



COMMONWEALTH OF AUSTRALIA

Official Committee Hansard

SENATE

COMMUNITY AFFAIRS REFERENCES COMMITTEE

Reference: Poverty and financial hardship

TUESDAY, 27 MAY 2003

SYDNEY

BY AUTHORITY OF THE SENATE

INTERNET

The Proof and Official Hansard transcripts of Senate committee hearings, some House of Representatives committee hearings and some joint committee hearings are available on the Internet. Some House of Representatives committees and some joint committees make available only Official Hansard transcripts.

The Internet address is: **<http://www.aph.gov.au/hansard>**

To search the parliamentary database, go to: **<http://search.aph.gov.au>**

SENATE
COMMUNITY AFFAIRS REFERENCES COMMITTEE

Tuesday, 27 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 Denman, Forshaw, Hutchins, Knowles, Lees, Moore

Terms of reference for the inquiry:

To inquire into and report on:

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

WITNESSES

ADAM, Mr Robert Edward James, Coordinator, Deaf Society of New South Wales, through Mr Andy Carmichael, interpreter	399
ADELMAN, Miss Laura (Private capacity).....	431
BEARD, Mrs Jane Frances, Joint National President, Women’s Action Alliance (Australia) Inc.	420
BEBBINGTON, Mr Mark, Policy and International Manager, Australian Federation of AIDS Organisations	471
BLUNDEN, Dr M. Hazel, Policy Officer, Shelter NSW.....	455
BROWN, Mrs Margaret Mary, Chairman, Study and Investigation Committee, Country Women’s Association of New South Wales	462
EDLER, Mr David, Policy Officer, Australian Federation of AIDS Organisations	471
LAKE, Mr Robert James, Convenor, Care and Support Portfolio, National Association of People Living with HIV/AIDS	471
LAVERTY, Mr Martin John, Government Relations Manager, The Smith Family	379
PERKINS, Ms Mary, Executive Officer, Shelter NSW.....	455
SABOLCEC, Mr Joseph, Executive Officer, Australian Federation of Deaf Societies	399
SAUNDERS, Professor Peter Gordon (Private capacity)	431
SAUNDERS, Professor Peter Robert, Director of Social Policy Research, Centre for Independent Studies.....	441
SIMINSKI, Mr Peter (Private capacity).....	431
SIMONS, Dr Rob, National Manager, Strategic Research and Social Policy, The Smith Family	379
TERRY, Ms Elizabeth Ann, President, Financial Counsellors Association of New South Wales Inc.....	409
TSUMORI, Dr Kayoko, Policy Analyst, Centre for Independent Studies	441

Committee met at 9.07 a.m.**LAVERTY, Mr Martin John, Government Relations Manager, The Smith Family****SIMONS, Dr Rob, National Manager, Strategic Research and Social Policy, The Smith Family**

CHAIR—The Senate Community Affairs References Committee is continuing its inquiry into poverty and financial hardship. I welcome representatives from the Smith Family. Information on parliamentary privilege and the protection of witnesses and evidence has been provided to you. 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. The committee has before it your submission. I now invite you to make an opening presentation, to be followed by questions from the committee.

Dr Simons—Thank you very much. The Smith Family wants to go record acknowledging how much we appreciate the establishment of this inquiry, because we understand completely, from the perspective of our own organisational and societal change agenda, the importance of data and evidence in how we move forward. We are also especially grateful for the invitation to come before the committee this morning to speak further to our submission, as well as to the opening presentation which you have before you.

If there is one thing that I would like to leave the committee with as a lasting message, at the beginning, throughout this presentation and at the end, it is that we are on about the prevention of poverty in Australia, in both the short-term and long-term way. To work towards that end we have a framework, at the heart of which is a strategic focus on education and lifelong learning. We believe that that is a critical starting point for enabling people to have a greater degree of educational participation, which acts in a very important preparatory way for significant enhancements in social and economic participation. We come out of an over 81-year history probably acknowledged by most people in the community as a welfare agency, but we are changing ourselves, on the basis of our internal research capacity and our work with other researchers, to become an organisation dedicated in an evidence based way to preventing poverty and to building the capacity of young children and families in disadvantage throughout Australia.

It is with those introductory comments in mind that I would like to suggest that it may be helpful if I clarify the underlying rationale for our submission, by situating it in the context of what we in the Smith Family call our societal change agenda. It includes an acknowledgment that, while we simultaneously respond to the needs of the individually disadvantaged and their families, we are also on about working for societal change—population, broad based change—for lasting effect and impact.

To the point of that societal change, we have our Learning for Life strategy and program. Indeed, it can be understood in both ways, as a program and as a strategy. As a program, Learning for Life has three main components: financial assistance, educational support for students and their families, and mentoring. Since its beginning in 1988, Learning for Life has been implemented primarily in the contexts of compulsory and tertiary education, but now, through a number of demonstration projects and pilots, we are extending our outreach into the

preschool and early childhood areas as well as into critical life transitions, such as the very important transition from school to work. As a strategy, Learning for Life is a way to give expression to our overarching focus on education and lifelong learning. To this end we are committed to working with and through other organisations to ensure that the strategy becomes a way of unlocking opportunities for all Australians throughout the life cycle.

Enhancing opportunities for participation and engagement by focusing on education and lifelong learning is the critical starting point of everything we are doing to prevent poverty, in both its short- and long-term manifestations. All of our other priorities grow out of and strengthen further possibilities for participation and engagement to this end. If you turn to the second page of the presentation you will see a chart that simply tries to graphically illustrate the relationship of a number of our activities, to the end of which I have just spoken.

You would have noticed that in the report *Barriers to participation* the major focus is participation, and it is on educational participation—that is, the educational activities and contexts that impact on an individual's development of personal, intellectual and social capabilities. Within the report, what we are trying to show is that there are three main barriers to this very important preliminary educational participation: financial, educational and technological. We are not suggesting, by our selection of those three barriers, that there are not other significant barriers, but we want to limit ourselves strategically to those, not only for our own purposes as an organisation and the impact we are hoping to achieve, but also for the purpose of today's presentation.

Over the past few years and throughout our 81-year history, we have learned valuable lessons about impediments to participation and engagement, as well as the critical importance of education and lifelong learning in overcoming them and building pathways for participation and engagement for greater numbers of the Australian community. It is for that reason that we have built a framework for advocacy to bring about broader agreement on the importance of education and lifelong learning among individuals, among communities and in a national agenda setting.

