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COMMUNITY AFFAIRS REFERENCES COMMITTEE

Reference: Poverty and financial hardship

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SENATE
COMMUNITY AFFAIRS REFERENCES COMMITTEE

Thursday, 1 May 2003

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

Participating members: Senators Abetz, 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 Forshaw, Grieg, 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.

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[9.10 a.m.]

ALLPORT, Dr Carolyn Margaret, President, National Tertiary Education Union

CRAWFORD, Mr Scott Michael, President, Melbourne University Student Union Inc.

KYRIACOU, Mr Daniel, President, National Union of Students

McDOWELL, Ms Sarah Siobhan, National Welfare Officer, National Union of Students

PATTISON, Mr Clive Mark, Manager, Manager, Council Secretariat, Melbourne University Student Union Inc.

RYDEL, Ms Dagmara Julia, Research and Project Assistant, Melbourne University Student Union Inc.

ACTING CHAIR (Senator McLUCAS)—I declare open this hearing of the Senate Standing Committee on Community Affairs. Our terms of reference are ‘Poverty and financial hardship’. Our chairperson has been delayed and I am acting in his place. I welcome representatives from the National Union of Students, the Melbourne University Student Union and the National Tertiary Education Industry 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 contempt of the Senate. The committee will approach this as a panel type session. I would now like to invite each group to make an opening statement. This will be followed by some specific and general questions from the committee, to which you are all invited to respond.

Dr Allport—NTEU welcome the opportunity to appear before the committee. As a representative organisation of Australian educators we believe that education, or the lack of it, is a central factor in the nature and extent of poverty in Australia. Our submission provides evidence of the clear relationship between educational attainment and level of income and employment, including regional differences based on this relationship. There is also an important reverse relationship. Lack of income is an important determinant of educational participation at the post school level, and in higher education in particular. The increasing cost of higher education and the inability of most students to access income support schemes such as youth allowance, Austudy and Abstudy and the low level of payments made to those who are able to access these schemes sends the wrong message to potential students from poorer families who aspire to higher education.

NTEU is particularly concerned in this regard with the falling rates of participation among Indigenous students and those from rural and low SES families, who see the cost of higher education as far beyond anything their families or they could ever afford to pay. Such families are also often less prepared to go into debt in order to access higher education. Further, for many Indigenous families, student assistance payments are critical to family income sustainability.

NTEU also support the submission made to the committee by the National Union of Students. In particular, we are concerned about the impact the increasing financial difficulties are causing to students' ability to make the most of their study, even though their desire to do so remains strong. More than 70 per cent of our full-time students now work more than two days a week, yet less than 30 per cent are able to access income support schemes and more than 40 per cent say that their work got in the way of their study. These difficulties are compounded by the age of independence being deemed at 25.

Finally, we draw the attention of the committee to the subsequent issues of hardship for students once they leave university, with ever increasing debts from loans incurred for both tuition fees and living costs while undertaking their studies. This is an important area, given that this year's budget may increase tuition fees substantially, thus locking out even further students, both young and mature age, who see upgrading of post-school education as the best guarantee of a sustainable economic existence away from poverty and hardship.

CHAIR—Thank you, Senator McLucas, for standing in for me. Who would like to contribute next?

Mr Kyriacou—I thank the committee for allowing us to address you here today. NUS represents more than 650,000 post-secondary students nationwide. Our interest in this committee is about student poverty while at university and at TAFE and when students go on to graduate. I would like to draw the committee's attention to a few sections of our submission, the first being income support while students are studying. It is currently the case that students who are studying live between 20 and 39 per cent below the poverty line. In fact, some mature age students find it hard to get into the education sector. They live the furthest below the poverty line, living 39 per cent below it, through their lack of ability to access things such as rent assistance. This is forcing students into absolute hardship while they are at university. As we have heard from the NTEU, things like missing classes have become a regular thing for students while they are at university. In fact, students these days are almost forced to be workers first and students second, despite the fact that they are at university or at TAFE trying to move on and complete their education.

I think it is very important to view the significance of education in our society, as it benefits our economy, our society and our culture and some of it can be integral in breaking the poverty barrier for a large number of disadvantaged groups. But things such as lack of subsidies to students while they are at university is locking students from these disadvantaged groups out of the system—the groups that would like to access TAFE and university. This is particularly important, and I think it is something that has not been addressed for a very long period of time. Things such as the age of independence being raised to 25 dramatically affects students who really need to access subsidies, when they are more than deserving, and it forces them quite often into absolute poverty and forces them to go part time. It often takes much longer to complete their degrees, and this is having dramatic effects.

The other key issue is the low amount of student subsidies—and students become dead averse to the prospect of living in absolute poverty while at university—combined with the fact of coming out of university with a substantially large student debt. Many students, especially those from rural and regional areas, those from Indigenous areas and those simply from a working-class background are turning away from university, and that is a particularly frightening fact. In

this report, NUS focuses very clearly on a number of student groups that are most heavily affected, including women, queer students and students from Indigenous backgrounds. These three groups are groups that suffer substantially. Women are a very good example because we all know, I am sure, that women find it particularly hard to pay back their HECS debt throughout their working lives. With HECS increasing, it is quite likely that almost two in every five women will never repay their HECS debt after graduation, and this is particularly concerning.

Moving on from there, NUS is keen to look at the reality of what students experience. Most students would spend at least a month's youth allowance simply on textbooks and course readers each year, so the subsidy from the government provides no ability for those students to have any living standard support. That has to come from their own work. Normally, textbooks and course registers for students cost between \$600 and \$800 a year, depending on what course you are studying. That is a particularly large burden and something that is not taken into account with government payments to students. Beyond that, the cost of rent, if students live in capital cities like this one, Melbourne, Sydney or Brisbane, where rent is substantially high, can quite often mean that almost the entire government subsidy is taken up by rent, leaving absolutely no money left over to subsidise things such as bills, living expenses and food or the simple cost of attending university and tertiary study, whether by public transport in this state or anywhere else in Australia.

One of the areas for us to look at when talking about student poverty is access to education. It is important that not only are student living allowances addressed here but also the level of student fees, with the government looking to increase student fees again in this budget. These two combined effects are going to lock students into a life of poverty while they are at university and seriously affect the life choices of students once they graduate. Things like buying a home, starting a family and building their savings are already being affected, with students having to carry HECS debts of \$20,000, \$30,000 and even higher. If HECS fees are going to increase again, the life choices of more and more students are going to be affected. Our economy, our society and our culture are all going to be dramatically affected by having so much of our young Australians' money locked away in a debt to society.

Mr Crawford—Recent Australian studies looking into student poverty confirm what we in the student associations have known anecdotally for some time—that payments of income support are too low and independence criteria are too strict, and students are working longer hours than ever in order to pay their way through university. Contrary to the persistent belief that poverty is part of a romantic bohemian student lifestyle and is only experienced by students for a short time in their lives, poverty is a significant feature in the lives of many students.

The University of Melbourne is one of the most privileged sandstone universities in Victoria and in Australia. It derives a high percentage of its student intake from exclusive private schools and high income earning families. It would be drawing a very long bow to suggest that high levels of poverty exist in general amongst the student population at Melbourne University. We do, however, as a student association, offer a variety of services whereby we are exposed first-hand to students from whom we can draw some very specific conclusions about the state of student welfare in Australia.

Just for your benefit I will refer to the Melbourne University Student Union as MUSU. According to MUSU observations, two main factors are responsible for contributing to students

suffering financial hardship. The first factor is Centrelink's income support payments and the second factor relates to the employment patterns of students. MUSA is concerned that a large number of students who are eligible to enter the tertiary education system are unable to do so because they are ineligible for income support payments administered by Centrelink.

We believe that, in particular, the age of independence should be lowered to 18. We believe that the current age of 25 is impractical. The parental means test should be reassessed to ensure that all people, regardless of their background or socioeconomic status, are able to enter the tertiary education system if they so desire. The full amount of the government child-care benefit should also be raised to allow greater access to education for people with children. The ability of a parent or a guardian to successfully attend university largely relies on their ability to access affordable child care. Anecdotal evidence suggests that a significant number of people do not enter the tertiary system primarily due to the costs of child care being prohibitive to them. Allowing for the government child-care benefits and student rebate, child-care costs can still account for nearly 20 per cent of a student's weekly expenditure. These costs, unfortunately but not surprisingly, are disproportionately borne by women.

The eligibility criteria should also be reconsidered in relation to students who are involved in same-sex relationships. At present, same-sex relationships are not acknowledged by Centrelink as having marriage-like status and subsequently for the purposes of qualifying for independent status.

MUSU is also concerned about the adequacy, or perceived inadequacy, of Centrelink's income support payments. These payments are currently up to 37 per cent below the poverty line. The majority of students are thus focused to engage in paid employment. Some 70 per cent of students are engaged in employment on a part-time or casual basis through the academic year. The employment patterns of students are to a large extent dictated by Centrelink's income regulations, which limit students' income to \$118 per week and harshly penalise students for earning anything over that. Student payments, for example, are drastically reduced, firstly by \$50 in every dollar earned between \$118 and \$158 per week, and then by 70c in every dollar earned over \$158 per week. This is in contrast, obviously, to the highest tax bracket in Australia, which these exceed. Students are thus forced to tread a very fine line between working enough hours to sustain themselves and supplement their Centrelink payments while also not trying to earn too much because they will be harshly penalised.

The amount of work which students are being forced to enter into is such that one in 10 students will frequently miss a class to attend work. The amount of work which students are undertaking has increased threefold since 1984. The income which they receive is subsequently taken away by the ever increasing costs of accommodation, food, utilities, books and other study related materials. Many students struggle to meet these essential costs—in particular, high rental costs associated with living in Melbourne and close to Melbourne University.

The introduction of the GST on books and equipment has also exacerbated study costs. When you look at the costs that students fork out each year, especially on study related materials, they can account for 10 per cent of their yearly expenditure. Consequently, GST has had an effect with regard to the things which students purchase for study. As has been mentioned, an increasing number of students are being forced to obtain personal loans to fund their way

through higher education. Ten per cent of students will take out an average loan of \$4,000 simply to remain in the higher education system.

The consequences of student poverty are significant not just for individuals but also for Australian society. Both sides of politics often talk about the fact that we live in a global economy where research and development, intellectual capital and so forth are highly valued; consequently, a reduced quality of education can have seriously detrimental effects on Australia's ability to successfully compete in a global market. We believe that it is in Australia's national interest to ensure that standards of education are raised and maintained. The current standard of living among the general student population is not conducive to the maximisation of the quality of education in Australia.

Access to tertiary education improves an individual's life chances, improves their economic capacity and adds significantly to the social and intellectual capital of this country. Students and their families are being asked to contribute more than ever to the costs of higher education—and potentially even more so after the findings of Dr Brendan Nelson's higher education review. It is therefore incumbent on government at all levels to ensure that students have access to a range of income and other support services to assist them through and to enhance the university experience.

I would like to take this opportunity to thank Clive Pattison and Dagmara Rydel for their assistance with this submission.

CHAIR—Thank you. Would Ms Rydel or Mr Pattison like to say anything at all?

Ms Rydel—I would just like to add that, considering the current level of Centrelink payments—just below the current poverty line—I believe it is safe to say that the government assumes that students will have to engage in paid employment. This is especially difficult for students who are enrolled in courses that have very high contact hours. Some students, such as medical and veterinary science students, have up to 40 and 50 hours per week in contact hours alone, which makes it very difficult for them to combine study and employment.

CHAIR—Thank you. We will go to questions from the committee.

Senator McLUCAS—We are actually changing the culture of this nation, in some respects, when we delay the ability for graduates from universities to start doing the things that people used to do in their late 20s—such as buying a house and having a child. Is there any work being done on tracking what is happening to graduates? The potential implications are quite huge.

Dr Allport—The Council of Australian Postgraduate Associations, which is not represented here today, did release a study some two weeks ago which looked at some of these patterns—most particularly the effect of increasing levels of debt on other capital markets. It drew on evidence from New Zealand, which has looked at this area in a much more detailed way, and it also gave some figures with respect to the Australian situation. The impact on the housing market is perhaps the most significant, and I would have thought that, in the long run, that is also a very important part of the way Australians define their living standards and define poverty—being without a house or experiencing a degree of homelessness. These things are important to

our culture and, certainly, if senators do not have a copy of that report, I would happily provide that to the committee.

Senator McLUCAS—Thank you, that would be quite useful.

Senator LEES—I am also looking at the years at university, with the age of 25 being deemed to be when one is independent. I would like some personal evidence—and I realise that, at Melbourne University, as you have said, there are a lot of students from very wealthy backgrounds—of students who are basically forced to stay at home and the difficulties of 25 being the age of independence.

Mr Crawford—There are a variety of issues involved. Of course, even if students are staying at home, it is not necessarily the case that their parents will support them. Some of the students who are working the most—who are struggling the most—are actually students from middle-class backgrounds who are living at home but whose parents are not supporting them. The Australian Vice-Chancellors Committee's report, *Paying their way*, found that the majority of payments to students in those circumstances were on occasional one-off bases and were not a usual allowance. Consequently, students who are living at home, even if they are 18 or 19, will not be receiving assistance from their parents. Therefore, the age of 25, being deemed the age of independence, is unrealistic insofar as students are supporting themselves from a much earlier age. To assume that, at the age of 25, they have been supported by their parents for the previous six or seven years is somewhat farcical. It is simply not the case. From my own experience, I can concur: I have not received any welfare from the government through Centrelink or any other agency. I live at home, but that does not mean that my parents pay me an allowance and support me while I continue to study.

Senator LEES—At page 15 of your submission you talk about the means test being poorly targeted. Do many of those parents whose kids are forced to live at home not have the means to assist them properly?

Mr Crawford—Yes.

Senator LEES—Are those students in a situation of, effectively, poverty, because of family circumstances?

Mr Crawford—Yes.

Senator LEES—You mentioned a \$4,000 loan. Could you expand on that a little? Is that an average? Where does that research come from?

Mr Crawford—The average loan of the 10 per cent of students who, I believe, take out a loan while they are in the higher education system is \$4,000.

Senator LEES—Has there been any work done to look at where those students come from? Are they at home, are they rural students who have had to move in? I am trying to put my finger on who the people are who are building up a debt alongside of HECS.

Mr Crawford—That came out of the Australian Vice-Chancellors Committee's report, *Paying your way*.

Mr Pattison—We are looking at some stats at the moment from the financial aid office at the University of Melbourne. I could undertake to provide you with that information and take that question on notice.

Senator LEES—I am interested in the particular group of students who are doing that. Going back through some of your personal experiences, and, again, Melbourne might be a little difficult, do you see very many students who come from outer metropolitan areas—homes where there is unemployment, where either mum and/or dad are unemployed or perhaps there is only one parent and they are unemployed—actually stick with it? Has there been any research done to see how successful those students are at the end of the three or four years?

Mr Crawford—I am not aware of any such research that the university has conducted.

CHAIR—Ms McDowell, did you want to add something?

Ms McDowell—Research done in any area of poverty is limited. One of our recommendations is to push for more research and to find out if this system is meeting the needs of students today. Touching on the \$4,000 loans, there is research in regard to that. They are equity groups—they are people from rural and regional areas, women and Indigenous students.

Senator LEES—If the committee could have that information, that would be most appreciated.

Ms McDowell—We can certainly forward that to you.

Mr Crawford—The Australian Vice-Chancellors Committee in a report earlier this year said that participation in the higher education system of people from under-represented areas, lower socioeconomic classes and regional and rural Australia had actually fallen in the last three years.

Senator LEES—Yes, that is actual reduction in participation, but what I am looking for is success. From time to time we hear of quite a significant drop-out rate in various courses, and I know some courses have worked very hard to undo that—nursing is one that has been most successful in reducing drop-out rates. I am asking about any research that looks at why students are dropping out. Is it because of financial pressure—or perhaps they went into the wrong course to begin with?

CHAIR—Dr Allport?

Dr Allport—I would love to be able to answer your question, and this is partly what my comment goes to. I once served on the Higher Education Council, which actually had statutory responsibility to report exactly this type of information to the parliament and to the government. Perhaps one of the suggestions that I could urge the committee to consider would be to directly suggest to the government that DEST should undertake the research that the council used to do, such as tracking equity groups, making distinctions between mature age students and young people, and actually collecting the data which would guide government policy, not just in higher

education but in this type of area as well. I would love to be able to answer that question, and I could have if the council had continued with that statutory remit.

Senator LEES—So is no-one actually tracking the particular students and asking them for their reasons and also looking at the students' socioeconomic background—public school, private school, low-, middle-, or high-income families? Is no-one doing that any more at all?

Dr Allport—We do have instruments like the Graduate Destination Survey but it does not ask those questions. That is my understanding of that survey methodology. That may well be another mechanism for the committee to consider in terms of tracking this information and having some clear understanding about the income circumstances of students, and how that changes once they actually graduate. That is also another suggestion that I would urge the committee to consider.

Senator LEES—If I could just ask one further question for now. Are there any proactive measures that any of the universities are taking to target students in some of the less well-off areas—areas where we know kids struggle just to finish secondary school—and deliberately looking at targeting access. I know, for example, targeting access for kids with disabilities is done to some extent by a couple of universities—one in my home state. So could the universities target access into those schools where it is known that there are lots of bright kids and where they might not do the repetitive learning necessary to get the top marks? Is there any work being done, across the universities, looking at whether they are targeting access for students in lower socioeconomic schools?

Dr Allport—I do not know that there is any research work that has actually asked those questions of institutions directly. Most institutions had, in the past at least, programs which built links for recruitment. The research done by the Centre for the Study Higher Education at Melbourne University certainly shows us how important that is. Of course those programs were funded out of the equity money, which is a very small pool of funds within the higher education sector. I believe institutions could do a far better job in terms of building relationships with schools, but I think institutions would argue that it has to be funded.

Mr Pattison—Perhaps I could add to that, Senator Lees. In terms of targeting access groups, the student union runs a summer school program every January which is specifically targeted at disadvantaged schools in inner Melbourne and regional Victoria. About 500 students attend the two-week program. For the country students, it is a residential program. We are just going through the statistics and compiling a report now about the success rates for students in year 12 going into university—but that is the only sort of thing that I am aware of in terms of active programs from a student union perspective.

Senator McLUCAS—Does that program cost anything?

Mr Pattison—It does, but it is heavily subsidised by the student union. Because it is actively targeted at low-income families, it is a very minor charge.

Mr Kyriacou—Across the country, there are a number of universities—UNE being a good example—which target schools and particularly Indigenous students in their local areas. In my experience as a student at the University of Sydney, the marketing drive since the introduction of the full fee paying scheme has been a shift to promoting the university amongst private schools.

The University of Sydney run far more days for the surrounding private schools in the local area than they do for the surrounding public schools—as do almost all the major universities in Sydney; Sydney is where I am most experienced. The university target private schools and promote themselves to the major private schools, hoping to attract some of those full fee paying students and to attract funds. A very good example is that the university run at least 10 consecutive, full days for year 11 students before they go to year 12 at each of those individual private schools to encourage them to go the university and then one shared day for the public schools altogether.

The shift has been for universities to market themselves where they can make the most money. That is a reality of underfunding and a reality of putting them into a market based system. With the possible deregulation of university fees, we are going to see that this may even more greatly increase universities marketing themselves where they can get the money rather than towards equity groups. This is a big concern for NUS.

Mr Crawford—With regard to accessing higher education from an underprivileged background, there is what is known as the Target Access Program. Under that program, if you are from an under-represented school, particular institutions such as Melbourne give you special consideration in the middle band of entrance on your ENTER score. However, once you are there, there is not a great deal of support for you as a student. University of Melbourne does offer some 60 scholarships to the university. Some of those are for underprivileged and under-represented students, but often—and I was actually at a function the other day—a lot of the students come from the most privileged of high schools.

Senator McLUCAS—Could I follow on from that. I am aware that some regional universities have complained that it is very expensive to support students, especially students who are first-time attendees from a family. The university I have most to do with, James Cook University, has large numbers of students who are first-time attendees in their families. They are expensive to support and the university gets no extra funding to assist it in providing that support. Yesterday, we had the same evidence that you have given today about falling rates of participation of Indigenous students, students from low SES families and students from regional and rural Australia. One of the indicators that one of the witnesses yesterday put to us was that, other than debt levels and fear of debt, students from those areas were achieving lower scores post secondary school. That was new information to me. Do you have any comments about that evidence that was given to us yesterday?

Mr Kyriacou—I am not aware of any study which tracks the socioeconomic background of students and their marks at university, which I assume is where you are heading. Going to your question about participation, I think the key things, especially for first-time university students, are things like small group teaching of tutorials, access to academic staff and access to support services on campus—and they might be learning centres which teach things as simple as writing academic English. All those different support structures are essential, but a lot of those support structures at universities have been the first to go as the funding squeeze has hit since 1996 and funding has been cut.

The loss of small group teaching in many courses is almost common across the board. The best example of that is UWS, which has had massive slashes in not only its course offerings but also the number of tutorials it offers in the courses that remain. Those students—a lot of whom

are first-time university students—do not get access to that one on one ability to ask questions and participate in their courses. This is quite certainly going to lead to (a), higher drop-out rates, and (b), students at university struggling much more to find their way through.

Senator LEES—Can I ask about tutorial numbers. Has any work been done to look at what are now average sized tutorials in various courses across various universities? Are the figures of 30 and 40 students that I am hearing accurate?

Dr Allport—NUS and NTEU had a survey a couple of years ago. We have not followed up on that survey, but reports given to the ARC university stress survey of researchers and reports coming from our branches in response to questions from our own policy unit make it quite clear that 30 to 40 is almost standard, particularly in non-Go8 institutions. In some subjects in the Group of Eight institutions, particularly medical and associated areas, that number does fall, but those examples prove the rule for the others.

Senator LEES—So facing tutorials of such numbers would be a specific issue for students who are the first ones from their families to enter university or, indeed, who are already struggling with, for example, debt and having to work.

Dr Allport—Just to follow up, the increase in class sizes and the pressure on academic teaching hours has meant that academic staff have been faced with some very cruel choices. At the moment, we are continuing to give goodwill to both our students and our institutions, but average working hours now are 50 hours a week before we get to our research hours. It is unsustainable, therefore. I have to say that small group teaching is absolutely essential. I have been an academic for 20 years. It is critical for students who find the cultural experience of university, particularly in first year, when the drop-out rates are highest, somewhat alien. Not to be too personal about it, this is my own personal experience from many years ago. I understand how important the small group teaching that I had was for my own academic career. It is something that academic staff feel very keenly about but can do almost nothing about.

Ms McDowell—With regard to the size and existence of tutorials in the higher education system today, I can tell you on a personal level, through my own experience, that tutorials are no longer actually happening. We are having situations where tutorials will be cancelled and you might have a seminar—basically, it is a lecture and a seminar, the same thing. You have a whole lecture theatre full of students, and it is the same forum, but they use that as an excuse for a tutorial.

CHAIR—What university is that in?

Ms McDowell—That is at Monash Clayton, and that is quite a large university. Looking at smaller regional campuses, tutorials, again, are disappearing. The presence of lecturers and tutors on campus is not to be taken for granted. I have the example of La Trobe Wodonga. I went out there a couple of weeks ago to find that the students have come to the realisation that they will not see their tutor for a very long time, that they will have to go to Bundoora if they want to access one on one contact. That is a key thing to look at. Also with regard to the actual number of tutorials available to students, unfortunately today—and as we have raised in our submission—students are working longer hours. Therefore, students have to compromise work with studies. If a student cannot go to their tutorial, if a student has work on during their tutorial,

they are going to have to say, ‘Gee, I can’t go to that tutorial, so I can’t do that subject this year.’ There is no flexibility within the system today. They are two issues with regard to the existence of tutorials—the flexibility and availability of tutorials themselves.

Mr Kyriacou—This is another aside, and it is one which I think is often missed—and I know that you raised nursing earlier, Senator Lees. The University of Sydney, for example, which has one of the largest nursing schools, has almost cut entirely its tutorials from its first-year and second-year courses. In fact, they happen once every two to four weeks now for nursing students—and this is in some courses which include practical elements. It is not just the humanities that are having the tutorial cuts; it is across the board. Even in courses where you would assume that tutorials would be absolutely essential to the completion of work, funding cuts have forced not only massive drops in the number of staff at that school but also massive drops in the number of tutorials the course offers. That is important to keep in mind.

Senator HUMPHRIES—I have a question for NUS on the breaching regime. NUS is not the only submitter to this committee that has criticised the breaching regime—many others have done the same thing—but I think you are the only one, to date, that has recommended that the breaching regime be abolished altogether. Do you think that that is a realistic option? Isn’t there is a risk that, if we were to recommend that and if it were done, there would be a widespread abuse of payments of the kind that support people in poverty?

Mr Kyriacou—The reality, especially with university students, is that the students who are being found to be breaching are, on the whole, those who deserve and are 100 per cent eligible to have student payments paid to them. In many cases it is simply the fact that they have filled out a form incorrectly. In many cases it is the fact that, because of work and study commitments, they cannot make it to their interviews on time or they miss their interviews. Most of the breaches we see that affect students—often affecting their payments—are based on filling in the wrong date, filling out the wrong form, handing in the wrong slip or the time it often takes universities to provide students with information that they need to pass on to Centrelink. This leaves students in a state of absolute crisis.

The focus of government should be not on this punishment type attitude whereby the key to getting people to access Centrelink in the right way is to punish them and punish them and have the most severe punishments possible to force students to do so—almost like a policing mechanism—but on making Centrelink more accessible. At one or two universities Centrelink offices have been placed on campus, with staff who are skilled in and focused purely on providing allowances to students. I think that is an excellent idea. Things like promoting Centrelink and making it much easier for students to access their payments will have a far greater effect on breaching levels than this crime and punishment type technique.

Ms McDowell—The recommendation we really want to bring to the committee is that Centrelink and Commonwealth benefits should be a system of support for students through their time in higher ed. At this point in time, students who decide not to study and do not want to skill up will automatically gain \$80. If they intend to study and they also work to pay the bills, going to university and back is time consuming. Then, just for missing an interview or not filling in a form, Centrelink will penalise a student at once while they still have all these other commitments to meet. What this recommendation is looking at is to refocus Centrelink as a system not of punishment but of support.

Mr Kyriacou—Another important thing is that the greatest way to reduce the amount of breaching would be to pay students a liveable income on which they could survive. The greatest encouragement for students to breach is the fact that you are forcing them to live 20 to 39 per cent below the poverty line when they are on youth allowance benefits. If you are living in a capital city or you are a struggling student, that makes it incredibly hard to survive. This in turn leads to students being forced into situations where breaching is a reality of being able to survive. If you are interested in reducing the breaching rates, the primary focus of the government should be on paying students adequate, liveable incomes.

