

## **Answer to Question on Notice: Parliamentary Joint Committee on Human Rights – Inquiry into Compulsory Income Management**

### **Senator Lidia Thorpe asked Economic Justice Australia on 10 July 2024 –**

What is your view of the Family Responsibilities Commission model, which fundamentally still facilitates non-voluntary income management, despite all calls from experts and the community? (For example, the Commissioner holds the power to quarantine someone's income without their consent, and deny requests to be taken off even the voluntary program if the commissioner believes it is not in the “best interests” to do so)

### **Answer –**

The Family Responsibilities Commission (FRC) model of compulsory income management differs greatly from models elsewhere in Australia and is not representative of the reality for most people subject to compulsory income management. According to the FRC's Annual Report, only 60 people were subject to compulsory income management under this model in the 2022/23 financial year,<sup>1</sup> compared to the 30,383 people currently subject to income management nationwide.<sup>2</sup>

Several key differences distinguish the FRC model:

1. A maximum term vs no time limit: The FRC imposes compulsory income management for a maximum term of 12 months. This stands in stark contrast to other models that are without time limit, with exemptions and exit difficult to obtain. Elsewhere in Australia, individuals can only obtain a maximum 12-month exemption before having to reapply again for that exemption.
2. Trigger mechanism vs blanket approach: The FRC's compulsory income management is triggered by specific information received by the FRC rather than blanket determinations based on geography.
3. An inbuilt mechanism for review vs no review: Individuals subject to compulsory income management under the FRC can apply to have the order amended, either by the proportion of income being managed, or the duration of the order, or both.
4. Case management support vs no support: Individuals subject to compulsory income management under the FRC are provided with case management support.

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<sup>1</sup> See Family Responsibilities Commission 'Annual Report 2022-2023, p 32(<https://www.frcq.org.au/files/2023-report/FRC%20Annual%20Report%202022-23%20Final%20PDF%20greyscale%20-%20searchable%20rotated.pdf>)

<sup>2</sup> See Department of Social Services 'Income Management (IM) and enhanced IM – Participant Data' (3 May 2024) ([www.dss.gov.au/families-and-children-programs-services-welfare-reform-enhanced-income-management/income-management-im-and-enhanced-im-participant-data?HTML](http://www.dss.gov.au/families-and-children-programs-services-welfare-reform-enhanced-income-management/income-management-im-and-enhanced-im-participant-data?HTML))

5. Local decision makers vs top-down approach: Decision makers the FRC are local and often from the same cultural background as participants.

The fundamental issues with compulsory income management of autonomy, consent, and effectiveness remain problematic, requiring close scrutiny and consideration.

There is extensive evidence showing that involuntary income management is ineffective in achieving its goals and that it has harmful effects for many. Despite this evidence and despite previous commitments from the Government to end involuntary income management, the present legislative and policy framework operates to embed involuntary income management as a component of the social security framework. Compulsory income management is not a reasonable means of achieving its purported aims, with the flouting of human rights intrinsic to the compulsory quarantining of social security entitlements is not justifiable.

**18 July 2024**