We consider our testimony today, the submission to the inquiry of the report, a very important exercise in a broader agenda of advocacy, and I want to take this opportunity to comment on the four policy recommendations that are in that report as key elements of this framework for preventing both short-term and long-term poverty. The first is that learning systems in Australia be modelled to assist in the overcoming of financial disadvantage through the provision of better focused and tailored solutions to the individual and differing needs of a population with diverse learning requirements. The second is that the Commonwealth's welfare reform agenda adopt a broader understanding of participation to incorporate welfare activity tests focusing on lifelong learning, parenting skills and engagement in family and community capacity building. The third is that demographic groups shown to be at risk of social exclusion—low-income sole-parent families, low-income single people aged under 30, students in non-metropolitan areas—become the primary focus of targeted government and community preventive strategies for enhancing social inclusion. The fourth is that a framework to ensure those at risk of being excluded from the ICT revolution be established to ensure all are able to access and utilise technology to enable full participation in both learning and living in the modern economy.

Each of those policy recommendations will be treated in greater detail at the end of my presentation by identifying what I term critical activities that have to take place if those

implications are going to be translated into practice in Australian society. But prior to that I would like to invite you to look at the section of our presentation where I am dealing with the breadth of evidence for our position. It is in this section that we are dealing not only with the research we have carried out but also the research about which we have become aware, which undergirds the strategic focus and the direction that we are taking.

The first point for our survey of evidence, on page 3 of the presentation, talks about linkages between educational, social and economic participation. We have become aware that research from many different quarters is confirming the positive role of education and lifelong learning, and the impact it can have on developing people's capacity to move beyond current financial disadvantage. It is this research that informs and frames the submission of the Smith Family to this inquiry. More broadly, this growing evidence base is changing us into an organisation with the prevention of disadvantage as our primary focus, as demonstrated through the participation of over 21,000 students nationally in our Learning for Life education support scholarship programs.

Let me walk you through some of the main themes brought out by the research on these next two pages. The reports that I have listed here have all come out within the last 10 months. There is a very strong accumulative impact of the message that we are getting. It is very difficult to ignore the significance of what this is telling us.

Some of the first reports develop very strongly the strong interdependence and link between education and socioeconomic status, and socioeconomic status and education—the two interface continually, all the time. So, for example, last year a study by the Department of Family and Community Services, *Youth in focus: interaction between educational participation, educational attainment and labour force activity*, found that young people who either obtain tertiary qualifications or complete year 12 have labour force outcomes that are superior to those of young people who do not. Another study, by the Department of Education, Science and Training, *Socioeconomic background and higher education participation: an analysis of school students' aspirations and expectations*, affirmed that socioeconomic background is the major factor in the variation in student perspectives on the value and attainability of higher education.

Allow me to stop and emphasise how critically important that is. It is not only what most people would assume, that better education increases your earning capacity and career path possibilities, as a preparation for career development, but the attitudes that people develop in lower socioeconomic circumstances can impact very negatively on whether or not they can even imagine themselves capable of developing these capacities and moving forward. That is a very strong point. It is also a point that comes out in chapter 2 of our report, which I will refer to when we get closer to the end of this presentation.

The study by DEST complements research that we commissioned in 2001 from the National Centre for Social and Economic Modelling, NATSEM, at Canberra University. In a report subtitled *The persistence of poverty in a decade of growth*, the NATSEM analysis reaffirmed the relationship between education and financial disadvantage—namely, poverty rates among those aged 15 years and over declined sharply as educational qualifications increased. Furthermore, the study found the poverty risk among those with university education to be less than half the rate among those with no post-secondary qualifications. Since we are so concerned about prevention, that is a critically and vitally important piece of information. The NATSEM study

also pointed to the positive relation between increased educational qualifications and enhanced earning capacity.

To jump for the moment to the next page, page 5: another study showing the very important relationship between socioeconomic status and educational outcomes was recently put out by the Australian Council of Educational Research. Look where the focus is here. This study emphasised that what is called the ‘school level influence’—that is, the proportion of higher or lower SES parents in the school community—impacts on the level of literacy achieved. The achievement trends in the report suggest that it may be more appropriate to re-evaluate which programs should target individual students and which should target schools. So that impact of the present socioeconomic status is important not only for the individual and the family out of which the individual comes, but also in regard to the degree to which there is a concentration of lower socioeconomic status within a given school. The report went on to point out that that is so strong that even highly gifted students’ performance was reduced in that context as opposed to being in schools where the proportion was not concentrated so greatly.

I will go back now to page 4. What we have just looked at in those reports, and what I have tried to focus on and highlight, is the interdependence between educational preparation and socioeconomic status, and socioeconomic status and attitudes towards ongoing education and learning. In this next section of reports, what we are pointing to is that investment in education pays benefits, and it pays benefits mightily well to save societal expenditure over the long term.

Other research now confirms that high school completion rates are inversely related to negative social outcomes like crime. For example, the report by Chapman which is referred to came out of the New South Wales Bureau of Crime Statistics and Research and was titled *Unemployment duration, schooling and property crime*. What the report showed is that the longer people stayed in school, the less the likelihood of the criminal incidence of property crime. In contrast, there is much to be gained—as stated in these other reports that I am going to refer to—by attracting people who are thinking of leaving school, or who have already left, into further education and training programs by developing learning systems that can respond flexibly to diverse learning needs not presently being met by the majority of school and university programs for the general population: the needs that are not being met for those who come into the category or cohort of early school leavers. Those studies, which you will find in the reference list, were carried out for the Dusseldorp Skills Forum by Applied Economics. The findings of those two studies have also been supported by the release of several reports commissioned by the Business Council of Australia that quantify the costs of early school leaving at an economic and individual level, and outline policy solutions.

The relationship between education/lifelong learning and overcoming disadvantage is a complex one. Indeed, another report to which I refer here, by UNICEF, points that out. It concluded that it is not possible to isolate single factors within learning systems to account for differences in educational outcomes. What does that mean? It means that, instead, we have to consider a variety of factors within the broader context of the lives of the students and their families. That is one of the key reasons why the Smith Family focuses on a program that addresses disadvantaged children and young people in the contexts of their families. I hope that theme will rise to the surface in importance as I proceed through the presentation.

The UNICEF report emphasised the relationship between educational performance and pre-existing inequalities in society, and the critical contribution that can be made by broad access to quality early childhood education and care programs. Such programs are one of the most important areas in which to invest resources for overcoming barriers to educational performance. That introduces a whole other perspective to the impact of the research here. We cannot simply look at the schools; we have to get to the families before the entrance to school comes about. The growing body of evidence in this area highlights that good education and learning experiences are critical in overcoming disadvantage at all stages of the life cycle, including those addressed outside periods of compulsory education.

I have a final thing to say under this survey of research, on page 5. In addition to the research I have referred to, which points out the interdependence between education and socioeconomic status, preschool factors—early childhood and preschool importance—as well as the value add for society of investing in the development of learning systems that will get people who leave school early back into an educational and a labour market pathway, are incredibly strong. But, in addition to all of that, a recent article in the *Journal of Sociology*, entitled ‘The influence of social and economic disadvantage in the academic performance of school students in Australia’, pointed out how education is a key factor in addressing both short-term and long-term poverty risk.