Ms Rydel—One of the main reasons why students are being found guilty of breaching certain Centrelink regulations or are incurring penalties is that they are forced to work longer hours. That is primarily due to the fact that nearly 50 per cent of the student population is engaged in casual employment. The very nature of casual employment is that it is unstable and therefore liable to various employment fluctuations. Students often have no choice but to work for up to 30 hours a week, because they do not know if they will get the opportunity to work the next week or the month after, and therefore they incur the penalty rates.

Senator FORSHAW—As I understand it, when you talk about students doing casual work you mean that this is on a regular basis, week in and week out, throughout most of the year—is that right? As we know, students have generally worked in vacations. I am sure that all of us up here have done so.

CHAIR—You used to be a barman, didn't you?

Senator FORSHAW—That is another story! The practice of students in the long vacations— at Christmas, for instance—going and getting casual work was quite common, but you are saying that today they are being forced to try and hold down some sort of regular casual or part-time employment. You refer in your submission to a study and you say:

Tertiary students consist predominantly of young people (18-24 years) who for the most part are completing their first post-secondary qualification.

Again, one would think that is fairly obvious. What proportion of students would be 25 or over for the purposes of this independence test?

Mr Kyriacou—I would not be able to tell you exactly how many students are over the age of 25. In my experience, there are always a large number of mature age students at most universities. Those engaging in postgraduate work tend to be over the age of 25. Those are the students who are tending to have some of the heaviest loads of academic work while they are at university.

Senator FORSHAW—It seems to me that, by the time a student finishes their undergraduate study—after leaving year 12 at 18 or 19, going to uni and in many cases today doing, say, a double degree of six years—they are hitting 25. In terms of the way you apply that independence test, it is virtually meaningless for most students, isn't it?

Dr Allport—I think part of the problem comes from the rolling into the youth allowance of Abstudy and Austudy and the setting up of different types of schemes. I am not sure what the

latest figures are, but they are probably at least as high as 40 per cent of undergraduates being mature age students; but remember that mature age does not necessarily mean over 25, as it can be over 23 depending on the institution. We are looking at a group of school leavers who are coming to university for the first time. Then we are looking at a group of mature age students, many of whom are undertaking second-chance education in terms of the restructuring of the economy. Those two different student groups require different types of income support schemes, and I do not know that we have got that right with the changes to the youth allowance. I think that is part of our problem.

We have increasing evidence from our own experience that the work pressures that students are under now require quite distinct timetable finessing on our part. For example, in the courses that I was teaching when I was an academic, students would want to do all the classes on the one day in a period of four hours because they were working. Working makes it very restrictive for students. They are working serving at the bar at the local hotel not just on a Friday night or over the long vacation; they are working regularly. Yes, they are working casually, but they are working regularly and there are a number of costs associated with that, as the evidence that has been put in all of the submissions today has noted.

Mr Kyriacou—On a personal note, I attended university from the South Coast and went to Sydney university. Throughout my degree I worked at least one and quite commonly two jobs—in a bar, in a cafe or at an office during the day—to support myself. I was on a Smith Family scholarship. The courses I selected were the courses that were on the one, two or 1½ days on which I knew I could clear my work timetable. I know that almost all of my friends and almost all university students tend to choose courses not necessarily on the course that would be best for their degree or best for their future employment but on the courses that fit into the one day they know they can get off work. Many times—and in my case it always was—their employer defines which days they have free that semester and hence which courses they will be doing in their degree. I think that is quite a common experience.

Senator FORSHAW—The other statement that you make in the submission on page 26 is:

Most students earned approximately \$8,190 per annum in 2000.

I think we are going to need to get some clarification of the way these various payment systems work because it seems, at least on the surface, to be rather complex. I think you have just acknowledged that, Dr Allport. Trying to work your way through it as a student and as the family of a student can be quite difficult. I understand that it is possible for a student to qualify for a payment—I am not sure whether it is youth allowance—if they earn a certain amount of money; say, \$15,000 in a 15- or 18-month period or something like that. It would seem to me—you might explain how that works—that on the sorts of figures you are putting to us, there would be a lot of students who would not be able to qualify for that payment.

The other point I would like you to comment on is that the entitlement could—I hate to use the word ‘discriminate’—be difficult for a lot of students to access, depending upon where they live and their opportunities for work, particularly in rural and regional universities as distinct from city universities. Could you expand on that a bit?

Ms McDowell—Certainly. It is almost impossible to get to that rate. I know of examples where students could not study for a year or so to enable them to earn that amount of money. On a personal level, for me to access youth allowance, because my father was just over the \$27,400—we were a one-income family in the south-eastern suburbs of Springvale—I had to work every Thursday and Friday night, all day Saturday and all day Sunday, plus I had another job which would interfere during the week. I failed subjects that year. I earned the money. I was able to access the independent rate for youth allowance, but I failed.

Senator FORSHAW—You can do that at younger than 25?

Ms McDowell—Yes, certainly. To access the independent rate, you can do that younger than 25.

Senator FORSHAW—Provided you earn \$15,000 in 18 months or something.

Ms McDowell—Yes, that is right. So that is the example. You can access it; it is there, but you are either failing subjects or you are just not attending. This is also increasing your HECS debt for later on. I can see that in the short term it works; in the long term I am going to be paying for it. Again this is also affecting a lot of other people from small and regional campuses. They are 1.3 to two times more likely to move out of home. When they come to the city and experience the high cost of rent with all the bills and the transport to and from university and the food, and they are not able to access youth allowance because their parents are earning over that \$27,400, they are forced to work. Seeing that they cannot stay in the parental home, these students are more likely to suffer under this system and are unable to access youth allowance.

Mr Kyriacou—There is another point to bear in mind. I know that, at the Orange campus of Sydney university, the majority of students tend to take the year off before they go on to study, to try and access youth allowance. But the reality is that for those students who take that year off and go out into the work force getting back into education is that much harder and the discouragements become that much greater. The reality of what is HECS debt, I think, becomes that much more obvious once you spend a year in the work force.

One of the big concerns about this scheme is that it is a further disadvantage for students from disadvantaged backgrounds because they get out of the education system when we want them to stay in. They then have to choose to get back into education after spending maybe a year earning a wage, in a part-time or casual job—not necessarily in a field they would eventually like to work in. I think this is of great concern. In a competitive economy it also means that, for students who come from disadvantaged backgrounds, it is an extra year that is added to the time they spend in the education system if they go through this scheme.

Senator FORSHAW—I want to raise one other issue. You talk in your submission about costs—books, notes and those sorts of things. You certainly make the point that that is something that a lot of students are concerned about. Something that has obviously changed from pre-computer days is the requirement for students to have their own computing equipment at home. We know, for instance, that for families with children at high school or even primary school it becomes automatic that you have to have a home computer. That must have some further impact upon the cost for students. You can have a family with a couple of kids, which is not uncommon, with one or two students at uni or TAFE college or a high school—or a combination of those—

all fighting to get on the computer. I know about it, so I am sure that there are a lot of other families out there doing it a hell of a lot tougher who know the problem.

Ms McDowell—That is a huge issue that is affecting families in regional areas. In my experience, particularly with regional campuses, they do not have the computer facilities that Melbourne University and Monash claim to have. It is not simply like going into the computer labs at university; they are just not there. The cost of the Internet in those areas and accessing it is quite expensive. A lot of students who go to regional campuses will get there thinking that they are going to have one on one lectures, and then they find out that the whole course is online. So they are forced, after moving to the regional campus, to access the Internet on their limited income. It is definitely quite costly.

Senator FORSHAW—This is more of a comment than a question but, to continue the discussion, if you happen to be working full time, for instance, you can claim self-education expenses as a deduction through the tax system, including depreciation, purchase of computers and so on, and you are better off; but if you are not earning the income then as a student, you cannot.

Mr Kyriacou—We talked earlier about loans that students take out while they are at university for things like covering the costs of textbooks and course readers. They are one of the things that I have loans for all racked up on my credit card, which I have still not repaid. But a computer is a good example of something that students are almost forced to buy, especially if they are moving out of home because it is almost impossible to take the family home computer with you because there are younger siblings who are going to hang on to it or your parents require it for their work. So there is the extra added expense of \$3,000 or \$4,000, which computers can tend to cost. I add to that the cost of moving house, the cost of purchasing textbooks and course readers and all the other added costs that occur, not just while you are at university but within that first year. It is a particularly expensive time of your life. It is one in which I think students end up racking up large amounts of debt, apart from their student fees.

Senator FORSHAW—Do you have figures on credit card debt, for instance, for students? Again, years ago the availability of credit cards was just not there and the purchases of books and so on would be made in cash, but it has all changed, as we know. What is the story there?

Mr Kyriacou—I know of no research which looks at credit card debt. I know that there has been research into student debt as a whole. I know that, in the AVCC report that was mentioned earlier, there is a section which focuses on student debt and loans that students take out in their time at university, apart from HECS and government payments. I assume that a lot of those loans, especially for students from disadvantaged backgrounds, are not coming from their families, who cannot necessarily afford to borrow. So they are more than likely coming from things like credit cards. I know that a number of banks provide student loans while you are on campus. The National Bank has a student loan service, where you can go in and apply for a small loan, much like a car loan, while you are studying, which you then have to repay after you graduate.

Senator GREIG—I was reminded of my own uni days, which all seem so long ago now. I was at Murdoch Uni in WA during the 1980s, but I had a friend at Curtin University studying nursing. I recall a situation where she was ineligible for Austudy because of parental means

testing, although her parents were not supporting her. There was a payment that was available to her—some kind of independent living allowance or something; I forget the terminology of the time—but it was only accessible if her parents signed a form confirming that they were not financially supporting her. But because of family frictions, they declined to do that. So she was left in the situation where she was unable to support herself. She was ineligible for any other form of benefit because the course requirements were full-time contact hours. So she ended up leaving Curtin University for a couple of years to do Triple A Nursing work—contract work; nursing care—until such time as she could support herself going back to uni. It seemed to me a great waste of time and money for both parties in terms of the commitment she had put in and the university had put in only to see a student leave. Is that the kind of scenario which can still exist today in terms of that parental requirement to authorise access to other forms of income where the parents themselves are not contributing?

Ms McDowell—Yes, it certainly still occurs. I think it is a situation that affects a lot of groups, particularly queer students. It is a huge issue. A lot of queer students, when they come out to their parents, experience stress. It is just not the best place for them to live, so they are forced to move out of home. But the same process must occur; Centrelink must go and consult the parents. Again, if friction is happening, they are not going to talk to Centrelink in the greatest way or acknowledge that this is happening, full stop, so again they would be denied the payment. The situation would be one where they would be forced to forgo study and work for a year. These cases are happening at the moment. This can certainly hurt students if they want to do university and want to do placements. I give the example of a person who is doing an occupational therapy placement and needs to do six months in the work force; that is, work five days, nine to five each day. The flexibility of getting part-time employment is just not there. As far as youth allowance payments are concerned, she needs to access them but, unfortunately, she cannot because of the situation.

Mr Kyriacou—The scheme that you are referring to has, since the 1980s, made it far more difficult to declare your independence. It now requires more than simply a letter from your parents which, in itself, is quite difficult with the way in which families work. But beyond that, it requires your parents going in and having a number of meetings, and it has become much more difficult for students to declare independence. So that 25 mark is almost the mark at which it is set. The mother of a friend of mine is a single mother and lives in the Middle East. My friend had a very long and difficult period trying to prove to Centrelink that he could not live at home. They wanted more than just written evidence from her that he could not live at home. The stringencies have become much more difficult. A number of stories like that that pop up because the system has been tightened up, so much so that declaring yourself independent has for most students become an impossibility. Even if your parents are almost willing to go down the same path and are willing to say that you are independent, it is never that simple.

Senator GREIG—I wonder also about accommodation. I would think that rent is one of the more significant costs of studying; that was certainly my experience. There seems to be very limited on-campus uni accommodation and yet great pressure for that to happen. What is happening on campuses today? Is there still that pressure? Is there increased pressure? Is the demand being met in terms of on-campus accommodation?

Ms McDowell—Not at all. I give the example, again, of La Trobe University Albury-Wodonga. Their on-campus accommodation has 80 or 60 rooms, and over 1,000 students attend

Wodonga. Another example is Canberra. This year they ran out of accommodation on campus and even private rental accommodation in Canberra, so they appealed to families to take students on board because it is just not there. There are huge issues happening with regard to housing of students.

Mr Crawford—Obviously, as we mentioned before, because Melbourne university is in Melbourne, the cost of rent is much higher. For example, in College Square, which is just around the corner from our university, to rent a single bedroom apartment will cost you about \$285 a week. We mentioned in our submission that even shared accommodation close to the university can cost upwards of about \$160. In saying that, a lot of the accommodation is taken up, obviously because there is a high demand by international students. There are some 7½ thousand international students at Melbourne uni. Consequently, this accommodation, which is close to campus, is taken up by the people who can pay the highest, and often that is international students. Therefore, students who wish to have accommodation have to live further and further out and then have to pay transport costs.

CHAIR—Mr Pattison, you have been trying to say something for a while.

Mr Pattison—I just want to follow up Senator Forshaw's question about credit card debt. I am not sure whether you are going to speak to the Financial and Consumer Rights Council of Victoria but, if anybody would know about those sorts of levels of debt and have those statistics, they would. You might have the opportunity to ask about that if you speak to them.

Senator FORSHAW—I think it would be interesting, because we know that credit card debt has spiralled. We all want to talk about HECS debt, but there are all these other debts that are accumulating.

Mr Pattison—I would like to make a comment about youth allowance and the independence criteria. In any targeted system of welfare, we are going to have these problems, especially when the cut-off points for income are so low. I do not believe that \$50,000 for a family with two teenagers who are on the point of going to university is a lot of money, given the cost of living and mortgage or rent. I think the problems that all of us have spoken of this morning are a manifestation of a targeted income transfer system like youth allowance. I know 'universality' is perhaps a word of a bygone age but, if we do not start talking about universal provision of these sorts of allowances, we will probably be here in another two or three years time telling you the same sorts of things. I really urge you to think about those sorts of issues. Universal provision does breed out the resentment that targeted welfare creates.

Senator HUMPHRIES—I want go back to the breaching regime. I assume there is an appeal mechanism for people who have breached for youth allowances or other Centrelink payments that students might access.

Ms McDowell—There is an appeal process. Firstly, this appeal process is not known to many students. Secondly, if students do know about this process, it is a question of whether they have the time to actually go through the long, drawn-out measures of seeing their first point of contact, putting a submission in, then waiting and going again for the submission. Students just do not really have the time. But I can almost guarantee—and I was at a Centrelink forum a couple of weeks ago and we had this very discussion—that there is an appeal process, but not

many people know about it and not many people have the time to actually go through it when they have to study and work and pay the bills every week.

Senator HUMPHRIES—Do student unions provide advocacy for students who are making appeals?

Mr Kyriacou—They certainly do. I know that MUSU does, but almost all NUS members across the country provide not just Centrelink advocacy but advocacy on a whole bunch of welfare areas, whether that be tenancy rights or free legal aid down to, in some cases, where there are no university counsellors provided on campus, counselling services for students who are having difficulties. I know that does happen, but the problem is that with the high number of students it is so very difficult. When a student gets into issues, we just do not have the resources to provide individual advocacy for every single one of our members because there are so many students who are on youth allowance and there are so many who are struggling. I know that almost every student organisation—I am sure MUSU can detail what they provide—around the country provides very detailed services to students.

Mr Crawford—We do offer support services for students. In particular, we have an advisory service which has a component of five full-time staff, including a solicitor who works about four days a week. However, in saying that, that service is also charged with the responsibility of supporting students and advocating students' academic rights in unsatisfactory progress committee hearings and so forth. They are inundated with work to do, and that is only the start of it. There are probably hundreds of other students out there who do not access this service who are struggling and cannot access the information which the service would provide them with. We are charged with the responsibility of providing such services, but we are feeling the pressure and we probably do not meet the needs of all our members in that area.

Senator HUMPHRIES—I ask the question because I assume that student unions have some information about the breaching policies that Centrelink use and the extent to which there are problems with that. I would deem to say that, on behalf of the committee, I doubt that we would support a recommendation that a breaching regime be abolished altogether, but we would be interested in specific examples of Centrelink policy that ought to be reformed or changed. If student unions or NUS or anyone else have some information for us about particular aspects of policy that they think should be changed on the part of Centrelink or even the legislation that underpins Centrelink's decisions, we would be interested in receiving that information.

Mr Kyriacou—We would be happy to provide more detailed answers about the breaching issues.

Senator GREIG—As a follow-up to Senator Humphries's question, my question is whether you are aware of any students who have been through the appeal process, what their experience was and what time it took. I know that organisations like Centrelink do their best, but they can be cumbersome and they can be slow. I would suspect that the amount of time it takes to go through the appeal process matches the period of the breaching itself, during which time that student has gone through financial hardship only perhaps to be vindicated at the end of it. Do you have any case studies of those students who have gone through the experience?

Mr Kyriacou—When I was campus president last year at the University of Sydney, day after day countless research officers would be heading off to the Centrelink crisis office with students. Often they would spend two or three hours there in meetings going through individual processes. My experience from them—and this is, I suppose, anecdotal—goes to the amount of difficulty, the amount of time and the amount of work that went into each case. These were cases of working almost full time on Centrelink breaches, so their understanding of the system was quite high. Quite often they had a greater understanding of the student's side of it, I would argue, than the staff they were dealing with at the Centrelink offices because they dealt with it all the time. But yes, the process was a very long one and for many students I think so long that they tended to think it was not necessarily worth putting themselves through it. Instead, they might take up more casual work throughout those periods and then would be likely to miss more classes—if they are able to, which is an important point to stress.

CHAIR—Are there any final statements that you would like to make? This is your opportunity. As there are no further questions, and you wish to make no further statement, I thank you very much. I know that we have taken everything in. We have taken a lot of notes. We appreciate your coming here today.

Proceedings suspended from 10.23 a.m. to 10.47 a.m.

ADES, Miss Bianca Jane, Welfare Officer (Social Worker), Knox City Council

DAY, Ms Maryanne, Coordinator, Family Support and Community Education, Knox City Council

SMITH, Mr John Gerard, Research and Policy Officer, Darebin City Council

CHAIR—Welcome. 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 submissions. I now invite you to make an opening statement, to be followed by questions from the committee.

Mr Smith—Thank you for the opportunity to present. Darebin City Council welcome this inquiry. We submitted our *Darebin Poverty Inquiry* report, which was developed in 2001. I intend to give a little bit of background to that report and to talk about some of the drivers of economic disadvantage in the city of Darebin and some of the actions that we recommended out of that report.

Darebin City Council is a local government area created from the amalgamation of primarily the cities of Northcote and Preston in Melbourne's northern suburbs. The population is around 129,000 people, 61 per cent of whom are first or second generation migrants and 51 per cent of them are from non-English speaking backgrounds. Darebin City Council also has the highest Aboriginal and Torres Strait Islander population in metropolitan Melbourne. The only other comparable area is the greater Shepparton area, which is outside of metropolitan Melbourne. We also have nearly 7,000 people currently on disability support pensions living in the city. So those are some of the peculiar aspects of the municipality.

Darebin City Council has a high level of economic disadvantage, with about 27 per cent of Darebin households on incomes of under \$300 per week. That is compared to about 19 per cent for the Melbourne statistical division. In 1996, 40 per cent of Darebin families had incomes below the poverty line. Although the Darebin City Council experiences a relatively high level of disadvantage, we argue that we really typify many of the stresses and drivers that are being experienced across urban local government areas in Victoria and probably in Australia.

With these sorts of things in front of us, Darebin City Council resolved in March 1999 to undertake an investigation into the causes and manifestations of poverty in Darebin. We focused on unemployment, housing affordability, gambling and access to services, among other things. We arrived at a definition of poverty to guide our study, and that definition was that to be experiencing poverty in Darebin is to be excluded from the normal spheres of activity and consumption which define social participation and identity. So we focused on the effects of poverty for people living in Darebin, which really is the exclusion from everyday life for many of our people. The sorts of resources that people need to actively participate in community, we argue, are things like adequate income; food and clothing; housing; education; employment; health services; social, cultural and recreational activities; and access to transport.

A number of particular groups in Darebin are at a higher risk of living in poverty relative to others. They are people who are unemployed, those who are engaged in part-time or casual work, social security recipients, single people, sole parent families, larger extended families, people with disabilities—and I mentioned we have a large number of people with disabilities in our area—Indigenous Australians and people from non-English speaking backgrounds, particularly migrants and in particular refugees and asylum seekers.

We found that there is a widening gap between rich and poor households in Darebin. There are increasing numbers of households experiencing poverty in terms of lacking sufficient income to maintain a reasonable standard of living. One of the key drivers of this is economic restructuring which has led to a decline of manufacturing employment in Darebin with relatively high numbers of unemployed and working poor, who we define as casual and often part-time workers, as a result. Between 1986 and 1996, the jobs for people in Darebin in the service and hospitality industries doubled, whereas jobs in the manufacturing industry declined by seven per cent.

Socioeconomic disadvantage is becoming entrenched in specific localities also in Darebin. This is largely driven by gentrification and increasing house prices in the southern part of the municipality, which is driving people further north and into other local government areas to find cheap housing. These areas are characterised by relatively high proportions of low-income households and reduced access to housing, employment and educational opportunities. Increased house prices have also driven an increase in private rents in the area, which again has a flow-on effect of reduced access to affordable housing. Low-income households in Darebin are finding it harder to make ends meet. Due to the pressures of paying for housing, transport and utility costs, many households have little to spend on food, clothing, medical care and entertainment. We find that the poor households in Darebin are spending proportionally more to get by. There was a 40 per cent increase in emergency relief requests between 1996 and 1998 and a similar increase on top of that from 1998 to 2000. We are looking at current statistics at the moment.

In Darebin—and this possibly is particular to Victoria—we have seen a rapid growth in poker machine gambling. In particular, there is an overconcentration of gaming venues in areas of high socioeconomic disadvantage. In the areas with the lowest scores for SEIFA, the socioeconomic index for advantage, the five most disadvantaged areas have the most electronic gaming machines. Darebin has lost half a billion dollars to gambling machines in the last 10 years. That is \$587 million, an average of around \$70 million a year. We are losing \$70 million to \$90 million a year to electronic gaming machines.

Significant proportions of the population in Darebin lack an income to provide for an adequate standard of living. Twenty-two per cent of people living alone and 40 per cent of households had incomes below the poverty line in 1996. Poverty in Darebin not only is experienced as a lack of adequate income but it also flows on to other factors such as a breakdown of family relationships, poor health and an inability to access community networks, services and facilities.

Darebin undertook to develop, in liaison with our community through the establishment of a Poverty Action Group, a number of strategies and actions to address some of these issues. The broad things that we tried to look at were housing affordability and appropriateness; unemployment, paid and unpaid work; income security; gambling, of course; and community building. We have taken a number of actions in those areas. Primarily, though, our actions are

around research, policy development, trying to do some leadership and advocacy on areas, coordination and facilitation of services and establishing partnerships and strategic alliances to try and address some of these issues.

I will quickly look at some of the things we have undertaken. Around housing affordability and appropriateness, we are establishing a Darebin housing advisory group and employing a housing development officer to try and develop partnerships with the state government around affordable housing options. We have employed an employment coordinator. We are developing an Indigenous employment strategy. We are working with a job placement provider to try and increase the number of Aboriginal and Torres Strait Islanders at the moment working in council, as a leadership activity. We have also urged the federal government to increase the level of social security payments to at least 25 per cent of average male weekly earnings, and we consider this to be a critical part of any strategies to try and address poverty. We have also requested the federal government to establish a royal commission of inquiry into poverty, and we welcome this inquiry on that basis.

We are examining our council based concession schemes and our no-interest loan schemes to see whether we can provide a wider safety net for people in Darebin. We have done a lot of work in the gaming area. We have established a responsible gambling policy. We are working closely with EGM outlets in the area to try and pick up work that the state government is doing very well in Victoria around responsible gambling. We have developed a charter of responsible gambling that is being considered by the group at the moment.

We have also undertaken, with the assistance of the state government, a community building process in our area of lowest socioeconomic advantage, our area of highest disadvantage, which is in East Reservoir and East Preston. That process is just moving into its second phase. We have finished a consultation process with people in the area and have identified a number of activities that they would like to undertake to try and improve their neighbourhood. We have also investigated developing alternatives to mainstream banks in Darebin. Since the endorsement of this report in 2001, we have moved ahead considerably but we need to say that, without federal government support to address some of those structural causes of poverty, we really will be just playing around the edges.

CHAIR—Thank you, Mr Smith. Ms Day and Miss Ades, would you like to make some comments?

Ms Day—Thank you for the opportunity to speak to the inquiry. The submission was written by Bianca and me and comes more from a casework perspective. We believe it reflects what is actually happening in the Knox community. Knox City Council has provided welfare services for in excess of 25 years. The family support department during this period has witnessed the impact of increasing poverty and changing social patterns. Our service currently includes intake, assessment and referral, crisis counselling, financial counselling, emergency relief, no-interest loan schemes, community education, problem gambling and legal services.

The information supplied from the financial counselling casework indicates that people on low incomes in private rental accommodation or repaying mortgages are experiencing severe financial difficulties. These clients in some instances are falling into the credit trap in order to maintain basic household expenditure. Some of the issues identified in this submission include

an increase in the number of working poor, individuals who are employed on a casual or part-time basis—

CHAIR—Can I just interrupt you there. You said that people are falling into the credit—

Ms Day—The credit trap.

CHAIR—That is not an expression we have heard before.

Ms Day—That is where people are actually using their money to finance—

CHAIR—That is just an expression, yes. Thank you; please go on.

Ms Day—Individuals who are employed on a casual or part-time basis are often unable to budget effectively or they have insufficient income to meet their household expenses. Another group are age pensioners who suffer severe financial hardship when their partner dies because their income is halved or substantially halved and they cannot afford to maintain their household on the halved income. Often that group of people are quite reluctant to seek help. So you can have people really struggling in that particular age bracket.

There is an increase in the number of homeless people due to Centrelink breaches, where they have been breached and can no longer afford to maintain their accommodation. There is also an increase in the number of families who are homeless due to the high cost of private rental. We have families living in cars in Knox. We had a family the other day with three children that had lived in a car for over a week before we actually got to them because they could not afford their rent. The other thing that we have noticed is an increase in the number of clients who are experiencing financial difficulties but who actually present to the service with issues relating to depression, suicide, family breakdown and domestic violence. So they may not come in and say, 'Look, we can't afford to eat'—they are presenting with other issues—but when you get to the underlying cause, it is financial.

