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Official Committee Hansard

SENATE

COMMUNITY AFFAIRS REFERENCES COMMITTEE

Reference: Poverty and financial hardship

TUESDAY, 29 APRIL 2003

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SENATE
COMMUNITY AFFAIRS REFERENCES COMMITTEE

Tuesday, 29 April 2003

Members: Senator Hutchins (*Chair*), Senator Knowles (*Deputy Chair*), Senators Barnett, Humphries, Lees, McLucas and Moore

Participating members: Senators Abetz, Bartlett, Bishop, Carr, Chapman, Coonan, Crossin, Denman, Eggleston, Chris Evans, Faulkner, Ferguson, Ferris, Forshaw, Harradine, Harris, Lightfoot, Ludwig, Mason, McGauran, Murphy, Nettle, Payne, Tierney, Watson and Webber

Senators in attendance: Senators Humphries, Hutchins, Lees and McLucas

Terms of reference for the inquiry:

To inquire into and report on:

1. a) the extent, nature and financial cost of
 - i) poverty and inequality in Australia
 - ii) poverty amongst working Australians
 - iii) child poverty in Australia; and
 - iv) poverty in Australian communities and regions;
 - b) the social and economic impact of changes in the distribution of work, the level of remuneration from work and the impact of underemployment and unemployment;
 - c) the effectiveness of income-support payments in protecting individuals and households from poverty; and
 - d) the effectiveness of other programs and supports in reducing cost pressures on individual and household budgets, and building their capacity to be financially self-sufficient
2. That in undertaking its inquiry, the committee also examine:
 - a) the impact of changing industrial conditions on the availability, quality and reward for work; and
 - b) current efforts and new ideas, in both Australia and other countries, to identify and address poverty amongst working and non-working individuals and households.

WITNESSES

ADKINS, Mrs Janet Valerie, Research and Policy Officer, Shelter SA 47

**BAKER, Ms Monika Dora, Spokesperson, Australian National Organisation of the Unemployed;
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Committee met at 9.50 a.m.

BUTLER, Mr Mark Christopher, State Secretary, Liquor, Hospitality and Miscellaneous Workers Union (South Australia)

LAPTHORNE, Mrs Lynette Joy, Union Delegate, Liquor, Hospitality and Miscellaneous Workers Union (South Australia)

McSCHEFFREY, Ms Lisa, Union Delegate, Liquor, Hospitality and Miscellaneous Workers Union (South Australia)

SPENCER, Mr Russell John, Union Delegate, Liquor, Hospitality and Miscellaneous Workers Union (South Australia)

CHAIR—Welcome, ladies and gentlemen. I declare open this public hearing. The Community Affairs Reference Committee is commencing its hearing on the inquiry into poverty and financial hardship. Today's program includes representatives from a number of groups. However, time has been set aside to receive comment directly from those in the audience. To begin proceedings I welcome representatives from the Liquor, Hospitality and Miscellaneous Workers Union. The committee prefers evidence to be heard in public but evidence may also be taken in camera if such evidence is considered by you to be of a confidential nature. Witnesses are reminded that the evidence given to the committee is protected by parliamentary privilege and that the giving of false or misleading evidence to the committee may constitute a contempt of the Senate. I now invite you to make an opening statement, to be followed by questions from the committee.

Mr Butler—All of our evidence we propose to give in public. We do not seek any in camera evidence. At the outset, Senator, I thank your committee for allowing us to appear at this inquiry. This is an extraordinarily important inquiry, from our union's national perspective. We look forward, not only in South Australia but around the country, to participating in your inquiry's endeavours.

There has been an extensive national written submission made by our union. Our national secretary, Jeff Lawrence, will be making the principal oral submission, I understand, at your Sydney hearings later in May, so I do not propose to go through that submission in any detail. Given it is the first day of your inquiry, I do propose to give a brief outline of our submission and then give some South Australian context to that submission before allowing my colleagues to give some real life experiences about how that submission plays on the ground.

It goes without saying that, as a trade union, our interest in this inquiry particularly relates to the terms of reference concerning work—that is, terms of reference Nos 1(b) and 2(a)—but our written submission makes the point that often the low-paid employees and unemployed are one and the same person at different stages of their life. Although we do particularly focus upon the issue of low-paid work, that does not belie any sort of lack of interest in the issues facing the unemployed, which I imagine will be ventilated by other witnesses.

By way of short introduction, our union in South Australia does cover a number of sectors in manufacturing and the Public Service that perhaps are not the focus of your committee's

inquiry. But in South Australia we also cover a range of services sectors that could, on any view of it, be judged as low paid. They are property services sectors that include cleaning and security; personal care services that include aged care, child care and disabilities; also the hospitality and tourism sectors.

In summary, our submission is that there is a crisis of low pay in this country that demands a new societal commitment that must be led by government to developing a framework for fair wages and decent work. Low pay and fragmented work patterns are becoming endemic, creating a huge pool of working Australians who are not sharing in this country's economic growth. This crisis is especially endemic in the burgeoning services sector of the economy; as all senators will know, the sector that has provided the vast bulk of employment growth now for some years. One statistic that demonstrates this is that over the course of the 1990s some 50 per cent of all jobs created in this country paid less than \$300 per week.

There are two elements to the crisis of low pay, in our submission. The first one is that workers in these jobs are stuck on low minimum award rates of pay that have stagnated for some years and show no signs, under our current industrial relations systems—and I include state systems in that—of being addressed in any meaningful way. The second element of the crisis lies in the fragmented nature of work in the services sectors now. There are a number of elements to that: casualisation, the incidence of labour hire, the general deregulation of hours of work and shift patterns. This means that from week to week and year to year, workers in these sectors do not have any particular security or confidence over the work they will be able to get next week or next year.

At the end of a decade of spectacularly low inflationary growth, Australia has become a much more unequal society. The lowest paid over the course of the 1990s, the lowest decile of income earners in Australia, have gone backwards. That is just a fact. From 1990 to 1997, for example, the lowest 10 per cent of income earners in Australia suffered a decline in their real wages, their real hourly rate of pay, to the tune of 8.4 per cent. Insecurity of hours that I have described as the fragmented work patterns has exacerbated that trend. For example, the group of workers that are generally described by statisticians as elementary service workers suffered a decline of about 15 per cent in their real weekly wages over the course of the 1990s, reflecting a combination of a reduction in hourly rates of pay in real terms combined with a lack of security over hours and shifts of work. At the same time, to illustrate the growing inequality in our wages system, the group described generally as managers enjoyed an increase of some 41 per cent in real terms in their weekly wages over the course of the 1990s.

The causes of this crisis are many and they are outlined in our written submission. What they altogether constitute, in our view, is a systemic failure. Firstly, there is a market failure to deliver socially acceptable outcomes to the low paid in our community. Secondly, there is a manifest failure by governmental systems, particularly the industrial relations systems, to correct that market failure. In the market there is a growing tension between company profits and wages. In the last 30 years ABS data tells us that the profit share of company total factor income has increased from 16 per cent to 24 per cent, an increase of some 50 per cent of profit share over 30 years. At the same time, unsurprisingly, the wages share of total factor income has declined from about 62 per cent to 54 per cent.

Changes in the economy—things like globalisation and government policies relating to the public sector—have also led to a massive decline in traditional areas of full-time secure

employment; areas that have been particularly important to South Australia such as manufacturing and the Public Service, and traditional financial sectors such as the traditional banks.

Nationally, data such as the February 2003 statistics demonstrate that, showing that in that month alone Australia lost 69,000 full-time jobs and increased the number of part-time jobs to the tune of 22,000. This is especially concerning for a regional economy like South Australia. We are not enjoying the benefits of the new economy with the creation of full-time reasonably well-paid jobs in the information, communication and new financial services sectors. Those jobs are not coming to South Australia to replace the full-time relatively well-paid jobs that we are losing every week.

In South Australia recently we have seen things like Mobil deciding to pull out their refinery operations in South Australia. That has led to the loss of several hundred well-paid full-time jobs. In the south-east, Buttercup has closed a bakery with well over 30 well-paid full-time jobs. It is the start of a downsizing operation by that company that will probably lead to the loss of about 1,100 regional full-time operational jobs. These are jobs that are not, in South Australia and other regional economies, being replaced by well-paid full-time jobs. They are being replaced by part-time casual jobs which are characterised by precarious employment.

As the number of these jobs grows, our industrial relations systems demonstrate an utter failure to respond to the needs of the low paid. Overwhelmingly, these workers are reliant upon minimum award wages. A statistic that illustrates that is that some 50 per cent of workers who receive the national wage and state wage case increases earn less than \$13 per hour. They are the only group of workers in this country that have any outside regulation of their wages. As a group of workers who need these increases the most, they are the only group of workers whose increases are restrained by macro-economic factors such as inflation.

The first tier of income earners in this country are managers, professionals, salaried workers who have never been subject essentially to our industrial relations system and have, as I have indicated, done very well through the 1990s and remain largely unregulated. The second tier, though, which is a phenomenon of the last 12 years, are workers who have been subject to enterprise bargaining agreement increases, and again they are not subject to any macro-economic or, for that matter, micro-economic factors determined by a third party. It is between these tiers, the second tier of enterprise bargaining workers and the third tier of low-paid workers who are reliant upon award wages, where we have also seen a growing inequality emerge.

In our written submission there is a case study of the cleaners in South Australia compared to senior cellar hands in the wine industry, which we also cover. The trades equivalent rate for both of those industries in 1992 was \$417. A trade equivalent worker working as a cleaner or as a senior cellar hand in 1992 would have earned \$417. Since that time, cleaning wages have increased by \$108. Senior cellar hand wages have increased by \$229, over double the increases that have been achieved through the national wage case. Over a period of 10 years, that equates to an increase of about \$10 a week per year, an increase of 25 per cent over 10 years, while generally workers on enterprise bargaining agreements have enjoyed increases of closer to 55 to 60 per cent over that same period. And the old arguments about enterprise bargaining being a pathway to greater efficiency and productivity that was not presented by the award system is shown to be also something of a falsehood when comparing cleaning to the wine industry. There

is no group of workers in this state, I would venture, that have delivered the same productivity and efficiency measures as cleaners.

Our case study also goes to show, for example, the general workload in 1992 of a cleaner working in an office building in South Australia: generally, there might have been two, perhaps even three, cleaners per floor of an office building, whereas now there will generally be two cleaners for two floors, and my colleagues will outline some of the other productivity measures or efficiencies that have been forced on them by the market and by the competitive pressures by clients, not their employer, at the same time that they have been achieving wage increases of \$10 per week per year.

Our submission details in some length our arguments why the bargaining system is not an appropriate system of wage fixation for the services sectors by and large, and certainly that is a submission that we stand by in South Australia, for a range of reasons that I will not go into, and allow the senators to read our written submission. However, I would make the point that, even if enterprise bargaining, an unregulated system of wage fixation, were suitable for contract cleaning, child care or the pub on the corner, it is not a system that would provide any sort of decent relief to the needs of the low paid. What is needed is government intervention to provide the sorts of things that are set out in our written submission, the sorts of reliefs to the crisis of low pay and award wages and the fragmented work patterns that are bedevilling the sorts of services sectors that I have talked about. I will not, though, go on about those things. They are set out in some detail, and also our national secretary will be able to elaborate on our views about that.

Before I introduce my colleagues, though, can I firstly stress how important our union sees this inquiry. We have spent some hours with our elected state council going through our submission and what it is that we think we should be doing about the inquiry on workplaces by way of training, education and information dissemination to our members. Our council has taken the decision to refer the subject matter of this inquiry to our annual convention, where we have about 300 delegates for a full day in July, talking and thinking about matters of importance to them, and this is seen as a matter of very much first importance.

Can I emphasise, though, from that that there is a strong sense of hope that this inquiry and what comes out of it does not simply become a talkfest and that the inquiry yields more than sympathy and platitudes, that the inquiry must yield some concrete proposals for change. This is not only a matter that concerns our members as working people themselves; this is a matter that should concern all of us because it is the sort of working society that all of our children are going to be looking at entering whenever it is that they start leaving school. My first colleague is Lyn Laphorne, so I introduce Lyn to the committee.

Mrs Laphorne—I am 56 years of age. I am a cleaner and an LHMU member. I work at the South Australian Submarine Corp and have been there for about 14 years. I am married with four children, one still at home. I work approximately 16 hours a week. The rate of pay is \$12.38 an hour, the minimum rate. Just before Christmas last year, I received the minimum wage pay rise and the boss responded by reducing the hours of work by up to an hour a day—no less work, but less hours. This makes the pay rise meaningless. What can the committee do to make sure that the next pay rise does not result in a loss of hours of work? The general lack of hours for cleaners means that single people have to do more than one job to make ends meet. This is particularly bad for single mothers.

We had a cleaner—her name was Karen—who was a single mother and had to hold down two to three different cleaning jobs to really make ends meet. We also had another cleaner—I will call him Edward—who used to work three hours an afternoon, five days a week, but ended up getting \$10 less than he would have if he was on the dole, so he has since left. The cleaning contract system renegotiated every 12 months means constant uncertainty, unable to plan for financial future. What can the committee do about this?

CHAIR—Thank you, Lyn.

Ms McScheffrey—I am 31 years of age. I am in a de facto relationship, with three children under 10. I currently work at the Flinders Medical Centre Community Child Care Centre as a child-care worker and I have been there for 10 years. I am also an LHMU member. I work on a casual rate because I choose to, as I will get more money per hour, \$15.35 an hour doing 24 hours a week, and I forgo my sick leave and holiday pay as I am better off getting the extra hourly rate.

We used to get a health care card. We no longer do, because my partner's and my combined income is \$50 over the limit. Due to not having a health care card, we get no help with school fees and have to pay the full doctors fees, as there is no bulk-billing in my area. The family payment system does not seem to support families where both parents are part-time or casual. We have inadvertently incurred family allowance debts because we have to estimate our future incomes, and quite often have had to pay back. A number of times we could have been eligible for parenting payment but have not bothered to fill out the forms because it is too much hassle to fill them out and it is only for one or two fortnights. The next fortnight you are not eligible for it. You get knocked off. You have to go back and fill the forms out again.

My life could be worse, but when I see people like CEOs and managers earning so much money, obviously the money is there for us to be paid better so that I could afford to take my children on holidays, to go to the movies et cetera and to do household repairs, and maybe to run two cars. I would like the committee to look into the reasons why, if the money is there to pay CEOs and managers such large amounts of money, low-wage earners cannot have a better lot. Thank you.

Mr Spencer—I am 54 years of age. I am a cleaner and an LHMU member. Until recently I worked at the Myer Centre. I had worked there for 10 years, through three different employers as the contracts kept on changing. About six weeks ago I was made redundant. I was one of 15 people who were retrenched when the contract changed. Twelve of us were over 40. We were cleaners with lots of experience. As a result of losing the job and of having three different employers over the 10 years that I worked on the one site, I have no long service leave, because each employer has committed it, but the long service leave is not portable. It makes life really difficult.

There are a few things that I would like to mention. My last three pay rises were followed by loss of hours and still the expectation to do the same amount of work, and it just gets harder and harder. Right now I am working only about 15 hours a week. I have managed to pick up some work with some other people, but if I am to take a second job I am going to be taxed at the highest tax rate, which, when you are earning \$12.38 an hour, makes it really hard. You are working for about \$7 an hour—I am not quite sure what it is.

My life right at this point is a real struggle, but for the last 10 years it has been, too. I own my own house and I have just not been able to afford to maintain it. It is falling apart around my ears. The major worry I have is that I cannot see myself being able to retire at all. I am going to have to be working until I cannot work any more. When you are doing physical work, the older you get the harder it gets. My body hurts now. God knows what it is going to be like in 20 years time. That is all I have to say. Thank you very much.

Senator McLUCAS—Mr Butler, there is a lot of discussion about the definition of poverty and financial hardship and in many respects there is a quandary about whether we define poverty in terms of an amount of money per week that a person may receive, whether in employment or not, or whether we talk more about relativities to average payments. Does the LHMU have a view about how we should as a community talk about financial hardship or poverty in order to direct policy and to make decisions about where we put minimum wages and to then make judgments about what people should achieve in order to participate in society?

Mr Spencer—We have a couple of different views about that. Our first view, very importantly, as Australians is that definitions of this type that drive policy must have an absolute element and a relative element. One of the real concerns about what has happened over the last 10 to 15 years is not only the absolute position of low-paid workers in this country but how their relative position has plummeted at a time of unprecedented low inflationary growth. That creates a fundamentally different society to that which we were all born into, and words to that effect should be a cause for concern.

Our principal concern, however, is the absolute level of difficulty that low-paid workers face every day. In our written submission we have made some comments about the old basic wage principles. I know that ACOSS has done a lot of work on trying to revive the idea of the basic wage based on the old Harvester principle of what it takes to sustain, in a minimum way, the average family. Obviously a whole lot of things socially have changed since Harvester, for the better, and you are dealing with a much broader range of types of family. Lisa referred to some of them.

We think it is going to be a much more difficult task than how the industrial relations system used to deal with things. It is also a more difficult task than how things like the Henderson inquiry dealt with issues of poverty. What has happened in the last 15 years, we would suggest, is that the previously relatively clear distinction between working people and unemployed people for the purposes of poverty policies has blurred. There is now a very significant proportion of the work force who, on any person on the street's definition, is doing it too tough.

Senator McLUCAS—Especially, as someone commented, someone working for 15 hours a week, I think it was, who is actually getting less than the unemployment benefit. When you have that reality facing you, people have to make choices.

Mrs Laphorne—I feel there is no incentive for somebody to be working when they get more on the dole. This gentleman was in his 50s and he did remain there for a few years, he stuck to it, but I could see younger ones thinking, 'I don't want that. I can get more on the dole.' It really does not work out.

Senator McLUCAS—No. You have to make choices. You have to survive.

Ms McScheffrey—My partner works casually as well, and we would almost be better off if he cut back his hours because we would get more from social security. We would get a health care card. We would get a lot more benefits if he just cut back his hours a bit. But he has to do the hours for the boss.

Senator McLUCAS—Mrs Laphorne, in your industry—cleaning—most of you would work outside of regular nine to five work hours. Can you make any comment about people having multiple jobs and what that does to family life, especially for younger people, younger women, with smaller children?

Mrs Laphorne—The lady I mentioned was trying to work at two to three jobs. It would have taken her all day to cover those jobs and then she would have one at night which she would finish at about seven, 7.30, so it was only after that that she had time to spend with her family and her daughter. Going from place to place and working in different jobs, too, means your taxation goes up, for one. You have all the travelling. You have to get from one job, to the next, to the next, just to get a decent income.

CHAIR—Can I ask a general question to all four of you, if you would like to comment on it. In the year 2002, unpaid overtime overtook the number of hours all people who are registered as unemployed could have worked. Do you have any personal instances where people are not getting paid overtime but are expected to work extra hours?

Mr Spencer—When I was working in the Myer Centre, I was working two shifts, working a split shift. I was working from five till eight or 8.30 of a morning, and then going back at night and working from five till 9.30, getting home at 11, or getting home at half past 10, having to get up and go to work. But regularly of a morning there was not enough time to do the job properly, and I would do half an hour to an hour extra, and they would say, ‘We’ll make up for it,’ but if you start knocking off early on your night shift, they say, ‘But you’re not doing your night shift job properly,’ so it is a really vicious cycle.

CHAIR—How were you expected to make up for it?

Mr Spencer—Just work faster, work faster, work harder.

CHAIR—How were they going to make up for it?

Mr Spencer—They say you can knock off half an hour early here and there, but there is just not the time to do it.

CHAIR—It never happened?

Mr Spencer—It did; I used to sometimes. You could do it for a couple of days, but after losing a half an hour say two or three nights a week, your work gets behind and then they start jumping on you, saying you are not doing your job properly. I was told constantly, ‘You’ll just have to work harder and work faster.’ I pride myself on doing a fair day’s work for a fair day’s pay, and when you have people saying, ‘Sorry, that’s not good enough,’ it is very disheartening.

Working those split shifts was just hell on my life. I would wake up on Monday morning, and all there was in my life was work, basically, until 9 o'clock on a Friday night when I finished, and for that you are getting paid about 36½ hours, or 37 hours, I think it was, and it is just not enough money, especially to do those punishing hours. I would have thought that it was worth a darn sight more than that. I would have thought that I should not have to work those sorts of shifts. I had no social life at all. I would see my girlfriend one day a week. It is really hard to run a relationship doing that.

CHAIR—Yes.