As I have said from the very beginning, if there is one message I want to leave the committee with, it is that we are on about the prevention of poverty. That is why we have all of this emphasis on education/lifelong learning as routes to educational participation in preparation for social and economic participation. We can see this finding especially in intergenerational effects, as the *Journal of Sociology* points out. Children from low SES families do not perform as well at school as children from high SES families. Better performance at school is a contributing factor to children from high SES families having greater capacity and also having families of their own that create a context in which their children will be able to achieve well.

Having made that point, which is the first key point of the evidence for what we are on about in our report, we want to address the related question of financial barriers to participation in education. I hope you can see the logic that we are trying to create here. If there are significant financial barriers—this is a complex issue—they have to be looked at. Access to education and lifelong learning for low-income households is particularly impacted upon heavily by other life demands and expenses. After basic expenses for housing, food and transport are taken care of, there is not very much left for low-income households to invest in the education of their children. We believe that this barrier places those children and their families at risk of not being able to participate in the education and lifelong learning opportunities that are becoming increasingly necessary for equitable social and economic participation.

In the *breport*, the chapter on financial barriers uses data from the 1998-99 Household Expenditure Survey, released by the ABS in September 2002. For the sample of just under 7,000 households, the ABS collected information on households’ incomes, spending, debts, financial stress and other socio-demographic characteristics.

Please note the summation, at the top of page 6, that NATSEM drew for us. Average-income households spend approximately \$700 on current goods and services per week. Low-income households spend approximately \$350—so roughly half of that—and high-income households

spend \$1,040 per week. Low-income households are spending half as much as average-income households and one-third as much as high-income households. Spending on schooling—we know this—increases steadily with household income. The point we are trying to make here is that, after a lot of the expenses in low-income households are met, there is very little to invest. For low-income couples with children, schooling costs, or what they can manage, are about \$11.10 per week—that is, 1.8 per cent of the total weekly budget. Low-income households with children devote more than half of their entire weekly budget to food, housing and transport.

We believe that one area that needs rethinking, as pointed out in the report, is the \$43.50 per week that is part of the social wage in relation to education. It has been arrived at in relation to all low-income households. Let me explain what I mean by that. That is households both with and without children. But that figure might have been significantly different if it had been determined on the basis of low-income households with children. That is something that needs to be reworked.

For high-income households with children, schooling costs about \$51.30 per week. I do not know about you, but when I first saw that figure I thought, 'Surely it must cost more.' But, when I pursued the background of the determination of the figure, I was told by our colleagues at NATSEM that the total is smaller than might have been expected because 58 per cent of high-income households send their children to government schools. In addition, a good proportion of those who send their children to non-government schools send them to Catholic schools, which have relatively low tuition rates.

I move now to our third major point, at the bottom of page 6 and all of page 7. A further element of the evidence is the distribution of government taxes and benefits. This needs to be looked at. The impact of indirect taxes and benefits on low- and high-income households, from the perspective of the Smith Family, is that, while significant—they do bring about some significant shifts—they have not been able to enhance adequately the capacity of low-income households to invest in the education of their children. In addition to reassessing and finetuning how indirect taxes and benefits are targeted—namely, the regressive relation of assistance for families in the first and lowest income quintile, in comparison with those in the second and third quintiles—we probably have to find other ways to assist low-income couples to invest in the education of their children.

The extent to which the government supports the living standards of low-income groups via the provision of free or subsidised services such as health, education and housing is illustrated in table 1, on page 7, and merits further review. That table, which I have simply replicated from the report, gives you the hard data, so perhaps we can now go to the analysis at the bottom of the page.

Direct cash benefits, such as age pension and unemployment allowances, are heavily skewed towards lower-income groups. That is the good news. However, while indirect benefits, via the usage of free or subsidised social services, are also skewed towards lower-income lower groups, this is not in nearly as targeted or effective a way as the direct cash benefits. In particular, the second-lowest- and middle-income quintiles receive higher indirect benefits than the lowest-income quintile. I believe you heard testimony yesterday pointing out how difficult it was for a mother on \$6,200 a year to take care of the expenses of her family, and that is a very good illustration of what I am trying to say here in greater detail.

'Final income' incorporates private earnings, social security cash payments, indirect benefits such as education and health, and the impact of indirect and income taxes. The relationship between disposable income and final income shows the net impact of the indirect benefits provided by the government and the indirect taxes paid by the households.

On page 8 I explain some of the further implications of that present system of the distribution. In particular, I point out the third paragraph, which says that, overall, the final effect of the benefits and taxes referred to in that table is more progressive than you would have found if you had looked at the ABS Fiscal Incidence Study. That is because NATSEM went the further step to rank households by a needs adjusted measure of income, rather than just by gross income unadjusted for household size. In determining which households are high income and which are low income, the ABS looked at the total income of the household, not how many people that income supports. Families with children tend to consume significant amounts of government-provided social services—but also tend to have middle to high incomes, as the parents are general in their peak working years.

While we looked at the private expenditures of households upon their children's schooling, table 1 emphasises again the importance of the public contribution to education. For low-income households, education benefits amount to an estimated \$43.50 per week, almost one-fifth of the disposable income of such households. Clearly, low-income households would experience even greater difficulty in educating their children and themselves than they do at present, in the absence of public education.

I would like to walk you through one more area of evidence that we are working on in our report: the types of households with low incomes. While the report looked at seven different types of households with low incomes, three in particular were especially relevant to the strategic work that we are trying to do with children and young people from disadvantaged families—namely, sole parents, who make up 12 per cent of low-income households; couples with children, who make up 11 per cent; and single persons under 30, who make up three per cent. Today in Australia, children and young people reside in almost one-quarter of low-income households where expenditure on education is very low in comparison with other households.

Previous research has shown that young singles—in the context of these demographic groups—are a group with particularly high poverty rates. Our report suggests that young singles, perhaps more than any other group considered, place maintaining a roof over their heads before many other needs. On average, low income younger singles spend an estimated 29 per cent of their total weekly spending on current housing costs. In most cases this group is struggling in the private rental market, with 70 per cent renting privately. Low income young singles have the highest rate of housing stress of any of the household types considered in our report, with almost four in every five low income young singles reporting housing costs that exceed 30 per cent of their disposable income. Low income young singles spend the same proportion of their weekly budget on food as the average Australian household. Just over four-fifths of all low income young singles report receiving pensions and allowances.

That is our survey of evidence. I would like now just to go through the final section of our presentation which we have headed 'Policy Implications'. We are going to return to the four policy implications I mentioned in the introduction to the presentation. The focus here is to try to

identify the critical activities which have to be leveraged if these policy implications are going to be translated into practice and also have impact.