The data that we have provided in the submission shows that we had 14,381 contacts for that three-year period that we snapshotted. Of those numbers, 82 per cent had financial crisis as the presenting issue or an underlying factor of the presenting issue. There is increased demand on the financial counselling service—which is at the moment sitting at about a three- to four-week wait—which has had a 21 per cent extension in the waiting periods since this report. The number of clients who do not have access to basic minimum standards, such as adequate housing, heating and food, and who presented at this service has increased by 19 per cent over the past three years. This figure represents the unemployed, sole parents, age pensioners, youth and salaried and self-employed workers who have sought assistance in order to provide essential needs for themselves or their families.

In the past 12 months, council has distributed in excess of \$100,000 in emergency relief, with \$30,000 of this money being used to assist with the cost of education for children—both primary and secondary. Unfortunately, we could not assist 14 per cent of the total number of clients who presented and were seeking assistance because we did not have enough funding and a lot of the smaller organisations that we used to refer to for funding are now closing down because their

members are getting older and they cannot support us. We actually lost about \$20,000 last year because one organisation who had helped us for about five years had closed.

CHAIR—Which one was that?

Ms Day—It was the Society to Assist Persons of Education. It was an older group of people based in Toorak, I think, and had helped us for many years. The lack of access to education and recreational activities severely restricts life's choices for children of low-income families. This impacts on the young person's perception that they can improve their long-term social and economic wellbeing. It can subsequently influence their susceptibility to negative environmental influences, for example, drug use, crime, alcohol abuse, depression and suicide. The long-term effect and cost of the rising incidence of child poverty is substantial on the individual and the community, and we must address it if we are to provide and sustain a healthy and vibrant and economical and viable society and break the cycle of poverty for all Australians.

Whilst the client group of our service predominantly consists of families and individuals in receipt of Centrelink benefits, there is an increasing amount of clients presenting at the service who are unable to meet essential household expenditure on a basic wage—the working poor. We have seen more and more of that over the last 12 to 18 months. This service is therefore concerned with the numbers of families who strive to improve their situation by seeking additional employment but who are disadvantaged by having their family payments stopped because their income is \$1 above the threshold limit. These families are then further disadvantaged when their entitlement to a health care card ceases. Families who exceed the threshold can also unwittingly incur a debt to the government that causes them further financial hardship when forced to repay the overpayment. This can place enormous stresses on the family and we have seen families actually break up over the stress that this has caused.

Changes to the employment status of working Australians over the past several years have substantially impacted on the number of clients and the types of issues that we have seen. The increase in clients who are unable to find full-time, secure employment has led to an increase in the number of people employed in contractual, casual and part-time positions. This insecurity of tenure impacts on the client's ability to develop a sustainable, long-term money management plan and can lead to a cycle of financial hardship, which is often difficult to break. If they are employed on a contract basis, they cannot budget for the whole year and so we are finding that they are disconnected from their utilities, they are thrown out of their houses and they cannot re-establish themselves financially.

Due to the demand in the financial counselling program, the council has increased its funding and has put another \$100,000 into the program. Even with this increase in funding and the multiskilling of the team, the demand for the service continues to be overwhelming. In most cases, the issues that clients present with require urgent action in order to prevent foreclosure, repossession and disconnection. The increase in demand for financial services can be attributed to a number of factors, including changes in the nature of availability of consumer credit and the resultant credit culture which now exists; family separation and breakdown and the changes in financial status; the high cost in rental housing in the Knox region; unemployment and increased underemployment; and permanent employment being replaced with contract positions.

Our service is witnessing an increase not only in the number of new clients presenting to the service each year but also in the complexity of their needs. Debt repayment is becoming an increasing concern for low-income earners in the Knox area. This can be demonstrated by the increase in the number of clients who are presenting for voluntary bankruptcy. Also, a concern for our agency is, if interest rates do rise, what will happen to us as far as the residents that are purchasing their homes. We have a huge mortgage belt, and in the 1980s when interest rates rose we saw the number of bankruptcies go through the roof. The amount of family breakdown was quite high. I cannot see interest rates staying at the level that they are now and most of the families we see are committed up to the hilt. If there is a one per cent increase, they will not be able to sustain their homes.

Clients who have the ability to access credit will often use this facility to pay for their utility accounts or other essential household expenditure. Due to their low income, these clients are often unable to repay the outstanding balance on their credit card by the due date and enter the credit trap by seeking additional credit to pay for household expenditure and debt repayments. The continuing cycle of credit in order to sustain basic standards of living and then eventually being able to repay creditors can force individuals to file for bankruptcy. Bankruptcies that we have seen are up about 20 per cent in our service this year. The real economic impact of these numbers is difficult to quantify.

People who cannot access credit are now using payday lenders to get advances on their incomes. They then are unable to repay this and they are sometimes charged up to 897 per cent interest on those particular debts. Other alternatives for low income consumers are to access businesses such as Cash Converters or pawnbrokers. Again, this is quite detrimental to the family. The high cost of being on a low income and the inequality between low- and high-income people is highlighted by the cases that we have seen. The financial cost to individuals who use credit, payday lenders or sell or pawn their belongings in order to survive is excessive and again highlights the inequalities in this society that allows the financially vulnerable to be exploited.

Privatisation of utilities and other economic factors have also impacted on the numbers seeking assistance with their utility accounts. Our other concern that we have is that, now that they are deregulating, our clients will not be able to connect to essential services because they will not be able to pay their accounts. Then when they go to another provider, they will not be connected and our clients will be black-banned. You are going to have families with no gas or electricity. That is what we are seeing at the moment, as people cannot pay their bills. These clients are then forced to use the remaining energy supply if they are disconnected from their gas or their electricity. So, if they are disconnected from the gas supply, they will use electricity to heat, build up quite large bills and then will be disconnected from that. We have seen families with bills up to \$3,000 and, because they have not been able to pay it, they are disconnected. We have had one family with three children that have not been connected to any gas heating for the last 12 months.

Another group within our community that are experiencing difficulties are individuals who are intellectually disabled or who may have a mental illness. These individuals often struggle with day-to-day living and are often unable to budget. In order to assist these clients to break the cycle of poverty and to establish some stability in their lives, it is essential that there is an increase in programs that support them such as financial counselling.

Housing stress is also evident in our casework as there are a number of families struggling to meet the cost of accommodation, particularly in the private rental market. The average rent in Knox at the moment is about \$200, and the families just cannot sustain that. The increase in private rental costs and the lack of available affordable housing has a detrimental effect on the family's ability to budget. There has been a substantial increase in homeless individuals and families who present to the service. These cases are often difficult to assist due to the shortage of housing workers able to get out there and help them through the system.

We believe that financial counselling, housing services and family support programs have an extremely positive effect in assisting individuals and families who are on low incomes. These services usually see clients who present in crisis and, as they are a practically based service, act to alleviate the immediate stress the client is experiencing. In many instances, these services work together to stabilise a family in crisis and to establish a long-term plan that assists the family to be as self-sufficient as practical. As the majority of cases seen by this service have financial, housing or family dysfunction as the presenting issue, we believe these programs should be a priority for government funding.

From the casework witnessed, I believe that we should be looking at establishing a working committee which represents the three levels of government, with the committee to liaise with welfare agencies in the community to address issues of poverty. I believe there should be a review of the income support payments and eligibility criteria, with a view to raising levels to ensure all Australians can meet essential needs. I believe there should also be an increase in funding for financial counselling, housing and family support programs and emergency relief agencies. Also, we need to look at ways of increasing affordable housing through either the rent assistance program or more public housing. I believe there should be a three-tiered government approach to increasing stable employment opportunities for unskilled workers. It is of concern that unless the current social inequalities are addressed in the immediate and long term the long-term cost to the community by way of family breakdown, suicide, depression, family violence, crime and drug and alcohol abuse will have a substantial impact on the social and economic environments in which we live.

CHAIR—Miss Ades, would you like to contribute?

Miss Ades—No, that is fine.

CHAIR—Thank you very much. Both councils' contributions have been very thorough and thoughtful. They have also offered some solutions, which is appreciated.

Senator McLUCAS—I would like to go to the issue of asylum seekers that Darebin City Council identified. You say in your submission that the limited access of asylum seekers to welfare payments has affected your council in that you have had to take actions to support them. What does that mean for your council? What sorts of things are you doing to support those asylum seekers?

Mr Smith—Since the issue of asylum seekers has gained a lot of currency and since we have had a lot of asylum seekers—so I suppose over the last three or four years—large numbers of asylum seekers have come into Darebin. We have a large Muslim population. We have taken a range of actions, from quite practical things like greeting people as they come off the bus at the

local mosque at 6.30 in the morning and providing some support and assistance there, right the way through to establishing an asylum seeker support centre with a little bit of our funding and partnership funding, which provides asylum seekers with interpreters and access to services information. We work very closely with the North Eastern Migrant Resource Centre in the very good work that they do to support asylum seekers. As well, locating housing is a big one for us. Generally, we try to advocate and promote the issue. We are quite limited in some of the things that we can practically do to support these people.

Senator McLUCAS—There is a cost to your ratepayers as a result of that?

Mr Smith—Yes.

Senator McLUCAS—That must be a point of tension in the council?

Mr Smith—Yes.

Senator McLUCAS—There would be some ratepayers, I am sure, who would suggest that that is not a part of core business of council.

Mr Smith—Of course. I think we have received \$55,000 from the state government for a short-term project that looked at investigating the needs and seeing what sort of support can be provided. Other than that, we have not received any other funding, and it comes out of our rate base. There is strong support among our councillors for this and, as officers, we are very grateful for that, as is the refugee community in Darebin. We do not get a lot of opposition from our residents. We occasionally get a few people coming along and asking questions, but generally people are fairly supportive of people who are doing it hard. It is that sort of area. We would like to see a very different approach from the federal government on the whole issue of asylum seekers. We would certainly like to see a lot more support provided post release from detention centres.

Senator McLUCAS—Have you sought funds from the Commonwealth in any way to assist the work that you are doing?

Mr Smith—I believe we have but I cannot be definitive about that, I am afraid.

Senator McLUCAS—You have, but have been unsuccessful?

Mr Smith—Yes, as I understand it. I think it is more a matter that the kinds of supports required are not things that we can easily submit for. They are very practical things such as housing, furniture and those kinds of supports. One of the key issues is, really, a matter of a lack of access to those resources. We can get funds for community building and harmony and those sorts of activities, but the people themselves need those very practical supports. One of the other issues for Darebin, in general but particularly around asylum seekers, is the high costs we have to wear for translations, for the information we provide and for skilling up our staff. We run a multilingual line, we try to employ multilingual staff, and the cost of translations of information, which is one of the key things these people need first up, is very high.

Senator McLUCAS—With the financial assistance grants you get from the Commonwealth, is there any acknowledgment of that specific need that a community such as yours has in the allocation of your FAG?

Mr Smith—It is not sufficient for our requirements. We are currently talking with the state government about what we can do in terms of looking at the formulas for financial assistance grants and then talking to the Commonwealth about that, to look at a higher loading for things such as areas with high proportions of people from non-English speaking backgrounds. One of the problems there, though, is the argument we get back that there is a limited pool of resources and that any more resources we receive through a rejigging of the formula will mean reductions for other councils, and that is not something that we would like to see either. So it can be quite a divisive issue for local government.

Senator McLUCAS—I will move to housing issues. You talked about developing a partnership with the state government in terms of developing more appropriate, more accessible and better public housing. We have had some evidence from other housing related groups who talked about increasing partnerships with private enterprise. Have you done any work in that area, or do you have any comments or recommendations to make to us on that?

Mr Smith—Yes. We do not have any concrete recommendations at this stage but we are beginning to look at that work around developer contributions from builders and developers. Darebin is an area that does not have a lot of huge greenfield sites. A lot of it is redevelopment of old factories and areas such as that. It is looking at a market of singles and apartment-style buildings. Our hypothesis at the moment, which we are testing, I suppose, with the state government and developers, is that we would like to see developer contributions pay for the construction of affordable housing within the 2030 policy. I do not know whether you know about the 2030 policy. It is the current state government policy on growth in Melbourne which is looking at high density housing around transport modes and developing those through to 2030. We would like to see that high density housing be a mix of housing that includes affordable housing. However, at this stage, we do not see it as being the role of local government to manage that housing, so we will be looking to the state government to essentially purchase that housing from developers at, we hope, a lower cost. The key thing is to provide the supports to the people living in those houses.

CHAIR—With those sorts of housing estates or potential housing estates, with both councils, do you have a view on this or has it occurred that, say, a new private estate starts up and you insist on degrees of public housing there?

Mr Smith—That is right.

CHAIR—So it is not a ghetto in that way?

Mr Smith—Exactly.

CHAIR—But there are two houses in that street?

Mr Smith—That is right, and they should be no different to any other house.

CHAIR—No-one knows that it is public housing.

Mr Smith—That is the hypothesis that we are trying to test—to see how viable that kind of approach is. That really is a matter of local government trying to facilitate a partnership between developers and the state government.

CHAIR—I think it occurs in New South Wales. I think it has been insisted upon by the New South Wales government.

Mr Smith—Yes, we are aware of some of that. We are just beginning to look at how we can do that. Council has been quite active in providing land for partnerships with the state government, but you are really talking about developing three or four bedrooms every year—two or three units sort of stuff. We really do need to address the issue much more proactively than that. Personally, one of my key issues is that our treasured Aboriginal and Torres Strait Islander community is moving north, out of our municipality, following affordable housing. We would dearly like to retain our diverse community. I suppose what we fear is homogenisation through gentrification over time. That would seriously change the nature of Darebin forever. Certainly partnerships with the Office of Housing and partnerships with developers are things that we are currently looking at.

CHAIR—Ms Day or Miss Ades, would you like to add to those comments?

Ms Day—Knox has had the experience where the Office of Housing have bought a whole street in one particular suburb, and that has not worked really well. They have also done spot purchasing, where they buy one or two houses in a street in a suburb like Rowville, which has houses worth \$200,000 and other houses worth \$800,000. They need to be very careful where they place them. The problem that we saw with the spot purchases was the fact that the support systems were not put in place with the family, so there was a lot of tension within that one particular street. I do not have the answer to that, but I think that if you were looking at an ideal world you would put one or two houses in a street, but you would put the support programs in there to try and help these people to get out of the poverty cycle. I do not have an answer for that.

Senator McLUCAS—I am wondering what the response from private developers has been to the work that you are doing, Mr Smith.

Mr Smith—Again, we have a bit of tension, in that one of our other goals at Darebin is environmental sustainability. We have actually raised the bar on building codes to ensure that they are going to be environmentally sustainable. That of course increases the cost of building, so developers are saying to us, ‘How can you really have both of these? You want better housing, you want affordable housing, you want us to build it cheaper, but you want us to build it better.’ Their response is, ‘We’ll build it. Who is going to buy it from us? Is council going to buy it from us? Is the state government going to buy it from us?’ They are there to run a business, so that is why we are looking to speak with the Office of Housing.

To comment on that very briefly without tiring the committee, the issue again is coordination. It is about the Office of Housing working with the Department of Infrastructure in Victoria, who are developing a long-term plan for how Melbourne is going to look. There are affordable

housing goals in that long-term plan. There is no real implementation process for those affordable housing goals because there is no real dialogue, it appears to us, between the Department of Infrastructure and the Office of Housing. The Office of Housing, similarly, are looking at the need to have improved coordination with the federal government around the CSHA. So local government is once again sitting as the flea trying to coordinate the elephants. I think developers get frustrated with that process.

CHAIR—Ms Day, you spoke about financial counselling. Do you believe that financial counselling programs lead to long-term practical improvement of living standards for low-income families? To what extent is the average family able to manage if they receive government benefits—or is there still generally a budget shortfall for essential services?

Ms Day—I have been doing financial counselling for about 15 years, so I have seen a lot of families over that period of time. I think financial counselling supports them. I think that the current income support payments are insufficient for families to actually maintain basic standards of living. Most clients who come to see me do not have enough money to budget. It is as simple as that. It is a matter of trying to break the debt cycle that they have got themselves into, and that will be bankruptcy, but they do need that support to budget for essential services, and we offer that. We also offer them emotional support and try to keep the family unit together. I would say financial counselling, family support and housing programs are a priority if we are going to look at the basic needs of the people we see.

CHAIR—Does financial support counselling place more emphasis on how people get access to income, or do you tell them that they do not really need to shop at Woolworths—that they should go to a discount chain like BI-LO or IGA where the food is just as good? What is the major part of financial counselling—income or expenditure?

Ms Day—We look at both aspects. We do look at their income; however, we never tell our clients what to do. We guide them which is the best way to go. A lot of the clients we see have no life skills so, again, it is about educating them and bringing them with us to have a look at what they are doing. But we do look at their income support systems. We make sure that they are getting the right entitlements. By the time most of the clients we see have got to us, they are in a debt situation. We deal with that debt by looking at bankruptcy or at other options for them. We try to reduce those commitments so that they can afford to keep their house and feed their children.

CHAIR—Could you give us a snapshot of a client?

Ms Day—Yes. In Knox, for instance, we would probably see a mum and dad with a couple of kids.

CHAIR—How old would the mum and dad be?

Ms Day—Mum and dad would be in their mid-30s. They would have two school-age children and would be either in private rental or trying to pay off a house. As a general rule, something will go wrong—for example, they have dropped back to one income and cannot afford to maintain their mortgage or their accommodation. By the time they get to us the family is usually

ready to break up, or there may be domestic violence, some sort of drug issue or whatever. Our role is then to hold the hands of those clients through the system.

CHAIR—It must take a lot of courage for them to go from things collapsing to going to you. That must be a good sign, I would think.

Ms Day—It is an excellent sign. We have most referring agencies—government agencies, banks and other welfare agencies—referring to us. Financial counselling has quite a high profile in the community even though we are a small sector. It is a valued program; it is just underfunded.

CHAIR—Are you proactive, then? For instance, if a bank or referring agency notifies you that there is a red light, does someone from your office, effectively, knock on the door?

Ms Day—They will give them our name and number. We would never go around knocking on doors. As I said, we have had up to a six-week wait in some instances for that particular service. But it does support the families. I do believe, from the work that I have done, that it actually stops a lot of families breaking up. If you can intervene at an early stage—keep them in their house, keep the gas on and keep the food on the table—you can alleviate a lot of the other social problems that we see. But, again, it is difficult to see everybody.

CHAIR—So you would, no doubt, have some man or woman in the gas or electricity company who you ring up to bend their ear? Is that right?

Ms Day—Yes. We develop a rapport with all of the utilities. Utilities will refer into us. A lot of the local utilities—such as South East Water and Yarra Valley Water—pour a bit of money into financial counselling because they see the value of the program. Knox council has seen the value of the program. We get very little money from the state government for financial counselling.

CHAIR—Is there an office in the gas and electricity authorities that deals with it?

Ms Day—It depends on the authority.

CHAIR—But is there an office in there that deals with people who have unpaid bills not because they are not going to pay the bills but because they have no money or they are in difficulty?

Ms Day—No.

CHAIR—There is no particular one that you are aware of?

Ms Day—Not that I am aware of. You have customer service officers, and I will give an example with Yarra Valley Water. They actually have started to train their front-line staff to let people know, because people would ring up and say, 'I can't pay my water bill,' and the usual reply was, 'Bad luck. You're going to get restricted.' The financial counselling program is trying to educate the front-line staff to say, 'There is some assistance out there. This is what you should be doing.'

Senator FORSHAW—Are they using debt collection agencies?

Ms Day—Yes.

Senator FORSHAW—So that adds a complication.

Ms Day—Exactly. Also, some of those debt collection agencies can use quite energetic tactics to recover money, which again places more stress on the family unit.

CHAIR—Mr Smith, I think you indicated that your area is looking at banking reform.

Mr Smith—One of the recommendations of the Poverty Action Group—which is essentially a local committee made up of service providers, people who have been in poverty themselves who submitted to our inquiry and others—was that we look at essentially community banking, so we embarked on that. We have had some public meetings. We have had people who have set up their own community banks come and talk to us. We have really come to the conclusion that you need two years of solid commitment from a large number of people in the community to set up such an institution. Really, the requirement is not that high a priority in a lot of the areas within Darebin. Preston, for example, has five banks, including the Bank of Cyprus and the Bendigo Bank.

CHAIR—There is not one of those Nigerian banks or anything?

Mr Smith—No, not one of those, although I have received the email. Some of our areas do not have access to those kinds of services. The real issue that it boiled down to in the end was access to ATMs or preferably over-the-counter services in local shopping areas for elderly people. The answer is not a community bank for something like that; it is trying to work with existing banks to look at how they can provide those services in a more dispersed way, which we are doing. One of the encouraging responses we have had is from the First Nations credit union, the Aboriginal credit union, which is looking at providing services in Darebin shortly.

CHAIR—I suppose this question is to both councils: in light of financial counselling, do you think some sort of community bank or some sort of caring bank—I cannot think of any other word off the top of my head—would assist in advising people how far they can spend money and all of that?

Ms Day—About 10 or 12 years ago, there was a credit union in Dandenong that was quite good at actually providing low-cost banking to people who were financially disadvantaged. They also had a budgeting service which was highly utilised by the local community when I was working in Dandenong. Whether it is one of the existing banks or whether it is a community bank, I do not think it is all that important. I think we have to start to have a look at people who cannot afford the cost of banking. Most of the people who are disconnected from their gas or electricity utilities are gently persuaded to go on to the direct debit system. With this instance, what happens is that they have not got the money in the bank when the money is due to be paid out for their easy way payments each fortnight, so they then get a dishonour fee of another \$35 on top of it. Again, they are disadvantaged because they are poor.

CHAIR—If I use gambling as an example—because you both mentioned gambling in your submissions, and you may wish to comment independently on gambling—people get to the stage where they are spending all their income on gambling and then they get evicted, they lose their jobs and they become homeless. Is there anything you can do to try to stop them spending their money? Can you go to their employer or do you suggest that they go to their employer and say, ‘I’ve got to put away at least this much money each week for my rent’? Do you get to that stage with the financially counselling?

Ms Day—My first point is that a lot of people who are on low incomes would be gambling because they will get a bill come in that they cannot afford to pay. It might be \$180 and they have \$30 left over. They think, ‘We’ll go down to the pokies. We’ll have a go, and maybe we’ll get the \$180 back.’ It may not be a rational way of thinking, but they are desperate. These are desperate people.

As far as problem gambling goes, clients obviously have to want to seek help. It is like any other form of addiction. We cannot force them to do anything, but by the time they have got to see us, they are usually desperate. I had a client who lost a house, a boat, two cars and his wife and children. He was pretty desperate by the time he got to see me; he wanted help. So we can then set up strategies where he will get an allowance to live and then everything else is directly debited and paid for. But, again, they need to say, ‘I want help,’ and to get them to that point, they usually have to hit rock bottom.

Mr Smith—For Darebin, one of the issues there is that we have tried to work, as has the state government and other councils as well, with the outlets because really they are so seductive, with the lack of clocks et cetera. Things like introducing the smoking ban are going to have a huge effect on some of this stuff. You might go down there with the \$30 to try to get the \$180, but in that kind of environment, with the way they are set up, they are very clever venues, and you can end up going into debt to the pokies before you get out of there. So some of those changes have been really important. The industry says that two per cent of people are problem gamblers. We do not know, but we think it is more. But it is not so much just the problem gamblers; it is the people who, like all of us, can be trapped by these very seductive venues.

Senator FORSHAW—Can I follow up on that. You mentioned in your remarks a figure of \$587 million over 10 years that is lost to the community, and you gave a bit of an explanation of that in your submission. It is a lot of money. Is that a net figure? It may not matter, because it is such a large amount of money. This creates a dilemma, doesn’t it, because the clubs and pubs provide amenities. The club industry would argue that it is providing a community service, but it is deriving its income from gambling, and the governments are deriving tax revenue from gambling. There are all these tensions about the club industry as a service industry, if you like, providing amenities, particularly for elderly people. What is your council’s response to some of the recommendations out of your inquiry’s report? The clubs provide employment in your local area and rate revenue, so you have to balance all of that.

Mr Smith—That is right. We also have a number of local community organisations, such as the RSL, which provide outlets as well. We have worked fairly closely with the state government through our peak bodies, and we have been able to assist with the changes to some of the laws that will have an impact on us. We have been fairly successful with that. The \$587 million is the take-home figure after payouts. A lot more goes in than that. To give you a bit of perspective on

that, a couple of years ago we were looking at a figure of \$72 million for one year, which was the budget for our council. We got a bit of shock when we saw that figure. That is the amount of money that we have to run all our services and pay all our staff, and that amount of money was going out to the providers.

In the end, the providers say this is a recreational activity that the people have the right to participate in. We certainly cannot argue with that. It really is just a matter of ensuring that the venues are operating on what we consider to be a fair playing field, which means putting clocks back in, telling people what the odds are, not allowing them to smoke, drink coffee or get fed by people as they are sitting at the machine—so that they have a break every while. It is like any activity: there are risks involved. People need to know what those risks are before they become involved.

Senator FORSHAW—On that no smoking policy, only last week I read an article on a club in an area of Sydney which had introduced that policy voluntarily. They were saying their income suffered so much, relative to other clubs, that they are now looking to get rid of the ban because the people were going to the other club down the road.

Mr Smith—It is across Victoria luckily, so we do not have that instance of going to the other club down the road. The bus trips that we used to have up to the border have increased since the smoking ban has been put in place though. The smoking ban in gambling facilities is something that council is adamant in defending, simply because it makes it far too easy for people to keep throwing their money down the machine.

Senator FORSHAW—I have another question on a different issue, which is a broad issue for local government generally. As we know, the demands placed upon local government in the sorts of areas we are talking about of community services and community support are increasing all the time. We have also had, over a number of years now, the greater financial pressures placed on councils through competitive tendering and we have seen the introduction of user-pays policies and so on. What has been the experience of your two councils in how some of those pressures have affected the council's own budgeting and ability to provide the sorts of things that people expect councils to provide essentially for free?

Mr Smith—We submitted to the inquiry into cost shifting, which speaks to that a little bit. The position of Darebin City Council is that we argue for a one per cent cut in the GST, which is indexed, for local government. We think the financial assistance grant scheme is not working well for local government. We have taken on a range of responsibilities since the seventies, particularly in the areas of home care and community care in Victoria. From the perspective of Darebin City Council, we are now almost the senior partner in the provision of those services. By that I mean the state government is now almost paying less than we are from the rate base for the provision of our services because the need for the services has grown, the complexity of the people that we are delivering services to has grown considerably over time and the sophistication with which we deliver those services has grown—all of which brings costs. We are taking on more and more. It is a continual job for us to consult with our community about that, to make sure that our community knows where we are going and why we are going there. We certainly have a number of ratepayers who would like us to go back to 'roads, rates and rubbish', but we simply cannot do that and maintain community, which is our focus.