Mrs Laphorne—My supervisor quite often gets called to work over the weekend. I am not sure of what time she puts in there but I know she is not being paid for any extra work like that. Also she might be asked to work back at night but she is not being paid for it. But I think because she is a supervisor she feels obligated to do it to keep the company happy so that we then are able to keep the contract. I think that is quite unfair. If they want the extra work, then they should be willing to pay for it.

CHAIR—Anybody else on that?

Mr Butler—The working of unpaid work, which would not be classed as overtime in these sectors, is endemic in cleaning, and also a real problem in most of the personal care industries. We have a view that a lot of the excessive hours debate over the last couple of years has focused on overwork—45 hours plus per week—at the expense of the sorts of problems that Lyn and Russell have talked about. Both worked at reasonably large workplaces. In a lot of the cleaning industry workplaces like small offices and things like that, where there is a sole cleaner, the pressure can be such that they do constantly work more than the two-hour shift that they are allocated. In some case they will get another family member to come in and help them clean so that they can get to a standard that allows them to keep their job.

In the personal care area, in aged care, particularly where there are generally five- to six-hour shifts, there is constant overtime being worked on an unpaid basis and largely for the reasons that Lyn just talked about, largely because of the sense of obligation that those workers have to the residents at the facilities. They reach the view that they can only actually do the work with an extra half an hour per shift. They will do it.

Senator LEES—I am interested in those traps that are there for people who perhaps do earn a little bit more. Could you expand for us, Ms McScheffrey, on the health care card and what you lose by just getting over that income threshold?

Ms McScheffrey—Basically we could get this family payment, which would mean we would get a health care card, if only one of us earned the amount that we both earn combined. There are two of us working casually, and we do that so that our children do not need to go to child care, there is always one of us at home with them, yet if one of us was earning the rate that we both earn, we would get a health care card and parenting payments. Due to not getting a health care card, we pay the full amount of school fees, which is \$160 a year for my two children, which does not seem like much to some people but when you have to come up with it at the start of the year, it can be difficult. I have to pay full fees for doctors. You get that little bit back from Medicare, but there is no bulk-billing in my area. Then there is travelling. We have one

car, so we catch buses a bit. That is full fees as well. Any entertainment—not a lot of it you get concession, but some of it you do, movies and things like that. You would get a concession if you had a health care card. They are probably the main things.

Senator LEES—Perhaps you could look at any other traps. I read through some of the submissions and they talk of public housing. Have you any examples in South Australia where people do get those extra few dollars a week, then the public housing responds? Has your union looked at some of those other traps, where if people do get that little bit of extra money, they are no better off?

Mr Butler—Off the top of my head, I do not have any examples of that in relation to public housing—unless Lyn or Russell do—but we would be happy to look at that and either forward it to the committee or have it raised at another hearing.

Senator LEES—You have mentioned the tax system, how that second job cuts in. There are three: Medicare, housing and that one. Can you think of any other areas where if you do manage to get those few extra dollars, in the long run you end up not being any better off? I would be happy if you could take that on notice and look at some of those specific traps that are out there.

Mr Butler—Yes.

Senator FORSHAW—Mr Butler, you gave some figures regarding what had happened to rates of pay for members in industries covered by your union over the last 10 years or so. My recollection is that back in the eighties and early nineties certainly the federal award system—and the flow through to the state award system—brought in the minimum rates adjustments payments and also the a range of other social wage initiatives, family allowances, superannuation and so on. I think anyone who looks at what happened at the time with minimum award rates will see that it was quite a significant improvement for people on minimum rates awards, as many of your members are. But it would appear from what you are saying now that the relative position and the improvement that was achieved then has disappeared over the last six to 10 years or so. What has been happening with those sorts of provisions in minimum rates awards, as far as your members are concerned? Is it the case that they just have not been able to be adjusted because of restrictions in the Industrial Relations Act and so on?

Mr Butler—That is right, Senator. The case study I outlined about cleaners versus senior cellar hands reflected a position where both of those awards had gone through the minimum rates adjustment process, which, as you point out, brought everyone to a level playing field. That was a bit of a watershed for our industry, for our union, we thought. Sectors finally were paid an award wage that reflected the skills and the responsibilities that they exercised rather than their industrial muscle. But very quickly that has all been undone. Going back to a wage fixing system that is more like law of the jungle through enterprise bargaining means that those who have a bit of industrial muscle and work in industries that have the money to pay wage increases have been able to fare reasonably well. On the other hand, there is a constant increasing pressure on the award system to suppress wage increases. You will see that because there is another inquiry into it, with the federal government's current bill before parliament, to make it even more difficult for the national wage case to deliver meaningful wage increases to

award workers. This is the nub of our concern about the industrial relations system: that the award system has been massively devalued by governments over the last 11 or 12 years.

Senator FORSHAW—If you put that with the restrictions and the problems that have come into the whole area of family allowance or family tax benefit payments—whatever they are called now; they have been changed on a number of occasions—you are getting hit from both sides. I also read in one of the other submissions where they were talking about Work for the Dole schemes and instances of where people were doing Work for the Dole within child-care centres. That takes up the jobs that might otherwise be allocated to part-time or full-time employees. Are you aware of that?

Mr Butler—Intermittently that comes up. By and large, in the personal care sectors that has not been rife. In a number of the other services sectors it has been rife.

Senator FORSHAW—Could you comment, given your union does cover a lot of people in the various services sector, on what has been the experience with Work for the Dole.

Mr Butler—Work for the Dole is the pointier end of a bigger problem which allows employers to access a whole range of cheap labour. Traineeships, which frankly have been the subject of government subsidies with very little meaningfully at the end of them, are also used in these sectors. They bring cheap labour, who are paid even less than the award wages we have talked about, to replace permanent staff who have been there for a long time or to fill positions that have fallen vacant, instead of replacing them with permanent full-time positions.

Work for the Dole is perhaps the most insidious of those so-called labour market programs but it is a broader problem. It is one we have been grappling with now for the better part of 10 years. We have been trying to get that mix between implementation of the training reform agenda and all the important things that working people can get out of that, with it not being simply used as a cost cutting measure by employers.

Senator FORSHAW—I have one other question which I invite anybody from the table to respond to. You mentioned low inflation, Mr Butler. It is said that we have had low inflation—and I suppose on the statistics that is true—for quite a number of years. There are arguments about what is included in the CPI and what is not. I will not get into that. I am hearing and reading about the experience of people from Sydney with substantial increases in housing and accommodation costs, notwithstanding that interest rates may be low. There are also credit card interest rates and booming credit card debt and health, education and transport costs which some of you have mentioned. Could you comment about how Adelaide or South Australia have fared with those sorts of substantial increases in housing and accommodation that have occurred in other states. What is the experience over here?

Mr Butler—Certainly it is not of the magnitude of Sydney but Adelaide over the last two to three years it has undergone a bit of a catch-up property boom and prices here have increased by quite astounding magnitudes. That means that an already exceedingly difficult challenge of being able to buy a house for low-paid workers is made even worse. Rent prices have increased at the same time in a significant way. For many workers even that is academic, particularly workers who are heavily casualised like the 60 per cent of workers in the hospitality industry. They just cannot get a bank loan, whether they are talking about a \$120,000 property or a

\$300,000 property. The bank will not give them a loan because they do not have any manifest security over their job. If the low-paid workers can get into the property market, even in Adelaide now, that is a particular challenge with prices going through the roof. Our more fundamental proposition is that a lot of low-paid workers cannot get into the market.

Ms McScheffrey—We bought our house eight years ago. We have had to buy 60 kilometres away, where it takes me 45 minutes to drive to work, because that is the only area we could afford that the bank would give us the money for. But the houses there now are double what they were worth when we bought. There is no way we could buy now if we had to try and start over again. Being casual again, I could not get a loan now if I tried.

CHAIR—Mr Butler, can I ask you to possibly comment, if you are in a position to. In the Disability Action Inc. submission they talk about the business services sector, which is sheltered workshops. Part of their submission implies that these sectors now are competing for jobs in other areas. Where there have been full-time or part-time jobs they have been undercutting the work force there and also not paying people on disability a proper wage. Do you have any examples of that?

Mr Butler—We have a reasonably significant involvement in a lot of vocational services workshops for the disability sector. Some of them are run by large disability organisations in South Australia like Minda and such. The workers there are paid extraordinarily low wages, often to the tune of \$1 a day and things like that. It is extraordinarily worthwhile work for the people doing it. We have not experienced—that I am aware, at least—any work usually performed by our members being shifted to these vocational services workshops. We have been quite conscious to try to regulate heavily the capacity for cleaning industry employers, for example, to use supported employment provisions for cleaning jobs. That would enable cleaning employers to pay people to do cleaning work at maybe 50 per cent or 40 per cent of the usual wage. It is not through want of trying by the cleaning industry employers that we have prevented that, but we have to date, so I cannot help you, Senator.

CHAIR—It is just that in a roundabout way they talk about more disadvantage for the disadvantaged. Yet the business services sector, with a few notable exceptions, seems to want it both ways. They want to be part of the employment market and compete for other profit enterprises with contracts that make a profit. At the same time they do not want to pay their staff decent wages and workers' entitlements comparable to other workers. It is obviously something that we can discuss with them. Another question I would like to ask you and you might want to comment on is that in the SACOSS submission it says that South Australia is the lowest income state in Australia. Are there any observations you would like to make about why that is the case? That is quite disturbing—that that is the case.

Mr Butler—I think we have fought Tasmania furiously for the honour over the years. South Australia, if not the lowest state, has been at least the lowest income mainland state for decades. It was quite a deliberate policy of Playford in his time. He tried to use that as a competitive advantage for South Australia with manufacturing industries locating here. It gets back to the question that Senator Forshaw asked. The relatively low incomes of South Australians generally were reflected in lower costs of living in South Australia. There certainly is still a difference from Sydney, for example, but as costs of living do increase dramatically—and they have over the last three years in Adelaide, particularly in the housing sector—that wage differential is going to be eroded.

Senator FORSHAW—Your costs of things like petrol and credit card debt, food—all of those—food could well be higher than—

Mr Butler—That is right. Standard items are all the same. The advantage that we have had has been in a couple of key sectors where costs have been significantly lower than other states. Whether it is because of national competition and a whole range of other things, that advantage is being eroded while our wages are dropping. SACOSS would have better details of this than I, but our relative position is eroding. As we lose all of our full-time, well-paid jobs in the areas I have talked about, we are not making them up with full-time, well-paid jobs in the emerging sectors of the economy. That position in relative terms will become worse.

CHAIR—Would anybody at the table like to comment on rent? Do you personally know if rent has increased in the last few years with, obviously, the rise in housing prices? Are you aware of how accessible public housing is? Is public housing maintained and developed? That is one of the important things.

Ms McScheffrey—We are buying our house, but I have friends and family who are renting and it seems to be much harder to get into. You have to go to interviews with the rental people, the owners and the landlords. The price is much higher than what it was five years ago. You could maybe get a house for \$130 a week, whereas now it seems to be \$160, and that is where I live which is a fair way from the city. It takes an hour and 15 minutes to drive to the city from where I live. People have to pay \$160 for a family house down there. There is not much work either, so it is pretty hard to pay that sort of rent.

Mr Spencer—I am buying my own house, but I think one of the major problems that people with a low income must be having is the need to have a bond as well—where they are wanting \$1,000. Where do you find \$1,000 when you are earning \$300 a week? It is impossible. Obviously there is the same problem with power bills and gas bills, water rates. I have virtually no disposable income. I have to think about every dollar I spend. That was when I was working 37 hours a week. It is getting pretty rough at the moment. I think I will find some more work, but I figure that surely you should not be working 40 hours a week and struggling. That is just not justice, as far as I see it.

Mrs Laphorne—These days, especially young ones, say, in their early 20s, instead of renting a home on their own because they cannot afford it, they will go in with a couple of friends, so that there are two or three sharing that rental and it is not costing them as much. I know there are some rentals of \$180 a week, up to \$200 a week, depending on the size of the home as well. That is how they seem to manage—going in together.

CHAIR—There are no further questions, so on behalf of the committee I would like to thank you very much for coming along this morning. It has been very worth while and we have certainly taken your comments into account. We will now have a short break.

Proceedings suspended from 10.44 a.m. to 10.55 a.m.

BAKER, Ms Monika Dora, Spokesperson, Australian National Organisation of the Unemployed; Secretary, Un(der) Employed People's Movement Against Poverty; and Systemic Advocate, Disability Action Inc.

BEDDALL, Mr Phillip, Chairperson, Disability Action Inc.

CHAIR—I welcome Ms Monika Baker and Mr Phillip Beddall, representing Disability Action and Underemployed People's Movement against Poverty. The committee prefers evidence to be heard in public but evidence may also be taken in camera if such evidence is considered by you to be of a confidential nature. Witnesses are reminded that the evidence given to the committee is protected by parliamentary privilege and the giving of false or misleading evidence to the committee may constitute a contempt of the Senate. The committee has before it your submissions. I now invite you to make an opening statement, to be followed by questions from the committee.

Ms Baker—To be honest, I have not prepared an opening statement, because I was not quite sure about how this hearing would take place, but I would like to say a few things in regard to both submissions. We have identified in both submissions that employment creation is a crucial issue in regard to alleviating poverty for many people on low incomes and many people who are dependent on income support. The most urgent point that all the people I have talked to want to bring forward and want to impress on the government is that we need employment creation in one way or another, and maybe in many ways.

Now I am going to speak for the Un(der) Employed People's Movement. The burden of mutual obligation and the shame associated with being an unemployed person is at times very great to bear. I have spoken to many people during the time our organisation has been going in South Australia—the Un(der) Employed People's Movement has been going for about four years.

We have published monthly newsletters and we have assisted unemployed people in other ways by published, for example, a booklet on how to appeal Centrelink decisions. We have not received any government funding, we have never received very much support. We have received some support from politicians who have given us the use of photocopying and some postage at times and donations, but we have basically run it over the last four years through our own means, and we do not have the means.

I have to say about myself that I have been long-term unemployed. When we started this group, through my activism as an unemployed spokesperson I got some employment, first through Anglicare and now through Disability Action. So I am actually not an unemployed person any longer, and the same thing happened to most of our members in the Un(der) Employed People's Movement.

There is another issue that is quite significant, and that is speaking up for unemployed people or forming some form of representation for unemployed people. That is very difficult, because unemployment is of a transitional nature, and even though we started with a group of long-term unemployed—some of them were 12 years, 10 years, 20 years unemployed—all of them now

have achieved some employment, they are studying or they have become self-employed with their own business. The transitional nature of unemployment and the shame associated with it do not guarantee a strong voice for unemployed people. Hence there is not strong campaigning and lobbying on behalf of unemployed people, which is sad.

CHAIR—Thank you. Would you like to say something now, Mr Beddall?

Mr Beddall—On the issue of the cost of disability, we touched on that in our submission. Even if a person with a disability gets a job, it may not be enough to cover the cost of their disability, so they may end up in a worse situation through having a job and they may be better off receiving some sort of benefit, so the poverty trap is a great hurdle for people with disabilities.

Ms Baker—I would like to speak on behalf of Disability Action now, because before I was speaking on behalf of the unemployed.

CHAIR—You can interchange. It does not matter.

Ms Baker—For people with disabilities, the situation is even worse in regard to employment and discrimination than for people who are unemployed and do not have a disability, although many unemployed people on Newstart allowance actually have disabilities but are not eligible for a disability support pension, for several reasons. The situation for people with disabilities is impacted upon by the prejudice in the community. Our organisation would strongly suggest some form of affirmative action in regard to employment for people with disabilities.

I am from Germany, and there is a system in Germany where I think every employer with above 20 employees has to employ people with severe disabilities in about 10 per cent of their work force. So it is not just some light form of disability—how you are going to scale that I don't want to get into, but it said 'severe disabilities'. So 10 per cent of Germany's work force in enterprises which employ 20 or more employees are actually people with disabilities.

I think something like that needs to happen. I just read the Blind Welfare submission, which mentions people who are vision impaired or blind who want to work or are working. The percentage of those people who are working is 62 per cent, whereas only 21 per cent of these people are actually employed, so there is a huge gap between how many people with disabilities want to work and how many jobs there are available for them. Speaking for unemployed people, I know it is hard enough to get a job as an unemployed person, and so to have a disability on top of it is another discriminating factor.

There are some services that work well, for example the Specialised Employment Services, and our Disability Recruitment Service here in South Australia is doing a great job getting jobs for people with disabilities, for industries like IBM and Woolworths for example, but it is not enough. It is 300 jobs in a year, and how many people with disabilities do we have in South Australia? There is a huge gap.

The other huge issue is the poverty traps people with disabilities find themselves in through lack of access to accommodation and education. I am involved with Bridging Pathways, for example, which is a program run by TAFE to make it easier for people with disabilities to get

into vocational education. The intentions are great but there are only five per cent of people with disabilities in courses other than pre-vocational. Wherever it goes into certificate level, where people are trained for special jobs, there is a drop-off in participation, whereas the participation for people with intellectual disabilities in pre-vocational courses is much higher.

There are barriers everywhere, and to try now to change the disability support pension by putting people with disabilities who are capable of working more than 15 hours onto Newstart allowance would be a crime, I think. People with disabilities already have a high motivation to work but they cannot get work because of all their other issues. There is a huge lack of service provision, so they cannot get up in the morning, get out of bed, because there is no carer there. There is a huge lack of transport access, and transport subsidies as well at times. If you live with a disability, wherever you look there are barriers, barriers, barriers, and prejudices. Unless they are broken down in some way, through policies which affect the whole community, there is no point in forcing people into work.

CHAIR—Would you like to add anything more, Mr Beddall?

Mr Beddall—Just that the committee needs to investigate employment standards that need to be introduced and put into force. They are still a long way off from being in place, and now, when we have transport standards and other standards coming into play, we really do need to look at employment standards as a possible remedy for the discrimination and some of the barriers that Monika was talking about.

Ms Baker—The other issue in conjunction with the employment issue is that workers with disabilities in sheltered workshops or the so-called business services have no real representation. They are the most exploited work force in our society. They earn between 50c and \$4 an hour, at the most, currently. They work for 30 years, 40 hours a week, and end up with \$800 superannuation. Not only do they work hard and get very little pay; they also get abused and are not treated very well in some workplaces. We need standards. We have standards anyway—disability employment services standards—but it is not good enough just to leave the control of the monitoring of these standards up to the organisations themselves or the workers.

Whenever we as an advocacy organisation are trying to intervene in any of these we hear from the clients. Here in South Australia we are conducting a supported accommodation inquiry and I have had extensive consultation with people who live in boarding houses and supported residential facilities. Many of them brought up the issue of employment and how they are exploited. Everybody, every single person, said, 'But don't mention my name. Don't let them know that I told you, because then I will lose my job, and it is the last job I can have.' There are control mechanisms, and a climate of suppression and oppression, and people not knowing their rights. Some people with disabilities who work in these services have told me that they are forced to take their sick leave when they get injured at work. They have no awareness about their right to workers compensation and so forth. That is another huge can of worms that we urgently need to look at.

Senator LEES—Are those people who are paid so little for working in sheltered workshops able to keep their full disability support pension and other supports—perhaps lower housing costs, with housing support, et cetera?

Ms Baker—Normally they are on a disability support pension because in order to get into a sheltered workshop and to be referred into these kinds of work settings—

Senator LEES—But do they lose any of it?

Ms Baker—No, they do not lose anything up to about \$120, which is the income test of the disability support pension per fortnight. I think it is \$120 per fortnight that you can earn on a disability support pension.

Senator LEES—They could work a full week for how much?

Ms Baker—For \$50, as many do. They have on average about \$100 per fortnight and they still get their full pension. Often they are told, ‘Look, if you get paid more, you could start losing your pension.’ However, we know that you can earn up to \$660 per fortnight, which is \$200 above the safety net wage, before you lose your pension completely.

Senator LEES—That would still give you access, say, to a health care card, rent assistance and other benefits?

Ms Baker—Absolutely.

Senator LEES—So the workshops could indeed be paying a reasonable amount?

Ms Baker—Absolutely. And the government could be a bit more flexible. For example, instead of paying the disability support pension to people, it could subsidise the employment, the jobs, or subsidise the company that is running the sheltered workshop in some way. I am not saying it should all be paid to them and then they pay it out. That is an issue about economics. The same goes for Work for the Dole, by the way. I heard that Work for the Dole in 2001 cost a particular amount of money—I do not have the figure in my head. But to administer the whole program, to have all the community work coordinators and so forth, cost a particular amount of money. Had we used that money to pay everyone who was working for the dole an hourly rate, they would have earned \$10 an hour, plus the \$20 per week, so they would have had about \$12 an hour. The whole thing could have been organised through Job Network providers without any extra expense to Work for the Dole programs. And unemployed people could have had dignity with that, because ‘We go to work for two days and we are going to get a wage for that.’ But a lot of those kinds of things have to do with attitude and perception and politically popular policies at times.