The first set of activities coming from those policy implications is what we would call refashioning our learning systems. Schools, in particular, play a central role in preparing young people not only for work but also for future learning. That is a key: it is not just for a job, but for future learning, now so central to successful engagement in the work force and for living.

Students at non-government schools were found in our study to be less likely than those at government schools to have learning problems, with 22 per cent of children from low income households at government schools being affected by learning problems but 17 per cent of a comparable group attending non-government schools. Positively assisting students at government schools to overcome their learning problems would address this current disparity.

Why do we say this? *Barriers to participation* indicates how a program like Learning for Life, which links financially disadvantaged students in to a network of support, can impact positively on their experiences of and attitudes towards learning. *Barriers* also confirmed the strong association between a parent's education level and, especially, a student's positive attitude towards school and learning. Further, it found that the role of the family and family support structure had such a strong bearing on a child's learning outcome that the authors of the report were moved to conclude:

... family background mattered more for school outcomes than what happened in the school.

So that whole nexus between what is going on in the family and what is taking place in the school is critical.

Policy responses supporting parents in their role as a child's first and primary educator are warranted. Expanding the ability of a school or learning environment to better provide for a preschool child or young person's needs should also be a focus of both government and the community sector.

Interestingly, in the chapter in *Barriers* that deals with the educational barriers we found that students from low income single-parent households were much less likely to experience learning difficulties than were students from other low income households. This suggests that single-parent families, although facing other pressures, are succeeding in preventing learning difficulties from impacting on their children's education. Further research to assess the role of this particular finding in the learning outcomes of children from low income single-parent households is warranted.

Another very important finding is that whether or not a student can start planning their future is key. The long-term goal of a young person was found to have a bearing on their learning attitude. This suggests a role for increased support for student planning during schooling. It also suggests that efforts should be made to attract early school leavers into further education and training programs by developing learning systems that can respond flexibly to diverse learning needs not presently being met by the majority of current school and university programs.

Findings that HECS repayments and tertiary costs increased steadily with household income, and that spending on schooling also increased steadily with household income, argue in favour of the continued provision of readily accessible education at all levels. It is important to ensure tertiary education remains accessible to students from low socioeconomic backgrounds if opportunities are to be made available to all.

Importantly, the report reiterates that it is not possible to isolate single factors within learning systems—as I have mentioned earlier. Accordingly, policy measures that allow for multiple and different interventions and forms of prevention are required. One size does not fit all, yet starting young and early is becoming a more recognised method for preventing long-term problems, with early childhood programs now one of the most important areas in which to invest resources effectively and efficiently for overcoming disadvantage and avoiding further drain on state resources.

A third area where the leveraging of critical activities is very important for the implementation of these policy implications that we are making is consolidating the welfare reform agenda in response to social exclusion. Inherent in the Smith Family's emphasis on education/lifelong learning is the recognition that the barriers to participation are complex. As this year's report indicates, they include, among others, limitations placed on investment in education by low income families, attitudes to education that can be formed in some low income families if the parental level of education is low and restricted access to ICT experienced by children and young people in low income families.

The further development of a broader range of opportunities to participate for social wellbeing in community activities or organisations, in order to engage those at risk of social exclusion, should also be reviewed in determining the future of welfare activity. To this end, the Smith Family encourages the Commonwealth to pursue the expansion of the role of activity testing in a reformed welfare system. Lifelong learning, be it formal tertiary education leading to specific qualifications, vocational education, or training in the use of information communications technology should become, we believe, a more critical, central component for preventing the current recipients of welfare from future reliance on social security.

There is also a case to suggest, from the evidence, that the reform of the welfare system should recognise the importance of more effective parenting in seeking to prevent children in disadvantaged families from future reliance on a system of social support. Furthermore, participation in dual generational learning—that is, involving the parents in the learning experiences of the child—in the education of young people through active parental involvement, through development of information communications technology skills, or through engagement in structured parenting courses promoting awareness of a child's continuing development needs, would provide a very important investment in the nation's future.

In the next few paragraphs of the written presentation I simply reiterate some of the demographic groups which have to be addressed. Let me move on now to the final area of critical activities which we believe have to be leveraged to ensure that these policy implications are translated into practice. This is ensuring an inclusive ICT framework.

Unequal access to and usage of ICT across the population—what is commonly referred to as the digital divide—is compounding disadvantage for some, because having access to ICT is

becoming central to being able to fully participate in the economic, social, political and cultural spheres of society. It is not a luxury. Access to ICT also influences participation in education/lifelong learning and access to services. The increasing sophistication of ICT will continue to change the way in which businesses, governments, communities and individuals operate and interact with each other.

Barriers affirmed that a growing trend in access to ICT by all socioeconomic groups was clearly established. That is good news, as far as it goes. Yet groups in access to ICT were also identified. The report indicated a need for improved access to ICT for specific groups within Australian society and for a focus on the development of ICT skills among these groups.

We found this quite interesting: while ICT access was not affected by whether a household was situated in a metropolitan or non-metropolitan area, as many as three-quarters of students in this study—they would be from low SES strata—did not use the Internet at home. When you compare that with the national average, which is that at least half of average households use the Internet at home, that becomes a focus for our consideration—access to the Internet at home. Schools were found to be playing an important role in closing the gap in access to computer hardware and Internet use, but it is home access that remains an area of concern. *Barriers to participation* argued that there should be a focus not only on reducing the cost of ICT but also on ensuring that programs which provide appropriate parenting support emphasise the educational importance of having home access to computers and the Internet in a dual generational approach—in other words, where you engage the parents with the children in the usage of this technology.

In relation to reducing the cost of ICT, telecommunication charges are a more significant part of the weekly budget for low income households than for high income households. While spending on computers and the Internet is less essential to survival, having access to them, as noted throughout this presentation, is becoming increasingly important to enable all people to fully participate in society. Australia needs a stronger commitment to improving home Internet access by low income families, and to support training in the use of these new technologies for older Australians, Indigenous Australians and those impacted upon by the changing labour market.

ICT literacy, particularly among adults, was also shown to warrant attention. Labour market shifts have impacted most on middle-aged single adults, and it is this group who are the target of initiatives such as the Commonwealth's strategy to promote IT skills for older Australians. Indigenous Australians were also found to be at risk of exclusion from the ICT revolution, and should become the focus of future strategies to ensure inclusion.

There are a number of policy implications for responding to the digital divide. As already mentioned, there is a need to find ways to increase home access by low income families to the Internet. It should remain a policy priority, we believe, for all sectors—government, private and nonprofit—aiming to bridge this divide.