Senator FORSHAW—Is there rate pegging in Victoria?

Mr Smith—Not anymore. There was a rate cap introduced during the Kennett government. We are still getting over the losses that were accrued through that. I cannot remember the figures off the top of my head—I wish I could—but our loss as a single council over that period was in the hundreds of millions of dollars. Our councillors have committed themselves to rate increases of CPI plus one per cent—again, on the basis of trying to ensure there is some sort of equity for people. We are going through our budget process at the moment—so these are fresh scars for me—and trying to maintain that is a struggle every year.

Senator HUMPHRIES—I just want to clarify that the measures you are taking in respect of gambling—like the smoking ban and so on—are all state wide measures that you are applying?

Mr Smith—Yes, they are state wide.

Senator HUMPHRIES—Do you have any separate compacts or anything with local gambling providers to effect particular measures?

Mr Smith—We set up a local group of all the people who operate facilities, plus break-even gambling groups and council. We facilitate that group. We connected that group up to similar groups in other local governments and through that lobby we lobbied the state government to—we think—make some of the changes that were made.

Senator HUMPHRIES—To the trading hours?

Mr Smith—In a lot of ways we have not been able to achieve agreements with providers at the local level to shift. The basis of that, quite simply, is if they shift they expect the whole industry to shift; they are not going to disadvantage themselves as a single venue. So we had to really take that approach to get it up, and we have a sympathetic state government.

CHAIR—Are trading hours in the province of local government in Victoria?

Mr Smith—Trading hours are an issue.

CHAIR—Does the council have the ability to restrict trading hours for pubs and clubs?

Mr Smith—No. If a new facility is being planned, we can talk about parking and we can talk about a range of things like that. We can introduce by-laws around things being outside on the footpath, nuisances that might be caused or those sorts of things but we do not have any control over trading hours per se. We have a venue directly opposite the council that operates 24 hours a day, and we know a lot of people in our area will end up there on winter nights for the free coffee, which is still being provided, even though they have to smoke outside now.

Senator HUMPHRIES—I think New South Wales has just introduced a six-hour switch-off arrangement for the machines. You would presumably be looking at that sort of thing as well?

Mr Smith—I do not think that has been looked at in Victoria, but through the introduction of the smoking ban, clocks, putting the odds on the machines and community education that says, ‘Take a break every half hour or whatever,’ we are trying to achieve the same effect.

Ms Day—I think they were looking at introducing a two-hour ban somewhere along the line to try and break it up.

Senator HUMPHRIES—Could I ask you, Ms Day, about the payday lenders you mentioned who I think you said were charging rates of 890 per cent—

Ms Day—Up to.

Senator HUMPHRIES—That is obviously in breach of the credit code. I assume these are black market operators?

Ms Day—No. It is not regulated by the credit code, so they can actually legally charge that amount.

Senator HUMPHRIES—It is not regulated?

Ms Day—No. My understanding—and I would need to go back and check—is that it is legal for payday lenders to charge those rates.

Senator LEES—I think they are too small to get caught. Isn’t that the basic rule?

Ms Day—That is right, yes.

Senator LEES—There is a certain limit and once they have more than that in a year they might get caught, but under it I do not think they are regulated.

Ms Day—I think you are right. But it is legal to do it.

Senator LEES—My questions follow on from several others asked earlier. I am interested in the impost on council of having so many families in that dire financial situation. Also, as I look through your submissions, I see that you provide a very wide range of support services—from financial counselling through to leisure activities for particular disadvantaged groups, where mums are able to socialise at a fitness centre rather than go down to the pokie venue and need to pay only for child care. Do you have any breakdown of how much your councils put in to the various services you offer and how much comes from either federal or state government, particularly with respect to some of the financial support services you outlined before? There are rural counselling services that are virtually totally supported through federal government initiatives. Are there any of those sorts of initiatives available to city residents?

Ms Day—In relation to the financial counselling program?

Senator LEES—That specifically, but then if you have any breakdown across the board of all the various services looking at what you are expected to pay—whether it is 10, 50 or 100 per cent—compared to what state and federal governments pay.

Ms Day—I can only speak for the financial counselling program. Mr Smith might be able to give you more information. For financial counselling we get \$26,500 from the state government, which is the same state funding that we have had—to my knowledge—for about 15 years, give or take a few dollars. Council would put in excess of \$100,000 into our program and we receive no federal funds at all for that particular program.

Senator LEES—So that was the breakdown I am really looking for step-by-step.

Mr Smith—I do not have those figures with me. We can provide them obviously.

Senator LEES—That would be very helpful. I know all councils have provided some of these details to the cost shifting inquiry but I am particularly interested in those councils with a large population base that, I guess, from time to time have trouble paying their rates. What impact does that have on you?

Mr Smith—We have a policy particularly for people who are older where we simply say, 'Don't pay it.' We have got the provision to take it out of their estate when they die. Many people have come to that unofficial or official arrangement—we have not signed any contract or anything—and are simply not paying their rates knowing that we have the capacity to take it out of their estate when they die. That is a fairly blunt way of doing it. We also can come to any arrangement with any resident about part payment or payment over time.

Senator LEES—Do you have figures as to the percentage of people in your city area who would have difficulty with rates in any one year?

Mr Smith—Not here, but again I could get it.

Ms Day—I could not say either but I could find that information for you. I can tell you that Knox City Council actually has a policy in relation to rate relief where we can stop the interest charges. We can again put it as a charge on the property and in some instances could waive the debt although waiving is not something that is done.

Senator LEES—Again, in terms of support from either state or federal government, is there any assistance that you can then get if you have got rates that are simply not able to be collected?

Ms Day—The only concession that I know, not with the rates that cannot be collected, are the pensioner concession rates. They get a discount. I think it is \$132.

Mr Smith—That is right. It has been set for a number of years. We have recently looked at how we can lobby to get that changed, indexed or attached so it can move over time because it has been a flat rate for a long time.

Ms Day—Again, it is the ageing population that we have in Knox. They own their home but they are on a pension and their home is the only asset that they have, so they cannot pay for water, they cannot pay their council rates. With rates going up it is having a huge impact on that particular group.

Senator LEES—So as property values increase, rates increase?

Ms Day—Exactly.

Mr Smith—Absolutely.

Senator LEES—But pensions are not increasing—not at that rate anyway.

Ms Day—Exactly and they will say, ‘We have to sell the house.’ They have lived in that property for 40 years, they have raised their children there and they do not want to sell in the later years of their life.

Mr Smith—I am unsure of the situation in Knox but in Darebin a lot of our properties are interwar weatherboard properties, so they are 1920 up to 1935 large weatherboard properties. Maintenance on those is really kicking in. Some of them were not built terribly well to be honest in the beginning and so we have people who are very cash poor and asset rich with enormous maintenance bills. Our home maintenance service tries to deal with some of those issues but it is essentially cosmetic, putting in rails and things like that to try to make it a bit more usable, but the house can be falling down around their ears.

Senator LEES—I am looking at what is happening in Adelaide at the moment with increasing prices and increasing rate levels but councils needing that to offer the other range of services. Have you had community backlash about rate increases?

Mr Smith—Annually.

Senator LEES—Okay, next question! I will go on to something slightly different in terms of education and support. Do you work at all with the local schools, looking at those students who are having difficulties due to financial pressure on families? Are you able to intercede for them? We have heard some stories today, and indeed yesterday, about the level of school fees and about families having trouble with those. Are you able to offer any support by talking to schools directly?

Ms Day—Our service actually gives talks to schools. This is probably not what you meaning, but we are trying to get to students in year 11. They will come around and we will tell them about budgeting, money management and stuff like that. We are trying to be a little bit proactive in that. As far as the education costs go, we have a school relief fund, for lack of a better word, within council where people that cannot afford the cost of education will seek assistance. We are trying to work with a local welfare agency, the gaming venues and small businesses within Knox to set up some sort of grants scheme for clients. Council would not run it, but it would facilitate that particular activity.

Senator LEES—Are there any scholarship schemes that you are aware of offered by business? It would be a wonder if gaming facilities did. Are there any within either of your municipalities that you can tap into, perhaps service clubs or whatever?

Ms Day—We are trying to work into that now. As I said, there are a few groups of smaller churches and whatever else that we can use. Council actually put some money aside from their local op shops that donate to the welfare trust fund, so we use those funds to assist students. Their parents have to go through an assessment with us.

Senator LEES—Is it mostly secondary?

Ms Day—Mostly secondary, but some primary.

Senator LEES—What level would the fees be in your local secondary schools for an average student?

Ms Day—My understanding is about \$400 for the fees. But it is not so much the fees, because they are supposed to be voluntary, so we need to get it through to the parents that they actually do not need to pay some of these fees. Some of the schools will send the accounts out in such a way that the parents think that they have to pay them, which is a problem. If they do not come and see us, they will pay those fees, but then they cannot feed their children.

Mr Smith—We find that it is often materials as well. You can get the \$400 bill and say, ‘You don’t have to pay that,’ but it will still be \$60 or \$70 that is required for—

Ms Day—Books.

Mr Smith—not just the books but for materials for activities, things that you pay the school for and the school provides those materials. The costs are there. We provide similar schemes, but our scholarships are really aimed at tertiary education and non-English-speaking background and Aboriginal and Torres Strait Islander groups. We provide some scholarships for health.

Senator LEES—What happens with the schools if you are advising people on the one hand not to pay the fees, and they are desperate on the other hand because they need to be able to run courses?

Ms Day—We have to make sure that our clients are not disadvantaged. We have had some schools that have said, ‘Well, you can’t participate in this and you can’t participate in that,’ so it is about educating the schools. They are not too happy about it sometimes.

Mr Smith—The fees are voluntary—

Ms Day—They are.

Mr Smith—and I think that is what we keep coming back to.

Ms Day—One of the cases that I saw was a family that had five children who were in private education. The father had died, and she actually had to pull her children out of the private school and send them to a public school. The cost for her to re-uniform them, buy the books and do whatever else was enormous. The average cost I am seeing for a year 7 student is probably about \$1,100 to start off. A family that is living on a pension cannot do it.

Senator LEES—So these are schools requiring uniforms?

Ms Day—Uniforms, books, the school camp—okay, they do not need to go on the school camp but, again, if you do not go on the school camp, you are ostracised in year 7, right from the word go. You are on the back foot.

Mr Smith—The school camp is a big one. It is \$300 straight off.

Senator LEES—And the camp normally goes for a week.

Mr Smith—Yes.

Ms Day—Yes.

Senator LEES—You mentioned that your council looks at tertiary scholarships. Can I touch on what they are worth and how you target them—how you actually find the students when you might have 300 applicants and how many scholarships?

Mr Smith—At the moment, we only have one operating, which is with the Aboriginal and Torres Strait Islander community, looking at a health scholarship with La Trobe University. La Trobe University has established an academic board to assess people who are applying. I think we have had three or four people go through the course over the period of the six years that it has been operating. It amounts to \$10,000 a year. The scholarship is half-funded by us and half-funded by Latrobe University. We have had one before—and I am not sure of all the details—for people from non-English-speaking backgrounds in particular. But, really, you are talking about five or six people over a long period of time.

Senator LEES—Do you get recommendations from the schools as to who the students should be?

Mr Smith—Yes. And we work with a centre called Ngarn-gi Agora Indigenous Centre at La Trobe University, so there is a lot of discussion within that centre first about the family, the support that can be provided, the aspirations of the person and that sort of stuff. Then it goes through to a process of looking at their academic capacity and then they are awarded the scholarship. So it is a fairly laborious process.

Senator LEES—And the value is \$10,000 a year—or for the course?

Mr Smith—It is \$10,000 a year.

CHAIR—Is there any particular reason why Darebin has such a high number of people on disability support pensions? Is there anything you identify for that?

Mr Smith—Yes. In the 1970s our area was very well serviced in terms of hospitals, clinics and services for people with intellectual and physical disabilities. Through the process of deinstitutionalisation and then non-institutionalisation, a lot of those people located to the local area and still live there. Some of the services have been closed, amalgamated, moved away or reduced over time, so now we have a lot of the population living there with less access to services than they probably did during the awful time of institutionalisation.

CHAIR—Have you identified any particular issues that impact financially on this group?

Mr Smith—Certainly access to housing is a huge one. Group homes and those kinds of services are available; but in terms of independent living, establishing accommodation that is

suitable for people's purposes and special needs is big. Transport is a key issue, although there are taxi concessions that they can use and a taxi card that many of them can use, and many of them cannot. There is access to emergency systems if they are in trouble, and we have got some concessions on those now but that was an issue for some time. On top of everyday things like food and clothing on a very low income, it is those additional special needs that often have an impact.

CHAIR—To both councils: do you have a lot of boarding houses?

Mr Smith—Yes. Again, the numbers have reduced over time—

CHAIR—Is that because of the gentrification?

Mr Smith—Absolutely. We are not a huge boarding house area like St Kilda or the city of Yarra, for example, but we do have a number in the area. About seven per cent of our population live in public housing, and we have a number of special residential services which are now operated by private providers. If people who have disabilities and low education are not very tightly linked into the support system, they can be exploited quite easily. We have had instances of people living in pubs, where the person in the pub gives them a room, takes their cheque and provides them with food and as much grog as they can drink. So they can be vulnerable members of the community.

Senator FORSHAW—Following on from the chair's question: we heard evidence yesterday, and we have had this in submissions as well, about the problems associated with people with mental illness, particularly following the deinstitutionalisation policy decision some years ago. In some areas this is a pretty serious problem because of their difficulties in coping, living in the community, being on a low income or on income support payments, problems with housing and accommodation—like the comment you just made about the person in the pub. Is this a phenomenon that you have seen in your local government area or in other areas?

Ms Day—With financial counselling, we see a lot of it. We can establish budgets for people with intellectual disabilities or mental illnesses, but the problem is in getting them to stick to it. Because our resources are so limited, we cannot be there to hold their hands. One of the things I am trying to do is to establish, with our local Citizens Advice Bureau, a budget support service for these people. We can establish a budget and then they can have a support worker to monitor it. One of the good initiatives that has come through Centrelink is Centrepay. I do not know whether you know about that. People can have their essential services deducted prior to their having access to their pension, and that works really well. They are really happy to do it, because they have their rent, gas or electricity paid and it is a real positive. Because they are living in the community now, these people really do need the supports but they are just not there.

CHAIR—We have had evidence over the last few days about substandard accommodation in boarding houses, particularly for DSP people. What sort of intervention is your council involved in with boarding houses? Do you make sure there is a toilet, a bathroom, a bed and all that? Can you comment on that for us, please?

Mr Smith—With new dwellings, certainly we can have a lot of say, but we know there is a range of substandard accommodation over which we do not have a lot of control. They are not

breaching overcrowding; they are not doing a number of those things but they are still fairly substandard for the people who live in them.

CHAIR—Who can intervene?

Mr Smith—The state government can work with them. A lot of them are providers of things like special residential services, and they are regulated by the rooming house act and similar acts through the state government.

CHAIR—None of us is from Victoria, so we are not familiar with the laws here. So it is up to someone in the state government authority to intervene, is it, to make sure—

Mr Smith—Yes.

CHAIR—I am not sure but I think that in my state of New South Wales it might be the local government authorities that have the power to intervene, but you do not?

Mr Smith—I am sure that we do not.

Ms Day—I think that with Knox we do not have a high percentage of boarding houses as such, but we do have a high percentage of homeless people with intellectual disabilities and mental illness. They are being evicted either because they do not pay or because of their social behaviour with other residents. For us, the majority of people who come in with these issues are homeless.

CHAIR—Once again, they have to come to you, do they?

Ms Day—Yes.

CHAIR—So if you wander along to the shopping centre from Knox City Council and see a man or a woman who is in the same clothes from the day before and the day before that and has obviously slept on the bench, is there anything you do, can do or would do?

Ms Day—We usually find that they come through our system through the emergency relief network, so they will be picked up that way. Obviously, if we saw somebody in distress—

CHAIR—Is there another group in the council that does that?

Ms Day—Yes. If you saw someone in distress, you would obviously help, but you cannot intervene.

Senator LEES—Would you wait for, say, someone to call or for the Salvation Army, the police or someone to pick them up and refer them on?

Ms Day—Yes, the police do it and we get referrals all the time from those other services.

Senator LEES—Looking specifically at homeless people, is there any service in your council area for them that is funded by the state government?

Ms Day—Not that I am aware of.

Mr Smith—A service?

Senator LEES—I guess you could describe it as a halfway house so that they have somewhere to go—a state government funded service that can refer them on and support them financially until they have got themselves back on their feet.

Ms Day—There are programs within Knox, but I cannot really give you the breakdown of those.

Mr Smith—We have a number of those as well, and a number of SAAP—Supported Accommodation Assistance Program—services and housing services. Again, it is a matter of trying to work with those to coordinate them with the primary health care system, for example, which is critical for this group, and with legal assistance, which is also critical for this group, particularly around credit issues. Councils can be very important in playing that local coordination role. We all know that we are all working with the same population.

Senator LEES—That is coordinated across the various agencies through the council, charities and other services such as SAAP services, so you are all able to work cooperatively?

Mr Smith—Yes.

Ms Day—We have established quite a number of networks: the emergency relief network, the youth network and the housing network. We then sit on all the different committees, so it is coordinated through that process. That works well for Knox, anyway.

CHAIR—Have you applied to your councils to increase your funding in the last few years? Have the demands on your services increased?

Ms Day—Council has increased the services to our particular department. I think they are stretched to the limit at the moment. They are looking at another rate increase this year. I cannot see them increasing our funding at the moment. I would be looking to the state and federal governments for that increase. If we are having a look at financial counselling programs, in other areas they get funded a lot more than we do.

CHAIR—So you have more demands on your services than you had from another period?

Ms Day—Yes.

CHAIR—What do you put that down to?

Ms Day—An increase in population, to start with. Gambling has also had a huge impact. More people have also become aware of the service being out there, because we have actually established it and we have quite a high profile. I would like to think that our intervention has

stopped a lot of other social issues that may have cost the community a lot more in the past. I think the increased demands are a result of the community being aware. As I said, utilities now have us on their bills and advise people to go and see a financial counsellor. If you want to go bankrupt, you have to go to see a financial counsellor. All these services are now referring in.

Mr Smith—We have increased our spending in the community services area. A good example of that is each year from amalgamation in 1994 until 18 months ago, when council have basically said they could not increase it anymore—this is when our community care services pay for financial counselling, home care, home maintenance, meals on wheels and those kinds of programs. We have continually increased the ratepayer contribution to that. We are at a stage now where I think we are the senior partner in the process—we are actually paying more into that than the state government. Our total budget is something like \$8.9 million, and we pay about \$4.6 million into that out of the ratepayer base. Again, that is something that ratepayers accept as an important part of our role in the local community, but we strongly advocate that it is a responsibility of the state and federal governments through the HACC agreement to pick up some of these services. This will increase over time.

Senator McLUCAS—I have no idea where your councils are, but the bordering councils may be very wealthy and would not have that cost, would have a higher rate base and very pretty parks and would put their money into completely different areas.

Mr Smith—That is right.

Senator McLUCAS—That is moving that whole question of cost shifting into a geographical area. It is very infuriating.

Mr Smith—Some of our councillors can remember when they were councillors at Preston or Northcote and they voted to accept taking on HACC services in the seventies. They will tell their stories about how they should never have made that decision. That is how we started the process that we are on now.

Senator McLUCAS—It is not only the cost shifting, it is the activity shifting as well. I used to be in local government.

CHAIR—Senator McLucas used to be a councillor.

Senator McLUCAS—You argue about how local government is the best level of government to deliver services because it is the closest to the community, but you are not the best level of government to finance those services because your revenue stream is so defined. That is a question for another day.

Ms Day—I know that Knox council is experiencing the same problems.

Mr Smith—That is right, and I am sure Darebin is no different to Cairns City Council.

Senator McLUCAS—That is correct.

Mr Smith—Darebin is no different to the sorts of pressures that are up there as well. Again, the cost shifting issue is so complex. A good example is the asylum seeker issue, which is really something that local government has no control over. It is something that we ended up picking up, as you would pick up issues that come into your area, simply because we have community pressure to say that this is an issue that needs to be addressed, and we cannot ignore that.

CHAIR—Are there any further questions from the committee?

Senator HUMPHRIES—The Knox council submission refers to the need for data collection and further research into the effects of poverty in Australia. We have had a number of comments about the level of data. Why do you see that as an important precursor to further action in this area?

Ms Day—Without data you will struggle to come up with possible solutions. I do not think the data that we have at the moment is as accurate as it could be. If we are going to address the problems, we need the data and we need a working committee that can actually understand the problems out there and can address them. I do not think that has answered your question though. I have problems with the data that is out there. I think it is only semi-accurate.

Senator HUMPHRIES—Would you support the view that poverty has increased in the last five years?

Ms Day—Through my casework, and that is all I can give you, that is what I am seeing, and I have been a worker in the field for 15 years now. Yes, it has. And the degree between the haves and the have-nots has substantially increased, which is changing the face of our society and the Australia that we once knew.

Mr Smith—I have a brief comment on that. We recommended some solutions, I think, in our report. We ask the inquiry to seriously look at the issue of the further research that is required to keep a handle on this shifting beast, if you like, of poverty. The nature of poverty, the shape of poverty and the face of poverty are changing all the time at the local area, and we see that. The polarisation of incomes that Maryanne spoke about is a key thing. We need to be clear about the drivers for those trends and how we can predict how that is going to unfold over time. Similarly we need to be clear about the data around the casualisation of the work force, which seems to be a key determinant in the rise of what we are increasingly calling the working poor, at the local area so that in five or 10 years time we can be saying, ‘This is the kind of work force; these are the kinds of residents that we are going to be dealing with.’ It is vital for us to do that so that we can plan rate disbursements and try and lobby for more funds, and we are not continually chasing our tail around some of these issues.

CHAIR—Ms Day, following on from Senator Humphries’ question, you said you wanted a collection of data. In a number of areas there is plenty of data available. Is there any particular area where you see a deficiency that should be addressed? You may wish to comment on that as well, Mr Smith.

Ms Day—The data that I am probably looking for is data you cannot collect—it is what is actually happening to those clients. If we were looking at people who present for financial counselling issues, we would ask: what are the underlying issues? What is happening for them?

For example, you cannot get that with an incidence of family violence. We were doing a report just recently, trying to get a domestic violence worker in our area. We cannot get real data to say: what are the incidents out there? What is happening? How do we link that to financial issues? We approach the police, we approach Centrelink—it is a hidden phenomenon. I do not know how we get it, but, again, I am not the expert in that field.

Mr Smith—I think in some ways we are awash with numbers. There is a lot of data and there is a lot of good data. The issue is really adding value to that through some seriously good analysis at the local level. Again, this is something that local government has picked up over time. We really are some of the only ones to be in a position to do analysis at a local level, where I think, as a research officer, it makes sense to do it. We receive a lot of data from state and federal departments that analyse in fine detail their particular silo, but the interaction between those silos and how that plays out at the local level is something that we are left to try to deal with. I could talk for hours, but I will not, about the standardisation of data and the requirements that we would like to see put in place to make sure that we can compare apples with apples, that we know what sort of data we are getting, that we have access to those figures and really that we have the funds to pay people to do that detailed analysis. It takes a lot of effort to pull those numbers together, to make sense of them and to try to ensure they are predictive.

Senator McLUCAS—I have just one last question. When you did the Darebin Poverty Inquiry, was there any resistance to the use of the word ‘poverty’?

Mr Smith—Yes.

Senator McLUCAS—How did you overcome that?

Mr Smith—We had a lot of debate about that at the local level. We started, as we usually do, by establishing the action group, the local community group, to consult on the shape of the inquiry. We were very keen—when I say ‘we’ I mean our little policy unit—on calling it a poverty inquiry because we wanted to advocate for, and we are advocating for, the development of a new poverty line essentially through an inquiry process like this. So we wanted to use the inquiry process. We wanted to attach that in some ways to, or echo, the Henderson inquiry, so we had our reasons for that. There were a number of people in our action group who were not keen on talking about that, saying that it would not bring out the kinds of people whom we wanted to submit. In the end, we agreed that we would stick with the concept of the poverty inquiry and call it that. Really, we were glad that happened because it is not something that you can discuss in euphemism, I think. We still managed to get a number of people to come to hearings on a much smaller scale like this at the local level by providing the sorts of assurances that we did around confidentiality, in camera hearings and those sorts of things.

Senator McLUCAS—Thank you.

CHAIR—If there are no further questions, I would ask you whether you wish to make any final comments. If not, I would like to thank all three of you for coming along today. It has been very enlightening for us. We will break for lunch.

Proceedings suspended from 12.24 p.m. to 1.27 p.m.

PERNAR, Mr Michael, Centre Manager, Laverton Community Centre and Neighbourhood House Inc.

ROBERTS, Mr Craig Keith, Secretary (Committee of Management) and Volunteer Worker, Chelsea Neighbourhood House Inc.

STEVENSON, Mrs Lorna Louise, Manager, Chelsea Neighbourhood House Inc.

CHAIR—Welcome. 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 and general questions from the committee, which you are all invited to respond to if you so wish.

Mrs Stevenson—Thank you very much for inviting the Chelsea Neighbourhood House to participate in this session. When we received an invitation from our local federal member, Ann Corcoran, the member for Isaacs, to put some thoughts on paper about poverty and financial hardship within our local community, we found it was quite a task in some ways to try and take the emotion out of the messages that we would want to try to get across to this inquiry. The major area from our community point of view that we are very conscious of is the working poor. We employ people in our organisation as sessional tutors; therefore, they do not have full superannuation entitlements and at the end of each term or year—when Christmas and New Year are with us—they are no longer gainfully employed, unless they have an alternative source of work.

At times, it is a huge concern because some of the tutors have families. They might be single parent families as well and therefore they need to go to Centrelink and apply for some funds so that they can live. We are a sector within the adult community education sector that provides accredited training and we pick up a lot of our students through employment agencies. As a result of that, the student contact hour rate that we are paid through the adult community education sector is certainly not on a level with what is offered through TAFE. That then creates a lot of issues, because we are viewed by many other sectors of education as being the poor relation.

However, over the past couple of years, there has been a positive move with the set-up of local learning employment networks, of which I am the ACE representative for three municipalities within Victoria. The secondary schools, TAFE institutions and private registered training organisations know that they need to link in with our service delivery and create stronger partnerships and links. However, when I do participate in those forums, again, I still am the poor relation in many aspects but I am not afraid to open my mouth and have input into positive goals and things. With the members of the neighbourhood house and committee, we are very proactive and we like to have things happening. Rhetoric is good but to put things into practice is the critical factor for me.

