disadvantage, there are a range of small towns and communities areas in South Australia where the scheme may be applied. The following table shows the towns and localities that are listed by the ABS as among the top 5% of the most disadvantaged localities in Australia. (It must be noted that the SEIFA data does not include the various Aboriginal communities in the APY and Maralinga lands. There is little doubt that many of these communities would rate as highly disadvantaged and therefore be primary targets as income management areas.)

¹ Social Security and Other Legislation Amendment (Welfare Reform and Reinstatement of the Racial Discrimination Act) Bill 2009 and related bills.

² SEIFA - Socio-Economic Indexes for Areas.

**SA small towns and localities
among the top 5% of the most disadvantaged suburbs in Australia.**

Blanchetown	Georgetown	Mudamuckla	Solomontown
Clinton	Gerard	Nangwarry	Snowtown
Copley	Hillier	Nepabunna	Tailem Bend
Cross Roads	Iron Knob	Parham	Tarpeena
Curramulka	Kooniba	Peterborough	Terowie
Evanston	Marree	Pinks Beach	Walleroo
Fisherman Bay	Moonta Mines	Point Pearce	Warooka
Gawler West	Mount Burr	Redhill	Yalata

Apart from the social problems and inefficiencies of compulsory income management generally (see SACOSS Fact Sheet “Compulsory Income Management #1: Implications for SA”), applying the scheme to small towns and communities areas also has large logistical problems.

- General arbitrariness where welfare recipients may not be able to access half their income when journeying into a larger towns or neighbouring area where income management may not apply and shops may not be set up to accept the Basics Card (which is issued instead of cash).
- Welfare recipients potentially having to travel long distances to shops if the local shops do not accept the Basics Card.
- Extra administrative burden on small regional businesses who do participate in the scheme
- Possible loss of town populations (and possibly the viability of marginal businesses/communities) if people move to towns where there is no income management.

These practical problems highlight the arbitrariness and unfairness of the system. Added to the general social critique of the scheme, this suggests that compulsory income management is not a useful tool to address issues in vulnerable and disadvantaged communities in South Australia.

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