It is also important to support and assist the parents of children in low income families in their own ongoing education and learning. Throughout the report, the attitude of parents towards learning is seen as a critical factor in the capacity of children and young people in disadvantaged circumstances to begin to imagine how they might proceed in their own way, in taking advantage

of educational opportunities. The level of parental education was most strongly associated with home access to computers and Internet, as well as computer and Internet usage. Even in low income households where there was very little left to spend on that, if the parents had either a relatively positive attitude towards education or a higher level of education the access was there for the children. This finding is consistent with the key role found for educational level in home access to ICT in a multivariate analysis conducted for us by NATSEM, as well as in two of our own studies to which I refer in the presentation.

While promoting greater home access to ICT for low income families is important, schools also need to be resourced to provide adequate access to ICT. Most students in financially disadvantaged families use computers and the Internet at school. However, the likelihood of students using the Internet at school increases in line with the educational level of their parents.

I come now to the conclusion, and I thank you for bearing with me through that rather extended presentation. It is a truism, but perhaps it needs to be stated, that Australia is a knowledge based nation. The skills required to participate today in our nation differ considerably from those of the past. Learning and lifelong development of learning skills are necessary for all, yet many Australians confront barriers in acquiring these skills of participation, exposing them to a risk of becoming the new forgotten.

Poverty takes different shapes at different stages of our history, but this is what we have been trying to focus upon here—what we project as the new forgotten, those who experience poverty most severely in this new context. We can address it with the type of strategy we have been proposing, and that is what we are recommending to the committee. It is our focus. We are working to prevent this type of poverty. Long before people may have need for social support as young and older adults, there are opportunities for participation in education and lifelong learning that will greatly reduce the likelihood that they might need such support in later life.

The evidence which the Smith Family has been highlighting in today's presentation supports and drives our strategic focus on education and on lifelong learning as the key preventive strategy against poverty. It also supports our emphasis on the importance of developmental participation which takes in the educational, social, and economic dimensions. While the effects of developmental participation as a preventive strategy against poverty are cumulative, a very significant growing body of evidence shows that, although the gains are small in the short term, they increase incrementally and significantly over time. That is what we are working for.

On behalf of my colleagues and our organisation, I would like to thank the committee for the opportunity to develop this connection between education, lifelong learning and participation as key elements in our strategy for preventing poverty and for helping me spell out the rationale for making *Barriers to participation* the centrepiece of our submission. We also wish the committee well in its deliberations and further consideration of evidence presented in all of the submissions.

Senator KNOWLES—Firstly, Dr Simons, thank you for a very comprehensive submission to the committee. It is a very timely submission from the point of view of focusing on education. Clearly, education is a great barrier to people and creates a lot of poverty. I would like to come to some of the specifics that you raise, and one that you just raised near the end of your presentation, and that is to do with IT.

Many of us have had to struggle to get up to date with IT in its basic form if we can and learn as we go along. But I am fascinated to see what you are saying here about Australia needing a stronger commitment to improving home Internet access to low income families. I do not think that you would get an argument about that with anybody. But given the cost of each phone call, for connection and the cost of getting a service provider and so forth, how would you propose that is actually put into action with those attendant costs?

Dr Simons—Some of the practical implications of our policy recommendations have not been fully developed by us either. However, one of the threads throughout everything we have been saying in terms of enhancing the possibilities for participation and education is looking at the linkages between the schools, the communities and the families that are all part of the blend and the mix. We believe that sustainable responses to the issue are things that require input from all sectors within the community, so hence I mention that they should come to the attention not only of government but also of business and the communities in which the people of operating. So there is a certain assumption down the track that for some of these implications to be realised people are going to have to acknowledge different ways that resources can be leveraged and brought into the mix to make it possible.

For example, we are presently working with a high school in Western Australia, Balga Senior High School, where we have what we call the Swan Nyungar sports education program. A key component of the program has been to provide ICT access both in the school and in the home for the students taking part in it. Unfortunately, the speed with which we hoped that might take place has not yet occurred but we do know that, if a school in conjunction with the community and the families with children involved get their heads together on this, the stepping stones to achieving that outcome can be brought about. We are looking at that very closely to see—

Senator KNOWLES—Who supplies the hardware to start with? Who supplies the computers and then who pays for service provider, telephone calls and so forth?

Dr Simons—All I can answer on that right now is that the hardware has been provided through a corporate connection that the principal of the school has and the tricky part, as you rightfully point out, is that having provided the access for a number of different types of disadvantaged students within the school, getting that access through slimline technology in the home has been the further ongoing challenge. The principal has managed to do that in the case of some of those demographic groups but not the particular one we are working with on this point. It is a difficult problem. I do not know that I can say any more to you about practically how that might come about other than we think strongly that the connection between the school, community and families and the involvement of government and business are all factors that have to be identified within a given locale for that to come about.

Senator KNOWLES—I do not think that anyone would disagree with you. I have just been sitting here pondering the way in which it might come to fruition, and that is the tricky part about it. Even if, say, corporations donated the equipment, who provides the maintenance? Who ensures that the equipment at home is well maintained, and whose liability is it under those circumstances, when something is put in under a program, that kids are not accessing pornographic sites on the Net and—

Dr Simons—That is part of the rationale for the slimline technology because it includes—and I am not a technological person myself—safeguards so that what the children have access to use is the content on the intranet in the school.

Senator KNOWLES—So the intranet as opposed to the Internet?

Dr Simons—Yes.

Senator KNOWLES—So we do not necessarily need the Net Nanny; we just need the access to the school.

Dr Simons—What I cannot comment on right now in any detail is that at some point—it is a progressive thing—access would be expanded. In the first instance, my understanding is that it is restricted to the intranet programs that have taken advantage, in many cases, of resources on the Web.

Senator KNOWLES—That is interesting. Now we are talking about intranet as opposed to Internet, and I am a little unsure as to what the cost implications of access are—comparing one to the other. But it may well be less as it is only intranet going through someone else's database. One of the other things that you mentioned was investment in education paying mightily well. No-one would, once again, disagree with that either. One of the things that worries me is that investment can be made and children continually slip through the net from one year to the next not being able to read and write.

I was talking to a friend only last Friday, a mature age student out doing prac teaching with 11-year-olds. She is horrified at the number of children in that class who cannot read or write, and even more horrified that every story they write ended in someone being killed. There are no happy endings to any of the stories. They cannot read or write. I said, 'How do they get from grade 1 to grade 2, to grade 3, to grade 4, to grade 5?' What you are saying here is eminently sensible but we have a problem within the system where the kids are still slipping through the net. They get to year 10, cannot read, cannot write, and people say, 'You have had an education, why can't you get a job?'