We have an urban renewal project that is under way through the city of Kingston. We have a very good council within the LGA that we operate in. It is quite exciting that this urban renewal project is taking shape. There has been considerable consultation with our local residents in the 3196 postcode and the planning and strategies that will come from the input of the residents are on the way. I am certainly hopeful and excited about what is going to be important for the community in our area in the future. It is really empowering for the residents to be able to have some say and to see things actually taking place.

I also have huge concerns on behalf of our community with the changes in Medicare that are currently being put forward. It raises a lot of issues when we are dealing with elderly people and also young families as to what the cost of taking somebody to the doctor for a headache will be in the future—the measure of the dollar versus the care that is required. I am sure that in the future families are going to be put in a situation where they are going to be making life-threatening decisions if they have not got the money to cover the costs. That is a message that came from my drop-in craft ladies this morning before I came here. There is a lot of talk going on at the grassroots within our organisation. I will finish there for now and pass over to Craig to see whether he has anything he would like to add.

Mr Roberts—I do not have much from that side. As a person who, for a great deal of his older life, has lived at the borderline of poverty, I would like to comment that I had always managed to survive quite well on a low income—often without help from social security departments—up until about the 1990s. I find since then there have been changes in attitude, in availability of work places and in finding employment, which have often impacted on poverty levels. My main concern—I have no objection to being poor, I find it quite comfortable and I can live within my means—is the continuing and growing gap between those who have and those who have not. That is an area which really needs to be examined to find a way of breaking down the gap between them. Most of the things that Lorna said I wholeheartedly support because, working at the house, you know about them from picking up the stories that people tell you and from life experience. I think that is enough and if you have any questions, we can come back to it later.

Mr Pernar—I would like to thank the Senate references committee for inviting us. I share a lot with what my Chelsea colleagues have already touched on, in the people we employ and the people that associate with the types of services that we provide. Our neighbourhood house in Laverton is a little different in that we also attract Commonwealth Family and Community Services funding in the area of emergency relief. So we are also exposed to those people that are directly affected by government decisions on a daily basis, be they Centrelink decisions or decisions on Medicare et cetera.

In my submission that I put in, due to time lines and lack of resources I was not able to submit a lot of statistical information. I have brought that along with me and am happy to table that for the committee. The material I have is basically from those areas that identified our emergency relief program. That is a funded program for which our local council had to step outside the square—that is a financial counselling program, which is usually a state government responsibility. But when you have funded services which are unit cost based and then they invert the pyramid and decide that they can only provide this many hours in financial counselling, and you end up with an eight-week waiting period, how do you address the crisis? We convinced our council that the prime responsibility of any local government is to its residents and that if state

and federal are not going to address the problems then we should do it on the local level. We now have a point five position financial counsellor; I have her statistics as well.

I have also been able to source a neighbourhood profile for the suburb of Laverton through the Australian Bureau of Statistics, which also shows that poverty is still there. What the statistics are highlighting is that the numbers are increasing on an annual basis. Of the 500 clients that we have seen in 2003—and so far that is only up to yesterday, 30 April—19.8 per cent have been working residents not in receipt of benefit. They are people—the working poor as we called them before—who are deemed to be working though unfortunately still require additional services. Seventeen per cent of our emergency relief clients are less than 25. There has always been a misnomer that men do not really go out looking for other services. In 2000, of 408 clients seen by our financial family counsellors, 24 per cent were male; in 2001, 23 per cent. This year there has been another decrease in that number. We can see that the majority of males came in a few years ago when there were a lot of problems with the Toyota plant and other places—a lot of people were put off work for a couple of months and that would probably justify where they were seeking additional assistance.

In the west, gambling is a big issue because there are more machines per head of the population than in the eastern parts of Melbourne. The reason I mention that is that we talk about poverty and we look at the reasons why people get into the positions that they are in. Our organisation in 1995 had a bandaid approach. Assistance was handed out; it was not always recorded. In 2003 we have a close the revolving door approach. This year, for example, in our emergency relief we have seen 352 clients; 170 of them or 48 per cent were first-time clients. So that is one of my facts that shows that more people are falling into poverty. At the same time, the 356 clients that we saw were the parents of 370 children. We collect those figures so that we can see how children are affected by poverty if their parents are asking for services—it helps us in the assistance that we provide.

Our highest bracket of those presenting is the 25- to 45-year-old bracket, which is 52 per cent. Only 38 per cent of our clients are on parenting payments. Another misnomer that seems to go around is that the majority of people seeking assistance are single parents et cetera. In my submission I also put forward how we have tried to address a lot of the issues. The good news is that of our 356 clients, 169 or 47 per cent only required one visit. That means that their needs were addressed on that day, be it with financial assistance or a referral to another organisation. The major thing is that their need was satisfied on the day. Only nine per cent required four or more visits.

It is important to have a proactive stance and be in tune with your community. I can only talk about Laverton, where my knowledge is. I have also got statistics from the 1996 Social Housing Reference Group project, which was conducted by Betty Kleiger and Associates, which highlight that rentals and median house prices for municipalities are increasing. Basically, we are now in a landlords' market. What it showed with respect to Laverton house prices was that 63 per cent of properties in the catchment period sold for less than \$150,000. In contrast, at Williamstown, which is also a suburb of Hobsons Bay, only 6.3 per cent were of \$150,000. So even where people live, the gentrification of suburbs et cetera is further widening the void.

One other point I mentioned in the submission was the indexing disadvantage. I have an article by Chris Tinkler in the *Sunday Herald Sun* that talks of the Melbourne 2030 Metropolitan

Strategy. It identifies areas of disadvantage which are based not just on earnings and employment but on access to all types of services. Laverton gets a mention as one of the most neglected. It highlights the government's strategies to invest in roads, buildings, public transport, amenities and services, including spreading public housing. The residents of these disadvantaged areas still receive the same benefit—one size fits all. We need to concentrate on disposable income. What I am trying to say in that instance is that we have the state government indexing these areas of disadvantage but we have a benefit where one size fits all. So if you live in the rural area, you still get the same benefit as if you were living in inner metro, though your access to services, public transport, education, medical services, recreation and socialisation could be a town away. We see that as an impact on equity and distribution. Therefore, we should either put the facilities in and get rid of the disadvantage or index the disadvantage so those people can survive in those areas of disadvantage.

We are lucky: we have only survived on networks. We have had a very cooperative council. I hear that another council is cooperative. Where we have local government and community working together, networks are created, our services can be spread and we can make those that are responsible for the provision of services actually accountable. That way, we get a broader range of professionals.

Unfortunately, as I mentioned before, unit based costing has seen the fragmentation of services or decreases in service provision. The prime example of this is where a young, homeless lady turns up at a housing place to look for accommodation and because she is pregnant she is referred to another organisation that specifically caters for pregnant young women rather than taken at the first one, which is closer to her residence. This is how it is filtering down at the grassroots level because each of these organisations has had to redefine what their service provision is.

Our council similarly got the support money that state government provides to put together a Laverton together project. It is all about changing the image and attitude of Laverton and about getting the community to work together and make their decisions. It is urban renewal. The latest ABS stats indicate that 67 per cent of Laverton incomes are in the medium-low to low bracket. The Hobsons Bay average is 53 per cent and the greater share of household income is \$600 to \$699. Between the two census periods of 1996 and 2001, there was a marked increase in lowest income groups and a decrease in medium and high income groups—and that was found using the income quartile method.

There are only two other issues I wish to mention. In Hobsons Bay there are 800 on the waiting list for long day care at the moment. We know there has been a lot of noise about pre school care and after school care, but long day care is an avenue for a lot of these working parents to use so they are able to engage in longer-term employment. If you have 800 children in a municipality waiting for long day care places, that means a lot of people are being disadvantaged. It also promotes other things like private people looking after children.

The other thing I would like to add is that our organisation operates without public benevolence, as it is unattainable due to its definition. I would really like that definition relooked at. That would provide agencies like ours, which are multidisciplined and multifaceted, with the opportunity to provide further services rather than doing that being to our detriment.

Unfortunately, we fall out of the definition because anyone can engage our services. That is about all I have to say. I have all of this information, and I am happy to leave it here.

CHAIR—Thank you very much.

Senator HUMPHRIES—Both organisations refer to high unemployment levels in your respective areas and a number of the problems flowing from that. Mr Pernar, you spoke particularly about the need for communities to take control of situations and to look after the image of their areas—that is, the need for people to get involved in finding solutions. Do you find that the community is actually prepared to get out there and do those sorts of things? Do high levels of unemployment mean that there are, for example, fairly large numbers of available hours from people who are unemployed to contribute in those sorts of ways, or does unemployment result in people being disinterested or enervated and not feeling like wanting to be involved in community solutions?

Mr Roberts—As a person who is at the moment technically unemployed, I have not found it that difficult. As I say, I got involved with the house care. I went around there and asked if I could do some volunteer work, and that took up from there. It depends. I think it depends on the personality of the individual. With some people, it is very easy to tap into them and say, ‘You’re out of work. Do you want to come and give us a hand?’ Others say, ‘No, I’ve got to go and look for work; I’ve got to do this, that and the other.’

On the other factor you mentioned about low income, could I give you an example. The City of Kingston is starting an urban renewal project of getting the community involved in a bit of town planning. I am also a member of a village committee, which is like a council’s advice group set up by the council. We were invited to go along to the first one, and it was an incredible meeting of an earmarked geographical area within the municipality. They said, ‘We would like residents to come along and give us input as to how they would like their neighbourhood redeveloped.’

The number of people at that meeting who were each trying to give their own input was absolutely incredible. That is an area where there were pensioners, there were working people; the range of people was quite amazing. To me, it is getting people involved. It depends on how you approach them, how much positive feedback they get that they are actually doing something and how they can be involved in something without being told that they have to be there. That is the key: you have to find a way of triggering that individual person’s interest and seeing that they can make a difference, that they can be useful.

Mrs Stevenson—I have a woman currently on the community jobs program who is around my age and who was previously employed through a bank but she is working in our occasional child care. That is a very different way of looking at still being engaged in some form of training and having money come in for a short term. However, her skills are to do more with finances and accounting, and for this woman to be coming in and working in our occasional child care is very odd and it is not using her expertise. She is doing it because she needs the money, but it is not necessarily the appropriate placement.

You asked the question about people volunteering. There is a situation where people on unemployment benefits have been encouraged to participate in volunteering 15 to 20 hours a

week and they could choose a provider or an organisation to do that with. Again, it is really critical as a manager of an organisation that, when you have people coming in to volunteer, you screen who you are taking on. The work we do is vital, but dealing with volunteers also can be quite demanding. When you are skilling people, you are constantly listening to them talk to the general public either in person or over the phone and you have to make sure that your organisation is not being harmed in any way by very ad hoc arrangements and people thinking, 'It's an easy thing to do to be a volunteer.' So we are very selective in who we agree to take on, and then we are really obligated to skill them and give them opportunities to participate in training programs. After they give us so many hours, they qualify for a discount on a program or we slot them in to other things so that they are bringing information back to us about other places that we might send them to for training.

We have a lot of unemployed people as well. The first step in engaging people is them wanting to do it but it is also building up their own self-esteem. One of the sad things that you constantly see is that people have low self-esteem when their work is terminated. It depends on the way that they have been put off the payroll as well and how they are seen by their family. Even with young people, it is so easy for the press to point the finger at young people, but there are a lot of very responsible young people who are working from 15 years of age. They open up McDonald's at 6 o'clock in the morning and get the breakfast run ready and, when they finish their shift, they go to school. How do the teachers talk to them? Do they talk to them like they are young adults or do they treat them in a very different way and not show them respect? It is a two-way thing.

I honestly do not believe there is a magical answer. However, I believe education and training is critical to communities. We are looking at putting a lot of effort and resources into the early schooling years for our young people, but there is a gap for people in their mid-30s and onwards who have huge literacy and numeracy problems. To get them to admit that they have a problem when they come to us to be involved in accredited training is really hard because they have had so many negative experiences or they have managed to get through life by pretending. Then we need to work really hard to assist them.

Mr Pernar—In relation to the question, I find that engaging the unemployed is the biggest obstacle. In Laverton in 1996, unemployment was at 15.7 per cent. We are also adjacent to the growth corridor of Wyndham or Werribee where 42 per cent of the population are under 25. Engaging youth is a difficulty in its entirety. I see that is really where our investment is. Even though we have to look after the people who are coming out of the work force now, we have to change the attitudes of the new generation that is coming up. One of the problems in Laverton has been the generational passing on, if you like—the inherent poverty where one family has always been on benefits. I have had clients where all three generations presented on the day for assistance.

We have linked up with the local secondary school and they now provide their Victorian Certificate of Applied Learning students access to our child care and to working with our literacy teachers. They are actually doing their literacy course at our centre to start exposing them to the adult world. It is the life skills that these kids are not getting. It is a big world out there when they turn 18, and we are finding that a lot. There are difficulties once they leave home. With the youth allowance independent rate, you have to prove that you cannot live at home. In a socially dysfunctional family, it is very difficult to get a child to say, 'I just can't live at home,' when

mum is saying, 'Yes, they can.' So it is considered that they are living at home but really they are out the door. So, irrespective of the benefit they are receiving, what are they actually doing or how are they surviving? They are on the streets.

Another thing is the Work for the Dole schemes that have been around. I have seen the successes of those programs and I have also seen where they just do not work. I think a big opportunity was missed when the Personal Support Program money was distributed. This thinking that 'big is better' means that big organisations may get the money to run the programs but it is the local organisations that are accessing. My colleague is saying the same thing: these people need personal support before they are job ready. My Emergency Relief Fund nationally is \$28 million and the Personal Support Program was \$62 million. We had an opportunity to roll \$90 million together, because you already have 900 agencies distributing emergency relief and accessing these people as they are coming out of Centrelink agencies, but I am too small to apply for that money.

Mrs Stevenson—Research has been completed through Melbourne University which tracked 2,000 students who had left school for 10 years. One of the things that came out at a conference I was at recently was the fact that many organisations and businesses have not got people that they are skilling up to replace the managerial line. So succession training is an issue that is being uncovered because of the mobility of these younger people when they do get out into the work force. They package themselves with their job resumes, they develop a variety of skills and they move from one job to another or they may have three part-time or casual jobs while they are studying. It really is a concern to me that in the future our businesses and industry will have a gap. It is a worry for all of us in the future.

Many of the younger people have chosen to stay at home, and that is probably because they have not got any money to actually live independently away from the home. Many of them are living at home until they are 30 years of age. It is very different, I should imagine, from what happened with many of us. That again is a concern: when do they become independent?

CHAIR—Mr Pernar, you mentioned successful and unsuccessful Work for the Dole programs. What is the difference between the two, in your view?

Mr Pernar—Basically, we breach the participants if they do not participate, but the choice of programs we give them is limited. You may want to do office work and they only have child care, so you will do child care. You then get a person coming to your child-care centre who really wants to answer telephones. To me, that is a glaring anomaly in a program that should be addressing these people's needs. The objects of Work for the Dole are to get those people to present each day to get back into the ethic of work. The first thing about work is that we want to be passionate and like the job that we are heading off to. I think just saying a person has to go and work for the dole is not enough. We have to give them the dignity of at least being able to pick a field or be put in an area that they would like to work in rather than saying, 'These are the ones that are open to you.'

Senator LEES—Can I ask where your specific organisations get their funding from. You mention the local council being very supportive. Is that the only source or do you use the state as well?

Mr Pernar—State government funds the Neighbourhood House Coordination Program. That funding commenced in the eighties. Our house goes back to 1974. Prior to that it was basically council and others, but the state government funds that program, which provides a neighbourhood house coordinator in communities. We have additional funding, as I said before, from FaCS for emergency relief. Our child-care program is also state funded. Council gives us a contribution to help us meet the bills each year. We also have our usual lamington drives et cetera.

Mrs Stevenson—The Commonwealth government also contributes to the funding for child care. The neighbourhood house sector within Victoria is the largest public deliverer of occasional child care. Recently, our state government has been going through the process of introducing quality into all its departmental areas for the retraining of people within the different departments. This is trickling down into our sector. The expectation is that all our child-care workers will have four-year accredited training. This has posed a huge problem within the neighbourhood house sector, because we deliver most of the neighbourhood houses. If they had the funding for occasional child care, we could deliver 15 hours of occasional child care, five mornings a week. I do not have a problem with having to meet the ratio of staff to children in care, but when you have a four-year accredited person on staff, the cost of paying them goes up—which is fair—and if they are ill then we will be required to bring in, for emergency relief purposes, another person who is qualified. To go through a child-care agency to have a person come through, we are looking at \$33 to \$34 an hour. If you have one person there for three hours at \$34 an hour, and we are paying our other staff \$17 an hour, there is a big difference. I have noticed, with the cluster of neighbourhood houses in our LGA area, that the other houses are now increasing the cost to the families of the child care for them.

The child care is there for respite purposes, to help families. In many ways it does stop violence, and it gives the parents an opportunity to access training or just do something different. It also gives the children an opportunity to socialise with other children and to be in a safe environment if there are family problems. But I am a mother of three children, and there would be no way known that I could have afforded \$18 for three hours of child care two times a week when my children were small. I know quality is very important and education is very important, but some of the standards that are coming through in the regulations are very out of touch with what we are dealing with on the ground, and it is a huge concern to me.

CHAIR—You were talking about the Work for the Dole schemes, and you gave an example of a person who wanted to be an office worker being sent to a child-care centre. What sort of job would someone be doing if they were sent to a child-care centre? Surely they would not be a child-care person.

Mr Pernar—That is exactly what the course was. One of the courses that is offered under the Work for the Dole program is a child-care course, so they would have done some of the initial units. They are there to look after children; that is their job—working under the supervision of a qualified child carer, obviously. It does occur; because unfortunately, if they do not sign up for a Work for the Dole program by a certain date, they will be breached. It forces the person to take a pick, and it is not always what they want.

Senator FORSHAW—Are these community based child-care centres or does it include private centres?

Mrs Stevenson—It could be either.

Mr Pernar—Yes. We are community based. Like my colleague, we are a respite service.

Mrs Stevenson—The training is based on the training packages delivered through, sometimes, TAFE providers. There is a certificate 2 in child care. They go off and do this training and learn the developmental stages of babies and children, how to change a nappy—and what to do about medicine, which you cannot give. But this is the regulation. So you have got people like this woman I have in my child-care centre; she has other skills but they do not marry with where she has been located. Again, she would be breached.

Also, I have a son who facilitated a Work for the Dole program on webpage design. That was a learning curve for him. He was dealing with very angry people in many ways. He had to get people to get up out of bed and actually attend, and he had to maintain their levels of interest. Some of the participants would make life difficult for other people but they had to be there, otherwise they would get breached. At the end of the six-month program, what is there for them? They fall back into being demotivated because there is no job.

Mr Roberts—That is a concern I have about the various courses I have done. You often do a course or something, and it is great; you have got the satisfaction of passing it. But there is often no end result. It is beyond the realm of this committee, but I think governments need to look at accredited courses—whether at university, TAFE or even secondary levels—that give a qualification but are of no relevance within the work force. I did a diploma of art. I was crestfallen when, after I had finished and Austudy was about to run out, I went to the Commonwealth Employment Service, and a guy looked at my record and said, ‘What’ve you done? A TAFE course. Is that all? You’ve got a diploma—big deal. Right. You were a cleaner; you’re looking for cleaning work.’ I thought, ‘Oh, thanks a lot, mate.’ I had just spent 12 months finishing a diploma. I got a couple of distinctions and a few credits. I was quite pleased with my results. I was expecting a bit more of an: ‘Okay, where can we find work for you?’ To be suddenly told by a public servant, ‘Oh, no; you’re only a cleaner,’ is quite soul destroying. Fortunately I was an adult, but for a person who left school at 16, did a course and was looking to climb up high to find that they were just back on the dole would be devastating.

Mr Pernar—In relation to the Work for the Dole projects, when I inherited our child-care centre from local council, it had been neglected. We had a whole back area that was infested with weeds. I got on to Victoria University and through their Community Initiatives Program—that was their term for Work for the Dole, which I thought sounded nicer; I thought the gist of the program was to get people to have that initiative to get back into the community—we redeveloped it into a few garden beds, an area where the children and families could have a barbecue and a lawn area. It involved two gangs of 10 from the Work for the Dole program. They attended every day. They were enthusiastic. It was a project they all liked. It was tangible. They could see it unfolding, if you like. They all wanted to be there. I think that is really what we have to concentrate on. You can send people to courses, but that is like putting a telephone on hold and saying, ‘We can deal with you; go and do this course. You’ll be back in eight months, then we’ll deal with your problem.’ That is what it is; it is a revolving door.

Senator FORSHAW—What you just described sounded like the LEAP scheme that existed some years ago, which was one of the more successful labour market programs.

Mr Pernar—That is exactly what I am saying. I would love to be able to get in a position where I could run a project. Being in the Laverton community for eight years, I know where the needs are: the kids want a skate park and they want a few other things. If I could have access to a LEAP program, I could coordinate that from the community centre using local kids and getting them back into the community. One project that the local secondary college did was that when a new transport interchange was put next to the train station the secondary students did the mosaics on the seats. None of those seats have been vandalised. They have been there for almost two years. It is local ownership—local kids did it. So those types of projects, I think, are going to be the successful ones, where they can be locally coordinated. We talk about community building and so on—give us the tools.

Mrs Stevenson—That also then picks up people who have skills and who may not be employed. It is that cross-generational experience and training; the younger person learning from the more mature person and vice versa. The barriers break down as a result of that.

Senator FORSHAW—One of the advantages, too, was that they were very often outdoor projects, which particularly targeted young people who had dropped out of school or were having all sorts of difficulties and did not want to be cooped up in a classroom and attend lectures. My recollection is that one of the good results out of those programs was that a good proportion of them would go back and finish year 12 or go on to TAFE or something like that. But it is not around anymore, unfortunately.

Mr Pernar—I did my first CJP—whatever it was called—back in 1982. It is now 2003, and I am still in that sector. I have no formal qualifications, but it has kept me moving across that sector for the last 21 years. So yes, that program is productive. My first job was on the 125th anniversary of Footscray. It was a six-month position. After that, I got another six-month position on the 150th anniversary of Victoria, and I have been in community work ever since.

CHAIR—Looking for anniversaries!

Senator McLUCAS—I want to go back to the points you were making about people working in child care on Work for the Dole programs. Are you saying that they are allocated to that work? Do you have to go through a checking process prior to them being involved at the child-care centre?

Mrs Stevenson—We have an agreement with the organisation that has the funding for the program and they interview the participants. Then they come and talk with us. I have a choice then to say yes, we are happy to take somebody on or no, we are not. We link in with another child-care organisation, Lady Gowrie, as well. I look at it another way, too. When a person presents, I look at the area they are going to be working in and ask, ‘Do we have a need?’ Whilst the woman I am talking about is in that child-care area and she is putting in 100 per cent, I would not turn her away; she is not presenting as anything that is not appropriate. But when you talk to her in her time to have a cup of tea, she has definitely been placed in the program inappropriately. But maybe she did not have any choice and maybe she needed money. That is not for me to say.

Mr Pernar—Just to add to that, it is not all the participants. There are participants that are happy as—

Mrs Stevenson—I was at a Chisholm Institute business breakfast recently. We have funding from Chisholm to deliver certificate I in IT and that is the early entry level of IT training. We get a lot of participants in that training who are people in their 30s and 40s. Many nurses have been coming through over the past two years involved in that IT training. I get invited to business breakfasts and they are good networking. At the breakfast I was sitting with an executive officer of an employment agency. I was talking about the changes to Centrelink that were going to be implemented in April, where a person like Craig would go to one particular employment agency and not be able to shop around and leave their name at a few. I was saying to this woman, ‘Well, how do you think that this will work?’ She said, ‘It’s going to be very intensive. We get the client, we sit down and go through their resume and we look at their skills. It is our responsibility to actually help them get a job.’ I said, ‘That’s good. That’s great. What if the job you’re helping them to find is not what they’re looking for? They might wish to change direction and all sorts of things.’ There was no flexibility in her response: ‘People will do what our organisation tells them to do.’ And that was it to me in black and white. I was thinking: ‘That is really hard. She’s taking the hard line; she’s got her targets to meet. But is it really factoring in the needs of the client and what they are wanting in life?’ If you look at people’s health and wellbeing, job satisfaction is really important, as are living in a functioning family where there is love, having food in your tummy and having shelter. Sometimes, people forget the Maslow hierarchy of needs. They just look at the bottom line and the bottom line is the dollar.

Senator LEES—Are you saying you just have people come to work in your child-care centre who have no training? They are simply there?

Mr Roberts—They are doing their work placements as part of training.

Senator LEES—I understand you are doing certificate Internet, but my understanding is that now people are not supposed to be working and having contact with kids unless they have already done some training.

Mrs Stevenson—In this particular CJP project, they are training and then they come and do their placement. They are working for their qualification. They are supervised. For instance, they are not taking the children to the toilets. They are being supervised on the job by other people who are fully qualified.

Senator LEES—Are these people who have actually chosen to do child care?

Mr Pernar—The majority have.

Mrs Stevenson—The example I have given you is one that I believe is not a good match. I have another staff member whose partner was put into a CJP project where they were planting vegetation along our foreshore. He was not physically able to do a lot of that manual work but was put in a situation where you just do it. That was it.

CHAIR—Did he do it?

Mrs Stevenson—As best he could, but then he got sick—feigned sickness, got sick—and therefore, stopped participating.

Senator LEES—My problem is that I understood child care was one of these areas where they are in fact desperate for a fully qualified and properly trained work force.

Mrs Stevenson—They are.

Mr Roberts—They are, and these—

Senator LEES—What is it that is preventing us, as a community, attracting people and giving them the means to qualify properly? Is it that we are not getting people through school? I realise there is quite a reasonable pass rate needed. What is happening?

Mrs Stevenson—The rate of pay.

Mr Roberts—The rate of pay; \$17 an hour is a child-care coordinators rate. That is a level 3, four years of university.

Senator LEES—What is the cleaning rate per hour?

Mr Roberts—It is \$12.

Senator LEES—So it is not much more than—

Mr Roberts—These are the nominals in the Neighbourhood House sector.

Mrs Stevenson—The other thing is the EFT levels and the funding of the service. It would be interesting for you as a committee to go back and see how long it is since the federal government looked at raising that particular formula for effective full-time funding for child care. We offset the deficit that our child care incurs by revenue we raise from our other classes.

Mr Pernar—Through your computer courses.

Mrs Stevenson—But we have still got to find a balance to offer training and activities that people can afford. Child care is a big issue and we are not going to attract fully qualified people for 15 hours per week when potentially they could go and get full-time employment in long day care. Why would they want to work for us? In the adult community education field and through Neighbourhood House, one of the greatest rewards that we have is that we empower people. They come in and learn skills and do a bit of training and then move on to TAFE or, as a result of the training, they get the confidence to pick up a part-time job. Quite often, if they are young and have children, they have them in care on the site. When they get a real paying job, they have the opportunity, if the waiting lists are not blown out in long day centres, to slot their children into a long day care centre and continue in the work force and use the services. It is a big issue.