Senator LEES—Can I move on to look at those people who perhaps are able to find work at award wages. Is there any way that they can still keep, for example, a health care card even if they get up to the level where the disability pension would cut out, given that their health costs may indeed be quite high?

Mr Beddall—No. You still have to maintain at least part of your pension to receive those benefits. Once you have full-time work and you forgo the DSP, you forgo those benefits.

Senator LEES—That includes any rental assistance, and transport assistance even though you may need it to get to the job?

Mr Beddall—You can get some transport assistance and, obviously, different programs in different states have different criteria. You would still have access to the Access Cab subsidy scheme, for example, so you would still be able to get a subsidy on your cab voucher. But the health care card and anything that is linked to your DSP payment would go.

Ms Baker—The situation is this: if you work for more than two years above the level where you still get your pension, and you work more than 30 hours per fortnight, you cannot get back onto the disability support pension. There is one case that is mentioned in my submission. We talk about a person who was hearing impaired and who lost his ability to go back onto the disability support pension and was put into the Job Network. The Job Network system is, naturally, not geared towards people with disabilities. Then you have the WAT scores, which is a different assessment process. It is a work ability test process where, through the points you get in the WAT, you can access specialist disability employment services. Some of the benefits you lose; some of the benefits are not lost.

But generally what we want to suggest with the new income support system which is in discussion at the moment is that there is a cost of disability allowance which is paid regardless of a person's income, at least up to a certain amount—let's say \$60,000 per year, when someone can really take care of the extra costs. I am not sure of the amount, but we want to see a cost of disability allowance which is based on the disability and the person's circumstances. I think it would be a three-tiered disability allowance so you do not calculate what everyone gets. That should be paid independently of income.

Senator McLUCAS—In your Disability Action submission on page 10 you say:

Increased poverty has also been caused by a move away from informal systems that operated previously to assist people with disabilities.

Could you give me more of an understanding of that statement, please.

Ms Baker—Yes. I think that was a remark that came from some parents who said that a neighbourhood does not work closely together any more—neighbourhoods have deteriorated, so you cannot ask your neighbour to look after your daughter for a day or half a day; that is, people who volunteered in the community in more informal systems rather than community service organisations were not as readily available. That is what was meant. That has led to the need to go through formal systems—having assessments, asking for the right services; whether you get the right service, because sometimes people fall through the gaps because they have double disabilities and both sides say they are not responsible and so forth.

Senator McLUCAS—It is generally the lack of community?

Ms Baker—Yes.

Mr Beddall—It also relates to the lack of family support. Many years ago you had extended family support. That is not available so much now. With deinstitutionalisation and evolving into community services, we are seeing a loss of direct service to people with disabilities and their families. The institution would have taken care of basic needs and that is not being done as much now, so that feeds into some of that as well.

CHAIR—Following that paragraph on page 10 there is a paragraph that begins:

Competition in the tendering process has interrupted many cooperative ventures between service providers and, in general, fuelled the fires of an unhealthy competition.

Would you like to expand on that? We asked earlier about the business services sector possibly abusing the system at both ends, and you imply that, with a notable few exceptions, this seems to be generally the case. Would that be accurate?

Ms Baker—There is a difference between the statement I made here in regard to firing unhealthy competition and in regard to—

CHAIR—I would like you to expand on it, Ms Baker.

Ms Baker—I can expand on that and I would like to do that. The second part of your question regarding business services I did not quite follow, but we can maybe get to that later. With the tendering process, and in regard to advocacy agencies, whereas before we worked closely together and talked about programs that we could set up in order to address certain issues in a more cooperative way, during the last few years the stress about getting some funding back the next year to keep on going has become quite significant. People have started to have secrets—‘We’re doing this special program. Maybe we’ll get funding through that.’ Workers have sometimes been told not to share any program planning things or aspirations about funding, so that somebody else does not come in first. The whole climate has deteriorated in terms of cooperation. At times that has led to non-cooperation completely and that makes it hard. That is just one sector.

Mr Beddall—I think it is across all sectors. There was an attempt by the state government and also at a Commonwealth level to encourage joint tendering and joint collaboration. That is not happening. Tendering has meant that people are more secretive about what they are going for and being a bit more strategic in what they apply for, rather than what the community needs. The inquiry needs to be aware of that shift in culture.

CHAIR—I was referring to page 16. The third last paragraph says:

Yet the business services sector, with notable exceptions, seems to want it both ways. They want to be part of the employment market, compete with other for-profit enterprises for contracts and make a profit and at the same time they do not want to pay their staff decent wages and workers’ entitlements comparable to other workers.

Ms Baker—Where did that come from? It comes from the whole disability employment or business services reform that we have gone through in the last few years, where the sheltered workshops have moved from being sheltered workshops to business services. As I understand, there was a brochure from Centrelink at some point—or Family and Community Services—which had a diagram that showed the employment market in sheltered workshops had moved from the marginal employment sector into more of the centre and become part of the job market.

Increasingly people are referred into sheltered workshops not because they have an intellectual impairment or a physical impairment which renders them unable to work in certain

capacities, but people with mental health problems and people with diseases—like HIV-positive—who encounter a lot of prejudices are also referred to sheltered workshops because there is no other job for them possibly and the community does not want them.

On the one hand I am arguing that we are becoming the standardised business employment services part of the employment market. We want more open employment. They get told that they have to compete, but on the other hand they are not paying decent wages and providing decent working conditions. It is possible to do that. There is a good example in New South Wales of a company which employs, I think, 50 people with disabilities. They have complete open employment conditions and they make profits, so it is possible to make a profit and to work with people with disabilities, even exclusively.

The other aspect of this is that business services are competing for jobs in the tendering process—for example, in the horticultural area. They are not paying high wages but compete against other companies who pay their workers decent wages. Therefore, they are outcompeting them, so they are in the competition market in one way but they are not competing fairly. That is the essence of what I wanted to say.

CHAIR—You advocate that disabled employees make up 15 per cent of the work force. Do you have any figures of whether the Commonwealth, the states or local governments have any positive programs along those lines for people with disabilities?

Ms Baker—There are definitely programs. Minister Vanstone just announced 73,000 new workers rehabilitation places. There is a whole process working to assist people with disabilities into work. Sheltered workshops is just one of the options where people can be placed. The Disability Employment Advocacy Centre and the National Council of Intellectual Disabilities made a submission to the full bench of the Industrial Relations Commission in regard to the safety net case which is currently being heard. What they want to achieve is that business service wages can be part of the safety net. That would be a fantastic thing and it would alleviate a lot of problems.

If that does not happen, each business service would go into the enterprise bargaining process and there are a lot of inherent problems with that, especially because of the lack of clear representation of people with disabilities in these workshops. There is also an issue with the unions. I think I got off the plot, so what was your question again?

CHAIR—Are you aware of any of the Commonwealth, state or local governments having a fixed figure of people with disabilities at work?

Ms Baker—I am not sure if the state government has an affirmative action policy in terms of public employment.

Mr Beddall—They do. I am not sure what the current state of it is. I think your question was around accurate figures and accurate data about people with disabilities actually working. Was that the question?

CHAIR—Whether you have a percentage of people in the public sector in the Commonwealth who have disabilities.

Mr Beddall—No, to be quite frank. We are not sure what the actual figures are.

Ms Baker—I have been trying to find statistics about, for example, how many people with disabilities are in the work force in terms of how much of the work force has a disability. It is very difficult because many people do not disclose their disabilities. You can look at how many people on a disability support pension are working but that is, once again, only capturing part of the people. People who do not get the pension any more and work with disabilities are not captured. Blind Citizens Australia said that 21 per cent of people with vision impairment are working, so that is very low. We might be able to find statistics. I have heard that there are figures of seven per cent of the work force being people with disabilities but, as I said, where do you get the figures from?

Mr Beddall—There are no figures, to my knowledge, about the level of employment: whether they are full time, part time or participating in voluntary work. There are no clear figures on what the situation is.

Senator FORSHAW—Let me say I think your submissions are excellent. They are very detailed. What I particularly liked was that you have set out quite a number of recommendations. That is not in any way binding the committee but it is a good initiative to put those into your submission. It gives us something to certainly think about. You gave some case study examples, which are also very helpful. On page 23 you give a couple of case studies of people on a disability support pension and their costs of living. On the figures you have provided, they are behind most of the time, if not all the time. What I would be interested in getting, if you are able to provide this, would be how that compares with, say, five to 10 years ago. I would like to get some idea of whether or not the position has improved or deteriorated. You might wish to comment now about how you think the situation is today.

What we do know, for instance, is that some of those costs, such as accommodation, have seen substantial increases in recent times. There are also the availability issues. It might be harder to get accommodation; transport services might be harder to access. We know that a lot of governments—state, local and federal—have introduced a whole range of user pay requirements which certainly impact upon people of lower incomes wanting to access services in their community. Would you be able to provide us with a relative comparison as to what the situation was like, say, five or 10 years ago. You can take that on notice. You might also wish to comment upon how you see it now compared to some years ago.

Mr Beddall—The anecdotal evidence we are getting from our membership is that they are feeling worse off. Even though the safety net is better than it was 10 years ago, they are feeling worse off.

Senator FORSHAW—What do you mean by the safety net? The DSP and other benefits such as health care cards or what?

Mr Beddall—In terms of the DSP, but also our state's contribution I think has improved over that time. Whether it is starting to go backwards now is another issue but I think there has been a general increase in the standard of living for people with disabilities.

Senator FORSHAW—One would hope that has occurred, given that there is a lot more publicity, a lot more campaigns, a greater emphasis on recognising the rights of people with disabilities, from children in schools right through.

CHAIR—Ms Baker, how can that be, when Mary is receiving \$593.40 a fortnight and her expenditure is \$741.50? That is at page 23.

Ms Baker—What was your question about that?

CHAIR—How can someone be better off, on what you put to us, if they are not earning enough money to make ends meet? And how do they make ends meet?

Ms Baker—Because it was worse before.

CHAIR—My maths says that she is \$146 worse off a fortnight.

Ms Baker—Obviously she cannot spend the \$146 per fortnight. For example, I lived as a single mother for six years and I have always been behind the eight ball. You get a car repair, you do not have the money, so what do you do? You let go of other costs. I used to go and beg for money from my mum. I used to go and sell something of my record collection or my books in order to repair the car. It is never enough and that is the point I wanted to make with the case studies.

If you really look at the costs that are there, there is not enough money to cover them. We have to constantly cut corners everywhere. That naturally impacts on the quality of life and it impacts also on health. At times people do not go to the doctor, people do not buy medicines they need to buy.

Senator FORSHAW—What you are saying is that this is the budget but if you are going to survive you either have a debt on a credit card or whatever, or you cut out certain items.

Ms Baker—Exactly.

Mr Beddall—Yes.

Ms Baker—Naturally, on a disability support pension or Newstart allowance you are not eligible to get a credit card. However, many people have them from before when they were working. That is why we have such a high credit card debt, because it is not enough. Now you take breaching into it and breaching really infuriates me because it does so much harm to the community.

I have talked to young people who were at the edge of committing suicide. I have talked to young people who have actually acquired disabilities as a result of breaching because they were put out on the streets. If you have eight weeks with no income, what are you going to do? Where are you going to live? If I put that in these calculations, you get even higher losses. What do you do if you have no income and you still have to live? Some way you get the stuff and some way you get through, and that is what is happening every day, every week, every

fortnight, day in, day out, for people who live on income support, and it does not make sense mathematically, I know. That is why budget courses do not help.

Senator FORSHAW—Which ones of those items have you seen the most increase in over the years?

Ms Baker—Utility bills have gone up quite a lot. In general, people keep on telling us about the GST and the impact of the GST, especially older people who are more aware of their costs and are more inclined to keep track of the budgets. They come up and show how GST has impacted on them, and it is in everything, including the power bills, the utility bills. That has I think had some impact. Probably food has gone up, as all the other costs have gone up as well, but exponentially I think it is mainly housing costs. As you said before, it is not just the housing costs; it is also the lack of access to housing. Currently in this state if you are deemed to be in category 1, which is the highest urgent category need for housing—and you have to have a disability and be at risk of homelessness in order to be in category 1—you have to wait for 18 months! You are at risk of being homeless—maybe you already are homeless, but you have to wait for 18 months for public housing.

Category 2 people, who are people who have a disability but still have some housing, are waiting between three and six years, so they can only go into private rental or into boarding houses, which charge higher rents than private rental for half a room; you have to share. It is a trap.

Mr Beddall—Can I highlight the issue around the cost of disability. Monika touched on it for older people with disabilities, but it is the same for younger people with disabilities and their families. If you need support to, say, do some house maintenance because you cannot physically do it yourself, then you have to pay someone to come in and do that. The disability component of the GST is covered, such as on wheelchairs and that health care type of equipment, but those other sorts of outside supports that are not disability specific are not covered under the GST. That is why we are seeing an increase in costs for people with disabilities.

CHAIR—In your submission you talk about a case study of David. My colleagues and I are a bit intrigued about a person who has no hearing—

Senator McLUCAS—I think ‘horrified’ is a better word.

CHAIR—Yes, horrified—at pages 25 and 26.

Ms Baker—Yes.

CHAIR—Would you like to fill us in on that. It appears that they sent him off to telemarketing and he got breached.

Ms Baker—It is exactly what I said—exactly that happened. We got a call from someone who told us a story, but he had been through it for three months already, and with the help of his parents and himself and interpreters, he managed to get his money back. But what happened to him? He worked as a consultant for a government department for four years. His contract ran out, and he is absolutely completely hearing impaired and he could not get back onto the

disability support pension, so he became an unemployed person. And if you are unemployed, after three months you have to go into the Jobsearch training. Since he worked as a human resource consultant, or something like that, in the government, and he himself was involved in a lot of selection processes, he refused to go to the Jobsearch training.

The other aspect is that Jobsearch training is 2½ days. You get some form of information about how to dress and how to apply for jobs and how to set up your CV, and then for the rest of the three weeks you go around and cold canvass for jobs often. Then it looks like you go out from business to business and say, 'Have you got a job for me?' If you are a deaf person and you have to take an interpreter—which he did not get, naturally—what is the point, so he refused to participate. He got breached the first time, and that was 18 per cent off for six months.

Consequently he refused to attend telemarketing training and he was breached a second time by Centrelink, because the job provider informed Centrelink over the computer that the person had refused to do something. They do not necessarily always need to give an explanation, and then Centrelink through the computer breaches the person. I think these processes have changed a little bit because we had the independent breaching review and other things happening, and some of the effects have been lessened a bit. But, as a matter of fact, your colleagues just extended the breaching regime to single parents and older unemployed—I believe that will lead to an increased rate in suicides. I would like to see some research into the connection between mutual obligation and suicide rates.

Senator McLUCAS—You have a very clear recommendation about there needing to be an independent monitoring system for the business services sector. What happens now if a person is working in a business service occupation and there is something going wrong there? What does that person do? Who can they contact to complain about what is occurring there?

Ms Baker—I can tell you about a person who is the father of a person with an intellectual disability who works in a sheltered workshop. He had always been very engaged in the issues around her workplace and he became very engaged about these issues when she was crying every morning and did not want to go to work and he did not know why that was happening. I believe she was bullied at the workplace. The father tried to resolve it for her and he could not really resolve it to his full satisfaction. When he came and told us about it, he did not want to be identified and he did not want us to intervene because he was afraid his daughter would lose her job. That is what happens all the time. Carers and also sometimes support workers talk to us, and sometimes people working in the sheltered workshops talk to us about something terrible that is happening, but they do not say where it comes from. We cannot get in there without the permission of clients and you cannot get anyone to ask for us to come in because they are afraid they will be identified as troublemakers. It is very difficult to get in.

I thought the unions had a task in that and that they are representing the workers with disabilities in the sheltered workshops, but they also represent the workers, the staff, the supportive staff. If you think about it, how much union fee can you get from a worker who earns 50c an hour and how much union fee can you get from the staff, and what will happen if someone complains about support staff abusing them?

Whose side will the union be on? I see a huge need, a great need. I am working with the United Trades and Labour Council here, with Janet Giles, trying to get a committee together which stands up for the rights of people in sheltered workshops, like an overarching union committee, at least as one avenue. Our agency has also been involved with enterprise bargaining processes at Bedford, which is good, and we have been asked to come on board to represent the interests of the workers. Again, it puts us in an awkward position to a degree. We ensure that the process is okay, but we are not trying to take an advocating role in any way. We just have to supervise the process. But there is a huge need for advocacy organisations to become involved in these enterprise bargaining processes on behalf of people with disabilities, for them to become more involved in industrial issues and in industrial rights and for them to have the right to get into the workplace. We have the hardest time getting into any of these workplaces.

Senator McLUCAS—Essentially, you are saying there is no formal avenue of complaint in existence.

Ms Baker—Yes. There is another issue, too. There was a case here in South Australia, where a worker with an intellectual disability got sexually abused every morning before she came to work, and the union picked that up. But this woman had an intellectual disability and she also did not feel strong enough and obviously shied away from pressing charges, because who would believe her, with an intellectual disability? She cannot be a witness. Therefore, there were no charges pressed, and the man continued to work. The union put a bit of pressure on. He disappeared and resigned from that position and a fortnight later showed up in another sheltered workshop as a worker. The union followed that up and he had to resign from there, but God knows where he has gone now. He might be going to Queensland to work there.

CHAIR—On page 38 of the Disability Action Inc. submission, second paragraph, you say:

Before people with disabilities can think about going to work, they have to have all the support services in place. As the current funding levels do not allow to cater for everyone's needs, people are reluctant to risk the loss of their DSP due to working too many hours.

Do you want to expand on that for the committee, please.

Ms Baker—There is one important factor that has led to people becoming more anxious about going to work, and that is the changes that were proposed last year by Minister Vanstone. Many people have called us and asked, 'What shall I do? I want to go and volunteer but I'm not sure if I can. I might lose my pension if they see that I can volunteer for 15 hours.' That has raised anxiety levels in the community about going out to find work, because it is a risky business to go onto Newstart allowance—it is not a fun ride—and people are afraid of losing their support systems and the amount of money they have accessible to them now. It is not just a matter of losing \$52 out of your pension when you go off disability support pension and onto Newstart allowance.

It is also a matter of having a vastly reduced ability to earn money before it cuts out. On a disability support pension you can earn \$60 per week. On Newstart allowance you can only earn \$32 per week before it starts affecting the pension. On the pension, for each dollar you earn, 40c is taken off the pension. On Newstart allowance, I think for between \$70 and \$120 you get 50c taken off and then for anything you earn above \$120 you get 70c taken out for each dollar.

People with disabilities stood to lose an enormous amount of security and income support, if that change had taken place, and there is still no security.

We have fought a hard battle and we have gone far, thanks to you standing firm. But the simple income support system does not look that promising, either. It does a lot of what we want and what we have advocated for, but the question is: how much money will be put in and what can be taken away through breaching those elements? And so there is still no security in the community and people feel reluctant to go out and do what they actually want to do: work, make a contribution, volunteer. It was a counterproductive measure.

Mr Beddall—If the support services are not there to get to your Centrelink appointments and you run the risk of being in breach because your Access Cab is an hour late, that is also a problem for people with disabilities. There needs to be a degree of confidence in the support infrastructure to be able to participate in those sorts of systems if they are in place.

CHAIR—In your submission you say that accessibility is a huge problem in housing, a huge issue, and in general, and then you say:

Emergency housing access for people with disabilities ... is woefully inadequate.

Do you want to expand on that?

Ms Baker—Yes. I am not sure, but I think there are only four places for women in wheelchairs in supported accommodation. Where women are fleeing domestic violence and need to go into an emergency shelter, I think there are only four places for women in wheelchairs or for women who are mobility impaired.

Mr Beddall—Yes.

Ms Baker—I think that is woefully inadequate.

Mr Beddall—The other issue with the housing is that, even if you have the bricks and mortar, quite often you do not have the support. The two components have to match up, and they quite often do not. Also, if you are looking at employment, for someone with a disability to move interstate, find appropriate accommodation and take up employment is virtually impossible. Even though there is meant to be portability with disability support services from state to state, it quite often does not work out. If I were to move to another state I might lose some support because it may cost more in another state, or I might be better off. But it is hard to get those services to coordinate, so being able to move to another state or even to another part of Adelaide to take up employment is difficult.