Dr Simons—You have pointed out one of the key reasons why our first policy implication highlighted reshaping learning systems. We are not just talking here about new programs because, if you put new programs in a system that is not responsive and sufficiently flexible to the diversity of needs, you will get those types of outcomes to which you have just referred. Again, I can refer to the very innovative initiatives that have been taking place in Balga and in other schools I have become aware of in Victoria, where the realisation that the blend of curriculum, the community context in which the school is situated and pedagogy, or the types of learning experiences that frame the learning that is taking place, every one of those has to be addressed. In relation to a lot of the circumstances that have yielded the types of negative results to which you have referred, there may have been a quite innovative and well researched evidence based program but put in a system that was still not sufficiently addressing some of the pedagogical and community issues that have to be taken into account. If anything, that example illustrates how critically important it is to look at the whole systems issue. This is not simply better programs; this is systems. We must look at refashioning the systems.

Senator KNOWLES—Maybe I am naive, maybe I am just plain silly, but I thought the whole principle of having children examined during a year is so the teacher can assess whether they are capable of being put into the next year. If there is any question about that issue, there are people like deputy principals and principals who will ultimately make a decision. That whole system seems to be falling apart in many areas; the education system needs to have a jolly good look at itself.

Dr Simons—Clearly. Let me also take this opportunity to say that, before I worked at that the Smith Family, I was in tertiary education for 20 years in both the United States and Australia. I have seen the impact of systems that do not adjust, do not adapt, are not flexible and do not take into account the serious question of meeting learning styles and needs as they present. It is very difficult to make these systemic changes; I am not saying that it is easy. But there are only so many times that you can fiddle around the edges with good programs which are within a system that is not going to yield those types of results. The point that you made in terms of performance and outcomes I can assure you is a key issue of people who are focusing on what good educational experiences should entail and involve.

We are not saying that that is no longer a concern; this is what I was referring to when I said that a majority of students who are early school leavers do not stay in the system. They are a symptom of a lack of sufficient opportunities and ways to provide educational experiences, as much as any particular problems they may have themselves in their own development of educational capacities. Both of those factors have to be taken into consideration. I do not think any educationalist—no matter what their philosophy about curriculum, pedagogy and the relationship of the community to it—would disagree that this is for a purpose and an end, and it is for a measurable purpose and an end so that people can have the capacities that they need for participation.

Senator KNOWLES—Why should it be so difficult to either pass or fail? They say that there is a stigma attached to keeping children down a year; heaven only knows that there is a bigger stigma attached to an 18-year-old not being able to get a job for the rest of their lives.

Dr Simons—Clearly.

Senator KNOWLES—I would have thought that keeping a student down a year and not having, obviously, sufficient parental assessment and influence are important factors. A child goes home at the end of the day and the parent says, ‘My kid can’t read; my kid can’t write,’ and then goes off to the school, has a chat to the teachers and finds out why the child cannot read and write. Intercommunication between the two places—home and school—does not seem to be happening.

Dr Simons—I could not agree more. First of all, in another section of the presentation which I glossed over this morning I made reference to the interplay between structural and individual barriers to participation and, specifically, educational participation. A whole set of individual barriers that could have developed through the early school and preschool years, that persist and endure through less than functional family contacts, are greatly going to leave students with deficits in their capacity to participate in a given system or structure.

We have attempted to address that—as have most serious people looking at how to invest properly in young people and young adults so that they can be active contributors to society. They have addressed all of these questions but, in many instances, looking at the problem has tended to hide them from the broader system, as if the guiding assumption has been that the broader system as it exists is more good than not and that we do not really have to address this more substantively than we have been doing in the past. In other words, the problems have been specialisation as opposed to not only addressing the whole broader systemic issue, as I have said before, but also identifying ways that that system grows out of interaction with the community and the families.

I refer to the section in chapter 2 of *Barriers to participation*. When you consider the number of learning for life students that we surveyed in the research—I think there were over 4,000, in comparison with the comparable cohort from the longitudinal surveys of Australian youth, which is ACER's baby—the very simple difference was the knowledge that there was positive support both financially and through contact with the sponsor. It is almost incredible to believe that such a simple intervention could have had such a marked, measurable impact on attitudes to learning, which in turn translated not simply into an attitude but into better performance. What I am saying is that, if anything, your questions, which are extremely well placed, are pointing to the need to start looking at this whole issue of how we make the broader adjustments for the system. It is not just the problem students whom we have to look at; we have to look at the whole cohort of the next generation of Australian children and how they are going to participate in society.

Senator KNOWLES—There is another aspect to this that I seek your advice on as well. You have a child who is learning, and learning well, who leaves school and goes home to an uneducated household. How do you believe society can support that child when they do not have any support in the home? No-one in the home says, 'Have you done your homework?' No-one at home says, 'Can I sit down and help you with your homework?' No-one at home goes and buys them a book. How would you suggest that child can be supported through their education when they do not get any support at home?

Dr Simons—In that question you are pointing out the importance of how much a school in a community interacts with the community because, if it is interacting with the community as well as the families—and let us assume in your scenario that the family is not supportive nor encouraging—there will be joined up services and other outlets available for the child to take part in to compensate for what is lacking in the family context. Again, this is not a desirable. Evidence is showing that the linkage between how the school is situated in and relates to the community is as critically important as the more basic relationship—and the family is the more basic relationship—for the child's participation in school. So those three factors have to be brought together more closely. Don Edgar, about two years ago when he wrote *Patchwork Nation*, talked about all the different types of challenges that have to take place for the relationship between schools and communities and schools and families to come into a more positive position where the outcomes that we look for would be consistently better for a greater number of people.

Senator KNOWLES—But it is having that umbrella, isn't it? You might say it is more of a safety net so that the child has somewhere to go.

Dr Simons—That is right—that there are connections for that type of child beyond simply the boundaries of the school. What Edgar was arguing, which we would agree with completely, is that schools cannot exist as isolated institutions within the community. They indeed must nurture and foster their interconnectedness with the community.

Senator KNOWLES—Finally, Chair, as a West Australian, I would like to compliment on the record Balga Senior High School for the work that they do. They are innovative in so many ways, including their child care and everything else. They are a fantastic school in a fairly tough area.

CHAIR—Dr Simons, you argue on the basis of your research that students from single-parent households are less likely to experience learning difficulties than students from other households.

Dr Simons—Within that socioeconomic strata.

CHAIR—What do you put that down to, considering that you pointed out, if I can recall the statistics, that they spend less than any other group on alcohol but they might spend a bit more on smokes? Is that correct?

Dr Simons—My recollection is that it was not that they might spend more on smokes—

CHAIR—I mean that sole parents get very demonised.

Dr Simons—Clearly.

CHAIR—I would be interested to hear how you account for that.

Dr Simons—The research we did this year did not address the questions which would enable us to answer that particular question. However, the follow-up report that we are working on now, in conjunction with the Australian Council for Educational Research, is going to look specifically at advantaging factors to participation within the family, the school and the community. Having said that, a very large proportion of parents in the Learning for Life program are single parents. In most instances, as we have tried to analyse data in a preliminary fashion, we have already come to understand why some of the students from such limited financial backgrounds can perform so well once they are on the program and have such strong positive attitudes.

