

SACOSS Factsheet: Compulsory Income Management

#3: Implications for Suburban Adelaide

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 that 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.

Suburbs

The following Adelaide suburbs are listed by the ABS as amongst the top 5% of the most disadvantaged suburbs in Australia:

Angle Park	Elizabeth	Kilburn	Smithfield Plains
Athol Park	Elizabeth Grove	Mansfield Park	Taperoo
Bolivar	Elizabeth North	Munno Para	Woodville Gardens
Christie Downs	Elizabeth Park	Ottoway	
Davoren Park	Elizabeth South	Salisbury North	
Dudley Park	Hackham West	Smithfield	

From this list, and assuming that compulsory income management is more likely to be targeted at areas broader than individual suburbs, it can be seen that the areas or regions most likely to be targeted would be around Elizabeth, and the "Parks" districts to the east of Port Adelaide (Angle Park, Athol Park, Ottoway, Mansfield Park, Woodville Gardens).

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 suburban areas also has large logistical problems.

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.

- General arbitrariness where welfare recipients may not be able to access half their income when journeying into the city (or even a neighbouring suburb).
- “Boundary problems” where the scheme is applied to particular suburban areas and not to neighbouring areas – in some cases welfare rights and regimes could literally be different simply by living on opposite sides of the road;
- “Retailer-participation” problems where welfare expenditure is channeled to major retail chains, or alternatively there is an extra administrative burden on small businesses participating in the scheme.

There is a further difficulty in that boundary problems decrease if larger areas are chosen for income management, but choosing larger areas makes the scheme more expensive to manage and less targeted.

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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