Ms Baker—There are also huge regional gaps. For example, there are hardly any supported residential facilities, boarding houses or emergency shelters in the southern area. When people become homeless, there is nowhere to go. They sleep in John Hill's office! They frequently go to the local politician and ask if they can sleep in the car park in their cars.

Mr Beddall—The other issue is discrimination—landlords asking inappropriate questions as to whether you can cook for yourself and support yourself. Nobody else is asked those sorts of

questions. They are basically asked whether they have a cat or a dog and those sorts of questions. They do not have assumptions made about whether they can support themselves or provide for themselves in their own home. Landlords are quite often saying, 'No, that house isn't available to you.' We quite often see people with disabilities sleeping in cars because they do not have appropriate accommodation or housing.

CHAIR—To your knowledge, has this become worse in the last few years?

Mr Beddall—I think it has.

CHAIR—What do you think has contributed to that?

Mr Beddall—The decline in appropriate public housing stock, the private rental market; discrimination is worse, I think.

Senator LEES—Do you know of many homes in the private rental market in Adelaide that have been specifically adapted by the landlords for people with disabilities? Is that something that is done?

Mr Beddall—No. Mainly it is to do with houses that have already been adapted which come onto the market. There would not be many that have been adapted.

Senator LEES—There has been mention in the submissions about the long wait with the Housing Trust. Do you know how many houses they have that are adapted, for example, for people who may have a sight impairment or if there has been any adaptation at all for a range of disabilities?

Mr Beddall—The Housing Trust have improved. They do have a policy in terms of adaptable housing. They have the brochures and stuff. The trouble is that they are not building a lot of new stock. They are losing a lot of stock. That is the problem. I can get you those figures, if you like.

Senator LEES—I am interested. Thank you.

Senator McLUCAS—I have a question on your comments about preclusion periods. Your recommendation says that payouts should be divided. Could you explain how that would work, in effect?

Ms Baker—I am not an expert on those things. I have worked for the Welfare Rights Centre in some instances as an advocate to appeal Centrelink decisions. It occurred to me that people get their compensation payouts, their loss of future income payouts and their health payments from WorkCover all together, and then they negotiate. Centrelink takes out what is owed and the rest is paid to the person all at once and then the person has to live basically for the whole of the preclusion period, which is set according to the income you would get if you were on a pension. Basically, once they get the payout they have been waiting for—and for which they have been making plans—they realise, 'I don't really have that money to spend. I have to actually live off it for the next five years at \$400 a fortnight,' and they cannot do that. They

cannot live like that. They spend too much money and end up with having no money whatsoever before the preclusion period is finished.

Senator LEES—After three years they may be in a situation where they still have another two years to go.

Ms Baker—Yes, and the money has gone. I do not want to create any prejudice, but the whole workers compensation process causes a lot of mental stress and also, at times, mental illness itself. People have depression, spend the money in some way, maybe have a manic depressive episode or gamble it away, or do other things to counteract their stressed state, and the money is gone. Then what do they do? How do they live for the rest of the time? Usually people have an impairment or a disability as a result of their work injury. They are left with no money and the mental stress caused by that is enormous.

I believe that there has to be some sort of solution—and I hate to say that we have to pay it out in increments so that people can actually live through the whole period, but I think it is unreasonable to expect people to live off a compensation payment as if they get income support. Do you know what I mean? Why should they live off only \$400 a week? When they were working, they received more money, they had more income. The preclusion period is too long and the way it is paid out is too much of a risk—to be left for long periods of time without any income.

Senator McLUCAS—Have you had any discussions with FACS to this point about the issue of the preclusion period?

Ms Baker—I think there are some discussions going on—not me directly, but I think there are some organisations working on it. It might be the injured workers who possibly work out of Disability Action's office who have done something around it. I have heard something on the grapevine that an organisation is working on this issue. I am happy to follow that up anyway. While I was writing this report so many issues cropped up that need to be considered.

Senator McLUCAS—I am glad you made the comment. I think it is useful. Thank you.

Senator LEES—Is the actual exclusion period divided up as if the person is going to be on a DSP over that time, or average working wage, or the wage they were previously on? What do they allow per week?

Ms Baker—As far as I know, it is calculated by Centrelink on the basis of the disability support pension payment they would be getting. For example, if you get \$440, you would be eligible for \$400 per fortnight DSP. You would have to live off the \$400 compensation money over that period of time, because it is calculated to that period. I am not 100 per cent sure because people tell you a lot of things and I have not had the time to investigate and research that.

Senator LEES—We can look at that.

Senator McLUCAS—We will certainly follow that up. Thank you.

CHAIR—I would like to welcome Senator Humphries. Somebody has probably told you where we are up to.

Senator HUMPHRIES—Yes.

CHAIR—We will move onto the other submission that you made and at the end of that we might ask either or both of you to highlight the recommendations that are significant in your way. There are 18 recommendations in disability and 13 in underemployed. We will move onto the underemployed submission. You talk about child poverty in Australia. You state:

Children who have been continuously deprived of participating in activities other children at school take for granted.

Could you expand on that for the committee? Do you mean where someone cannot afford the netball fees? Is that what you are getting at?

Ms Baker—Exactly—netball fees, sports club fees in general and riding. As a single mum I used to live in the countryside and my daughter wanted to go riding. How could I afford that? Those are the luxury things. I am talking about the everyday things that people cannot afford—for example, excursions; sometimes getting money together for books. There is always a particular fee that you have to pay for books and stuff like that. I was on the South Australian State School Association for a while and talked to many school counsellors who had to make special provisions for social justice at the schools so that parents could access those funds to send their children on excursions and outings.

What happens is that people feel too ashamed so they do not access these special pots that are there. They just do not send their children on the days when there are excursions. They just stay home. I have spoken to mothers. I used to live in Port Willunga—down south here in Adelaide and quite the last bit of beach you can live in, I think, in the southern border of what you could still call Adelaide—and we had one primary school there. About 10 kilometres away there was another primary school in Willunga. Some parents did not send their children to our local school. For whatever reason, there was no school bus, there was not really public transport that was going from one village to the other so the parents had to drive their children. If there was no petrol, the kids would stay home. That would happen regularly at the end of the fortnight. That is where the \$200 was missing when the budget came in. You save petrol money if you do not take them to school.

CHAIR—On page 14 you talk about the plight of young carers. Is this something we have not taken into account before as a community? A lot of people think about elderly parents looking after children. Do you know now of children looking after parents with a disability?

Mr Beddall—I know currently of a child who is nine, nearly 10, looking after parents with a disability. I have heard of and seen others in the past, so it still is a major issue.

Senator McLUCAS—Is that child going to school?

Mr Beddall—As far as I know the child is still attending school.

Senator McLUCAS—But also caring for their parents.

Mr Beddall—Yes.

Ms Baker—I know a person who has severe psychiatric disabilities. Her son grew up with her but he had to call her ‘dad’. He grew up caring for his mother, who had a psychiatric disability, and keeping up the game throughout his whole childhood. There was no extra counselling or support services available to get him through his childhood, and when he grew up the mother changed sex back into becoming a woman. She never changed, actually. It was her mental illness that produced all these bizarre things. But he was absolutely unprotected because, as a mother with a mental illness, you do not necessarily try to get support. Unless you cannot avoid it, you do not go to official places to get help because it usually means that the child is taken away and has to be put in foster care. That is what she was, in particular, afraid of all her life.

They both had a bond and that is what happens throughout the whole of society when children live with parents with disabilities. They live with their parents with their disabilities every day. I know quite a few children who live with parents with disabilities; not necessarily with a high burden of care but it impacts on them, especially children with parents who are mentally ill. They go through the trauma of seeing their parents being taken away in paddy wagons and being forced onto medication and all that kind of stuff. It is very traumatic and I think more could be done to support these children. There are projects which look after them, such as COMIC, Children of Mentally Ill Caregivers. There are some projects that are doing good work and they need to be strengthened.

Mr Beddall—The other point I need to highlight is that we really need to look at early intervention in terms of younger carers, so we do not wait until the situation gets to a crisis point. Not only does it have an impact on the family dynamics; it also could have an impact in years to come. We could be paying for it for years to come.

Senator FORSHAW—I understand the point you are making but what sort of intervention are we talking about here? Are you saying that in the context of this inquiry we have to be looking at more financial support? I am aware of situations where you would have young children or teenage children living in a household, trying to assist their parents with illnesses. Trying to think ahead, where is the need? Is it just a financial need? I do not think it is but the question then is how do we deal with that? That is a different situation to the classic carer model, which is of maybe a spouse or a relative looking after somebody who is disabled or sick; or, alternatively, looking after an older person with dementia, for instance, at home rather than being institutionalised.

Mr Beddall—It is a financial need in terms of resources but there needs to be separation between the support and the younger person. The younger person should not have the responsibility or the burden of providing that support. It is an issue of resources. When I mentioned early intervention I was talking about services being more responsive and not waiting until it gets to a crisis situation. They need to be more flexible in terms of funding.

Senator FORSHAW—Were you talking about things like home and community care?

Mr Beddall—Yes.

Ms Baker—But I am in particular talking about mental health support.

Mr Beddall—It is the same for mental health as it is for someone with quadriplegia. The same sorts of issues apply right across the board.

Ms Baker—What I mean is that regardless of who you care for and what kind of disability the person has, young children of people with disabilities would do well with some mental health support and some strengthening. Automatically you always miss out in financial assistance. That was a point in the submission. If you look after a parent with a disability, that parent will probably live on a pension. Secondly, as a young person of, say, 16 or 17, you might be foregoing some opportunities to work part time when you are not at school because you have to be at home to look after them.

Maybe young carers over 16 should be eligible for a carers allowance if they look after their parents, to make up for the loss they have in part-time work. There might be some financial assistance that could be extended to what is already given anyway. In the main, I believe it is a matter of services, like you rightfully said and, in particular, enough services to maintain the strength and mental health of the young carers.

Senator FORSHAW—It brings in things like respite services. In one of the other submission I read for today's hearing there is a reference to children with autism. I know that parents with a child with autism can access state government programs and I assume there is also some federal funding. They can get a monetary payment and also services which provide a carer, a mentor or somebody who assists with some of the parenting responsibilities, simply for the purposes of respite if nothing else.

Ms Baker—This is, in particular, very important for parents who suffer from mental illness who are single mums. Several have approached me and said that if they are feeling 'off', that depression is coming on or that they are getting delusional, and they go to the doctor to try to get immediate intervention, they are often sent back and told, 'You're not bad enough yet.' But when they are bad enough they are going to be taken away by the police, hospitalised and the children will have to go into foster care. There is a crucial time slot where those supports that you were talking about can come in when someone starts feeling a little bit ill and help with managing the children at home through Home and Community Care.

These people do not need this kind of support all the time. They only need it for certain periods of illness. That definitely needs to be strengthened because to get a child back that has gone through the Family Court is very difficult for someone with a mental illness. The mothers suffer dreadfully because of the separation and it causes more illness. It is a disaster. We need to do something about supporting them.

Senator FORSHAW—A lot of those sorts of situations are not exclusive to people who are in poverty or on low incomes, but the point you are making—an obvious one—is that they can be more pronounced because of the financial concerns and pressures.

Ms Baker—Yes. They cannot just get a cleaning lady in, and they cannot just get a mentor for the kids in, and pay them. That is a problem.

Mr Beddall—Even if an individual has the funding, it is quite often difficult to find a service. I have seen situations where people have had to hand funding back. They could not spend it because they could not find a provider to provide the service. It is also at the supply side, not just at the funding side.

Senator McLUCAS—What sorts of services can't they purchase?

Mr Beddall—We are talking about Home and Community Care services, respite services. People are not able to buy in the services that they need, even if they do have the funding.

Senator HUMPHRIES—I have a question about the Job Network services part of your submission. I note that you are quite critical of the way in which services are provided through Job Network services to unemployed people. You suggest that there should be a division in the role between searching for jobs and obtaining contracts with employers, as you put it, and assisting unemployed people to increase their employability. Can you explain how that would work? What kind of distinction would you make in those two roles?

Ms Baker—I have been trying to find a solution because, as Senator Forshaw pointed out, we put recommendations in order to make some positive contribution and to not be just negative. I am trying to find a solution to the problem that funding that should go to the training and the individual support of job seekers is used sometimes to kind of buy businesses to offer employment. I also had a look at the training program for Job Network consultants. There is currently a community services certificate, and the whole training program was geared towards, 'How do you secure a job from an employer?' but there was very little in there about how to deal with difficult people, which is an issue if you have long-term unemployed people who are desperate and want a job. The only solution I can think of is to take this business dealing side away and split it from the human services part of the business. Then you would ensure that funding is dedicated to people who are looking for a job by supporting them with training, clothing, buying books so they can learn, or whatever they need to increase their employability, and is not going into buying jobs. On the other hand, you have that business going, where people are just going out to canvass for employment opportunities, which can be linked through this computer Job Search system where jobs get onto the computer and job seekers are finding them, which is always, currently, finalised by the government anyway.

Also, there have been some abuses, where people who were unemployed and signed up with one particular Job Network provider were put into a part-time job which lasted exactly the amount of time for which they would get additional funding from the government for providing that job and would get the funding for putting people into employment. This kind of stuff might not be able to be avoided, because organisations can always set up linkages and be the same but with a different facade, so it might not address that issue of trying to avoid people double-dipping into government funding at the cost of people who are unemployed. But I have tried to create a Job Network service which really cares about the people that come to it.

The many times that I have had to put a CV into different Job Network providers, they have a page where you put your skills, your address, everything. 'I am an adult educator. I have worked in a literacy program.' On the basis of these few words they are trying to find me a job. They never did any long consultations with me. They never found out what interests I had. They are just not interested. I think we have had the Job Network for the last four to six years. There are

people that have been attending Job Network services for ages, and have not had one single job offered, not one single initiative offered, such as a training course—'Go to TAFE. Do this. How about that?' So what are they doing? Why are they going to the appointments? Something is not working. It is neither meat nor fish. That was the only solution I could come up with.

Senator HUMPHRIES—You are saying the experience of your members is that the Job Search training programs are fairly useless?

Ms Baker—They are a compliance measure. We know that, don't we? They are trying to find out whether you have an extra job on the side, because if you cannot come for three weeks from nine to five, then obviously you must be working on the black market. That is what the purpose is, and that is what is so sad. Because there are some people who might cheat the system, we tar everyone with the same brush. The really sad part is that the people themselves are taking the colour of the brush on. We become the dole bludgers. We become the permanently alienated underclass. You identify with that if you are unemployed. You lose your self-esteem. You lose your balance, your orientation and your belief that you can make a contribution, because of the constant attacks on people who are on social security benefits. It is not healthy.

Senator HUMPHRIES—Do you think unemployed people would welcome having to deal with two separate organisations, one for training and one for matching their training with possible jobs?

Ms Baker—No, that is not how I meant it. You go to the Job Network providers and they give you vocational counselling and everything. They can access the whole Job Search system which exists, with touch screens and all that on the Internet, locked on. All the jobs are sent to the Internet and are available. If I go as a job seeker to someone who is consulting and increases my employability, they have access to the system and I can access those jobs immediately, and they can look for it. But they do not go out and canvass for the jobs. That is the part that I wanted to have separated, because it is a more commercial kind of a dealing and negotiating aspect of the Job Network. You go out and talk to employers and say, 'You give the job opening to me.' For example, if you create two jobs for people with disabilities, you get modifications and \$500 extra per month or something like that. Those kinds of deals should be separated from the job seeker consulting part of the business, but they would be linked through the common touch screen system.

Senator HUMPHRIES—You mentioned that the Job Network providers had been less successful than the old CES in finding employment and you say there are stats that show that. I am not aware of those. Can you direct me to where I would find those stats?

Ms Baker—Which page?

Senator HUMPHRIES—Page 38, the second paragraph on that page.

Ms Baker—I got that information from the Productivity Commission. In the Productivity Commission's report I think there is comparison between the old CES and the new Job Network system. As far as I am aware, what came out of that was that they were equally successful and not better. I think that was the result from the Productivity Commission. Maybe I exaggerated.

Senator HUMPHRIES—You would not be the first, I am sure.

Ms Baker—Yes, I must have seen it, and the only place I can think where I could have seen it is in the Productivity Commission. I would not necessarily express it in that way if there were not some sort of truth to it, but I cannot recall at the moment where I got it.

CHAIR—What we would like to offer you now is to summarise your positions and highlight your recommendations.

Ms Baker—In summary, I can say that people with disabilities experience huge disadvantages in all areas of life and they have great trouble accessing the normal services that we all take for granted. There is a need to review the social security income support system and to look at how we can support people with disabilities to access more employment and how to support them carrying the additional costs of disability. In general, we need access to quality of life for people with disabilities, just as much as we all enjoy it.

Mr Beddall—The recommendations are there before you. Do you have any questions in terms of the recommendations?

CHAIR—No. Are there any particular ones you want to highlight to us? I think most of my colleagues have read the 18 recommendations. Is there anything in particular you want to leave us with before you go?

Mr Beddall—Citizenship is one issue that you need to consider, as well as what it means in terms of money in the pocket. Have we made the gains and how do we get there? Do the recommendations do that? I think they do. You also need to look at responsibility between the Commonwealth and the states, the relationship there, and whose responsibility it is in some of these areas, whether they sit specifically with the Commonwealth or whether they sit specifically with the states. You also need to look at cost shifting, what sort of cost shifting there has been between the Commonwealth and the states, and at the legal aspects of the DDA requirements.

Ms Baker—The Unemployed People's Movement.

CHAIR—Yes, off you go.

Ms Baker—I just wanted to summarise. Basically the most important thing to look at is breaching. It costs the states. The Commonwealth government might save huge amounts of money but it costs the states dearly, it costs the individuals and it costs lives. In regard to other issues, the most important thing for unemployed people is to stop the dole bludger bashing because, once again, it costs emotional health, it costs mental health, it costs a lot for people to find themselves in that position and to be looked upon as unworthy citizens, dole bludgers or leeches. It is not benefiting anyone, really. If we have this change of attitude and we look at real support for people to find employment, and at employment creation, the most important thing which can help us out of poverty, then we might make some progress, and taking the view away from the victim that is blamed in addition for something that they had nothing to do with.

CHAIR—Thank you very much.

Ms Baker—Thank you for letting us speak.

Mr Beddall—Thank you.

Proceedings suspended from 12.26 p.m. to 1.38 p.m.

McINNES, Dr Elspeth Margaret, Convenor, National Council of Single Mothers and their Children**PARRY, Ms Yvonne Karen, Executive Officer, National Council of Single Mothers and their Children**

CHAIR—I welcome representatives from the National Council of Single Mothers and their Children. The committee prefers evidence to be heard in public but evidence may also be taken in camera if such evidence is considered by you to be of a confidential nature. Witnesses are reminded that the evidence given to the committee is protected by parliamentary privilege and that the giving of false or misleading evidence to the committee may constitute a contempt of the Senate. The committee has before it your submission. I now invite you to make an opening statement, to be followed by questions from the committee.

Dr McInnes—In our submission we made reference to a report into shared care changes introduced in 2000. At the time of writing and submission that report was not finalised or published. It is now and it provides some information about the impact on sole-parent households. A calculation presented in that shared care report, which is named *The shared payment of family tax benefit: the first year*, in attachment 1 indicates the proportionate distribution of family payments arising from shared care according to a standard scenario of every second week and half the school holidays, or 22 per cent of care. It shows that the total reduction in payment to the primary carer household is in the order of \$50 a fortnight, which is going to the other household if that household is eligible in terms of the income test.

That is the amount that is removed from family tax benefit payments where the two parents share care. It has had a significant impact on the families who are in that situation, as they are already very close to the breadline. Removal of a further \$50 a fortnight has triggered radical changes in the way the families are able to cope with their situation, particularly as the claiming systems for family tax benefit are very complex. They can be claimed through the tax system or the welfare system and retrospectively through the tax system, which means that people who have received payment in full during the year have to repay a large amount if it is claimed at the end of the year by the other parent. There is no mechanism to protect them from that debt. There are also other mechanisms to increase debt in the household around income support payments, as detailed in our submission.

A further point I would like to make is about compensation for the GST. We had some Treasury figures calculated and released in a story on 3 April which detailed the outcomes of the GST and the compensatory packages for different groups. The summary named sole parents as the biggest winners because they use a percentage calculation working from the lowest base: that is, on the lowest base, in percentage terms sole parents appear the winners. However, on a cash comparison basis the payments to sole parents involved an increase of \$36 a week compared to \$51 for a couple family with children. The figure of \$36 a week presumes that the sole-parent family is receiving 100 per cent of the family payment. If the family payment is subject to the shared care regime of a standard 22 per cent contact regime, then \$25 of that \$36 is removed from that package. The package then becomes \$11 for families in that situation.