This is just a hypothesis at this point, which will be tested in light of the new research we will be doing, but one of the things we have found is that it appears that a large number of the single parents who take part in our program have the very thing I was referring to—a very positive attitude towards education, if not, in some instances, including tertiary level education. After the launch of *Barriers to participation*, we had the opportunity to speak at a number of locations. I spoke at the University of Melbourne and QUT. In both of those instances there was a single mum in the audience who said, ‘Why are you so surprised at that finding?’ What was ironic is that in both Queensland and Victoria they had virtually the same story—three to four children whom they had got through education and were now doing well. In both those instances, apart from all the other virtues that those women may have had, the constant was their attitude to and

conviction about the importance of education and providing opportunities for it, and that attitude moved their children forward. You are quite right in that in general there is a perception which leads some people to demonise or misunderstand the assets and strengths that a number of single parents bring to that very difficult situation.

CHAIR—On page 26 of the *Barriers to participation* report, it says, ‘Smoking, however, features more prominently.’ In relation to young people, chapter 1 of your submission highlights findings that almost half of low-income sole parent households and almost four out of five young single people spend more than 30 per cent of their after-tax income on housing. How does this vary from city to city, and between the city and the country? Have you any figures on that?

Dr Simons—I do not have precise figures on that, but I think you could make a general statement, which I would be happy to check subsequently, that you would anticipate that the housing stress figures would be higher in Sydney and Melbourne and in metropolitan areas in general. But I do not have any hard data on that at the present time. That is another area where we will break data down in subsequent layers of research.

Senator MOORE—I have many questions and I will not ask them all now, because I have had the opportunity to speak to Mr Laverty in Canberra and we went through the original report. One of the buzz words at the moment is ‘participation’—it is used in all the literature. Your research indicates the importance of a positive learning experience and participation. From the stuff that we have received from other places on the expenses of education it appears it is often the non-core education expenses that people are struggling with—the school excursions, the extra activities, the things that build the community of learning. Have you got any views on that and how students’ access to those things links in to their overall positive participation or exclusion?

Dr Simons—If you stop and think about it, we live in a very consumer oriented society. If people do not have access to things that those they are living with do, that has an impact on how they perceive their ability to be part of the group. We are dealing with something that is so simple and basic that someone looking at the original design of the Learning for Life program, when it began in 1988, would almost laugh. But the fact is that it pointed in a very important direction, even before participation became a buzz word. It pointed to how critically important it is to ensure that children feel included. I think it is a basic human need. Children are more vulnerable to the impact of feeling excluded. Adults can be vulnerable to that too, but, hopefully, we have more developed coping mechanisms. So providing resources that enhance the experience of inclusion in the group is a critical component. It is critical whether or not participation is a buzz word. Now more people are recognising how important it is to the outcomes.

Senator MOORE—The graphs you provide do not seem to differentiate between those costs. There are education costs, but we are finding that even in the government schools there are added expenses. That degree of research does not seem to be there, in terms of pure costing.

Dr Simons—We have pushed NATSEM for more details on this point, but we could not get them. It will be part of our ongoing agenda.

Senator MOORE—There seem to be a lot of reports being written. Your report refers to many other reports. Do you have any idea what happens to them all?

Dr Simons—The whole issue that I was getting at when I was trying to identify the critical activities is that the nexus or connection between research, policy and the implementation of policy is an area that presents a continuing challenge on virtually any major societal issue that we look at. The Australian Public Policy Research Network, with Meredith Edwards, down in Canberra, is looking at this issue. There are departments of public policy in universities all looking at how this connection can be made. Fiona Stanley, with the Australian Research Alliance for Children and Youth, is looking at this issue. How can we start implementing what we know? I must admit that when I was going through this presentation over the weekend one of the things I was tempted to say—but I did not and I do not want to be put on record for saying it—was that if you could place the breadth of the evidence on the table—

Senator MOORE—You would not have a big enough room.

Dr Simons—Not only that—and I am not saying this—you would have to be stupid, obtuse or unethical to not recognise that there is more than enough of a basis to start moving in specific ways on this. It is very difficult to translate research into good policy and even more difficult to get the policy translated into implementation.

Senator MOORE—A number of submissions we have received have recommended the formation of a national partnership between business, government, non-government and everybody else who is interested to develop and implement a long-term strategy. Do you have any views on that?

Dr Simons—I think your question ties in with the question Senator Knowles was asking on the cost. There is no way one sector is going to be able to address the issues that we are looking at here. That is why it is not just a platitude. This is necessary in ways that have not been necessary before. There really is a need to leverage and align resources in ways that were not even thought about in the previous century but which are becoming more obvious. On the basis of the research to which I have referred before, this has to be done. It will not happen unless we get all of those sectors on board.

Senator MOORE—In terms of moving forward, the whole concept of your report is to encourage people that there is a positive future through reinforcement and engagement. How do you tell kids that they have a future when we cannot tell them that there are jobs out there? It is chicken and egg stuff. You are encouraging people to believe that lifelong learning will give them a more positive future but, when you look at employment opportunities and the kind of environment we have, how do you link all that into a message?

Dr Simons—Only with great difficulty. I responded to Senator Knowles on some of the problems of lack of outcomes. We are not dealing with new programs; we are dealing with systems realignment. Everything I have been saying about refashioning learning systems has implications for the connection to the work force. One of the underlying reasons for saying that the corporate and business sector have to be part of this is that it is only with their input and connection that the linkages from school to work—and not only from school to work but throughout the life cycle—will hopefully be better synchronised than they are at present.

The lack of connection for people whose learning style does not enable them to experience positive outcomes in learning systems is compounded quite significantly when, as you say—even when they do experience a positive learning outcome—they cannot find work. Business cannot avoid that connection with schools; schools cannot avoid the connection with business. It is a work issue. You do not just educate in abstraction, in isolation; the connection has to be made. That is one of the key reasons: it is not simply for businesses' money but the linkage about what is needed for moving ahead. So what would I say? I might look to one of my staff!

Senator DENMAN—Dr Simons, in your submission you have commented about single parents and sole supporting parents. Where would you put the working poor in that scenario?

Dr Simons—One of our earlier reports—in fact, the very first report that we commissioned NATSEM to do for us—raised the issue of the growing working poor within Australia. I could not make a correlation on the spot between this report and the growing body there, but it would be fair to say that, when we do a further and closer study of single parents in our program, I suspect we will find some in the work force who are still falling in that first quintile and others who are depending upon benefits to raise their family because of the age of the children. My guesstimate in response to your question is that I would imagine that whether or not the single parent falls into the category of working poor would depend on the age of the children as well as, obviously, the type of job they were able to procure. Clearly, that would be a component of it.