Mr Pernar—Child care is also very important in having further education of adults, further education attached through Neighbourhood House. We do not provide programs to the same accreditation as Chelsea, but one of the fundamental successes is that we have this occasional child care attached. It allows us to run courses for part-timers and the participants can have their children looked after while they are doing the courses. So that is another component of occasional care—the class child care. In my submission I put it that we all run at a deficit, so

logic tells us to raise the cost. But we have to take into account the community that we are dealing with. It is no good raising the cost if we cut people off at the knees. People who cannot afford it need it most.

Mrs Stevenson—That concerned me with my colleagues in my LGA. We were talking about the issue with child care and the comment was, ‘We’re putting ours up; we’re doing this, that and the other.’ The more I heard them talk around the table, the more I questioned: ‘What are you doing? Our funding from Human Services is basically the first entry point to help people get on; to improve their lives not to alienate them.’ We refer on the difficult people; we are not there to counsel them. There is an opportunity to assist them to have some quality in their lives. If we put a lot of money on the courses, people just cannot go. To get a person to come to you and disclose that they cannot afford it takes trust, and it does not happen easily for them. We are in a position where we make those decisions. We can waiver our program costs for those people in high need. Fundamentally, even if a person pays a dollar, that is important for them and for their self-esteem.

I have also brought along some information that I cited in my submission from the City of Kingston. They did some research on health and socioeconomic demographic profiles, and they also did the gambling study. I will follow on from what Michael was saying. Gambling is quite big in our community, and the 3196 post code figures show that people within the 40 and 50 age bracket are gambling quite a lot. Recently, I have linked in with the Women’s Health Service of the South East, which, I am sure, the Commonwealth government puts money into. We are looking at working on a program of attracting women who attend gambling venues to become involved in other alternatives. That has become quite challenging. The women go to these venues and feel incredibly safe. Tea and coffee is provided and some of the venues now also run tours; they take their patrons on outings. Another dilemma we are dealing with is what happens to these people when they have gambled away all their gas bill money or their SEC money. There is a group of women on the peninsula who worked a roster. They would leave their children at the neighbourhood house child-care centre and go off to work one machine, and they would take it in turns to see whether they could get the jackpot. It was really hard, because, having gambled away their money, they would then go to the Salvation Army as they were in need of food vouchers.

Mr Pernar—In that whole instance of gambling, one of the things that I have always tried to look at is that, when a person presents to an organisation and asks for financial and material support, it is our duty, literally—or we should—to try to assess all the needs of that person. You find that gambling, like any addiction, is usually secondary to the initial problem. When you look at poverty, you look at family breakdown and at unemployment. So you look at all these other triggers of which gambling is just one of the symptoms. How do we make sure that these people access the appropriate services? How do we identify that and say, ‘Hang on. The alarms bells are ringing and this person needs help’? No-one comes to me and says, ‘Michael, I need assistance; I just gambled away the pension’—but bills were not paid, things were not done, the tyres on the car had gone or whatever. There is always an excuse. We will never know the real underlying reason. We should not judge these people and just throw them off and say, ‘They gamble; it serves them right.’ There is a policy of allowing the machines to be there, and that goes back some way. It is the old circle: what came first—the chicken or the egg? We have the machines there; we have the avenues for people to gamble. Who is responsible for them being there in the first place? We provided them with the venue.

Senator FORSHAW—I imagine that it would be a big task for you when you are interviewing people who come to you in these situations. But do you get a sense of their history? For instance, it could be that one of the reasons the person got into financial difficulties in the first place was that they had a gambling problem—although, as I understand it, that is not always the case. The gambling could come as part of the lifestyle that the person and their low-income family already have. In some ways, a cheaper form of entertainment, if you like, is to go to a club, as distinct from going to a show and expensive restaurants. When you walk in the door of a club, at the pokies end, the cycle begins.

Mr Pernar—You are right there.

Senator FORSHAW—Are you able to track that, or is that too big a task?

Mr Pernar—No, it is not too big a task. If a person presents to me a number of times, they will be referred to our financial counsellor. The financial counsellor is a qualified social worker who will do a sociogram and a genogram—tools that social workers use—to trace back the family of the person and where their situation in life is. You are right: in a lot of instances we can trace it back that it was a family breakdown that triggered the gambling, which has made him sell the house—there comes the homelessness—and go down this whole spiral into poverty. The fact remains that that person did not have the appropriate coping mechanisms when that critical incident occurred in their life.

In relation to the gambling, we have cultures where gambling is an integral part of the culture. We have to take that on board but that does not excuse the people. A club in Laverton which belonged to the Carlton Football Club was setting up gambling machines in the club, and I went to the Victorian Administrative Appeals Tribunal to try to fight it. The fellow representing Carlton basically said to me, ‘But we’re providing a venue where people can socialise; so we are addressing the isolation needs of your community.’ So it is six of one and half a dozen of the other.

Senator FORSHAW—And it costs you \$5 a year to be a member.

Mr Pernar—And there are heaps of freebies.

CHAIR—Poker machines in pubs and clubs have been in Victoria for only about 10 years.

Mr Roberts—Yes.

CHAIR—What sort of gambling happened before—horses?

Mr Roberts—There was the bingo hall.

CHAIR—I know people used to go to the border.

Mr Pernar—I have had a caravan in Echuca since 1988—I have an addictive wife.

CHAIR—It is a long way to get to the New South Wales border.

Mr Pernar—It meant once a month, but now it can be anytime.

CHAIR—Once a day.

Mr Pernar—You can go during your lunchtime.

Mr Roberts—To me the social question is almost a double edged question. As Lorna said, a lot of clubs with gambling machines have become the social hub for activities for people on low incomes because they very often do not have to pay much to get into them. Within our community we have a fairly active bingo hall where bingo is run to raise money for various community groups. I have spoken casually to at least two women for whom bingo is their life. They drop the kids off at school, have a coffee at the local coffee shop and then they are into the bingo hall to play bingo. It is open three days a week and they are up there every day and they go to another bingo venue of a night. That is their social life—hoping to win the big jackpot and, if they do not, ‘Oh, it’s a bit of fun.’

For organisations like ours, that represents competition for some of the other courses we run which may not get major funding when we need the bodies to run the courses. Again, it is this constant circle, where people on low-income streams have just as much competition trying to get people to stay in contact as, say, people on higher incomes. The competition for the dollar is quite marked.

Mrs Stevenson—Earlier this year, I learnt of a program in Birmingham in England called Second Chance. I have been facilitating at a secondary school a group of volunteers from the community who will potentially be mentors for students from year 10 through to year 12, and I found out about this particular Birmingham story. Back in the late sixties, Birmingham in England was not a very healthy community to be living in. There was a lot of poverty, a lot of illiteracy, children were not prepared to stay on at school and families were going through high unemployment. The community came together with local government, the churches and the schools and turned that place around. They are very proud of what they have achieved over a 30-year time frame. I agree with what Michael was talking about earlier when he said that our youth are important and we need to invest in education—it is finding the way to do it. If you do not know of this particular community over in England, you should look it up on the web under ‘second city, second chance’. It talks about trying to overcome and the strategies that I believe that you are trying to come to terms with in this inquiry.

Mr Pernar—Neighbourhood house centres offer adult education for a reason. For example, the retention rate of the local secondary school in Laverton is something like 39 per cent for students above year 10—fourth form. The fact is that a lot of these young people may leave school at 15 or 16 and then, at the age of 21, want to access further education. If you have a coherent and active community, you can access education through the adult system, just because it is there. It is more comfortable for them to access such education on the local level than through the big institutions that they turned away from in the first place. This is where the ‘bigger is better’ idea sometimes fails us. There is a reason people did not want to go to the institution in the first place and a reason why they do not want to go to big universities. When you localise it and make it available to them, people can still get those skills on the local level, and less obtrusively.

Mr Roberts—Once they have those skills, it is often interesting to see whether their desire to learn more is picked up.

Mr Pernar—It is all about developing the person.

CHAIR—In your experiences, is there a particular time of the year when emergency relief is required?

Mr Pernar—February, when students go back to school.

CHAIR—What happens?

Mr Pernar—I will use my emergency relief program as an example. We only get \$33,000 a year, which is a bit over \$2,000 a month. During only February and March this year, we went through about \$8,000. It took out a big proportion of our funds for the year. It was due to people returning to school paying school fees, paying for uniforms—

Mr Roberts—For shoes.

Mrs Stevenson—And credit cards after Christmas, after getting things interest-free for so many months.

Mr Pernar—We mentioned Medicare, and you mentioned the busiest period. This year, we have dispensed about \$800 in prescriptions. When you consider that a prescription is \$3.60 for a person on a benefit, that is a lot of people who could not afford their prescriptions. If you are going to charge them to go to doctors, all you are going to do is make medicine and medical services inaccessible for some people.

CHAIR—Are there any final questions?

Senator McLUCAS—In the state that I come from, you cannot work in a child-care centre until you have been through a police check.

Mrs Stevenson—It is the same here. We often go through police checks with our volunteers and people on committees as well.

Mr Pernar—It has been policy since 1997 that everyone who has anything to do with the child-care centre, the care of children and the committee management will go through a police check.

Mrs Stevenson—We get audited, so to even get our funding we have to comply with the official regulations.

CHAIR—Thank you very much for coming along this afternoon.

[2.50 p.m.]

DIAMOND, Ms Maryanne, Executive Officer, Blind Citizens Australia

O'NEILL, Ms Collette Maree, National Policy Officer, Blind Citizens Australia

CHAIR—Welcome. 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.

Ms Diamond—We appreciate the opportunity to appear before you today on behalf of Blind Citizens Australia. We would like to make a correction to our submission. In section 5.2, on page 5, we state that the Workplace Modifications Scheme is not available to people who change jobs within the same organisation and that it cannot be used more than once for an employee within the same job. This is not correct, and we apologise to the committee for this error. It is the case that the guidelines for the Workplace Modifications Scheme are not sufficiently flexible to provide the types of assistance needed by many people who are blind or vision impaired, including personal assistance. We also believe that there is not enough support available to people who are at risk of losing their job because of an onset of blindness or because of the degeneration of an existing condition.

This inquiry is occurring at the same time as the government is consulting with the community about a plan to radically overhaul the welfare system. As the committee would be aware, the government is proposing to create a single payment for all people who are of work force age—that is, between 16 and 64. Public comments made by the Minister for Family and Community Services, the Hon. Senator Vanstone, have indicated that the government is considering achieving a common rate of payment by reducing the rate of the pension to a rate of allowances. Such a move would entrench people with disabilities, most of whom are dependent on income support payments for lengthy periods, in poverty. We urge the committee to oppose this move.

The government has also proposed the introduction of a cost of disability allowance, but the proposal is limited to people who are of work force age. As our submission to this inquiry illustrates, people who are blind aged over 65 face substantial disability related costs when they seek to participate in their communities—costs which are currently causing our members immense financial hardship. We are concerned by the government's attempt to define this group out of eligibility for additional assistance and can see no justification for this move. We reject the suggestion contained in the consultation paper that people with disabilities be provided with vouchers for services in lieu of a cash disability allowance. Such an approach cannot account for personal differences in priorities and needs and discriminates against people who live in areas that are not covered or well serviced by agencies. More fundamentally, it ignores the basic fact that very few of the unmet needs reported by our members are for services that can be provided by government, private or charitable agencies. We believe that the goal of people with

disabilities being independent and having expanded opportunities to participate in society will be best achieved through the provision of a cash allowance.

Finally, we would like to reiterate to the committee the fundamental need for the Commonwealth government and public sector services to be accessible to people who are blind or vision impaired. Poverty is more than just financial distress; it is also social, cultural and political exclusion. The Commonwealth is not meeting its own Commonwealth disability strategy. Services are not universally provided in a way that guarantees people who are blind or vision impaired the right to equity, inclusion and participation. Unlike most Australians, I cannot vote independently. Important government information is not published in a format that I can read, including letters from Centrelink, government reports and, this week alone, I draw your attention to the changes to Medicare and the list on the TGA site of pharmaceutical goods being taken off the shelves.

An organisation such as ours, Blind Citizens Australia, is not consulted prior to decisions about the delivery of services being made. The Commonwealth is particularly failing in its duty to ensure that employment opportunities are available to people who are blind or vision impaired—considering the links between poverty and employment, this is frustrating and disturbing. We continue to hear reports of people forced out of the public sector because of fundamental barriers such as the installation of computer systems and software which are not compatible with the adaptive technology used by blind people. Unless and until the Commonwealth meets the minimum standards it has set for itself, we cannot expect others to follow its lead. That is the opening statement, supplementary to our submission. Thank you.

CHAIR—Ms O'Neill, would you like to add anything?

Ms O'Neill—No.

Senator HUMPHRIES—I noticed your submission states that there are differences between the states and territories in services available—in this case, the taxi subsidy scheme. Are there other differences between the states and territories in what is available? Is some kind of national coordination exercise required to address the needs of people who have got impairments such as blindness?

Ms Diamond—Many of the services provided are state based. You mentioned one—transport; education is another that comes to mind, especially TAFE and school age education. A lot of services are provided by local government. A national approach is one that we would always support. For blind people moving from one community to another, standardisation is the easiest way to gain independence. The move towards using taxi systems in other states has been a big step forward; however, it took a long time to get here. The introduction of the national travel pass has been another one. Collette may have some other ideas from looking at our research.

Ms O'Neill—It is definitely the case that where you live will lead to a level of service. People living in the Northern Territory have almost no access to blindness services. In Western Australia, the association introduced an access fee last year, so you cannot get their services unless you pay \$70. That includes the library service, which would be the most used one. People in New South Wales and Victoria tend to get better services because the major agencies—the Royal Blind Society and the Royal Victorian Institute for the Blind—are based there, so there is

a higher level of service. But if you live in regional Victoria, you will not get access to essential services such as orientation mobility training. Even if you live in Canberra there can be a six-month wait. In Canberra you get the service that is provided from Sydney, so there is a wait for services even there.

Senator GREIG—Ms Diamond, we would probably all agree that the best way to help people out of poverty is with a decent job on a decent wage. I am wondering what the experiences and obstacles are for blind and vision impaired people in finding secure work with good pay. Is it the case that blind and vision impaired people are reasonably able to find decent work, or are we still experiencing unreasonable and unacceptable instances of discrimination in the workplace?

Ms Diamond—When you are looking for a job, the first thing you need to do is to access information about where jobs might be and what jobs are around. That comes to an issue of access of information, which I touched on just before. As we have moved with technology into things being available everywhere on the Net—and technology is a wonderful thing—that has created barriers for blind people. You must have equipment compatible with you to be able to find a job. Then there is the issue of equipment that you need to demonstrate that you can do a job. The workplace modification program is the one that is available, but you need to get the job first before you can apply for funding to buy special equipment. A little unit like the braille word processor that I have here costs \$8,000 to \$10,000, and most people do not have that kind of money. So there is certainly a barrier in being able to get the equipment to find the job, to demonstrate that you can do it, or even to prepare yourself to be work ready; and that is besides getting the job.

As far as discrimination goes, for most of our members blindness has come on later in life—unlike someone like me who has always been blind. Something like 70 to 90 per cent of people were employed before they went blind and often they have been pushed out of the workplace. The records may show that they leave by free will, but you can be pushed out by having your life made pretty miserable.

Senator GREIG—In relation to the new and evolving technologies—and you mentioned Internet and website technologies—is there more that we could be doing, as a society and as a government, in terms of audio access and audio facilities for blind and vision impaired people?

Ms Diamond—Analogue recording of information is not always the best thing. If a person who can see wants to read a book, they can jump to chapter 1 or chapter 3 by picking up the book, looking at the contents and jumping to the page. On an audio analogue recorded tape, you cannot do that. You have got to sequentially read through. That is being addressed as we move into the digital age, but there are certainly things that could be done, and that is for all government and public sector websites to be accessible. One of the biggest barriers we have to using adaptive equipment is the number of people who continue to store information in PDF form—which, as you know, is a picture image of the data, and it does not work with any of the adaptive equipment. As I mentioned today, the information that was put up about the changes to Medicare and the list of prescription medications to be taken off the shelves is all not accessible to any of our members. I believe some of them are talking about lodging complaints, so you may hear about that soon.

Senator GREIG—With that example, perhaps the government could organise an audio download where you could hear a voice message naming those particular products, but I guess for blind and vision impaired people you would have to sit there and listen to all 440-odd products. If you were just looking for one or two which you might be consuming at the time, I guess that is the kind of frustration you are illustrating.

Ms Diamond—Yes. Although if you are able to read the file using JAWS—which is a computer program which runs simultaneously or in the background of any other software—you can do searches and things like that on particular things. But a lot of blind people do not have access to equipment such as JAWS or computers—people who are blind or elderly, as I mentioned—so audio is the best for them. For some people that would be better than nothing, which is all they can get at the moment.

Ms O'Neill—I guess the most frustrating thing is that nothing is available. The second most frustrating thing is that there does not seem to be any coordination across the government. We find ourselves in the situation of having to contact individual officers in public departments and ask, 'Have you produced this report in an accessible format?' We are having to educate individual officers. You have the government printing service—or whatever it is called now—and it would make sense for that agency to be responsible for coordinating the production of reports. It could do it on demand. Not everything will be wanted by somebody, but it would be good to have somebody who knows about it to get it done. It would also make it cheaper, because at the moment people are paying the rates that you pay when you do a one-off job and you need it done quickly because you did not think about it beforehand.

A good example is that recently the report of the Senate inquiry into the education of students with disabilities was not readily available in braille, and you would think that would be at least one report that would be produced in that format. Again, that happened because we rely on people like Mr Humphery to be experts. Why should he be an expert in alternative format production? That is a bit stupid. He should be able to go to somebody else and say, 'Make sure this is ready to go if someone wants it.'

Ms Diamond—We find this happens within departments, so it is not just one department or another. Centrelink is a good example. You can be talking to one person in one section and educating them after spending months educating someone in another section. I would have thought a single approach would be a wise way to go.

Senator GREIG—I wonder about office software generally. Microsoft seems to dominate most offices in the workplace. Is that user friendly for blind and vision impaired people?

Ms Diamond—It has become more user friendly in recent times. There are still introductions of things within workplaces that are not, and the one that jumps to mind quite quickly is Lotus Notes. It has caused many problems with adaptive technology. The producers of Lotus Notes and the speech software for blind people have got together and started doing some developing, but in the meantime we have instances of people—and people employed in the public sector—who are almost being forced out of being able to do their job because they cannot access that system.

Ms O'Neill—It tends to be the idiosyncratic systems that cause the most problems. There is a move to touch screen technology and things like that, and it just cannot be used. Do you mind if

I go back to something that was said before? Senator Humphries asked whether things are different across the country. Perhaps the area where things are most different is in really obvious things like whether or not you can walk down the street. I do not know if you have noticed but there are parts of, say, Melbourne where the pavements are clear and someone can walk along using the buildings as a guide, but in other city council areas you cannot leave your front door because there is not even a path let alone a clearway. That fundamental access issue about whether or not you can leave your house to get to the local shop is still huge, and that is not consistent. We have enormous problems with that, because we are dealing with every individual local council and to get a council to take it seriously usually requires someone to make a complaint. That is a big ask.

That sort of links into Senator Greig's question about what can be done about access. The access to premises standard is being developed at the moment. We would love things like that to be included in it, but it cannot be because at this stage it is looking only at changes to the Building Code. Many of the really important changes for people who are blind are not covered by the Building Code, because it looks only at structural things. So you might get an exit sign made in an accessible format, which would be a help in an emergency, but in the meantime you cannot get the details of who is in the building in a format you can read.

Literally getting your foot in the door in terms of mobility is difficult. We have troubles because you need to have precise rules for those sorts of standards. You need to be able to say to a builder, 'This is how you do it.' Those standards have never been developed and we do not have the resources to do that, because we are an advocacy organisation and not a research body. Yet we are always being asked about it. People say, 'We can't ask people to put in audible signage until you tell us how to do it.' We have to say, 'We can't possibly tell you how to do it to the standard you need for it to be put into the DDA access to premises standards, because we do not have the resources.' We always hit that brick wall of funding for research in disability areas to develop those sorts of practical guidelines.

CHAIR—In your submission you state that there are no available subsidies for people who are blind with which to purchase equipment or technology. What types of equipment need to be purchased and what level of subsidy would you recommend?

Ms Diamond—The kind of equipment we are talking about has an enormous range. For some, it could be a little handheld, voice-operated memo device which people just speak into to record phone numbers, messages and so on—just like you would have an address book—so they can recall them. For others, it might be equipment like I have in front of me—called a Braille Light—which is a note taker and word processor costing around \$8,000. There are computers that need about \$2,000 worth of adaptive equipment to go on them so that you can use some of the screen reader stuff. Even stuff for looking after people's guide dogs, while it is not adaptive equipment, is still a cost that they incur, as are white canes so that you can independently travel. As I said just before, workplace modification provides some allowance, with a maximum of \$5,000, but that does not cover the cost of this type of equipment. As to a maximum, I am not sure. Collette, do we have an idea of a maximum?

Ms O'Neill—No. A lot of the things are day-to-day items that everyone has but which are more expensive for someone who is blind. For instance, you might need a video recorder or a microwave where the way that you work it has definite stages so you can tell when you have got

to a certain point on it, rather than something that is all a screen. It can be more expensive to purchase the version that you can use as a blind person. It would not work to have a scheme as such for that sort of thing where it is dedicated.

We hear of needs particularly from our young members, who generally have not had the chance to get any work experience opportunities by the time they have got to university or after they have left school. When they are going to see an employer they feel at such a disadvantage because they do not have anything that they can take to say, 'I can start doing this job tomorrow if you give it to me.' It is there that it is really noticed. And that equipment tends to be the more expensive equipment. Software like JAWS costs over \$1,000; the upgrades are almost \$1,000; you might need a scanner so you can read correspondence. With home equipment, everyone needs a computer, but for a blind person it is essential because everything is on the web and everyone now expects you to go to the web to get that information.

The other point we wanted to make is that technology does do a lot but the other thing it does is put costs back on to people who are blind. If it is now on the web, you have to have a computer and Internet access. We have a lot of members who simply cannot afford the \$30 a month Internet access you need. They are only on the pension and it is too much. But that is where they are expected to get their information from.

In the area of libraries, there is a move now to digitalise information, which would actually revolutionise access to information but would require everyone to have a special digital audio player which costs a couple of hundred dollars or a couple of thousand dollars. That is the sort of thing that is happening all the time: a cost shift on to the individuals to make it more accessible. And it would be more accessible if everyone had that equipment but in the meantime it is actually making it much harder for people to get access to things.

CHAIR—Are there any further questions? Would you like to say anything in summation?

Ms Diamond—I do not at this stage, but I guess we are always happy to have people contact us if they would like to follow up on any of the issues raised in our submission or what we have mentioned here today.

CHAIR—Thank you very much. We appreciate you coming.

[3.15 p.m.]

BOMAN, Ms Madonna Marie, Research and Policy, Tenants Union of Victoria

O'BRIEN, Mr Mark Philip, Chief Executive Officer, Tenants Union of Victoria

BENNETT, Ms Carol Joan, Executive Officer, Victorian Alcohol and Drug Association

ZAVROU, Mr Neos Zavrou, President, Victorian Alcohol and Drug Association

CHAIR—I welcome representatives from the Tenants Union of Victoria and the Victorian Alcohol and Drug Association. 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 submissions. I now invite you to make an opening statement, to be followed by questions from the committee.

Mr O'Brien—The Tenants Union of Victoria welcomes the opportunity to contribute to the inquiry. We are a specialist, statewide advocacy organisation and legal centre that provides free information and advice to residential tenants, rooming house residents and caravan park residents across Victoria. In the last financial year, we assisted almost 34,000 tenants across Victoria, and they were in both the public and private sectors. Our essential argument to the committee today is that housing is significant in the poverty debate for two critical reasons. The first one is that it meets a basic human need for shelter—and that has been recognised by state and federal governments over a long period of time in their responses to the crisis end of that spectrum, which is homelessness. In addition to that, housing costs are probably the single biggest item in most people's expenditure. That varies over the life cycle and is dependent on the tenure, but for most people's lives it will be the biggest single cost that they have.

The Australian housing system is changing in ways that were probably not anticipated as recently as 10 or 15 years ago. Principally, there has been a decline in home purchase, mostly among younger Australians. The decline in home purchase has occurred at the same time that the private rental market has grown. The private rental market, though, is unusual in the sense that it is a highly segmented market and actually works in two quite different ways. It offers lots of choice for people who have flexibility needs and higher incomes, but for people at the lower end of that market, it is a market overwhelmingly of constraint. Until recently, the private rental market, in particular, was perceived to be a transitional housing tenure—that you moved quickly between the parental home, the private rental market and home ownership. That is clearly no longer the case.

In addition to the market expanding over time, the low end of the market has expanded, but the supply of affordable housing has not kept pace with the need for affordable housing. At the low end of the market, lower income families, in particular, are being increasingly squeezed due to the cost of their housing relative to their incomes. In addition, low-cost private rental is almost always available in areas of lower employment opportunity. For people who want to find a way

into the work force, it is very difficult to access affordable housing in areas where employment opportunities exist. So whilst the market as a whole has increased, that increase has been very patchy and has not necessarily occurred in the places where you would want it to occur.

Studies have consistently shown that private rental tenants are the most likely of all the types of housing tenure to incur poverty. I think the Henderson commission some 25 years ago showed that to be the case, and there has been very little evidence to the contrary since then. It is important from our point of view to note that private rental, because of the high costs associated at that low end, is a cause of poverty, not a symptom of poverty. For most private rental tenants, there are complicating factors to that. High mobility rates at the low end of the private rental market increase the costs. In addition, other issues like lack of control over utilities increase housing related costs, if not those directly concerned with housing itself. Even if we address affordability problems in the private market, there will still be other problems that the private market does not cope well with. We have already mentioned location, but the standard of housing is another example of an area where the private rental market has not kept up.

Generally, we think that there is a need for a number of different streams of intervention in relation to poverty in the private rental market. Principally, we would single out two things. Commonwealth rent assistance no doubt contributes to better outcomes for people in relation to housing in the private rental market but it certainly does not fix the problem of housing related poverty. So, if nothing else, Commonwealth rent assistance needs to be expanded in terms of its catchment—that is, who it applies to. Certainly, Austudy recipients are a good example of where rent assistance is not applicable at the moment, as are some low income families who are not pension beneficiaries. So extending it to what are conventionally called ‘working poor households’ would be of benefit.