This is the thrust of the arguments detailed in our submission on how the changes to family policy and the delivery of family payments have had adverse impacts for sole parents who have contact or who share care of their child with the other parent. It provides a powerful context when you have poverty-stricken parents and a public policy desire that there be shared care but a financial penalty imposed, on a per hour basis, by the current system. To my mind it works against the policy goal of removing children from poverty and the policy goal of assisting children to have a positive and comfortable relationship with both parents where that is appropriate and safe. That concludes my additional comments on our submission.

Ms Parry—As an officer and counsellor at Spark Resource Centre who works with sole-parent families, I am becoming aware of increasing problems with the family tax benefit. It is very difficult to work out. Even the people responsible for working it out often have problems administering it and giving the correct information to sole-parent families to help prevent them from getting into debt. As Elspeth has said, through no fault of their own, by doing the right thing and saying that they have a certain amount of care, it is then left up to the other parent to decide whether or not they can claim this benefit. They do not have to claim their part of the benefit. If they decide to do so retrospectively, it puts them in debt. Then, for instance, when the family fridge blows up and they need a new one, they cannot go to Centrelink for an advance because they have a debt marked against their name. They are then in a situation where they have no fridge and they fall further and further behind all the time. This has placed them in a very precarious situation.

Senator LEES—In your experience with the system of sharing care and sharing the income, does the other parent—whether it is the mother or the father, the one who has them every second weekend and half the school holidays—usually put something constructive towards the child's upkeep? For example, do they buy them shoes and clothes and perhaps pay for music lessons or whatever is needed? Is it usual for the money to be spent on the child? Have you done any surveys of your members to ascertain whether their income is going down—and it is, obviously—and whether, in terms of the benefit for the child, the child is being actively supported by the other parent, or are they just permitted visiting rights?

Ms Parry—It depends on the circumstances. If there is a circumstance of domestic violence, which is the reason the family fell apart in the first place, often on paper it appears that they are getting some form of support but the reality is that they do not get the CSA payment. We have people who have quite large debts with the Child Support Agency, so the mums are missing out on that money because it is going to the other parent. They are also missing out on their child support payment. Those are a few cases. We often hear of the worst cases; it can be very much a no-win situation.

Dr McInnes—There is a further circumstance where the access to family payment is income tested. If the other parent earns sufficient money that they are ineligible to receive the payment, then that quantum of money that is removed from the primary carer household is simply lost and not expended on the child. The actual net distribution to the child is reduced. The other parent, of course, has total discretion over whether or not they will contribute any of their income to the child's needs during contact or, indeed, whether they even take contact. It is in their court. Some parents will choose to spend a great deal of money, others very little. In cases where the contact parent is reliant on income support, say Newstart, their circumstances to afford contact are as precarious as the sole-parent household: that is, you have two very poor households.

Some money is taken from one very poor household and given to another very poor household, and that does not reflect the circumstance whereby that parent will have to afford transport, often some level of food, and may or may not provide clothing. It is normal for resident parents to send their children in their clothing and with their medicines—with whatever they need. The contact parent may choose to top up child support but, given the willingness to pay child support and the evidence in the data that 42 per cent of sole parents receive child support and the remainder do not, many children are missing out both ways, both in unpaid child support and in the reduction in family payment.

Even if the money is expended on the children, there is less in that primary carer household to make sure that the standard needs of health, education and recreation tick over, and they do not. The reality is that those children miss out. Their mums have to return computers or presents or give up their vehicles. In a sense, if they are visiting parents spending some money on them, that is nice. That will be something good, somewhere, but it does not change the ongoing poverty status.

Senator LEES—There is absolutely no obligation, though, for the other parent to put the money that they—

Dr McInnes—There is no way of policing household expenditure and, arguably, it would be a retrograde policy step.

Senator LEES—It would be a nightmare to do it. What I am getting at is that the money really might be lost to the child altogether.

Dr McInnes—The money could be lost on the income test to the child. We have advocated for a contact allowance. There are two approaches: the first approach is for either a contact allowance, which is means tested and paid to low-income contact parents, of about 20 per cent of family payments, if they have a contact order and maintain contact with their child. Those two things can be different; having an order is different from actually attending it. The other approach would be to say that if you have a child having to live across two households it is going to cost more—there are two beds, two toothbrushes—so let us increase family payments and split it proportionately.

Senator FORSHAW—Can I follow up on this issue of the shared arrangement. Presumably the greater cost for raising the child obviously resides with the resident parent, but it would seem to me at least—and I am looking for you to comment on this—that a lot of expenses associated with the child would not necessarily fall into the weekend type contact visit expenses. Things like education costs and—

Ms Parry—School excursions.

Senator FORSHAW—Yes. In other words, we then have a position where you cannot just take seven days and take two-sevenths of it. Could you explain to me, so I understand it fully, how the system works now in terms of the entitlement of the non-resident parent. As I understand it, that does not properly take account of the fact that you have a lot of disproportionate costs, even though there might be some savings in food, entertainment or maybe even sporting activities on weekends, when the child is not with the resident parent. Do

you understand where I am going? I would like you to expand on that. How do you think that might be addressed?

Dr McInnes—You stated correctly that the resident household has the responsibility in law for those ongoing costs, which may or may not be contributed to by child support, and the non-resident parent may be generous. But, in the main, the single parent household, the primary carer household, has major responsibility and those visiting costs are again discretionary and are split directly proportionately. Per hour leads to a percentage loss of income and it is calculated on per hour, not per night.

Senator FORSHAW—Can I take it from that that there is no allowance made for the disproportionate nature of expenses that occur in the five days of the week?

Dr McInnes—No, not in the family payments system. One argument would be that the contact parent has a child support liability, but they may or may not pay that. The disproportionate expenses are borne by the primary carer and that is not reflected in the percentage loss. The percentage of care is calculated with reference to court orders or agreement by the parents as to the pattern of care. So if the court order specifies day only contact, they will still calculate that time of contact and that is why I say it is per hour. If contact is increased, then the income available to the primary carer household goes down.

I also received recently an email from a mother, who said, ‘I discovered that James’s dad had claimed for fortnightly Friday and Saturday. Our court agreement is for fortnightly Saturdays only, but James goes to his dad’s on a Friday night as his dad asked me as a favour, because he was having problems picking up James, and then claimed for the extra night.’ These kinds of disputes in claim have become a major issue. They can also result in overpayments and, in the Ombudsman’s report into the new family tax benefit system, shared care disputes were nominated by the Ombudsman as the single most contentious area affecting sole-parent households.

We advocate for an overall increase in the amount of family payment to separated households to take account of this disproportion, such that the contact allowance, a flat allowance which was means tested to low-income contact parents, would achieve the policy goal of attempting to fund their contact and encourage contact, but it would not impact on the primary carer’s household’s capacity—

Senator FORSHAW—So that would not be reduced?

Dr McInnes—Under our argument.

Senator FORSHAW—Under your proposal you would introduce a new payment.

Dr McInnes—That is right, and increase basically the quantum, recognising that research shows and commonsense tells us that you cannot have two households for the price of one. We are trying to do that now and the consequence is that children are being put into greater poverty.

Senator FORSHAW—I have one other question which I will follow up on. You mentioned about the double jeopardy or difficulty which arises when the non-resident parent is not meeting

their child support obligations, but has some access; therefore, the allowance is reduced. From your experience as a national organisation, can you comment on what proportion of single mothers would not be receiving their proper entitlements of child support? I know that all members of parliament receive quite a lot of representations from both sides—from mothers particularly, who are not receiving the payments, but also from fathers who claim they are paying too much, et cetera. From your experience, how big is this problem as far as single mothers and their children are concerned?

Ms Parry—I think Elspeth mentioned before that the numbers of single parents receiving the correct amount of child support was only 41 per cent.

Dr McInnes—Forty-two per cent. That was based on the 1999 Children Australia ABS statistics, which I think was derived from 1997 data, which might have been collected before that, so the data might be a bit old. But it is normal and common for single mothers to not receive payments.

Ms Parry—Or receive it very spasmodically or as a part-payment—the majority.

Dr McInnes—And that creates huge debt problems again because if you have been owed money and then it comes all in a lump sum, but your Housing Trust rent has been calculated on X-based income, you have received family payments on X-based income and then a big lump sum of retrospective income arises. You have housing rent and Centrelink debts that have to be repaid, not because you have defrauded the system but because you have had to cope with these patterns. There is no time line for collection of child support debts. If I do not pay my ETSA Utilities bill—or whatever it is—I will get a late fee, a penalty of disconnection; things will occur, according to a time line. But the current child support approach is total flexibility and negotiation of repayment schedules and debt collection.

Senator FORSHAW—The other issue that has been drawn to my attention on a number of occasions is where there is a revision of the amount downwards because of a claimed or an actual change of circumstances in the income level of the non-custodial parent, which in turn can create a debt.

Dr McInnes—When there are debts, of course you are cut off from access to those advances. If you want to argue it, you have to go through the process of trying to sustain a claim through Welfare Rights or appealing the whole process. It is very stressful and that stress costs money to do those things in time and energy. Households in severe stress are put to further stress simply to protect their payments or to attempt to recover their payments.

Another concern that sole parents have with collecting child support is the difficulty of obtaining a case manager. You have no control over whether or not you are allocated a case manager. Basically, officials have said to us, 'The squeaky wheel will get the case managers; people who are polite and just ring up occasionally won't.' Case managers take personal responsibility for moving it along.

Without a collection protocol that runs to a time line, we are in a sense allowing those debts to spin out. The Ombudsman's report again quoted an average debt of about \$1,500 to single parents, on average. The uncollected debt is a huge issue. The move to self-collection has

placed the most vulnerable families with domestic violence problems, literacy problems or health problems behind the eight ball in being able to access their child support payments.

Senator McLUCAS—In your document you talk about a resultant 22 per cent drop because of the introduction of shared care arrangements. In the report you referred to earlier, you talk about \$50 being the average reduction in payment. Can you translate that \$50 into a percentage? Is it possible to do that using the data that is available?

Dr McInnes—On the data I have used, that is around the 22 per cent. The 22 per cent pattern of care when applied to family payments per fortnight as at 1 July 2001 was \$50.26 going to the other parent.

Senator McLUCAS—That is reflective of about 22 per cent of that payment?

Dr McInnes—Yes, which is every second weekend and half the school holidays. Definitions of contact in child support change around substantial care, so that if you want to reduce your child support and increase your family payment you would advocate input for more contact so we could look at more distribution. Of course, the reality is that if you get to a fifty-fifty care situation, payments are split evenly. Costs are also relatively divided, provided each household takes their responsibilities. One household might end up always buying the shoes, paying the sports fees and doing all of the costs and the other might not.

How families negotiate that in non-conflicting, non-violent, non-abusive post-separation relationships arguably will go best and in the most dysfunctional it will go very badly and the children will be the losers. We have structured in a conflict over money that has never been there before in family law and welfare payment nexus, as at the ANTS changes and, arguably, it is a retrograde step for children. To my mind there are other ways of supporting contact and contact parents. We need to address this per hour reduction in payments to one household and giving to the other.

Senator McLUCAS—You were talking about the Ombudsman's report. That was a report into the effects of shared care.

Dr McInnes—Into the family payment system. There are two reports I have referred to. One is by the Department of Family and Community Services—*Shared payment of family tax benefit: the first year*—which was promised by Senator Newman in April 2000; it has just come out. It promised to review what happened to sole-parent households, but it has only very partial information. It is just department statistics basically. It does not investigate in any way what happened to households where this occurred, whereas the data we have had is that families had to take radical action to resolve it.

The Ombudsman's report was into the family payment system. It was focused on debt creation, generation and accuracy of people's capacity to estimate. That has been a huge problem for couple families where the partner has moved in and out of the work force or where children have earned more than the limit, but for sole-parent households the shared care issue, retrospective claiming and disputed claims are the kinds of issues that are named in that report.

There was another report of the Australian National Audit Office into the Child Support Agency which nominated that the average debt to sole parents in child support was over \$1,000—around \$1,500. We have seen a number of reports which have identified the problems but we need to see some changes to resolve them.

Senator McLUCAS—The point you are making is that they are essentially systemic and generated by the system.

Dr McInnes—Correct.

Senator McLUCAS—You offer as a solution the introduction by the government of a new means-tested payment to the non-custodial parent. Have you done any analysis of what that might cost?

Dr McInnes—We do not have those resources or the database to do that. If you thought of something like 20 per cent, it would need to be a flat percentage rate and in relation to the average proportion of care of contact parents of, say, 22 per cent. I am thinking of a figure like 20 per cent of family payments that that would be set at.

Senator McLUCAS—If you means tested it on top of that, you would reduce it more.

Dr McInnes—Means tested on top of that and in the same income test as family payments, so only that eligible population. A person on Newstart could not afford to see their child if they had to go anywhere. Children and parents deserve some kind of support but it should not be paid for by the already very poor, vulnerable, at risk families. We should, ideally, find another mechanism.

Senator McLUCAS—You have made the point very well in your submission that we were now moving to a situation where we are paying to see children in respect of non-custodial parents. I think that is a policy shift that was potentially unintended but very real.

Dr McInnes—There is a concern that you can pay and not see the children. If you have a court order which says you have contact but you choose to go to Fiji, you can still receive your money because you are still eligible.

Senator McLUCAS—In your experience that is occurring?

Ms Parry—Yes. In our experience the most common contact issue, apart from violence against women and children, is no show. Again, there is no requirement on contact parents to attend contact. There is no legal consequence. It is a private problem, in a sense, for the child and the family. As long as the legal process has established that the parent has the right to contact and all the child support and family payment consequences which follow from that, then there is no mechanism to require them to take that up and exercise it. Arguably, there might be many reasons why they could not: it might be work, it might be their health, it might be their costs—many reasons impact on a parent's availability. Approaches which support families and assist the best outcomes, rather than looking at mechanisms to punish and police families, always seem to work better.

Senator HUMPHRIES—To clarify what you were saying before about child support payments, I think you were suggesting that, if a non-residential parent did not make their child support payments, they would still be able to create a debt on the residential parent by virtue of claiming some of those family support payments. Do you argue that there should be a linkage between these two things and that a debt on one hand should cancel a debt on the other? Would you advocate that?

Dr McInnes—At the moment we use annual reconciliations. There are two methods of assessment of family payment eligibility, taking into account the child support income test. The first is called the routine assessment and it assumes: ‘We have calculated your child support as \$1,000 a year; therefore, we will assume for family income payments that you will receive that at some point. Therefore, your family payment entitlement is X.’

The other way is on actual disbursement: ‘We will pay you the family payment based on what you receive this week, regardless of your eligibility status. If you ever receive that child support you will have to pay us back.’ The first one is called the routine assessment and that is what will be applied routinely. If the parent complains, ‘I’m not receiving the child support and I’m not receiving family payment and I need to live. Please, can I have the money?’ Centrelink will pay the money but warn that a debt will be generated.

If it was a direct cancellation, Centrelink would take out of that money the debt before paying it to you and it would, certainly in a system sense seem, in the first instance, to resolve a lot of the complexity. You would make it clear to the Housing Trust that your income had not changed by the amount you had repaid of the debt and the amount you had received. Instead, you just have the net difference between your payment and the child support income.

It seems like a simpler way to do it, provided the money is going through Centrelink, but it is not always. With the move to self-collect and self-management in child support, the agency is only active in collect cases. Retrospective moneys might not always come through the Child Support Agency and, therefore, not always be registered to Centrelink. It is a system complexity.

Senator HUMPHRIES—You mentioned that the system would be assisted by implementing a time line for the collection of child support from payers. What do you mean by that?

Dr McInnes—Nonpayment will lead to an escalating range of consequences over a particular time line, which could culminate in a statutory provision to seize assets, for example, for highly recalcitrant people. We had a much more collection oriented approach in child support at the beginning, which has moved to a very open, self-managed approach. That is arguably in some contradictory tension. Child support was established because people were not paying voluntarily and we needed some kind of mechanism that enabled people to be required to pay. That element has been successfully lobbied away and it requires a lot more face to face negotiation. Having to negotiate with somebody who has been really violent is incredibly frightening for domestic violence survivors and knowing that, if they do on them or say that they are not getting the money, they or the child will pay the consequences.

The withdrawal of the Child Support Agency has increased the interface between families, which is fine in families that do not have violence as an issue and really disastrous in families

that do. We are arguing much more for a highly managed approach in cases where they are either not paying or there are risks to the parties.

Ms Parry—In fact, even an approach where it was managed by the CSA from the outset until they could see how the parents were getting along. The reason they are now separated is that there were problems in their relationships in the first place. This places a lot more stress on the families to then have to negotiate all of this stuff as well. At the moment there is very much a hands-off attitude until you can prove that there has been some form of domestic violence or that you are fearful. Often women will just not get any payment, rather than go down that path.

Dr McInnes—Not only that: if they are not receiving their full entitlement of child support, they are not eligible for their family payment. If they admit they are not receiving their full child support, Centrelink can cancel their payments, so they are over a barrel both ways. They have to collect the full amount in order to be eligible for their family payment. There is a huge incentive for obfuscation of the facts. Again, who is doing without in this household? It will be the children at the end of the line.

We would like to see a time line, at the very least, whereby people can say, 'All right, you've filed your claim. If nothing happens by then, you know that we will take this action. Then if nothing happens, then that action should take place.' There is a lot of opportunity for the payer to arrange their affairs before there are onerous sanctions. Educative, managing, but knowing that you will not just get away with it.

Senator LEES—Is it workable that the Commonwealth takes on the debt? In other words, if you set up a time line as was just being looked at by Senator Humphries, and you get to 30 days or whatever overdue, the Commonwealth pays and then they chase the debt. Is that something you have looked at?

Dr McInnes—It certainly would be a preferable option. I think it operates in New Zealand along those lines.

Senator LEES—I have heard of it somewhere but I am not quite sure whether it is perhaps something in one of your previous things we have looked at.

Dr McInnes—The Child Support Agency would have data on it. I have also seen it as a model, I think, in New Zealand. It certainly would work much better in terms of delivering outcomes for the children and translating the consequence from a private consequence to a public consequence, which would be better.

Senator FORSHAW—Could you possibly take it out of their tax return?

Dr McInnes—That is already the case for collect cases, but you have to achieve the status of a collect case. A payee who does not receive any child support cannot require herself to become a collect case. She has to let them know that she is not receiving it and a decision will be made about whether she will become a collect case. She has no power to require the Child Support Agency to take any action in respect of her case whatsoever.

Senator LEES—I need to go back again to an answer that you gave before about the consequences of, presumably, a woman not getting the child support and, because she is not getting it, then not being eligible for family payment. Could you go through that again? It was not something I was aware of.

Dr McInnes—If she is not a collect case, if she is self-managed, which is the default norm, it will be deemed that she is receiving that amount and her family payment will be reduced to reflect that. If she is not in fact receiving that amount and she declares that and does not take any further action, like reporting it to the Child Support Agency, presumably to initiate action, then she has failed an eligibility step for family payment.

Senator LEES—It is an eligibility criterion?

Dr McInnes—Yes.

Senator LEES—It is sort of double jeopardy.

Dr McInnes—Yes, and guess who's got it? The women and the children.

Senator FORSHAW—Could I just follow that up. The child support payments are not made.

Dr McInnes—That is right.

Senator FORSHAW—Let us assume it is the mother. The mother advises Centrelink.

Dr McInnes—Centrelink will then ask her to register with the Child Support Agency as a collect case. If she does not do that she loses eligibility for family payment, except for the minimum amount.

Senator FORSHAW—Yes, but we are misunderstanding a little.

Dr McInnes—A common outcome is that he says, 'I'm assessed at \$1,000 but you can have \$600. Think yourself lucky.' She says, 'All right. I'd rather that than a black eye,' and goes along with accepting \$600 as if it were \$1,000 and having her payment reduced through the family payment as if it were \$1,000. She has in fact misinformed the Commonwealth on an illegal basis and in theory bears the penalty for that, thereby handing him another lever to exercise over her should she ever declare what has been going on. She cannot then say, 'I accepted \$600 for this year because I didn't want to get hit.' She just gives it away, bears the liability and tries to protect her payment. If she goes to collect, she will bear the consequence of making that action too. If it is a violence situation, she is pretty well stuck.

Senator FORSHAW—Yes, we understand. We were a little unsure of how that was working, but I understand now what you are saying. It is double jeopardy.

Dr McInnes—And it impacts on the child and on the standard of living of the household in complex ways.

