

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 -

How does the income management scheme impact the extreme cost of living crisis, particularly in remote communities where food prices can be three times higher than in town centres?

Answer -

Economic Justice Australia's (EJA) expertise is drawn from the experience of our members who have been providing specialist social security legal assistance for over 30 years, including to people subject to compulsory income management. Given EJA's focus on ensuring that social security legislation enhances rather than impedes access to social security entitlements and rights, our insight is focussed on the impact of the cost of living crisis for people receiving social security payments.

Compulsory income management by definition restricts what a person can and cannot do with the majority of their social security payments without being given a choice in the matter. This is a significant imposition on individual autonomy, self-determination and the right to private life, and the core of the human rights concerns with compulsory income management.

Consultations with our member centres and community services operating in remote Australia support findings that people subject to compulsory income management experience a loss of autonomy, unique administrative burden, inflexibility in choices and stigmatisation when it comes to their basic needs including food. We know that even before the COVID-19 pandemic the cost of food in remote areas was 56 per cent higher than in a district centre supermarket,¹ with this divide only increasing since the COVID-19 pandemic.

Loss of autonomy and flexibility

Regarding inflexibility of food choices, people subject to compulsory income management are unable to use the 'managed' portion of their payments for cash which could be used for informal or cheaper purchases. This can include markets, wholesalers, smaller businesses, community events, and alternative food sharing practices. Not only does this restrict people's ability to shop around and find the best deals, it pushes them towards bigger 'approved' retailers that are widely known for issues relating to pricing and affordability. Compulsory

¹ Report on food pricing and food security in remote Indigenous communities, 2020 *House of Representatives Standing Committee on Indigenous Affairs*. P.11.

income management disregards local customs and ways of eating and living by applying a blanket approach based on geography.

This finding is supported by the 2018 independent evaluation of Bankstown's compulsory income management² which found that compulsory income management decreased food affordability. This was due to a combination of factors including the least expensive food shops not being approved for those on compulsory income management, and 'big box' supermarkets not being the most appropriate or affordable choice. This research also found that compulsory income management prevented people being able to purchase their cultural and religious foods which led to disengagement from the community.

Heavy administrative burden

People subject to compulsory income management may experience a higher administrative burden when it comes to their food choices. They may be unable to fulfill immediate unexpected basic needs for their families. For example, in remote Australia it is common for the only food source for 100s of kilometres to be a roadhouse with an attached alcohol store and pub. This means people subject to compulsory income management may be excluded from the only available food source. For individuals travelling in remote Australia, accessing affordable and healthy food may require a significant amount of planning, or risk families being unable to eat. For example, to determine where compulsory income management is accepted individuals are required to search using the Services Australia website and plan accordingly. This heavy administrative burden is often exclusionary because it requires reliable digital access and literacy.

Stigmatisation

During a visit to very remote Australia in early 2024, EJA spoke with a community service provider who explained that some women in their community felt so ashamed about being subject to compulsory income management that they would not use their compulsory income management cards if the purchase required a public transaction. These women felt they could not use their cards at their local roadhouse or grocers (the only available food sources for more than 200kms), because community members would see and make assumptions about their capacity. These assumptions were damaging and at odds with their leadership roles within the community. Most were employed by community services, receiving supplementary social security income related to their caring responsibilities. They were forced to 'go without' because they would not use their compulsory income management card to buy food in their community.

Compulsory income management is not a reasonable means of achieving its purported aims, and the flouting of human rights intrinsic to the compulsory quarantining of social security

² Spencer, Liesel. Place-Based Income Management Legislation: Impacts on Food Security. *Flinders Law Journal* 2018 20(1)

entitlements is not justifiable. In an era of deepening poverty for people in remote Australia,³ compulsory income management adds further to the burden, exacerbating the cycle of poverty and social exclusion rather than alleviating it.

Poor base rates of payment

Here we note an important underlying factor – that compulsory income management is being applied to people receiving already inadequate base rates of payment. EJA strongly supports reform to:

- increase social security income support payment rates to provide parity with pensions (a modest \$78 a day), with indexation linked to both inflation and wages
- Increase and index Remote Area Allowance (which has not increased since 2000) to reflect living costs in remote communities
- increase the maximum threshold for Commonwealth Rent Assistance by 60%
- establish a Digital Allowance (i.e. reworking and expanding Telephone Allowance) to assist all people receiving income support to afford mobile phones and data

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³ See Dr Francis Markham, 'Submission to The Inquiry into The Extent and Nature of Poverty in Australia' (October 2023), Submission no. 251, p.6-7. Also Community Affairs References Committee, 'The extent and nature of poverty in Australia: Final Report' (February 2024), p 50 (parlinfo.aph.gov.au/parlInfo/download/committees/reportsen/RB000208/toc_pdf/TheextentandnatureofpovertyinAustralia.pdf)