The second issue is that Commonwealth rent assistance, in and of itself, has done very little to increase the supply of affordable housing. So there needs to be a combined state and Commonwealth effort to increase the supply of affordable housing across all tenures: public, private and social. They would be our two key themes.

CHAIR—Thank you. Would you like to add anything, Ms Boman?

Ms Boman—No.

CHAIR—I now call on the Victorian Alcohol and Drug Association.

Ms Bennett—First of all, we would like to say that we really appreciate this opportunity to present to you this afternoon. We are certainly pleased the committee has chosen the Victorian Alcohol and Drug Association to present evidence to this inquiry. We feel that it demonstrates your commitment to exploring the links between alcohol and other drugs and poverty. We know that there is a great deal of evidence, as we have outlined in our submission, about the link—not so much the causality; there is a difference—between alcohol and drugs and poverty, and vice versa. This is often not given specific or significant attention in some of our endeavours to alleviate the causes and symptoms of poverty.

Our submission outlines the five key areas that we have identified in consultation with our membership and also as a result of a literature review that we have undertaken. But we do not

want to talk to you about that today, given that you already have a copy of the submission; we want to use this opportunity to put a real face to the issues that we see in drug and alcohol services, which are predominantly those of our members—those of the Victorian Alcohol and Drug Association. We really want to demonstrate to you how drug and alcohol issues impact on poverty. So we want to present a brief case study which is not intended to highlight the problem so much as identify what enables people to overcome some of those issues and lead to successful outcomes for people experiencing poverty and alcohol and drug problems.

Mr Zavrou—This is an actual case study of someone who typifies the issues that drug and alcohol clients face in the treatment sector. This was a couple with one young son—I think he was aged about four or five at the time—who sought to access treatment. They had become what would be technically classified as homeless but they were basically transient. They had got to the point where they could not afford rental accommodation; no-one would have them anyway. There was a history of not paying the bills, crime and that type of stuff. At that time they were seeking to access withdrawal services. They could not access withdrawal services as a couple—and certainly as a couple with a child—so a number of agencies had to do this kind of tag team arrangement about who would take them in. The father, Gavin, went into detox. His wife had accommodation with her son while they waited for Gavin to detox and then go into a residential service where the son would be able to go with Gavin.

Gavin went into the residential facility and his son went in with him. The mother OD'd and died at that point, basically because they could not access anything in a coherent or integrated fashion. That created a whole lot of separate needs, shall I say, in addition to the drug and alcohol issues. A whole lot of specialist needs emerged for the child, obviously, beyond the trauma, having grown up in this kind of dysfunctional scenario. There were a whole lot of emergent health issues around Gavin. For instance, when he came in he had hepatitis C that had to be attended to, a whole lot of dental issues, and that type of stuff. Also evident was that he did not have any skills to obtain employment, and so a lot of the treatment was around skilling him up to obtain employment. The particular facility that he was in was a registered training organisation and able to do accredited training, which was quite important for him.

At the end of the treatment—and I am running through this quite quickly—he wanted to avoid going back to public housing because he knew that was almost like a drug and alcohol ghetto for him. There was a lot of use in that kind of area and he did not want to go back there; he wanted to access the private rental market. Of course, that created a whole lot of issues because he just did not have the funds or the resources to do that. He also had a whole lot of family issues. He was from New Zealand, so a lot of the family issues were based in New Zealand. He had not seen his family in about 20 years, and certainly they had not seen their grandchild or anything like that. Particularly since the child's mother's death, it was important that the child reconnected back with some extended family.

This particular agency was able to obtain private funding to fund specific kinds of loans to clients through Colonial. Colonial funding enabled Gavin to go back to New Zealand and renetwork with the family, which was of high benefit both for his son and for him. What has occurred out of that is that the family has been maintaining contact and has visited him back in Australia. Also, he has been able to hook up with his extended family members—he has cousins here that he did not know about, for instance. Certainly it has assisted with the resolution of a lot of the family problems.

The fact that he obtained some accredited training meant he was able to continue that and go into what is called the Community Jobs Program. That afforded him an opportunity to do, I think, 16 weeks of accredited training and employed placement work. The outcome of that is that he actually obtained a job, which then enabled him to get housing. There are still a number of issues that he faces, obviously—one being that he cannot access finance or credit facilities, given his background. He is also having to make choices around what he expends his funds on. For instance, he has a whole lot of dental problems which are quite expensive. Does he pay for that or does he pay for ongoing counselling or family support or child care? They are critical issues. He has become almost like the struggling working poor.

That in many ways is a success story. However, one of the issues around that is that this agency in particular was able to cobble together some type of response that met this person's need, but this is by no means systematic throughout the service system, either in Victoria or nationally. Things like the Community Jobs Program are quite rare, shall I say, and not part of the drug and alcohol sphere, as are housing programs or services of that ilk.

Ms Bennett—Could I briefly finish off our presentation by saying that we have made a number of recommendations in our submission. They relate to all the examples that have been presented through this case study, particularly access to employment programs. We note that the Community Jobs Program, which is currently funded by the Victorian department of education, has had more than a 60 per cent positive outcome—people have actually been placed in employment programs—so we would certainly strongly support ongoing programs such as that type.

There are bridging education programs and support, such as return to work programs and back to study programs, that can be offered while people are in drug treatment, because that is an opportunity to intervene and break the cycle of poverty. There is access to treatment, not only drug treatment. We are talking about general health and certainly pharmacotherapies, access to pharmaceuticals and all those sorts of things that people need when they have been in drug treatment to maintain their ongoing health and capacity to work as an active member of the community. These are extremely expensive for people who are not in a position to afford that kind of treatment. There are options for offenders such as diversion programs that stop people from being placed in prison and give them an opportunity for another chance through treatment or other options in the community. That certainly breaks the poverty cycle.

There are housing programs, and we are talking not just about public housing here but about subsidised private housing to help people break the lifestyle trap that often leads to drug problems in the first place. Then there is after care and family support. Certainly when people leave drug treatment, they need to be followed up and they need a whole range of supports. Drug treatment is just the beginning. If they do not have that support after they leave drug treatment, then the chances are that they will relapse and they will end up with a whole range of issues all over again. Certainly we are seeing intergenerational drug use, with parents who had drug problems now having children who have those drug problems, and we are seeing it in second and third generations now.

Finally, I think we are stumbling in the dark to some extent. We do not have adequate information systems, we do not have research, we do not fund services to collect data about the nature of the clients that they have or about the kinds of programs that might actually work for

their clients. We need to be able to profile drug trends within drug services so we can actually say, 'This is what works and this is what we know is successful,' rather than having to draw upon literature which is often international literature. We have the evidence and we have the data right at our fingertips but we are not using it well enough.

CHAIR—Thank you.

Senator FORSHAW—Mr O'Brien, could you clarify the statistic you gave? You said you assisted 34,000 tenants last year. Is that 34,000 in total including family members, or would that number be greater in terms of the number of people involved?

Mr O'Brien—It would be greater in terms of the number of people involved. Usually we count households rather than individual people, so the 34,000 would be 34,000 households.

Senator FORSHAW—Are you able to say the total number affected?

Mr O'Brien—In all honesty, no. I would be guessing and it would probably not be a reliable guess.

Senator FORSHAW—So it could be at least twice that number?

Mr O'Brien—There are a lot of single person households in the rental market, so probably not twice as many but I think something like 25 per cent on top of that would be a reasonable estimate.

CHAIR—Mr O'Brien, do you have any evidence indicating the impact of breaching on the level of evictions because of arrears in rent?

Mr O'Brien—We do not have any concrete quantitative evidence. What we do have is lots of anecdotal qualitative evidence through our service. As I said in my presentation, there is no doubt that rent assistance is of quite considerable benefit to tenants in the private rental market, particularly pensioners and beneficiaries. Anything that impacts on a person's access to the benefit is going to induce a crisis in their housing. We have certainly seen lots of instances of rent arrears that are caused by breaching through the Centrelink process.

Senator LEES—I want to look at the availability of housing. Are all states reducing their stock of public housing? Is that a general trend?

Mr O'Brien—My understanding is that there is a decline in most states of what is conventionally called public housing. I think the notable exception to that is Victoria where that decline has been stabilised somewhat because of the injection of funds by the state government. In most states, the system is declining and I believe that it is declining across Australia as a whole. We would certainly appreciate any efforts to expand the social housing system. That is direct tenure public housing but also includes community housing providers and it may also include what I think Carol referred to as subsidised private housing. I do not think as an organisation we are locked into public housing per se. What we do want to see is an increase in affordable housing.

The public housing system has some of the benefits that the other systems do not deliver, such as security of tenure. Certainly the standard of public housing, particularly the newly constructed public housing, is much better than what you would access for equivalent cost elsewhere. So the public housing system does have some of those additional benefits that as yet are really unproven in the other systems.

Senator LEES—I have a question for the drug association. Housing for your clients is one of the big issues—once they start getting a question mark over housing, what happens?

Ms Bennett—It certainly is. Once people leave treatment, trying to place them in affordable accommodation is always a major challenge. There are implications around accessing public housing, as Neos referred to, in terms of people going back to the drug use culture and all of the problems that presents. We do have supported accommodation programs, which are transition programs from the more intensive drug treatment programs.

Senator LEES—How long can people usually stay in those supported programs?

Mr Zavrou—They are very short-term. They range from six to nine months, technically—you could probably take it up to 12 months. There are a whole lot of stipulations about who can go in and who cannot. For example, a couple could not move into one, and a child could not move into one. So it is really for your single adult user, and that is not often who we see. The other issue with affordable housing is that you need stable housing in order to access treatment. People who are going to outpatient treatments or pharmacotherapies, for instance, need to have some stable base. For instance, if you are on some of the pharmacotherapies, although the actual substance that is provided might be under the Pharmaceutical Benefits Scheme, there is often a copayment for dispensing. Often they are substantial payments, and people just cannot afford paying \$60 and over each week to have their methadone.

Senator LEES—So the methadone program costs?

Mr Zavrou—Yes, unless you are going to a state government clinic—and that means you have to travel to one and you have to be able to get on to it. If you think about most people who go through their local GP and to a pharmacist, there will be a dispensing fee associated, and that is quite substantial.

Senator LEES—Is the dispensing fee set as the Pharmaceutical Benefits Scheme is set for people on low incomes?

Mr Zavrou—It ranges.

Ms Bennett—It is generally about \$5 a day, so you are looking at \$35 a week for a standard treatment, initially.

Senator LEES—So you add that cost to the costs for someone who is probably on benefits anyway?

Ms Bennett—Yes. That is over and above the subsidies.

Senator LEES—For someone who is struggling with housing anyway?

Ms Bennett—Yes. It is very hard to maintain.

Mr Zavrou—And trying to access treatment.

CHAIR—I have a question for the association. You point to evidence which indicates that there is more drug use where there is significant income equality. Would you like to elaborate on this evidence? It is on page 4.

Mr Zavrou—I should refer to the section of the report. If you look at the profiles of the clients who come into the treatment sector—and I am speaking here being across the research but not having the actual studies in front of me—the vast majority of people would be coming from what will be seen as marginalised backgrounds, so in terms of unemployment it is quite extensive. I forget what the figures are, but I think that, for instance, in residential programs it was up over the 60 per cent mark—most people had been long-term unemployed. I think it was up to about 80 per cent. Most people were on benefits. You have to question that, because they are sustaining habits at the same time, so you would wonder where they are getting their incomes to sustain their habits. So there is this issue of criminality as well. Criminality is often thought of as petty crime, but often they are just drug dealing to sustain their habits.

They live this hand-to-mouth transient existence, with a whole lot of associated issues, such as interrupted education—they are often early school leavers, and literacy levels are quite low when you look at the general population. So you are dealing with a benchmark that is quite low. Really what you are trying to do is lift people up by their bootstraps to a skill level where they can participate much better in society. In terms of providing counselling or drug and alcohol treatment, unless you address those fundamentals about education, employment and housing, knowing why someone uses drugs is not going to make much of a difference if they cannot get a job or somewhere to live.

Ms Bennett—The evidence that we have provided in our submission is really based on research that was undertaken by the National Drug and Alcohol Research Centre which suggests that unemployment and public housing are very interrelated.

Mr O'Brien—It is interesting to look at what state governments have done as a result of the decline in public housing. State governments have targeted public housing at a very narrow range of people, which in effect has led to the very problems that have been described. It ghettoises the public housing system and raises additional difficulties in the poverty mix. These difficulties are a direct result of the targeting that has been undertaken due to the increasing scarcity of the resource.

I fully concur with what has been said: unless you actually do something to break the cycle of declining housing, it is hard to imagine what else could make a difference. Either you have people back in the public housing system where they are confronted with, and asked to live near, people they would probably prefer not to be with or, alternatively, you have them in the private rental market, where high mobility and high cost will force them out of areas of reasonable employment and treatment. It is a devil's choice for people in those circumstances.

Senator FORSHAW—Yesterday we were given similar evidence on that whole issue of targeting having that sort of effect.

Senator HUMPHRIES—You made the fairly startling statement, Mr O'Brien, that the private rental market is a cause of poverty. Could you explain that a bit further?

Mr O'Brien—Generally speaking, what happens with people's housing costs is they diminish over time. In the conventional housing career, your costs probably start out reasonably moderate in shared housing and you then move on to home ownership. The costs are relatively high in the initial purchase phase of home ownership but, by the time you reach retirement, your housing costs have diminished to virtually nothing. With people in private rental, that is clearly not the case. Their housing costs remain high for the whole course of their life. So if you do not, in effect, leverage into home ownership early, that will be a cause of poverty later in life.

Our experience is that, particularly for elderly people in the private rental market, the situation is appalling. The issues that were raised around access to pharmaceuticals for people with drug and alcohol issues are the same for elderly people who might rely on pharmaceuticals for other health needs or general frailty. The benefits that they get through the Pharmaceutical Benefits Scheme do not necessarily cover all the costs, so they are forced to eat into their pensions and they already have high housing costs. We certainly have instances where people are paying 35 per cent to 60 per cent of their income in rent—plus they have to subsidise pharmaceutical costs. That would not be the same situation for home owners.

Senator HUMPHRIES—Is that an argument for more subsidy or support for people to get into home ownership or could you suggest some other remedy to that problem?

Mr O'Brien—Definitely. Increasing the supply of affordable housing, whether it is rental or purchase, would be beneficial. Investing in home purchase would probably cream off the top end of the low end of the rental market—people who are just a step away from home purchase—but it will not fix the problem for people who are constrained in the rental market and are unlikely to ever achieve home purchase. All the evidence shows that, when you free up that bit at the top of the low end of the market, higher income households trade down, precisely because they are looking for an opportunity to save to get into home purchase. That then keeps the price at the low end artificially high for the other households that are stuck there. I hope that makes sense.

Senator HUMPHRIES—You say that there is a need for an agreed indicator of poverty in general, and you talk about liaison with stakeholders to work out how that should be set. Do you think that there is value in a reprise of the Henderson inquiry or something like that at this stage?

Mr O'Brien—We certainly do. Whilst there has been a lot of academic debate about the Henderson poverty line, there is some merit in having a real cost poverty indicator rather than what is used in the housing system at the moment where it is conventional to use proportion of income as an indicator. That to some extent masks the true extent of the problem, whereas a real cost indicator gives you a much better picture of people's real expenses and real income. It is much easier to see the sort of concrete dimension of the problem with that kind of indicator. That would be the first comment. The second comment is that some broad ranging inquiry into poverty would be fantastic. We suspect that it would show, similar to the Henderson inquiry, that private rental tenants in particular are more likely to be in poverty than almost anyone else and

that poverty is not just financially related but also flows on to a whole lot of other forms of social exclusion.

Senator McLUCAS—I note your comments about the questionable effectiveness of the Commonwealth rent assistance program—mainly because we do not have the information—and your suggestion that we need a review. It has previously been put to us by other witnesses that essentially what occurs when there is an increase in CRA is that private rentals simply just go up straightaway. Is that your experience as well?

Mr O'Brien—I would have to say that we are certainly aware of instances where individual landlords will utilise the rent assistance increases as a means to increase rents. There is a sort of small-scale pattern of that occurring. It is much more difficult to ascertain whether that is a large-scale pattern. We would have to say that, yes, there is some evidence of that; but we really could not say whether or not that is a whole market phenomenon. The issue about the effectiveness of Commonwealth rent assistance and how it is measured at the moment is: does it make a difference? We would probably admit that, yes, it does make a difference; but that is not effectiveness. Particularly in relation to this discussion—which we hope is about poverty alleviation—the critical indicator should be: how much is it lifting people out of poverty? That is not where the reporting and the assessment are at the moment.

Senator FORSHAW—In terms of housing, one proposal that has been put to us in submissions is to abolish negative gearing. I certainly recall that that was attempted some years ago. There was a huge campaign by a well-known Sydney radio personality, the real estate industry and others. The argument was that this would stop investment in rental properties and so on, and rents went up. Do you have a comment about what impact such a decision would have on people who are struggling to get accommodation or to pay their rent? As you know, the decision was then reversed.

Mr O'Brien—Yes, that is right. That was the case. As I understand it, the underpinnings of the negative gearing argument were that eventually supply pressures would equalise in the market, so it would not matter where you got investment in the market because eventually that would trickle down to the low end of the market and that would assist with supply of affordable accommodation. All the academic research suggests that that is clearly not what has occurred. What has occurred is that there has been whole-scale investment at the top end of the market that has made very little impact at the bottom end of the market, so it really has done very little to increase supply for low-income households. The natural implication of that is: if you were to remove it, what difference would it make to low-income households? Probably not a lot. There is no evidence at the moment that it is making any difference for supply at that end of the market. Having said that, it is only one of the many different forms of housing subsidy that are provided. What you would probably want to do, or at least what our suggestion would be to do, is to have a look at all of the subsidies.

I think there are other examples where the targeting of a housing subsidy has not been that flash—the first home owners grant, for example. There is no real evidence that that has done anything other than bring forward home purchase for households that were going to home purchase anyway, so that has really done nothing to alleviate those pressures at the low end of the private rental market. I think you would want to look across the board at where the housing subsidies are. It might also be possible to take a different tack with something like negative

gearing that says: we will continue to provide the subsidy, but only insofar as it applies to low-cost housing.

Senator FORSHAW—There is an equity argument about all this as well. But the other point is that, if such a decision were made, it would be of benefit through the tax system, but the question then is if the extra revenue that governments might get by not providing them that tax relief or that tax subsidy does not lead to an increase in government expenditure promoting public housing but gets hived off into other forms of activity, you do not solve the problem.

Mr O'Brien—Yes, that is right. But you might be able to have a crack both ways there in terms of targeting the negative gearing subsidy much more directly at low-cost housing, then freeing up the funds that are not being accessed at the moment at the higher end of the market that you can then also invest in affordable housing but in a different way.

Senator FORSHAW—Yes, I think that is a good point.

Senator McLUCAS—That leads to the other information that was given us yesterday, in particular, about the need for private partnerships to be developed to provide public housing. Does the union have a view on how realistic that actually is?

Mr O'Brien—It is not really our area of expertise, but we understand that the current thinking around that is that there are plenty of theoretical models, but there is no real practical experience in the Australian context of that working. There are certainly some frustrations about some things that have been tried—for example, development levies that have not provided the benefit that was anticipated. There are certainly some public-private partnerships under way in Victoria at the moment.

Senator McLUCAS—In housing?

Mr O'Brien—In housing, yes. The redevelopment of the Kensington public housing estate in the west of Melbourne is a public-private partnership between Becton and the Office of Housing. It is interesting that, when you look at that as an example, the compromise that was required there to make that work was significant control for the developer around the nature of public housing, the nature of allocations of the residents on the estate—lots of qualifications that are around social engineering, because, in order for the public-private partnership to work, the private developer has to control the risk, and the risk with some of those things is largely around what the social mix on the estate looks like. So in a small sense, that experiment might work on that estate, but, if you applied that experiment across the system, you would shrink the system, not expand the supply of affordable housing. You would actually shrink the supply because developers would have reservations about the risk of building public-private partnerships where there was a substantial component of public or affordable housing in the mix. I hope that helps.

Senator McLUCAS—It does, thank you. The other issue, about which I have asked a number of people who have been involved with housing, is whether or not we need to do anything about monitoring those agencies that collect data about tenants. I am thinking of agencies like TICA. I do not think you made comment about that in your submission, but do you have any suggestions about what needs to happen with respect to those agencies?

Mr O'Brien—Absolutely. We did not make reference to that in our submission, but we certainly have a view about it. One of the issues about continued reliance on the private rental market—and it was also something that the other presenters alluded to—is that discrimination is a significant part of the private rental market, so what tends to happen is information can very quickly be used to exclude someone from housing. The difficulty with those databases is that they still operate in a largely unregulated environment. The information exchange is not subject to the scrutiny that it should be to ensure that at least, if it is about management of risk on the part of lessors, there is not unnecessary discrimination against the tenants. What we would certainly see as necessary is greater regulation of those databases.

A concrete example of that is in Victoria, where there is a different database. That database has unrestricted capacity for agents to exchange information about tenants with very little control over the quality of the information that is exchanged. From our point of view, with increased reliance on the private rental market, you cannot continue to have that level of discriminatory practice. What it will do is essentially lock people out of the private rental market and lock them into homelessness.

Senator FORSHAW—I would like to ask one other question of Ms Bennett and Mr Zavrou. We heard evidence from a group just earlier and also yesterday with regard to people with gambling problems—and the poverty traps et cetera that occur there and in terms of drug and alcohol. Do you have clients who have gambling problems? Is it quite a proportion?

Mr Zavrou—It is about addictions. Addictions can be behavioural or substance related. Often you find that people who use substances have a whole lot of ritualistic type behaviours, such as gambling, which are part of their addiction.

Senator FORSHAW—I thought that would be the case but I thought we should at least get it on the record.

CHAIR—As there are no further questions, thank you very much for coming along this afternoon and for your submissions.

[3.58 p.m.]

ROMERIL, Ms Barbara Ann, Private Capacity; and National Secretary, National Association of Community Based Children's Services

SHARAM, Ms Andrea Gayle, President, Energy Action Group

CHAIR—I welcome Ms Sharam, representing the Energy Action Group, and Ms Romeril. I understand that Ms Romeril will also be speaking to the National Association of Community Based Children's Services' submission. It may be convenient if we deal with that submission towards the end of the session. The committee prefers evidence to be taken 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 and 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 Sharam—I commend the Senate for holding this inquiry. I thought it would be best if I made two points in my presentation. The first is that fuel poverty is an intersection of factors that affect people. Governments provide concessions—state governments provide concessions and the Commonwealth provides income security and private rental assistance—which, from the early 1980s, we have understood have actually been undermined by utility policies and practices, such as their pricing structures, their debt recovery methods and so forth.

The benefits that government give are also undermined by a lack of housing policy, particularly in terms of housing standards that lock people into unnecessary and often very expensive levels of consumption. So what help government gives is basically taken away in these other policy areas. This will become very relevant in the future as we see the private rental sector grow as housing affordability declines. Landlord and tenant incentive means that we often have very poor quality housing efficiencies—thermal efficiencies—and very poor appliances, so tenants have no control often over their consumption. Now that we have markets in electricity, we are seeing the contest between housing providers and utility services for household expenditure. The utilities, in particular, are trying very hard to get their hands on those dollars before they go on housing costs.

The second point—which I hope there will be a lot of discussion about—is the rise and formation of residual markets. Orthodox neoclassical economic theory says that if we open up sector competition we will have efficiency gains and price benefits—that there will be a trickle-down impact so that even those at the lowest income levels in our community will get some benefit. Unfortunately, I do not think that is actually the case. What we see in markets is that we have market segmentation, so that in effect we get two markets. There is a very substantive history of this in the US, and we have seen it emerge already in all our deregulated markets here. We get markets for those who can afford to be in them, and then we get the rise of this other market—the place of last resort, a residual market—which is often very expensive and highly discriminatory. Having listened to our predecessors, I suspect that what they were talking about in the private sector rental market was a residual market—it is the last place you can go. So, on

the one hand people can be excluded from markets—and in housing that means homelessness, or, if they can get entry, they are often very exploited by being in those markets and it is often very expensive. The contrast occurs for those who are not in that position, where they often get significant benefits from those markets.

I can describe a couple of very good Australian examples. One is prepaid mobile phones. We do have a universal service obligation in telecommunications for home phones but, as Telstra puts up its line rentals, people find that they cannot maintain payments—the cost goes up because they are not getting the reduction in the phone call charges. They then tend to default into prepaid mobile phones. They are a more expensive service, but that is predetermined by the fact that they know and understand that they will be disconnected for periods of time. That option is the one that they take, because they do not get the reconnection charges put on them. In a sense it is controllable, but it is more expensive for them to have that. So, if we are looking for a universal service obligation, we need to try to maintain home phones rather than allowing it to go to mobile phones.

The other example is payday lending. If a senator wanted to buy some whitegoods, they would get a very good interest rate from their bank. But, if you were someone a bit further down the income chain, you might be forced to go to a finance company. In the first case you might pay eight or 12 per cent in interest; in the second case you would pay 24 per cent. However, if you are someone who is on benefits and is struggling with a whole lot of costs and you are a credit risk, you will end up at the payday lender in the High Street who we know can charge anything up to 2,000 per cent interest per year. That is the market of last resort. It is the only place that they can get credit, and they pay a very expensive cost to do so.

What we have seen in the utilities since they were deregulated is the market structures established. Unfortunately, very much in Victoria and, indeed, in other states, the so-called safety net governments have actually established the formation of a residual market. They have not quite appreciated that safety net is the expensive option. It is highly unfortunate, and governments will need to rethink what the market does, because it is market structure that we have to look at, and it is not a trickle-down effect at all.

Ms Romeril—I am delighted to note a number of significant areas of agreement between the Energy Action Group's submission and my submission. We both draw attention to the impact of competition on domestic energy markets and point out significant concerns. We both refer to access to energy as a right and as a quite reasonable social expectation in the twenty-first century, and we draw attention to the policies and practices of the utilities that exacerbate inequality and disadvantage, especially through punitive debt recovery action. Also, both submissions note that during the 1980s in Victoria, with the electricity industry under public ownership, there was a policy of not disconnecting low income households for inability to pay. Throughout the 1990s, as the industry was subject to competition policy—it was corporatised, commercialised and ultimately sold to private owners—that policy was abandoned.

The Energy Action Group's submission provides additional material that supports the position we are putting here around tight household budgets and the very fine line that households face in balancing the budget and paying their debts. It points out that a very small increase in costs can tip a household over into crisis, where they either get disconnected from essential utilities or have to go without food or medical treatment. They also point out that poor housing has an

impact—increased consumption and increased costs—therefore putting more pressure on low income households' ability to afford to stay connected.