Senator HUMPHRIES—Ultimately, a self-enforcing system would have to have some penalties at the end for the defaulting party, obviously. A lot of the submissions to us in this inquiry have been to reduce the level of or remove penalties, because they are not effective, but you would argue that in this case penalties as a consequence of that process would be appropriate, presumably.

Dr McInnes—I presume you are referring to the work force mutual obligation penalties?

Senator HUMPHRIES—No, I am thinking of penalties where the non-residential parent has not paid their child support and they get the time line kind of enforcement you were talking about before. They would have penalties in the form of, as Senator Forshaw suggested, a tax impact to make them realise they must make that payment or else they are going to be hit with something.

Dr McInnes—There is discretion over whether those penalties are, in practice, applied, and they are routinely not applied. The argument that child support causes men's suicide is very strong and probably diverts from the fact that medical treatment is more effective than lobbying around child support if you have that problem. It has been a direction in public policy lobbying to say, 'We need to stop making people support their children,' but arguably the levels that have been set have not been onerous or extreme, and choosing not to meet that obligation is, in a sense, rejecting that you have any obligation to your offspring, which in law we do not allow in Australia under current policy.

Senator FORSHAW—My comment came from the fact that the government is now using the tax return as a means to recover family tax benefit debt.

Dr McInnes—Yes.

Ms Parry—And that works in this scenario where you are an employee and having income tax taken out, but in a fair proportion of the cases that we see, the people are self-employed and so have the mechanisms of avoiding lots of things.

CHAIR—Thank you very much for your contribution. Is there anything else you would like to add?

Dr McInnes—On the minimisation of child support income, I make the point that a trust is also a mechanism which can be and is routinely used to change the way that income is received in order to minimise obligations, so both trusts and self-employment are avenues which are routinely available to do that.

Senator FORSHAW—I have heard of cases where they use bankruptcy.

Ms Parry—That is exactly right.

Dr McInnes—There are many legal available strategies, and it impacts on children's poverty. Thank you very much for the opportunity to talk about this.

ADKINS, Mrs Janet Valerie, Research and Policy Officer, Shelter SA

FITZPATRICK, Mrs Colleen Astrid, Director, Lutheran Community Care

SIMMONDS, Ms Pamela, Executive Director, South Australian Council of Social Service

MALYCHA, Ms Wendy Lorraine, Deputy Chair, Policy Council, South Australian Council of Social Service

CHAIR—I do not think the Anglicare representative is here, but I welcome representatives of the South Australian Council of Social Service, Shelter South Australia and Lutheran Community Care. The committee prefers evidence to be heard in public but evidence may also be taken in camera, if such evidence is considered by you to be of a confidential nature. Witnesses are reminded that the evidence given to the committee is protected by parliamentary privilege and that the giving of false or misleading evidence to the committee may constitute a contempt of the Senate. The committee will approach this as a panel session. I now invite each group to make an opening statement, and this will be followed by some specific questions and some general questions from the committee, to which you are all invited to respond if you wish. Over to you, Ms Simmonds.

Ms Simmonds—Thank you. I have apologies from Ian Yates, who is the deputy chair of the SACOSS board. He is not able to make it. Another apology is for my cold, so if I cannot answer any questions, I am going to blame the cold and flu tablets manufactured by Pan.

I am going to provide a summary and the main points from our submission. Can I also please table a summary of our social disadvantage report for you to look at. It has some key points from the social disadvantage report which we refer to in the submission.

I will refer to some of the key findings from that research, which tracked poverty and inequality in South Australia over a period of nearly 20 years, from the early 1980s to the late 1990s. South Australia is a very low-income state—in fact, it is the lowest income state in Australia—partly a reflection of our older age profile in this state. High levels of poverty here, though, have been contained by our lower housing costs. What we would say about that—and Janet will certainly pick up on that in her submission—is that that is now at risk from a reduction in public housing stock in this state. Public housing stock has not only played a part in providing public housing to low-income people but also had a dampening effect on rising costs in both home ownership and in private rental. The buffer for South Australia from greater levels of poverty has been our lower housing costs in this state.

We also have the highest level of long-term unemployed of all the mainland states, not Tasmania. Our rates of poverty have doubled here since the early 1980s from five per cent to 11.8 per cent. Inequality has also doubled in South Australia, but South Australia is less unequal than the other states, and that is partly because we have fewer high-income earners in this state, which means that we are less unequal.

The other key finding that I want to draw attention to is that, over that period, a larger share of South Australia's population fell into the lowest income bracket, but the amount of money to be shared around in real terms remained relatively constant, meaning that, once it was shared out among those greater number of people, there was less to go around. What that confirms is the anecdotal evidence we had from our members over that time, that not only were there greater numbers of people presenting at their agencies with crises and for emergency assistance, but the complexity and the depth of the poverty that they were presenting with had also increased, so we now have some statistical evidence to back up what people were telling us anecdotally.

I have to acknowledge at this point of course that there are problems around definition and measurement. No doubt you will have heard and talked about those at length now, and I am happy to answer what questions I can about that.

Our submission focused on key determinants of poverty as we saw them: income, clearly; education and employment; and housing. They were the key areas that we picked up on in our submission. The groups most likely to be at risk of poverty or in poverty are the long-term unemployed, Indigenous people, single people, particularly younger single people, sole parents—and you have just heard from the national council of single parents and their children—and partnered people with larger families.

I presume you will be talking to ATSI and to other Aboriginal groups about Indigenous poverty issues. Again, we are happy to talk about those, but I will not focus on them. They are one of the most disadvantaged groups in South Australia and Australia.

In terms of income we are saying that there are three underlying problems with the social security system: the inadequacy of payments, the complexity of the system and the severity of the penalties where people are not able to comply with the requirement system. South Australia lost \$14.6 million last year from its poorest people in breaches. That is a significant amount of money for those people, but it is also a significant amount of money to local communities and the local economy. The key strategies here are, first of all, to lift payments to 25 per cent of male total average weekly earnings; secondly, to reduce the taper rate for Newstart and Youth allowance to 60c in the dollar for all income over the free area, and a flat rate from then on; and, thirdly, to implement recommendation 25 from the Pearce report in the review of the social security system, which means to make penalties fully recoverable on compliance, limit duration of all penalties to eight weeks and also limit them to a maximum of 25 per cent.

Moving on to employment, the issues in South Australia are the larger number of discouraged workers, as evidenced by our low participation rate; the growth in part-time work, which is particularly significant in this state; the very high number of long-term unemployed; and—you would have heard about this earlier today—the increasing numbers of working poor who, even though they may be working, and some of them are working full-time, are still not able to make ends meet.

The key strategies for South Australia are, firstly, an employment and skills package for South Australia, targeted at the most disadvantaged areas—some of that has begun with the Sustainable Regions Program, of which \$12 million went to Elizabeth and Salisbury, and we believe that that can be built on and that other disadvantaged areas can be looked at—secondly,

infrastructure planning and spending, with incentives for employing local and disadvantaged job seekers; thirdly, transitional job schemes for the most disadvantaged, which offer six months subsidised employment and training in the not-for-profit and public sectors; fourthly, a guarantee of assistance for long-term unemployed; fifthly, a national entry level public sector youth recruitment program for both Commonwealth and state governments; and, finally, assistance to states to provide mature aged employment schemes.

In education, the main issues here and elsewhere are the reducing resources available to disadvantaged public schools, increasing fees and costs associated with extra activities, and the low school retention rates in some areas. The key strategies identified in our submission are, firstly, a greater emphasis on early learning and targeted expenditure to disadvantaged schools; secondly, a review of preschool education to identify service gaps and develop national benchmarks for affordable preschool education; and, thirdly, increased financial assistance to the most disadvantaged students and an expansion of scholarship programs for secondary schools, for TAFE education and for universities.

In terms of housing, I would like to instead defer to Janet Adkins, who will pick up on the main points that we made in our submission. If I were to talk about some of the other things that we should emphasise, I would say that we do need a national commitment to reducing poverty—a commitment which identifies targets and strategies that are based around that, and one that also engages both state and local government in achieving those targets.

We do need a universal public health system—this is very topical—with an emphasis on primary health care. This is not just about dollars. The new Australian health care agreement has to focus on more than dollars; it has to implement some significant reforms in the way we deliver our health in this country.

Another issue that keeps coming up at our policy council is dental or oral health. There is a more than three-year waiting list now for non-emergency treatment in South Australia in the public dental system. That means that more and more people were turning up, of course, for emergency treatment at public hospitals, too, and in the meantime have suffered significant pain and loss of self-esteem through having very serious dental health issues.

In summary, I know the welfare groups are expected to say that demand is increasing and getting more complex. You would expect to hear that from us, but we do not know what else to say, when that is the reality of what people are faced with on a day to day basis. We just have to keep saying that. We now have the statistical evidence in this state to say that there is backup for what people are experiencing. There is clear evidence that that is the case.

Measurements of poverty are always going to be disputed. I do not think for your purposes that you want us to focus too much on those disputes. They will go on and on. What we do need to focus on is who are the most disadvantaged here and what can we do about it, rather than necessarily focusing on disputes about measurement.

I would like to ask how any of us would get by on \$233.90 per week, which includes the maximum amount of rent assistance, when the average rent in South Australia—which is relatively low—is still \$150 per week. Electricity and telephone costs are \$25 per week, public transport is another \$9 per week, and food is \$40 per week if you do not eat out and you do not

eat much. That leaves all of \$9.90 for haircuts, second-hand clothes, newspapers, insurance and saving for replacing that broken electric water heater. That is less than what some kids get in pocket money, but that is the reality for a large number of people who are on unemployment benefits.

It does not stop after one week. It goes on and on: it could be year after year of trying to get by on \$233.90 a week. It is also really important that we do not continue to talk about a crisis in the welfare system. The welfare system is not about to collapse under the weight of numbers. We have a system to be quite proud of. There are issues with it that we do need to address and we can make the safety net stronger and fairer. Thank you very much. I will now pass over to Janet who will talk specifically about the Shelter SA submission.

Mrs Adkins—Shelter SA advocate for safe, secure and affordable housing. We believe that housing plays a crucial role in poverty. We believe the current housing policy is helping to perpetuate poverty within South Australia and, conversely, housing can be seen as a mediating variable between poverty, education, work and health. Without affordable housing, all other areas of life suffer. Within South Australia—and Pam has already spoken about the unemployment figures—affordable housing in Adelaide is geographically opposed to the job market. People move to areas where they can afford the housing. They cannot get work. If they are on Centrelink benefits, they get breached because they have moved away from jobs.

This then takes us onto the mutual obligation policy, which is costing people money that they cannot afford if they are already living in housing stress. Housing stress is where somebody is paying 30 per cent of their income, if they are home owners, or 25 per cent of their income in the private rental market, whose earnings fall in the lowest two income quintiles. Berry and Hall did a study which stated that within Adelaide the numbers had risen from 63.4 per cent in 1986 to 76.1 per cent in 1996. They estimate that, if the rate continues at the current level, the number across Australia within 15 years will have doubled and be close to one million across Australia in 20 years time. That is across Australia. It is not going to go away.

Longitudinal evidence suggests that poor housing is a contributor to low educational attainment. The lack of security of tenure, increased housing costs—particularly in the private rental market—length of waiting lists and decline in public housing stock all perpetuate poverty. South Australia, as Pam said, has always been protected from high poverty rates because of the public housing. With the decline in stock it is only going to get worse. In 1992-93, the South Australian Housing Trust had 58,855 existing tenants; in 2001-02 there were 47,141 existing tenants. We are hearing all the time that housing stock is being decreased. What this does is push people into the private rental market, there is a lack of security of tenure in the private rental market so families are having to move. Children's education becomes interrupted. We then experience generational poverty as a result.

Although there is only a small number of the aged population in the private rental market at the moment, the numbers obviously are going to increase as our population ages. With strategies such as the Ageing in Place Strategy, people in the private rental market are going to be at a disadvantage, having problems with adapting homes and proximity to vital services that they need as they are ageing. These issues are problems for the future when we do not have the affordable housing that we need in South Australia.

Mrs Fitzpatrick—I represent a microcosm of the evidence that you have already heard. Lutheran Community Care has been in Blair Athol for 33 years now. It has sort of been the armpit of Adelaide for some of that time. We have had a very high level of Housing Trust accommodation within the area and a very large transitory population. It is about nine kilometres from the CBD. But we have fixed the poverty, the area is now being gentrified and the Housing Trust are reducing their stock within our area.

This is having a really significant effect, of course, within the local population. We see people who have had choices taken away from them. They are not able to age where they have lived for so many years. There are a number of people who live in very close proximity to our offices. It is a very tight-knit community. They have come to be part of our community, too—people with a mental illness; people with intellectual disabilities; people who are suffering the early stages of dementia who have been able to manage within that community because they are known and supported within that community. For example, the woman over the road, when her mother died she came over to the shop and we helped her to contact people to organise the funeral. We helped her to write the thank you letter to them afterwards. We were able to do that sort of thing. All of that is being taken out as the people are being moved out of the community.

I have been at Lutheran Community Care for 18 years now and have seen a lot of changes. One of the most concerning changes in that time has been that for about the last two years we are seeing queues outside the front door in the mornings. I have not seen that before. The faces of the people in the queues are changing, too. One of the most significant groups of people that were moving into our area—until Mr Howard fixed the problem—were the refugees. We had a large number of refugees come into our area. In South Australia we had, I think, 12 or 13 houses that families could move into for four weeks while they looked for other accommodation. We had nine of those houses in our area. We had families from the Middle East or from Afghanistan particularly, from Iraq and Iran, who moved into the area.

That had a huge impact on our organisation. As you are aware, there is not a lot of Commonwealth support for refugees, and so we were left to fund their needs, to provide not only emergency assistance but also what they needed. They need big cooking pots—and I mean big cooking pots. It is part of their culture and a part of the way that they cater for their family's needs. They have no household goods. They have very little in the way of clothing. Clothing that is appropriate in Woomera is not always appropriate down here in our cooler climate. Meeting those needs has placed a huge strain on our resources. Thankfully, our community has been very generous. These are demands that we have not had to face before, and I guess we are grieving, too, that we are facing them less and less. We are seeing a significant number of people on permanent protection visas as well. We have quite a number of Sudanese people within our community.

When we helped families that were Australian born, there would be one, maybe two parents, and one or two children, maybe three. The refugee families that we are helping now have up to eight children, so the unit of help that we are being asked to provide is with the same resources, but the unit of help per family is of course bigger to meet the needs that they are facing.

Something else that we are noticing since the introduction of the new tax system is an increasing number of older people coming to us for assistance. We have a Christmas hamper program that we run every year. We advertise in the press when it is time for people to register for Christmas hampers. I watched the people walking past my window as they were going in for

their interviews before they received their hampers and I was really alarmed and shocked to see the number of grey-haired people. They were very ashamed that they had to come in for assistance at Christmas. They required some help in order to have some sort of a celebration at that time. It is a growing concern.

We are very conscious of the impact of breaching on the requests that are being made to our services and on the assistance that we are able to provide. Another thing that I am very conscious of is the fear that people have of offending Centrelink or of giving offence. I would like to cite the example of one of our volunteers. This woman has been with us now for about two to three years. She came to us for assistance. Instead of looking for work, she chose to do volunteer work as an option and was working with us for up to 32 hours a fortnight. She had come from a very traumatic background and her contact with our organisation had allowed her to heal and to feel valued. She was really enjoying the work that she was doing with us. She is now part of the Job Network and is supposed to be looking for work. She wants to get out of that arrangement because she is not happy about it, but is frightened of upsetting her case manager. We contacted Centrelink to see what we could do to get her out of that contract. I wrote her a letter of support to do that, but she is too frightened.

She is continuing to go through the motions of having to go to training that is irrelevant for her. She is not able to do the volunteer work that she enjoys, which is really helping us enormously. She is relatively young. Some of our volunteers are in their 80s, but she would not be 50 yet I do not think. She is a young, competent volunteer, who can contribute so much in our place, but she is having to play these nonsensical games to please a system that she is frightened of. I think that is quite an indictment of the system.

Something else I find of great concern is the more complex needs that people are presenting with. We provide medium-term accommodation through the Supported Accommodation Assistance Program, and we are seeing that the homeless families have much more complex needs. We are seeing people who are drug affected and there is a higher rate of mental health problems, and the staff are put at much greater risk. We have just recently been through a process where allegations were made against a worker that were incredibly serious but, as we tracked back through that process, as we investigated the allegations that had been made, we could see that a large part of this came from paranoia that was drug induced. We are asking staff to work for reasonably low pay, often on contracts that are unsecured, and to put themselves and their families at great personal risk. The increase in utility prices and the new tax system are also things that are impacting on the people that we are seeing.

It seems to me that we are being really short-sighted in that we are not putting in preventive measures. It is very difficult to get funding for preventive measures, for early intervention programs. The levels of funding in those areas are not what they should be. Even counselling, for people to be able to work through some of the issues that they have, is a luxury that can only be afforded by people who can pay for it. We do provide some counselling. We cannot get funding or any grants for counselling; we provide it from the donations that we raise, yet it is something that can really make a difference in people's lives.

There are many opportunities for us to improve and to be able to work together. Our mission is to share the love of Christ and to build caring communities, and we are certainly engaging in that. We have a staff of 40 and 400 volunteers, but the needs are continually growing as well.

CHAIR—Thank you. Ms Malycha?

Ms Malycha—I will not make an opening statement. I am happy to answer questions on behalf of SACOSS. I work in the homeless sector, so I am also happy to field questions in that area rather than doing a re-presentation of what is in the documentation.

CHAIR—Ms Simmonds, we are awaiting ATSIIC's submission. In SACOSS's submission you particularly mention age pensioners and Indigenous Australians as a special group of poor people.

Ms Simmonds—I think what that says, if I recall, is—

CHAIR—That was in the seventies.

Ms Simmonds—That was the traditional profile, but now it is much more diverse. In fact, poverty among older people has reduced as a group. It does not mean that all older people, of course, are doing okay. But there has been an improvement because of the income security measures that have been put in place.

CHAIR—I want particularly to ask about Indigenous Australians. Can you give us a snapshot of how you see their predicament at the moment. Has it worsened since the 1970s? Do they have particular difficulties that do not affect the rest of the community?

Ms Simmonds—I cannot speak from personal experience, but I can report, again, on what our member agencies say. The others here might like to add to that. What is happening is that, despite enormous efforts in the last 20 years to try and get it right, we are still reporting significant disadvantage among the Indigenous population. You would, no doubt, be familiar with some of the figures, such as the life expectancy being 20 years less overall than for non-Indigenous people, an imprisonment rate in South Australia which is 17 times higher than for the non-Indigenous population and their children are six times more likely to be in the child protection system.

Those are the sorts of figures which have been consistent, unfortunately, over the last 20 years. It is very frustrating for everybody because we feel that we have tried to do things and put more money in and it is not working. You are going to ask, 'What is the problem?' but you forget two things: firstly, they are starting way back in a sense of being very seriously disadvantaged and, secondly, you have to get it right culturally for any of those measures to work. Everybody has to put effort into that, and that includes all agencies delivering services. All mainstream agencies delivering services have to do that better. It also includes, of course, Commonwealth programs which are much more culturally sensitive. We take into account specific circumstances of our Indigenous population too.

The ATSIIC submission in South Australia which you are waiting on is a very good one. It has a large number of facts and figures than I am able to give you now off the top of my head. It also has a number of case studies in it which are very illuminating really about not only disadvantage but the sorts of discrimination that Indigenous people in South Australia have faced in trying to get access to services. Those case studies are shaming in some ways for all of

us, for what we have not been able to achieve in making sure that Indigenous people do get access to the services they should be entitled to.

Ms Malycha—I am certain that the ATSI submission will cover things in a better way than I can. As a service provider in the inner city to homeless young people, I think the numbers of young people accessing our services reflects how the systems do not work. The number of Aboriginal young people that come to our services are underrepresented. That does not mean fewer Aboriginal young people face homelessness or all of the issues other young people that come to our services need. It means that the centralised assessments and referral systems, the mainstreaming of services, restrict access to those people who are most disadvantaged in some way or another. If you are Aboriginal, you do not speak English well, or you do not know Adelaide well, then all of those things are going to contribute to you not accessing the mainstream services that are there. In general, Aboriginal people do not access it as much as they should.

Certainly there are issues for Aboriginal families of people in prison, for Aboriginal women in prison—they often have children. When a father or a partner is imprisoned it is often the family that is left in the community that suffers greatly as a result of that. There need to be far more effective programs put in place to support the families and children of prisoners. Alternatives to prison need to be considered, particularly for Aboriginal people. That is a problem we are seeing in the homelessness sector again, in that Aboriginal families of prisoners are often people seeking assistance from SAAP funded services.