The only area I think in which I would disagree with the Energy Action Group's submission is their statement that there is a lack of research about the actual impact of utility privatisation on low income households. I am really pleased to be able to table for you today two reports that do document some substantial research into the impact of utility privatisation over the last decade. The first is a study that I did as part of my masters studies. It was published by the Financial and Consumer Rights Council and is entitled *Powerless in a privatised state*. It examines the impact of the privatisation of the electricity industry in Victoria over the period 1985-1997, and I have drawn heavily on the research and analysis in that report in the submission that I have put to this inquiry.

As you will know from that written submission, the study documents trends over that decade-and-a-bit in the numbers of households disconnected each month for inability to pay. The data that I gathered for that research was initially gathered by a member of the Energy Action Group, and it was my pleasure to be able to put that into a study, validate the sources and then look at those trends in how the disconnection rates went and compare that with what was happening in the broader context. I looked at the impact of unemployment on the capacity of households to pay and the impact of changes in electricity tariffs—and therefore the cost to households. But what was absolutely blatantly clear was that the main connection between the periods when disconnections shot up was that there were specific government initiatives around, pushing utilities to become more commercial. Each time a government report came out, each time action was taken to restructure the industry to move it towards a private commercial competitive structure, the rate at which households were cut off for being unable to pay increased. So the promises that were made to the community about the benefits of competition—bringing benefits to the broader economy and to individual consumers—did not and continue to not play out for low income households. They are suffering and are paying the price of the impact of competition in the energy industry.

The other research that I would like to table today is a report done by Bev Klinger, also published through the Financial and Consumer Rights Council. This report, entitled *An unfair deal*, reviews the same issues but from a different perspective. It gathers case studies of individuals—real people—who have been assisted by financial counselling services and who are in dire financial difficulty for a range of reasons. Every one of the case studies in this research has been impacted in one way or another by the policies and practices of the utilities. Some of the stories in here are quite hair raising: utilities sending debt collectors letters to households that owe very small amounts of money—less than \$100. They are receiving letters that appear to be deliberately designed to look like an official letter from the Sheriff, so as to frighten people into thinking their essential goods are going to be repossessed because they have not paid their utility bill. That is misleading: the utilities have no power to do that. In fact, in Victoria there is an agreement that the utilities will not disconnect for debts of under \$100. But that is kept a dark secret, for fear that low income households will exploit that knowledge. In our experience, they will not do that, but what it does mean is that the utilities can trick households into thinking that, even for debts of under \$100, they can lose access to this essential service.

I will conclude by saying that these two studies do document quite vividly the kinds of problems that have been and continue to be experienced by low income households as a result of

competition. They also highlight some recommendations of action that can be taken by state and federal government, the utilities industries themselves, the regulator and the Ombudsman, who is the industry complaints handler. I am pleased to say that some of the recommendations in *An unfair deal*, which came out in 1998, have been enacted. They have perhaps prevented the problem becoming worse, but I am disappointed to report that the rate at which people in Victoria are being disconnected from essential electricity and gas is once again on the rise. So those initiatives have not been successful and something must be done at a national level, I believe, to ensure that utilities recognise their obligation to provide an essential service to all households, regardless of their ability to pay.

CHAIR—Thank you very much.

Senator McLUCAS—You talk in your submission about how change in ownership immediately set off an increase in disconnections. It would seem to me that internal management decisions or directions were made that resulted in that increase in disconnections. Is that what occurred?

Ms Romeril—I believe so. In gathering information about what was happening within the industry, it was very difficult to get access to that kind of information, because much of it was of course commercially confidential. But I was able to source a consultant's report that was contracted by the utility just before it was sold—so it was while it was going through the corporatisation process. That very clearly recommended to senior management that a more commercial approach be taken to debt recovery and further promoted a change in culture from the utility being an essential public good to being a widget that people buy—and if they cannot afford it, they go without.

Senator McLUCAS—My other question follows on from your comments, Ms Sharam, about the move from the fixed telephone line to the use of phone cards or prepaid mobile phones. There is a model that is used in some areas of my state where people prepay their power by buying what they call a power card, and they use that power card almost in the way that the British gas system used to work—putting money in the gas meter. Is that model used down here? Do you have anything like that model here?

Ms Sharam—You are referring to the prepayment meters which Victoria had a trial of quite some time ago, and we are on the brink of the utility seeking to have that. The trials are about to commence in New South Wales, and they have had them in South Australia. Queensland, I think, has done some and Tasmania has already introduced them fully. We are absolutely and utterly opposed to prepayment meter technology. It is the perfect example of a residual market. It is a more expensive payment method. If the issue is people's inability to pay, then it is nonsensical to force upon them a method of payment which is more expensive. There is no clearer evidence than that from the UK, where they basically got quite a significant number of low income people onto prepayment meters before competition formally started. They did that by saying, 'Have a prepayment meter or be disconnected,' so there was no choice about it. In their market, prepayment meter customers pay substantially more. They actually have three very formalised segments in their markets, and prepayments are at the bottom. They are stuck in there and there is a serious issue around self-disconnection. It is based on the knowledge that they will self-disconnect if they cannot pay. Utilities like that, because it avoids arrears for them.

Then you have traditional credit customers, and at the top end you have direct debt. Direct debit is really only useful for high income earners who have no problems with being charged bank fees for a dishonour or who can afford to pay the dishonour. The income of low income people is too low. They do not generally hold savings in the bank to cover those payments, so they cannot access the cheaper forms of payment within the markets. Prepayment tends to lock in that segment, but it also becomes a feature of low income housing. It is very prevalent in low income rental housing in the UK, and people often inherit it. In contrast, it almost does not exist in private, well-to-do homes in the UK. We do not anticipate it being any different here at all.

Senator McLUCAS—So your experience is that the cost per unit of the commodity will always be higher under a prepay model?

Ms Sharam—Yes, the technology is more expensive. In fact, in some ways it is a highly irrational decision by utilities to want them, and I believe that is predicated on the fact that utilities are traditionally very paternalistic. They have the idea of a bad customer and a good customer, and they will go to quite extraordinary lengths to try and get debt recovery. When we had the State Electricity Commission here, their bad debt levels were wonderful in comparison to banks, and that was with people ringing up on a phone, with no ID required, and getting connected. It is much harder to get connected now. They have much more of a resource of knowing who you are. The bad debt levels are nothing to worry about—most businesses would be desperately happy to have that—but there is some degree of obsession about it. It is a very small cost to the business—it is within normal levels—but they still want to somehow be able to avoid the arrears. But the arrears are happening because of inability to pay, not because of unwillingness. That has been traditional: people are very willing to pay these bills. They see them as essential services; they see them as just part and parcel of life.

We are customers for a long time in our lives. Most of us are customers for 60 years, as adults. Avoiding paying over here does not do anything, because you have to get connected somewhere, sometime. In the old days it was still the SEC—you could not avoid that. These days you cannot avoid it, because your credit rating will follow you around, and there are means to penalise you if you enter into that behaviour. So people getting caught up in those things are people with an inability to pay and they end up being penalised. There is the imposition of security deposits and there are reconnection fees—all these things really hurt. They get the extra fees because they have had a crisis, which in our terms might be small but in their budget terms it ends up being large, because it cascades. That is a problem with lots of low income people—it cascades.

Senator LEES—Firstly, I support what you have said about privatisation. Being from South Australia and watching our cost of electricity go up by 30 per cent in January, I would hate to think of the impact of that. Perhaps one thing that the committee could look at is what the impact on disconnections has been in South Australia of that. Could I ask either organisation whether they give people access to an actual energy audit that looks at how they can make savings if they get into financial difficulty

Ms Sharam—There is no point in giving them an audit unless they have the means to change. People in private rental do not. It is someone else's house at the end of the day. The biggest costs are space heating and hot water, then major appliances. You can go in there and tell them that day rate hot water is the reason why they have a bill for \$1,000, but they effectively cannot do a

lot about it. For low income people in their own homes, the issue is the same. If you are a pensioner you cannot necessarily go out and act on that advice.

Senator LEES—So there are no state systems here where there can be some support—for example, a certain percentage a year to put on solar? You would then pay that off over, say, the next 10 years of your bill.

Ms Sharam—Those kinds of schemes went out the door with the privatisation. We had a very good scheme here called the Home Energy Advisory Scheme. Through the 1980s, it had budgets of close to \$12 million a year, and it went out and retrofitted. Sometimes they replaced all appliances in a person's home, and there was no means testing. It was the only way to overcome the fuel poverty that is embedded in the housing structure. We know it is going to get worse, and there are two factors for that: firstly, we are still building very inefficient housing because we do not have minimum standards for housing or minimum standards for tenancies. It is also the case that most of our old people have full home ownership; only a small proportion do not. They are currently protected by that. As the home ownership rates decline we are going to see more elderly people in a very poor state, in very poor housing, when they have high needs. One of the reasons why the Cain government rationalised the concessions in the eighties was age mortality. They did appreciate that having people going very cold in the winter was contributing to their ill health, which had impacts on the health system, so they thought they would bump up their income security to avoid having them go to hospital.

Ms Romeril—I would like to comment in relation to assistance with energy efficiency. The home energy advisory service is written up in *An unfair deal*, so you can read this when you get access to a copy. We have also documented in here an initiative by one of the water companies in Victoria. I think it is not accidental that it is not privatised and it is, in fact, conducting a very effective program with their low-income customers. It is a combination of assisting them to identify ways of reducing water consumption while negotiating regular payments that are affordable to the household regardless of whether they actually cover the annual cost of water to that household. The company recognises that they need to get water whether they can afford the full bill or not and that for the company commercially it is better to get some regular income than to be regularly having bills unpaid and having to restrict water supplies—of course they cannot disconnect it completely—and then having an antagonistic relationship with that customer. They are keeping good relationships with the customers, getting the maximum payment from those households and assisting the households to keep their consumption at an affordable level.

Senator LEES—You mentioned—I think it was in the Energy Action Group submission—that there was a plan back in, I think, the 1980s to remove the instant hot-water services. I take it they were electric instant.

Ms Sharam—They are the day rate hot-water units which are typically found in flats—we call these flats six packs: you get six flats and they are like a little beer carton. These flats are notorious because they have very cheap appliances. They are typical low-income rental housing stock. It was understood that these units were contributing to high turnover in these flats. What would happen is that someone would move in and get their first bill and it might be \$1,000, so they would do a runner. The landlord would lose their money, the utility would lose their money and the tenant would also lose their money. But it was a case of 'can't pay, can't stay', because

they could not afford that. The ACT scheme where you have to have an energy efficiency rating on the house for the tenant is a very good scheme to have because at least people can understand the costs of performance of the house not just the rental costs. It should be adopted in all states. There was an agreement by the Gas and Fuel Corporation and the State Electricity Commission in conjunction with the Energy Action Group that they would, at their cost, remove 50,000 of those units as a demand management measure and replace them at no cost to tenants or landlords. Unfortunately that got scuttled by the incoming Kennett government. Day rate hot-water units are diabolical and they are typically found in low-income rental housing stocks.

Senator FORSHAW—Was that \$1,000 a quarter?

Ms Sharam—Yes.

Senator LEES—That is what people in South Australia are faced with in average households now.

Ms Sharam—They run 24 hours a day at the day rate of electricity charges.

Senator McLUCAS—So there is no night rate?

Ms Sharam—No.

Senator LEES—If you had to say to us: these are our top three recommendations for people in poverty to try to solve some of the issues, what would they be for our final report?

Ms Sharam—We have to try to equalise customers so that they are not locked out. Markets have ins and outs so we have to try to bring the outs up. Housing has to be addressed. There have to be minimum standards for housing. You then have to have utility policies which do not penalise these people. You have to have pricing principles and tariff structures; for example, a good tariff is a tariff which has low or no up-front costs. You have a first block, which is reasonably cheap, and then you have the next block, which might be quite a bit more expensive. They call that the inclining block tariff. There is a rudimentary conservation signal in that as well. That gives people the access and it gives them a lifeline amount that they need. You could say that they get the non-discretionary human rights based level of consumption at an affordable rate and then there is a big disincentive to keep consuming it at the end of that. That is the kind of tariff structure we need. It went out as soon as competition came in. We had TXU, an American company, which kept encouraging us to consume and immediately had people paying up to \$90 a quarter in standing fees and was providing all these incentives to consume more. There needs to be strict control over the way tariffs are developed, not just for social justice but also for the environment. We need to have an obligation. There needs to be a citizens' right to these essential services because without energy in your house there is not a whole lot you can do. It is kind of the next worst thing to not having a house. You cannot operate anything. You do not have hot water for your children and you cannot cook. It is really debilitating to have a house without those services in it.

Ms Romeril—I will nominate one prime recommendation that I hope that you will include in your report: that some action be taken at the national level to ensure that all privately owned utilities have an obligation on them as good corporate citizens to have effective hardship policies

in place so that when a customer is genuinely unable to pay their bill the company treats them with dignity and respect and negotiates a genuinely affordable relationship that ensures ongoing access. The example in the water industry that I mentioned earlier is well documented in this report. I think that could easily be applied across electricity and gas companies. I know that the energy and water ombudsman in Victoria is actively promoting that and has run conferences and written papers and is working as hard as she can from her perspective to get the companies to adopt those policies. Somehow the government needs to make it clear that if you want to operate in this market then you have an obligation to ensure that low-income households can maintain access to your service.

Senator FORSHAW—I was just thinking listening to the discussion—you mention water—that tenants do not have to pay the water rates. That is the position.

Ms Sharam—In Victoria they have to pay part.

Senator FORSHAW—Do they?

Senator McLUCAS—Usually.

Ms Sharam—It is a user-pays charge for the consumption. And sewerage.

Senator FORSHAW—Excess, yes—

Ms Sharam—No, all water consumption.

Senator FORSHAW—All water?

Ms Sharam—Yes. Pricing is now separated between access to the system, which is the rates, and consumption. Tenants pay the consumption bills.

Senator FORSHAW—I am not sure what the position is in other states—we will need to check this out—but traditionally water and sewerage rates would be the responsibility of the landlord or the owner but electricity would not be. But that is not the case. I am glad I asked the question. They are both essential services.

Ms Romeril—And therefore low-income households, especially private rental households that are reliant on government income support, often face restriction for inability to pay their consumption. In our view, it is entirely unacceptable in the 21st century that anyone should be living with merely a trickle of water.

Senator McLUCAS—Does the water provider directly bill the tenant or is that through the landlord?

Ms Romeril—It is directly through the tenant.

CHAIR—As there are no further questions for you, Ms Sharam, we will say goodbye. Thank you.

Ms Sharam—I have here for you reports that were attached as electronic, but you will find them easier reading in the colour version.

CHAIR—Thank you very much. Ms Romeril, are you now going to put on your other hat?

Ms Romeril—Yes. I would now like to speak to you as the national secretary for the National Association of Community Based Children's Services. Thank you very much for the opportunity to speak to our submission. There are two major sections to our submission, one dealing with the role of community owned children's services in reducing the negative impact of poverty on children and families. The second is in relation to the poverty wages that child-care workers receive.

In speaking to the first issue, there is now significant scientific research into the impact of poverty and deprivation on child development. What has always been known to people working with young children is now unequivocally demonstrated through scans of children's brains demonstrating how they develop or do not develop depending upon the kinds of stimulation and the care and learning opportunities that they experience right from birth. There is also substantial research now demonstrating that a high-quality, formal early learning and care environment for children right from birth can maximise their development. It is clear now that government spending on the provision of high-quality child care is not an expense on the public purse; it is in fact an investment in giving all children in Australia the best start in life so that they can reach their potential, minimising later costs on the public purse where child development is interrupted or diminished in any way through poverty, deprivation or other risk factors.

It is our argument that community owned children's services—those that are not run for profit and are owned and managed by the parents who use those services—have an additional role in ameliorating the impact of poverty. Again, there is substantial research demonstrating that this is good for the parents—the families—of these children who are suffering the effect of low income and economic deprivation.

One of the best ways of assisting people to overcome the negative impact on them as a family and as adults is to maximise their sense of control over their environment and over their destiny. Where low-income parents are able to come together, manage and run a service on behalf of their own children, it increases their sense of connectedness and their sense of control over their life and, therefore, their capacity to be successful operating adults and parents for their children.

At the moment the federal government spends significant amounts of money—in the billions—on the child-care benefit subsidy to assist parents to pay fees, but there is very little government funding going in any planned way into the child-care sector. It is very much a free market. As a result of that, there is flourishing child-care provision in high-income areas, where operators can be sure of getting their fees and commercial operators can be sure of making a profit, and inadequate provision in low-income areas. That means that, once again, the children and families who are least likely to get access to the service that they most need are families living in poverty.

We recommend in our submission that a national agenda be developed to address this issue, and we are pleased to note that, in fact, this process has started and it does have bipartisan support. The sector is greatly encouraged that this might result in some good, sensible decisions

and commitments made at the national level that will be firmly in place regardless of who is in government. We believe absolutely that that national agenda must provide the capacity for proper planning of the development of children's services around the country to ensure that all children and all families have access to a high-quality community owned children's service so that the children who most need it—those who are experiencing poverty and deprivation—are able to access in a non-stigmatising way the kind of care, support and stimulation they need to reach their potential.

The second major point in our submission is that, while child-care workers have an extremely important role in providing that early care, education and development of those young children to ameliorate the effects of poverty, wages and conditions in the sector are such that those workers themselves are in fact the working poor. There was recently a think-tank convened by the federal Minister for Children and Youth Affairs which involved people from right around the children's services sector—not only the community owned sector but also the commercial sector, universities and other training institutions et cetera. There was a very strong consensus that wages and conditions in the child-care sector are way too low. They are not respectful of the important role those workers play and nor are they succeeding in attracting and retaining the skilled, qualified and experienced staff that are needed to ensure that all children's services are high quality and are providing that essential early learning and care for Australia's children.

We urge you to recommend that the government reviews the way it puts the public funds out into the child-care sector to create greater planning controls to ensure that good quality children's services are available in every community and that those services are able to afford to pay decent wages and conditions to attract and retain skilled and qualified staff.

CHAIR—Thank you very much. Are there any questions?

Senator McLUCAS—On your final point about planning controls, years ago we used to have the state based planning bodies—I cannot remember what they were called—that were basically identifying where long day care centres would be placed. Is that the sort of model that you are suggesting?

Ms Romeril—There are still planning advisory committees in each state. Those for outside school hours care and family day care do in fact make recommendations to the minister about where approval should be granted to increase the number of places approved for child-care benefit fee subsidy. In long day care, because there is what is considered to be a healthy, competitive commercial market, the role of the planning advisory committee is limited to identifying which communities are undersupplied, which have just about the right supply and which are oversupplied in the area of long day care—and that is it. That information is then provided to people who would like to set up a service, but it is completely up to them whether they decide to go ahead and set up a service in an area that is already oversupplied. As long as they meet the child-care accreditation requirements, they will be eligible, and the families who use those services will be eligible for fee relief through the child-care benefit.

We certainly are seeing that the large publicly listed corporate child-care chains are actively setting up in communities that are already well supplied, specifically to successfully put out of business the other providers in that community. We believe that is not a responsible use of government funding. The funding should be going to ensure there is an adequate supply of high-

quality child care in every community, not to assisting the commercial sector to compete with each other and put each other out of business.

Senator McLUCAS—My experience is that that event has occurred very much in putting community based child care out of business, especially where local government has removed itself from the provision of that care and removed any tiny subsidy that previously was going to be applied, and we have lost community based long day care centres in those areas. Do you have any information about whether there has been any growth in community based long day care since the big changes around 1997 and 1998?

Ms Romeril—I am told that the reduction in the community owned sector was not quite as bad as feared—that there was an initial loss of services but it pretty much settled and that number has been maintained. I have not heard of growth, but I am aware of some services in Victoria changing hands and coming into community ownership. I could certainly investigate and see what I can find out for you.

Senator McLUCAS—We could ask the department. I am sure you have plenty of other work you could do. Earlier today we were talking with some people from a neighbourhood centre in Victoria. They were talking about people using Work for Dole participants in child-care settings. That did not sit well with me. I wondered whether you have any knowledge of it and if you have a view on whether that is an appropriate use of Work for the Dole type activities.

Ms Romeril—I am not aware of that specifically. As you would know, child-care services are required by state regulations to have a certain number of qualified staff per number of children they are caring for and then a number of unqualified staff to support those qualified staff. I guess it is possible to count a Work for the Dole participant in the unqualified staff ratio. I wonder whether what you were hearing about from the neighbourhood house sector this morning is part of that mind-set, which we do not believe is correct, that child care is something that anyone can do—we have all been children, so we understand them; many of us have children ourselves and we are good at looking after them at home, so we can walk into a child-care setting and provide an excellent service.

The National Association of Community Based Children's Services do not believe that. We believe that the brain research demonstrates that the potential for good or damage to the development of babies and young children is so great that child-care services must be staffed by skilled and experienced people. If a Work for the Dole recipient happened to be a skilled and experienced child-care worker, then why not? I very much would doubt it, though, and I believe it would be based on that philosophy of, 'Well, anyone can do it, so let them in the door.' In that case, we would not support it.

Senator McLUCAS—I understand that. That brings us to the pay issue. It is concerning to me—and has concerned me for a long time—that we will pay someone who operates a checkout more than someone who is looking after the future of our nation. My daughter is now 12, and there has been no change in that disparity in the 12 years that I have been involved in child care. But the concern I have is the point you make about retention of staff and how it is almost impossible now to find directors for long day care and occasional day care centres. It seems to me—from now outside the sector—that it is getting worse. Is that your view as well?

Ms Romeril—Yes. We hear from the training institutions that a large number—in some cases 100 per cent—of students in early childhood training courses have no intention of ever working in child care. They are doing the course simply as a foot in to teaching or some other career.

Senator McLUCAS—It is transitional.

Ms Romeril—Of the very small number who do go on to work in child care, many are not prepared to take a full-time permanent job with all the responsibilities around quality assurance, meeting regulations et cetera—they sign up with an agency and do casual work. It is pretty much like nursing was some years ago. The casual rates are attractive and they can come in in the morning, leave at night and not have to worry about all the paperwork. The very small number who do actually come into the sector and make a full contribution as permanent staff have no intention of staying more than three or four years so, by the time they have sufficient experience to really start to contribute, they are moving on.

We are hearing anecdotally that services are appointing staff whose skill level is such that they would never have appointed them years ago, and that they are deciding not to take action against poorly performing staff because they know that if a staff member leaves they are going to struggle to replace them. There is a real risk to the next generation of Australian children, who are being cared for in services that are not staffed by people with the necessary skill level. We believe it could be easily fixed. The training courses are in place and the quality accreditation systems are in place. If wages and conditions were at a level to make it a rational choice for someone to want to come into and stay in child care then we believe that would occur and child care would deliver on its capacity to support the next generation of Australians.

Senator HUMPHRIES—The recommendations you make in your submission include:

- Funding levels to be not less than 1% of GDP and protected by legislation
- The costs of child care must not exceed 15% of net household income
- That there be one community owned child care centre for every community of 800 children under five years of age ...

Have you even a rough estimate of what that would actually cost?

Ms Romeril—I do not have it available to me; that is drawn from a policy proposal we put to the major parties at the last federal election. The full submission may have that total figure. I will undertake to investigate and provide that information to you.

Senator HUMPHRIES—Thank you.

Senator LEES—I want to check on wage levels for a moment. You are talking about \$120 a day being the norm for an eight-hour day for a child-care worker.

Ms Romeril—Yes, that is right.

Senator FORSHAW—Are you able to comment upon before and after school care?

Ms Romeril—Yes.

Senator FORSHAW—From what I understand, there is an increasing demand for that service, particularly with many families now needing to have both parents working. It is also putting demands on the school sector to try to provide those facilities. There is a whole range of other issues that flow from that, including children coming to school without having had breakfast and the school, the before and after school care centre or the P&C taking on that function. I understand there are also greater administrative requirements being placed upon these bodies, which have not been established in the formal way that a child-care centre or an occasional care or long day care centre has. Could you give us the benefit of your knowledge on that?

Ms Romeril—Absolutely. You are right about the growth in demand for outside school hours care—including before school care, after school care and vacation care. We see that arising not only because of the needs of working parents to have their children cared for in a safe and stimulating environment but also as a recognition that school programs are increasingly pressured and unable to meet all the developmental needs of children, which include sport and physical activities and art and craft activities. Many families are keen for their children to participate in an after school program that has good quality sport and art and craft activity, as a developmental opportunity for those children. Some outside school hours programs have a really good homework support arrangement, so there can be real developmental benefits for children in being part of an out of school hours program. Our experience is that yes, it is onerous for a community to take on the setting up and running of a service, but there are many communities that stand ready to do that and they are in a queue.

The government has been issuing new approved places for outside school hours care over the last few years, but it simply is nowhere near meeting the demand. At the moment they are going through a process which I think they call ‘harvesting’—taking back approved places from services that are not fully utilised. They might have been approved for 60 places and they have only 45 children regularly coming. They are being asked to give back the 15 unused places and then the Commonwealth is reallocating those places to existing services that have demand they cannot meet or to communities that do not have a service. But, really, it is just fiddling around the edges. It is not meeting the huge need or the willingness in communities to establish, run and grow a service to meet the community’s needs.

Obviously it is a budget issue to find the funds to approve more places, but it is an urgent need and it would be easily done with the funds being released because there are communities that stand ready. We do occasionally hear of a school or another sponsor who experiences the child-care benefits system and finds the administration so onerous they say, ‘We don’t want this any more; take it back,’ but there are far more communities standing ready to say, ‘Yes, please, we would like to be part of this system so that we can provide a service to the families in our community.’

Senator FORSHAW—At the moment it is funded out of family and community services, isn’t it?

Ms Romeril—Yes.

Senator FORSHAW—But it is attached to the education sector, isn’t it?

Ms Romeril—Not exclusively; there are some local governments and other sponsors that deliver it.

Senator FORSHAW—I appreciate that. I suppose I have been focusing on the ones where the schools are involved.

Ms Romeril—And certainly in Victoria that is the majority.

Senator FORSHAW—Does that produce some complexities in terms of funding?

Ms Romeril—It does. We are facing a significant issue in Victoria at the moment where the Food Safety Act is requiring outside school hour services to meet certain food handling standards which require dramatic improvements in kitchen facilities, purchasing arrangements and food handling skills. The Commonwealth is saying, 'That's a state act; we have no obligation to fund that capacity,' and the state is saying, 'That is in a child-care service; we don't fund that,' and it is falling through the cracks, which is extremely unfortunate.

CHAIR—As there are no further questions, I thank you for coming along today, Ms Romeril—wearing both hats. We have appreciated your contribution.

Ms Romeril—Thank you for the opportunity.

Committee adjourned at 4.37 p.m.