CHAIR—In the SACOSS submission you talk about 1,300 people sleeping rough each night. Then you say that each night there is a crisis of accommodation for between 1,800 and 1,900 people, including children.

Ms Simmonds—The 1,300 I know is from the ABS census statistics for 2001.

CHAIR—It says, ‘Crisis accommodation services assist between 1,800 and 1,900 each night.’

Ms Simmonds—That would be the SAAP services here providing assistance. They are not the ones sleeping rough, obviously.

CHAIR—They are two different groups, are they?

Ms Simmonds—Yes, that is right.

Ms Malycha—Yes.

Ms Simmonds—Homelessness is defined by three tiers. The first tier is those who are sleeping rough and have no shelter. The second tier is those who have temporary shelter, staying with friends. The third tier is those in boarding houses and SAAP services. Is that right, Wendy?

Ms Malycha—SAAP services is in the second tier. The issue of homelessness and who is sleeping rough, and who happens to be in a SAAP service, and who happens to be camping on a friend’s bed, and who happens to be in a squat and is invisible will continue to be a mystery to

most of us who can hop in our car, drive to work, hop in our car and drive home and never have to see it.

In Adelaide we are fortunate in that we have parklands that surround our city, which are wonderful for homeless people and it gives them an out from being exposed to constantly being looked at. It is also a sadness in that it does hide the problem and it puts them very much at risk in those parklands. The assault and death rates of homeless people in this city in those parklands is something the community does not see, does not know about, is not reported by the media but is a real and everyday problem. There are growing numbers of families evidently living in cars. Again, you just need to walk along the foreshore at night after dark. You can see families and singles living in cars. I doubt very much whether some of those cars can move.

CHAIR—Are they classified as sleeping rough, sleeping in cars?

Ms Malycha—Yes, I understand they are. It is pretty rough sleeping in a car when all of your possessions are in there and maybe your kids as well. Certainly the problem with focusing on homelessness is that we tend to focus only on those people who are sleeping rough. We tend to focus on those that we see on Channel 9 and we read about in our *Sunday Mail* who make good stories and look good sleeping on park benches as a picture. But homelessness is much more complex than that.

That is perhaps the sharp edge and it is certainly the most visible for those who want to look. But it does not mean you are any safer if you are forced to stay in a family home that is violent, unsafe or abusive. It does not mean you are secure if you are very young and in a lodging house where the rest of the occupants are older men with a whole range of mental health, drug and alcohol problems. It does not mean you are safe or are doing okay and are not homeless if you are couch-surfing through your friends for years, just trying to stay in school and stay fed and clothed as a young person.

Homelessness is much broader than those people who are just sleeping rough. We do need to ensure that those people are able to access services but we have to stop focusing on just transition. That is what we constantly do to homeless people—we transit them from this short-term service to that short-term service to that short-term service. We actually never put anything in place, such as housing, where you can live and connect with community to be part of the world that we all live in, go to shop at the same place every day and walk to the local deli or the local school. Homeless people cannot do that. They are constantly being moved from one place to another while they are waiting for the mysterious permanent housing that never seems to appear.

CHAIR—You talk about the three tiers and the crisis accommodation for between 1,800 and 1,900 each night. In the Shelter Australia submission there is talk about overcrowding. Is there any way in those concepts of the three tiers that you talk about overcrowded accommodation?

Ms Malycha—Yes, overcrowding is included. If you are looking at safe, secure and affordable housing, the standard of housing and the amenity of the housing you live in has an influence on your standard of living. It also has an influence on your health outcomes and on your ability to stay in school and study. If you are a woman escaping domestic violence and your options are staying in a motel room for months on end with your children, waiting for

emergency housing to come up, or camping at your mother's place in the caravan in the backyard, you will go for that. It does not mean that is secure or safe or good housing, or that they are housed. The Australian Bureau of Statistics has adopted the McKenzie definition of homelessness, which has those scales in it, and means that we have to look at homelessness more broadly than just those on the park bench. The Australian Bureau of Statistics has adopted the McKenzie definition of homelessness, which has those scales in it, and means that we have to look at homelessness more broadly than just those on the park bench.

Senator McLUCAS—It has been suggested to me over time that private data rental collection agencies result in housing problems. In Queensland the organisation is called TICA. I do not know what it is called here or whether you use the same one. Can you tell us whether the increasing use of those private data collection agencies has affected access to housing, given the move to the private rather than the public sector?

Ms Simmonds—Sorry, can I clarify? Are you talking about black-listing tenants who have debt problems?

Senator McLUCAS—Yes. It has been suggested to me over time that the collection of information that is not accessible by that individual is increasingly causing problems, particularly for families and young people.

Ms Malycha—In South Australia the private rental market is so residual and is under so much pressure that it becomes a moot point whether a black list will make it harder in the end to access. If you have 40 families applying for one house, it is a moot point how they make those decisions. You can bet that, if you have a dog, if you are a different colour, if you speak a different language, if you are Aboriginal, you are not even in there with a chance. We hear anecdotally of those black lists, but in my area I do not hear of them being reasons that people are not able to access accommodation, but then I work with young people who usually do not have a housing history. Perhaps Shelter Australia would know.

Mrs Adkins—TICA is a national database. Although South Australia do not have a database, there is one. I am not sure what it comes under or whether it comes under the TICA, but I have spoken to some people who have said that they have certainly had problems finding accommodation as a result of databases.

Senator FORSHAW—I have heard of this in some country towns in New South Wales but I have also heard that a similar thing occurs with respect to shops, supermarkets and stores, where people who are seeking to purchase things on a credit card may find that they are refused. There is another side to that argument if they have significant debt but it appears to be happening. Certainly I have been informed of it.

Ms Malycha—In South Australia we do hear regularly and we know that if you have bond assistance, for example, through the South Australian Housing Trust, then you are automatically not eligible to stay in caravan parks; you are automatically crossed off. You are not going to get private rental accommodation with a Housing Trust bond, because that indicates that therefore you are one of those ex-trust type people. We hear of that regularly and commonly.

Senator McLUCAS—How does a prospective landlord know?

Ms Malycha—Because the Housing Trust does not give you the money to hand to the landlord. The Housing Trust transfers the money directly to the tribunal. The landlord does not get to hold it for a while and put it over. It is the mere fact that the Housing Trust is providing the funds to the tribunal. The person cannot go in and say, ‘Here’s my bond money.’

Senator McLUCAS—And the tribunal in South Australia is like the bond holding agency?

Ms Malycha—Yes.

Senator LEES—I am particularly interested in SACOSS’s submission but you also mentioned the educational disadvantage that follows from problems with housing in particular. Has any research been done in South Australia into some of the links between either low retention rates and poverty and the difficulties in the private market, which means some kids move around a lot. When I was teaching there was a child who by year 8 had been in 14 primary schools. From anecdotal evidence that seemed to be because the family was having great difficulty holding onto accommodation. Has any research been done into some of those links?

Ms Simmonds—I am not aware of rigorous research. I am aware, though, that the social inclusion unit here has listed not just homelessness but also school retention as one of the major issues that they are investigating. In the consultations that I have participated in around the school retention issues, one of the major issues that has been raised is the vulnerability of kids where their families are having to move regularly. This means that they not only miss school but also do not often connect with the school and therefore gradually fall behind. Some of them have dropped out by the age of 13 and 14. There certainly is a connection there that they are identifying. I am sorry, I am not aware of the rigorous research here about making the connections between those two.

Mrs Fitzpatrick—There was some research done, but it is fairly old now, probably in the early nineties, about children in alternative care. It covered some of the same issues: their moving around so much through their placements, some of the effects and some of the ways the system was not dealing with the issues that raised for the children. That South Australian piece of research was done by Sue Ellen Carey probably in the early nineties.

Ms Malycha—Within our organisation, which provides emergency accommodation to homeless young people, we do not have to research to say that our young people are not in school. By the time you reach our service, school is one of the last things on your mind, and they have been out of that system for a long time. You cannot sustain education if you have nowhere to live and you cannot sustain education and keep up with your peers if you are moving. Again, it goes back to the transitional housing, the lack of response and the lack of ability for people and families who are very poor to be able to stay in one place. If you escape domestic violence, you often have to move long distances and you are often tracked, and so those women and those families will have to keep moving. The social inclusion unit is doing work on that. I would recommend that it may be well worth your while that you contact them.

Mrs Fitzpatrick—Also with our JPET programs that we run in Mount Gambier, Murray Bridge and Mount Barker and the Kilburn/Blair Athol area for many of the young people who are at risk of being homeless, some of the stuff that is taught in schools is not terribly relevant.

We have been developing some programs on life skills that have been very well received and have formed a partnership with the TAFE and the high school in Mount Barker. The young people come into the school or into the TAFE and are very keen to participate in the life skills stuff and in learning how to rent accommodation. We have developed some really practical stuff around that.

Senator LEES—Would that also include basic courses in looking after themselves by way of cooking and all of the things that we take for granted?

Mrs Fitzpatrick—Yes. We had a group of young people, service users, who developed that training, and it is growing in demand. People are realising that it is quite useful material.

Senator McLUCAS—I want to move to the question of the provision of welfare services. It was said to us earlier today that the move to competitive tendering for welfare services has resulted in dysfunctional competition, that it actually has delivered less service to people who need support. Do any of you have any comments about the model and whether or not that is in fact the case and, secondly, if it is, what should we do?

Ms Simmonds—In some ways it is a myth that agencies were not competitive before. In some ways they have been, regardless of the process of allocation. It is not a myth to say that that has incensed, if you like, and increased the competition between agencies. Part of it has been because of the rigour around the tendering process itself—introducing business concepts into the human services area where they have not been adopted in the same way, so that you now have agencies not sharing information with each other. At the same time they are expected, as part of that tendering process, to cooperate with each other. You have a contradiction often within the allocation of resources within particular programs which says that you have to put in a submission, you have to put in a tender, which says how you will cooperate. On the other hand, you have a process which discourages people from sharing information because they may lose out to a competitor. There has to be—and are—better ways of doing that.

The other fall-out from that is because of the integrity and probity process of resource allocation, as you have now split the decisions around where resources will go completely away from providers of services. Inevitably they are excluded from the planning process around allocation of resources because they should not be involved in the allocation decisions. That has resulted in decisions around where resources will be allocated but also the types of services that will be delivered being made by people who have no experience on the ground of the priorities and the success or otherwise of services as they are delivered now. They are certainly two of the main fall-outs from the competitive tendering process that has been introduced in community services.

Mrs Fitzpatrick—We had a very bad experience here in South Australia when competitive tendering was relatively new, and that was reported. It took the sector quite some time to recover from that. I think the relationships were very badly fractured between some of our organisation. We have worked really hard to overcome that element of competition that we do face and we are competing for the same dollars quite often.

There are a number of very large costs in the whole competitive tendering process. Within my organisation we try to have a balance of 60 per cent government funding, 40 per cent non-

government funding so that we maintain some independence and we can be who we are. With that amount of funding, we currently have a staff of 40 people. In the last five months, a quarter of them have resigned, which is a huge loss for a small organisation like ours to sustain. I believe that beneath that is a lot of the insecurity that comes with the tendering that we are having to do. We win a tender, we contract staff to work with us for three years maximum—if we are lucky; it might only be 12 months—

Senator McLUCAS—You do not put people on in a full-time basis. It is a contractual basis.

Mrs Fitzpatrick—You cannot, because you have no guarantee. Funding is three years for a good project. Many of the positions are part time. We bring people in, we get them up to speed, and then they get poached. It is increasingly difficult to replace those staff, particularly in rural areas with the lack of qualified staff. You cannot get somebody to move to a rural area for a contract that is for three years but it might not go past that. It is really difficult. The pay scales are also lower than those in the Public Service, so that impacts on us as well. That combination of factors is very difficult for us to combat.

Senator McLUCAS—You say the pay scales are lower than those in the public sector.

Mrs Fitzpatrick—Yes.

Senator McLUCAS—Are your people employed under the SACS Award?

Mrs Fitzpatrick—Yes, but that does not compare.

Senator McLUCAS—There are no relativities?

Mrs Fitzpatrick—No. I would say that our pay rates have fallen behind the Public Service.

Ms Malycha—They did not start on an equal playing field.

Senator McLUCAS—So their separation is growing. The ability for you to attract staff into especially your situation in a rural area makes it even more difficult.

Mrs Fitzpatrick—That is right. Not only that, but within the sector people will pay different rates for the same sort of position as well, so that they will be classified differently on the award. Somebody in my organisation might be on level 5 under the award; in another organisation they will be on level 6 or level 7. There is just no way I can afford to pay that to my staff.

Senator McLUCAS—So it continues.

Mrs Fitzpatrick—That is right. The Commonwealth grants that we have come to the end of the time and then tenders are called, so we re-tender to provide the same services. We have had situations with the Community Support Program where our results, which were excellent in that program, were not taken into account and so we lost that tender. Somebody who did not know the area at all—we had built up our networks; we were covering what seemed to be a huge area of the state, and that is another cost that you have when you have a very rural community like

we have here—was given that tender. They did not know the area, they did not have the networks, and so it would take time to build up again. Your staff will look for another job towards the end of the tender time and you get a new provider. They have to establish themselves and build their relationships, and so the people who are using the service miss out again.

I do not know if you are aware that the contracts for the JPET tenders which were called recently were announced. Somebody then put up their hand and cried foul and so the contracts have been rolled over till June next year. In the meantime, half of my JPET staff have left. We will now have to go through that whole tendering process again. The amount of time that you put into that process is phenomenal; the documentation is huge. Many trees are dying to satisfy this need. I really query the wisdom—when you have services that are going really well, they are innovative and accepted by the community, they are an integral part of the community—of throwing the whole lot up in the air again and starting from scratch again to redefine that.

Another little whimsy we have is that we smile when we see some of the ways that the geographic boundaries are drawn. At our place we have a bit of a giggle at Canberra's sense of geography—you will appreciate this, Senator Lees—when they award \$30,000 to provide relationship education on the southern Yorke Peninsula. But we have convinced them that southern Yorke Peninsula extends to the northern Yorke Peninsula, through the Barossa, because there are a couple of Lutherans in the Barossa that we thought we could do some work with. I do not know who is not listening to whom, but there are some really funny things happening.

Senator McLUCAS—Ms Simmonds, you said that there has to be—and are—better ways than using the competitive tendering model. Do you want to make any comment about the better ways, or refer me somewhere so that we get that on the record?

Ms Simmonds—At least three of the state governments are now reviewing their resource allocation process with a view to moving away from competitive tendering as much as possible. I can certainly refer you to some of those documents. I referred to better ways of doing it and there are some principles around which that resource allocation process could be built on. One of those is that you do your planning together—so you do involve providers and, in some cases, consumers of services as well—where you can, and do a needs analysis of the services that are required to meet that.

The next step is the bit where people say that providers cannot be involved, but I do not agree with that. Even if you are going to reform a particular program area, the best way of doing that is to have people sitting around the table and saying, 'We've got some problems here because the allocation of these resources doesn't match the needs over here,' or, 'We don't have the kinds of alternative models of care or service delivery that we might need. What can we do about that?' The best way of doing that is to have the providers involved in deciding how that could be done, not excluding them from the process, and have somebody else deciding what is needed, putting it out and saying, 'Who wants to come in to seek those resources to deliver it in that way?'

What I am arguing is that you can have non-government agencies involved in the process right along the way, right through to the resource allocation. The better way of doing reform in terms of improving delivery of services is to involve them in it, not to exclude them, and that

certainly means not doing a tender process necessarily. Where you are looking for alternative models of service delivery, somebody will be doing it somewhere, and that model can be replicated if need be and other agencies can pick up on it. By making it competitive, they are never going to share that model with other agencies, but if they are sitting around the table and saying, 'We need something different in the north,' they will share it because it does not mean that they are going to end up being a competitor for that. All I would say is do not think that you have to exclude the providers, almost at any point in that process, from being involved.

Ms Malycha—If a program is not changing and a service is continuing, unless you have clear evidence that there is a lack of accountability or a lack of performance of a particular provider, why on earth do we spend this enormous amount of money—not only from a government perspective but from the resources within the community sector—to re-tender for something that is going to continue? It makes sense to build on the capacity that is already being built rather than to stop and start all over again. There needs to be some consideration of why you would tender. If it is a totally new service that has never been out there before, and there are no real systems or logical place where this may go, then, yes, tendering has its place, but often tendering is just, 'Oh, three years is up. Let's call for tenders all over again.' The resulting unemployment, recruitment costs, new paperwork and new tendering processes, the changing from one place to another, the stall in service provision, do nothing.

Mrs Fitzpatrick—And the loss of corporate knowledge.

Ms Malycha—Even from a business perspective, it is really bad business.

Senator McLUCAS—Yes, that loss of corporate knowledge is something that cannot be counted. As I said, I have been in the one place for 18 years and the knowledge that I have not only about my place but also about other stuff that has happened is huge. There are very few people in some areas that have that knowledge that we can share. It is lost. It has gone.

Mrs Adkins—From the other side of the coin, there is the issue of casualisation and people being on contracts. It is very difficult to get a mortgage if you are on contract. It really forces you into the private rental market.

Senator HUMPHRIES—The SACOSS submission is one of the clearer and more cogent ones we have received, and I congratulate you on that. There is one sentence I do not quite understand, though. You say on page 2:

The current income security system—

this is the federal system, of course—

is, by international comparison, a solid and active system.

What do you mean by 'solid and active'?

Ms Simmonds—Solid because it does include a large number of people, and that has built up over the last 25 years. One of the reasons for its complexity, which is something we do need to address, is that at various times when groups have been identified as in need of financial

support—and the family allowance is one example of that—additions have been made to the income security system to make it more solid, to make sure that there are fewer people falling through the income security safety net. In that sense it is a solid system and it is also one that has been built on over the years—people generally have been very supportive of it as well—starting with the age pension many decades ago and then gradually adding to it.

As for ‘active’, think of the words ‘welfare dependency’. It suddenly sounds as if people just receive their income and do not have to do anything else for it. Our social security system, particularly in relation to those who are unemployed, has always been an active system. It has always been one which has required at least some level of job seeking activity on the part of the person receiving an unemployment benefit, and at various times there have been good and bad programs to assist them into the work force or training. That is what I mean by it being active. It is both responsive to problems as they arise and it is and always has been a mutual obligation system, particularly for those who have been unemployed. There have always been requirements on them.

So often you hear the argument about welfare dependency that all the income security system does is to make people more dependent by just giving them the money and not requiring anything of them and not making them active in the process. I would dispute that. I think it always has required that. Sorry, that is not a very good answer.

Senator HUMPHRIES—Thank you for that. This is sort of a philosophical question. You do not say it quite in as many words, but I take it that one of the reasons you say that South Australia experiences a higher level of poverty than other places in Australia is that there has been a decline in economic activity, mainly around the manufacturing base.

Ms Simmonds—Yes.

Senator HUMPHRIES—You also point out that the disparity between the most extreme rich and poor is smaller in South Australia than in other places in Australia. Of course, very often the gap between rich and poor is cited as a good indicator of poverty, of social dislocation and other social problems. I would have thought the experience in South Australia undercuts that argument somewhat, in that you have the smallest gap between rich and poor, but quite a significant level of poverty compared with the rest of Australia. Do you think that implies that a necessary consequence of economic activity which leads to job creation is that gaps between rich and poor widen in those circumstances and you get greater disparity where economies are generating those sorts of poverty-destroying situations?

Ms Simmonds—I agree. Certainly one of the points we have been trying to make to the Economic Development Board here in South Australia is that economic growth and industry policy do not flow into good social policy because the wealth that is generated will not necessarily be shared as it should be and the employment that is generated will not necessarily go to those who need the chance at it.

Ms Malycha—A living example of that is the expansion of Holden in Elizabeth, where we have third-generational unemployed people in Elizabeth at the moment, but the recruitment processes in Elizabeth are not employing people from Elizabeth. Just because there is economic activity does not mean that it is necessarily going to help the area it is in. Adelaide and South

Australia have not attracted the big corporate offices. We do not have the multimillion-dollar CEO packages in this state that are in other states and we do not have that huge discrepancy. It would take a long time to convince me that, if we had those executive salaries in South Australia and a bigger gap, our poorest people would be better off. In fact, I do not think we would see that.

Senator LEES—You mentioned that Holden are not necessarily recruiting in Elizabeth. Is that largely an educational issue and a qualifications issue?

Ms Simmonds—That is what Holden says.

Senator LEES—Because now they want some pretty qualified people to work on the production line?

Ms Simmonds—Yes and no. What the local agencies up there say is that they have set the bar way too high for the jobs that are needed to be done. They are requiring literacy and numeracy levels which have nothing to do with the jobs they have going. They have set the bar too high for people from the local area to be able to get it without demonstrating that that is the requirement for the job. That is certainly how local agencies see it.

Mrs Fitzpatrick—Yet the manufacturing industries are having real difficulties filling their positions anyway. I know that because I have a family member working in the industry and they just cannot get the staff; they cannot fill the shifts.

Ms Malycha—You cannot necessarily get the education you need for those jobs as well. When you are going through an education system and you are choosing your TAFE course, you do not necessarily know that Holden is going to open in two years time—‘So maybe that’s the course I’d better start in’—or whether TAFE is geared up for Holden reopening in two years time. Our education and training system lags behind the skills needs of industry in this case. Holden’s announcement suddenly left this vacuum. There are not the people; the skilled work force needed is not there. That clearly comes back to our educational system. Australia has to get smarter at educating people to higher standards across the board to take advantage of these things.

Senator HUMPHRIES—Given that is the case, what is it about the sorts of three-year employment and skills assistance packages that you refer to as a key strategy that you think will overcome problems in places like Elizabeth? You mentioned the sustainable regions allocation. What is it about that kind of program which has the opportunity to break that cycle?

Ms Simmonds—The guidelines in that program are relatively flexible, from my understanding of it. We are hopeful that the allocation decisions we have made, with a significant amount of investment in that area, will link both of those things: first of all, educational opportunities, particularly for secondary school students and, secondly, the skills development in the area. The third area is probably in retraining as well, which we have not talked so much about but it is about people who have been retrenched from positions or who are likely to be. There does need to be retraining available for them to be able to learn the skills that would be required in that area. We are hopeful that a significant part of that \$12 million can be

put towards developing the local work force to be able to take up employment opportunities, either in their local area or elsewhere, in the future.

Senator HUMPHRIES—Do you think that a Commonwealth-state collaboration is best able to work out how to identify where those areas might lie?

Ms Simmonds—Partly because it is a shared responsibility between Commonwealth, state and local governments and non-government agencies. But I do think it does require an injection of Commonwealth funds. I do not just mean in the Salisbury and Elizabeth area, which is where that injection of funds has now gone. There are other disadvantaged areas, particularly around the Iron Triangle in South Australia around Whyalla and Port Augusta, but also parts of the Yorke Peninsula around Wallaroo. There are some parts down in the south here as well where you could say something similar could be done: an injection of funds and cooperation between Commonwealth and state governments to ensure that the local work force has access to skills, retraining and a good education, as well as local employment opportunities.

Senator HUMPHRIES—Can I come to something quite different—gambling. Do you see gambling as a major contributor to the incidence of poverty in South Australia?

Ms Simmonds—Our member agencies are concerned about that here—Colleen might like to talk further about this as well—but they have identified that. It is particularly the increase in the number of poker machines, rather than gambling per se, that people are identifying as a problem. In South Australia the growth in the number of poker machines has been huge in the last six or seven years, if not longer than that. They are saying that more and more people are presenting with gambling problems. The implications, not only for the individual with the gambling problem but their families and those who depend on them, are significant.

Mrs Fitzpatrick—The number of people who are coming to us for emergency assistance are there because of their gambling problems. We do have a network of services within South Australia to work with people who are problem gamblers. The other part of it too is that you see the reliance, for example, of sporting clubs and community organisations on the money that they earn through poker machines. It is a real struggle. It is a real tension for the organisations as to whether they have poker machines and have a more assured future or whether they do not.

Just a couple of weeks ago one of the local football clubs had their clubrooms shut down because they were too close to the shopping centre. They had poker machines in there. There was not much comment made about the hotel that is also in the same precinct that has poker machines, but we will not go there.

Senator LEES—Who were the complainants?

Ms Simmonds—Yes, exactly!

Senator LEES—A hotel has managed to force out what is a small football club.

Ms Simmonds—Can I pick up on two other quick points before we leave? The first is the need for a national policy on gambling. Up until now the federal government has basically said it is a state government issue and will not get involved in it. I think there is room for national

leadership on the gambling issue. Secondly, the federal government is also wont to accuse the state governments of not doing anything because they are becoming dependent on gambling taxes. To an extent that is true. Here in this state 14 per cent of our own source revenue comes from gambling taxes, which is a significant amount. I think the percentage of own source revenue only comes behind payroll taxes in terms of the size.

At the same time the proportion of the Commonwealth revenue coming to states over the last two decades has slipped from 36 per cent to 21 per cent. Far be it from me necessarily to defend state governments and their dependence on gambling taxes, but you cannot say to them, 'Stop your dependence on gambling taxes'—that is the Commonwealth government—if at the same time you are actually reducing a proportion of overall taxes taken from taxpayers to the states. You are starving them of funds in order to deliver the types of services they need to do. I see it both ways. I think the Commonwealth government need to take more responsibility in terms of gambling but they also have to take some responsibility for the revenue they are passing to the states.

The answer they will give straight back, of course, is, 'We're doing that with the GST.' GST in South Australia does not have a net benefit now until 2007-08. They are not going to do anything about gambling taxes in that time. Nor could we encourage them to because at the same time we are having to say to them, 'The state government does need to spend more money.' If the Commonwealth government is not going to distribute any more until 2007-08, or rather the benefit of the GST, then what else is the state government able to do?

Senator HUMPHRIES—Have you not mentioned gambling in your submission because it is not a significant contributor to poverty or because it is not a federal issue; it is more of a state issue?

Ms Simmonds—It is more of a state issue. The other area that we did not mention is utilities. Both of those were left out of the submission because we do tend to talk more to the state government about those. I wanted to take the opportunity to say at a federal level that there is a considerable amount of work that can still be done on gambling as well. Utilities is another major issue here.

Senator FORSHAW—Most of the discussion has focused on education, employment and housing, as you indicated at the outset. I would like to ask each of you—or whoever would like to comment—to make some comments about health costs and their impact. I noted in a couple of the submissions comments—and I am certain that the council as well would like to include these problems—about meeting health costs in terms of poor or low-income families in financial hardship.

Ms Malycha—First of all, I would like to add—if you can go back to Pam's earlier comments about living on a certain limited amount of money per week and having \$9 left over—if you have asthma, forget it. If you are insulin dependent, forget it. If you have any mental health problems, which means that you have to take medication constantly to maintain your health, forget it. For people who are unwell, they face real problems with health costs now. If you do not have money and you have to go to the doctor and there is money to pay, you are not going to go just for check-ups, to have your breasts checked regularly or for pap smears and have to face those costs. When you are poor, you go to the doctor when you are actually sick

and when you think there is a problem; otherwise it is a cost that you do not have to pay this week.

I will leave Pam to give you the details, but for poor people—and in Australia we have far too many for such a wealthy country—the issues of health for a growing number of people are evident, particularly in the homelessness sector, where we are constantly paying for people to have prescriptions filled and constantly calling doctors into our services because people do not have money to visit doctors. How do you know who the bulk-biller is? All of those sorts of questions are serious. If you multiply that for people with families, it is horrendous.

Senator FORSHAW—I take it that all of you are finding that you are regularly being called upon to assist people, in one way or another, to meet health expenses?

Mrs Fitzpatrick—Absolutely, yes. We had two women who were sharing a pair of glasses, for example. It was not quite down to the dentures. It is not just for prescriptions. If you have people who need heating or cooling, again, the cost of the utilities comes in. What do you do? How do you keep people warm? The asthma example is a good one. Cold air can aggravate asthma and precipitate an asthma attack, so for families to maintain the sorts of temperatures that can stop that can be a huge burden to them. We certainly see a significant number of people coming to us for assistance because of their utility bills in summer and in winter when they are having to maintain even temperatures.

The stress and the burden that carers face is another issue that I do not really feel qualified to speak about. Carers on low incomes looking after people on low incomes is another whole range of issues that are really significant.

Ms Simmonds—A good public health system is absolutely essential.

Senator FORSHAW—One of the aspects of this that has been drawn to my attention—and, again, I am speaking from a local experience in New South Wales—is that because of the increasing number of families where both parents have to work and the increasing demand upon services, particularly before and after school care—that is another argument and there are problems of funding—there are many occasions when children, even from families with a reasonable income, have gone to school without having had breakfast. In other words, because of the changing pattern of family life—mum and dad are off to work at 7 o'clock in the morning—children have a problem in getting sufficient nutrition, and schools or P&Cs have to cope with this issue. This is not isolated. I have heard this from a range of groups within the area in which I live, which is not by any means a poor area.

Mrs Adkins—We recently did a small study on housing stress. The report is yet to be written, but I have written down what one lady said:

I can cut back on food, I can wear second-hand clothes, but I can't cut the price of my rent.

Repeatedly we found that food is the thing that is going. People are saying, 'No, I'm not going to buy food. That's the thing I can cut back on.' One lady would buy meat once a month and live on lentils and other things for the rest of the time because she just could not afford to buy food. That came through very strongly.

Mrs Fitzpatrick—Another spin-off is that we see the two parents working or whatever as increased busyness. That takes out the volunteerism within the community and community organisations or support groups, which is something I am very aware of with some of the other hats that I wear.

Ms Malycha—The Generational Health Review that has just been completed in South Australia—and I would refer the committee to that—shows that the expenditure on health tends to be at the big end and most expensive end of town, rather than at the preventive end. We have to reconfigure the way that we spend money on health care to ensure that it is more locally based, that it is preventive, and that we are not as reliant as we are on major hospitals having expensive surgery outlooks.

Senator McLUCAS—Who did the Generational Health Review?

Ms Simmonds—The state government initiated it. John Menadue is the chair and Carol Gaston is the executive officer. The minister is Lea Stevens, the minister of health.

Senator FORSHAW—The irony of this, as we know, is that there are lower health and nutrition standards, and that, with some of those other things you mentioned—gambling and smoking—the cost comes to the community or, ultimately, to the taxpayer down the track.

Ms Simmonds—Hence the importance and the challenge of early intervention for all of us. Part of the difficulty in early intervention is that most people talk about resource shifting—that is, shifting from acute and emergency care through to intervening much earlier in problems before they become a crisis.

One of the issues around that, though, is who is going to refuse the crisis care? Who is going to be the person on the front line saying to these people, ‘Sorry, we can’t help you because we’re not providing that service anymore’? You have to put in what we call transition funding to do that. Unless you expect people to front up and say, ‘We don’t provide that emergency service, crisis housing, food vouchers or the Christmas hamper anymore,’ for a while you are going to have to continue to fund them while you put some more money into preventive services.

Every year for the last five years, through the Australians Living on the Edge survey, which is a survey of the community sector in South Australia, we have reported increased demands—surprise, surprise! We are going to continue to report that, I suspect, every year until we do something about this end. The sorts of things that we have talked about today and the queues outside Lutheran Community Care are just examples. The queue is going to get longer and longer unless we can put something in much earlier. We cannot do that with the same level of resources if we are going to keep up those crisis services as well. We do need to do something.

Mrs Fitzpatrick—And the bean counters are going to have to realise that, when we are doing early intervention work, the outcomes are not so easy to count. You cannot say, ‘Well, we prevented such and such today,’ because you do not see that.

Ms Simmonds—You just cannot.

Mrs Fitzpatrick—We have to acknowledge that. You asked the question about competitive tendering. It is so geared towards outputs and outcomes which are measurable, but if you are doing the early intervention it is really hard to be able to measure that.

Senator McLUCAS—Sometimes you have to trust.

Mrs Fitzpatrick—Yes, I believe so. I'm a woman of faith!

Senator HUMPHRIES—Do we have a copy of the study carried out by SACOSS and the University of South Australia that was released in April 2001 that has been referred to?

Ms Simmonds—No. You have a copy of the summary. It is a 140-page report. I am happy to provide that.

Senator LEES—Disability Action this morning raised the issue of the lack of support for people with disabilities in the housing sector. Could you perhaps add anything to that? They were particularly concerned about how little is being built in the public sector so that there is some capacity for people with disabilities to use it.

Mrs Adkins—Certainly from the mental health point of view, I have spoken to people who are released from a hospital environment and are reliant on boarding houses et cetera, which is really an inappropriate form of accommodation for them. Likewise, the housing standards are such that the builders will build a certain design house; they do not build houses with wider doorways and ramps et cetera. If we are talking about more and more people being reliant on the private rental market, these houses are not physically suitable for people with disabilities. How many landlords are going to say, 'I'll convert the house for you'? The costs are probably borne by the person with the disability in that case.

Ms Malycha—In the redevelopment of public housing, all new build housing is built on the principle of adaptability—that is, that the house can be easily changed to suit the circumstances of the tenant. But given that we have fewer and fewer public housing properties on the market overall and that we are reliant on the new build component that is coming into the system, we are talking about an inadequate supply end. The Housing Trust is doing what it can to address those issues, but the supply is just not going to be there, particularly in the context of an ageing population where we may have more people needing more adaptable housing. That is not how the stock is spread. We have ageing stock. We are trying to address that, but, without a major injection through the Commonwealth-State Housing Agreement, the states are not going to be able to deliver on that.

Senator LEES—Can I ask Mrs Fitzpatrick one more question, again on disabilities. Do you see a lot of people through your services who have a disability and who are not getting the support they require?

Mrs Fitzpatrick—I do not know what 'a lot' is, but, yes, we do see people come in who have disabilities. Again, mental health is a chronic problem here. We see people with mental health problems and we see people with physical intellectual disabilities. There are a number of boarding houses in our area and people come to us from there. Some have volunteered to work with us. We are happy to work with them as volunteers. We do see a range of people.

Senator LEES—Would you have any idea of their income status? Would you know, for example, whether they are on the DSP or whether they are trying to work through the Newstart requirements?

Mrs Fitzpatrick—Most would be on the disability support pension, I would think, but I do not know offhand.

CHAIR—In this submission from SACOSS there is reference to differences between regional and rural areas. You particularly single out small rural towns as experiencing real poverty and financial hardship. Can you give us examples of where this may be occurring and what sorts of difficulties they are going through? Is this happening not just in small rural towns but in areas where there is high unemployment?

Ms Simmonds—I should say straight off that there is not, at least in South Australia, a natural split between metropolitan and rural and regional areas in terms of levels of poverty and disadvantage. One of the findings of the social disadvantage report is that there are regions in South Australia which are doing quite well and there are pockets in the metropolitan area which are doing really badly. You cannot talk in the same way as you might be able to in other states about a rural-metropolitan split for disadvantage. I have mentioned already two regional areas, one of them being the Iron Triangle with its previous dependence on a manufacturing base and on the smelter there. There are also Wallaroo and Kadina in the northern part of the Yorke Peninsula. But they are regional areas. What you have asked is specifically around small rural towns.

CHAIR—As I recall, your submission tells us that small rural towns are in trouble.

Ms Malycha—Yes, it is difficult. When we talk about rural and regional areas, there is a tendency to focus on towns like Mount Gambier, Port Lincoln and Berri, which are regional cities—although South Australian regional cities might have country town status if you went to New South Wales, because we have a smaller population. But for small rural communities that are reliant totally on the agricultural system, the non-wine-growing agricultural systems, there is real poverty. There are many people in the agricultural world who are long-established farmers with large tracts of land in good areas who are doing very well, but that does not mean that all of the rural farmers out there are doing well.

In small rural communities, in the really small towns, when you know the people in them, there is very real and abject poverty. There are elderly people who live alone and the nearest hospital, chemist or bank may be 50 or 60 kilometres away in the next bigger town. There will be families who have moved to those areas because housing is cheap. You can buy a crappy old house in some country towns of South Australia for \$2,000 or \$3,000 but, believe me, it is pretty crappy. But, if you are very poor, that is an opportunity. However, you immediately lock yourself into a no way out situation. Your children will attend a school where it is likely that most of the children in that school have parents who are on some form of subsidy, there is no employment prospect at all, and the smallest change will have a dramatic impact on the future of the town.

A bank closure in a medium sized town will take out a family and their kids, which will affect the numbers in the school and might reduce the teacher numbers. That is another family that

moves out of the town. Suddenly the deli is not viable anymore and goes broke. Because the deli is not there, people do not shop in the town so the petrol station closes. These things happen very rapidly in those little communities. The people left behind are really struggling. They are amongst the poorest. This would be a picture right across Australia, not just in South Australia.

Mrs Fitzpatrick—There is that intense pride, too, and a reluctance to accept assistance. We have seen some incredibly moving things in the work that we have done. In the drought prior to this, we had a woman coming down from the Riverland to train to be a volunteer counsellor. She would bring down a bucket of oranges because she had no money. Somebody would bring her down. She had no money for petrol, and the oranges would be her sustenance for the time that she was there because she grew oranges but she could not sell them.

Ms Malycha—Total reliance also on private transport and on private systems.

Mrs Fitzpatrick—Yes.

Ms Malycha—I will use, for example, a little town like Spalding in the mid-north. I know it because my parents live there. If they did not have a car and they needed to get to Port Pirie, they would have to catch a bus to Adelaide and a bus back to Port Pirie. There is no regional transport network within this state between country towns into and out of regional cities, which people are more and more reliant on attending. The nearest hospitals are often a long way away, the nearest doctor is a long way away.

There are aged people who are caring for very aged people. They are the taxis to the pharmacies and the things that people need. People drive around and pick up their friends in cars on pension day. They go to town to pick up the pension, get their scripts filled and come home. For everything you can think about for poor people in urban areas, put them in the middle of nowhere and try to get around those dilemmas of how you get there. Poverty is real in very small country towns—absolutely real.

Senator McLUCAS—In the SACOSS submission there is a discussion about informal structures and supports and how important they are to people in need, across the whole spectrum of need. It seems to me from my experience that the informal structures are more prevalent in rural centres than they are in the cities; because I represent a rural area, I am aware of it. What worries me is that those structures are increasingly being pulled away very quickly, as people get older, as people remove themselves from those communities. Those structures that are in place in a small country town of 1,000 people now will not be there in 10 years time and we will have lost all that sense of community in those little towns. I do not have any evidence of this, except from what I see. Do you have any comment?

Ms Malycha—It is clear. There are the football clubs that amalgamate; the people running the swimming pool committees are in their 60s.

Mrs Fitzpatrick—Even the churches are having to get together.

CHAIR—That is the Protestant position!

Senator McLUCAS—We have to draw the line somewhere, Senator Hutchins.

Mrs Fitzpatrick—It's really grim, isn't it?

Senator McLUCAS—I think that was a little speech I might have just given there.

Mrs Fitzpatrick—So long as there are enough that we have at least one clergy person in living distance.

Ms Simmonds—Picking up on that, though, that conclusion came from our focus groups with low-income people who were talking about their experience of poverty. The importance of informal networks became very clear. The need for reciprocity also became very clear. Informal networks do work well where there is reciprocity and trust. Reciprocity and trust will be gradually reduced not only by the sorts of deterioration you are talking about in country towns but also by inequality. One of the impacts of increasing inequality, of course, is that people trust each other and participate a lot less.

The second issue is that it does mean that formal support networks are terribly important, too. You cannot do without some of the universal systems that we have in place around education, income, health, transport, and so on. If people cannot reciprocate, they are not going to ask for help. Informal networks are very important but they are not the answer.

Senator FORSHAW—I would like to take up the point that you have just made about the churches. This is not formal evidence before the committee, but I was speaking to a Uniting Church minister recently from a small country town in New South Wales, who was telling me that overwhelmingly now the bulk of his time was being devoted not to what he would call ministry work but to acting as counsellor, financial adviser, welfare worker. Is that a feature of what you notice?

Mrs Fitzpatrick—Yes, I see that. I know of one situation where the local pastor, I think, is doing counselling within the school, as well as within the community. We really have to build on those linkages and on those strengths and be a bit more creative in the way that we work with that. Certainly that is the way I see that happening. The pastors are there and they can have that role—unless you are in the Barossa Valley, of course, where my church alone has 18 pastors within that area and they are all very busy, too.

CHAIR—It is an acquired taste.

Mrs Fitzpatrick—Yes, that is right. It probably is an acquired taste.

Senator FORSHAW—There are vintage crops.

CHAIR—Is there anything you would like to add before we terminate today's session?

Ms Simmonds—No, but thank you very much for the opportunity to talk to you today. We are very happy to answer any other specific questions that you need to ask at any time in the future.

CHAIR—We certainly appreciate you coming along today. It has been very helpful to us.

Ms Simmonds—Thank you, and good luck.

CHAIR—We will now adjourn until tomorrow morning in Melbourne.

Committee adjourned at 4.06 p.m.