Senator DENMAN—In relation to the sorts of things that we are talking about, do you think that health care cardholders should have concessions for access to the Internet?

Dr Simons—I had not thought of it, but it seems to me that fresh thinking is needed in a lot of these things. The health care card has been used for access to a certain limited number of services. Let us put our heads together and see how that might be diversified or spelled out on the basis of need, with a greater on-the-ground assessment of what those needs are in given circumstances.

CHAIR—Finally, Dr Simons, in this inquiry there is an ongoing, underlying debate about the definition of poverty and whether the Henderson line continues to be accurate. Would you like to comment on the various positions, including the Smith Family position, on that.

Dr Simons—Certainly, I would be happy to do that. Some of you may be aware that we spent almost a whole year commenting on this because of the conversation that the Smith Family were having with the Centre for Independent Studies on the most appropriate way to measure the incidence of relative poverty within Australia. The Henderson poverty line was formulated in the seventies, if my memory serves me correctly, on the basis of certain environmental factors at that time that provided an understanding—a reasonable, relative measure—of who might be classified in poverty or, as we would say more accurately today, in 'relative poverty'. Our involvement in the debate which grew throughout the year that we were engaged in it leads me to make a number of observations, one of which is that the measures of poverty are very complex, whether we are dealing with expenditure lines or income lines, and broad generalisations cannot be derived by the application or appeal to any one of those measures.

Unfortunately, in the debate which emerged, it took about four months for people to come to the awareness that, when you look at all the measures and all the complexities and how they

have to be explained, in the final analysis you have to explain your values for why you chose one line versus another. Hence, that connection between the values and the choice of the line is critical. Once people went around in circles for four to five months, there was general agreement that: 'This is going nowhere. We know it is complex. We know there is always going to be disagreement. There will never be full agreement on how we should do this. Let's simply acknowledge the nature of the problem on the basis of the values that our judgment is based on and, more importantly, identify how we begin to address it.' That was the major outcome from what we set.

Having said that, within our second NATSEM report, we made use of the half-average income poverty line—the half-median. It was our belief that, making an appeal to our vision of working for a more caring and cohesive society, the line provided the evidence that we needed to illustrate that a lot of the responses to relative poverty in this country have not been effective and that is why we have to work for a more proactive strategy to address the issue—the very point that I have been trying to make throughout the presentation. So officially that is where our choice of line still is. We have been in conversation with a number of people on that point who argue for the half-mean, and that is fine. We can understand the point but, in retrospect, we realise that it is the values to which you make an appeal for your choice of line and then you identify what your strategies are to address the problem. Those three things have to come into an effective strategy, and that is where we are at. That, in fact, is why this year we did not focus simply on the financial issues, but wanted to expand it so it was a more diversified approach to disadvantage.

Senator MOORE—In your opinion, is there any agreement?

Dr Simons—I think the weight of scholarly opinion in Europe, North America and Australia would probably be moving towards variations on the appeal to the half-mean. But even as I say that there are about four subdivisions on how you apply that. FaCS put out a study last year where the entire survey of the income lines and expenditure lines were all spelled out and the takeaway message was that, if you intelligently apply both of those lines on the basis of your choice, you will be able to make an intelligent assessment to provide a rationale for your strategy to address the problem. Rob from FaCS—and I cannot remember his surname; but it was a FaCS report and I could get it for you—pointed out that, unfortunately, as soon as you start using these lines, the media tends to pick it up, take it out of context—and all your contextualising like your value base and your strategy—and just focus on the line, and that is where we get ourselves running in circles.

CHAIR—Thank you for your very interesting submissions, Dr Simons and Mr Lavery.

Proceedings suspended from 10.28 a.m. to 10.45 a.m.

ADAM, Mr Robert Edward James, Coordinator, Deaf Society of New South Wales, through Mr Andy Carmichael, interpreter

SABOLCEC, Mr Joseph, Executive Officer, Australian Federation of Deaf Societies

CHAIR—Information on parliamentary privilege and the protection of witnesses and evidence has been provided to you. 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. The committee has before it your submission. I now invite you to make an opening presentation to be followed by questions from the committee.

Mr Sabolcec—Thank you for the opportunity to appear before you. We will just highlight a couple of things from our submission and you may wish to ask us questions about other areas. Firstly, I suppose the key point that we want to make in terms of our submission is that at the moment deaf people do not have equal access to employment opportunities. There are two key issues that we raised in our submission. The first one was that employers are not always fulfilling their obligations under the DDA and under state legislation. Specifically, interpreters are not provided for job interviews, for example, and there will be other situations as well such as employment related training and orientation, and we have included a few case studies to give you an idea of that.

In the case of employment agencies, even agencies that are specifically funded to provide services to people with a disability, interpreters are not always provided for job interviews, for example. There is a case study—and all the case studies are real-life examples—where an employment agency refused to provide an interpreter and so the mother of that person going for a job interview acted as a note-taker. So the key issue is the fact that opportunities to employment are not equal; there are barriers there that have not really been dealt with adequately. Obviously, that has implications for poverty and people's income and so on. They are the two key points, but obviously there are other areas that Robert might want to talk about as well that we touched on within our submission.

Mr Adam—The other areas that have a major impact on employment opportunities for deaf people are their educational opportunities such as access to appropriate education and educational services to receive education in their first natural language. Support for deaf people and their families within the education system is severely lacking. There is an awful lot of research and evidence that the average reading age of deaf people is not on a par with their hearing counterparts; it is significantly lower. It is really important, I think, to emphasise that lack of educational opportunities has a major impact on deaf people's ability to take advantage of the opportunities in employment and to improve their lives and their futures.

Another area that is covered in the submission—and one I think the FDS has been very clear about and the Deaf Society believes in—is that deaf people should not be responsible for bearing the costs of access via interpreting services. Deaf people should have equal opportunity to access all different areas in life on a par with other members of our society. Therefore, access should not come at a cost to deaf people. For this reason, the deaf societies have been covering the costs of interpreting services in many situations where there is either little or no government funding

for interpreting services. In Victoria and South Australia there is a financial limitation, which means that deaf people cannot access any free interpreting services at all.

I would like to talk about the implications that this has for the real lives of deaf people. What you can see in the few case studies that we have included in the submission is that limited access to interpreting really creates significant barriers for deaf people when they are looking for a job, when they are already in the workplace and are looking for further opportunities to enhance their skills and to participate fully in the goings-on in the workplace. There is a significant amount of unemployment and underemployment in the deaf community, which has quite a serious knock-on effect in that deaf people are not able to successfully participate in the workplace or to make use of all the training and professional development opportunities. There are increasing numbers of deaf people who want to take advantage of those opportunities and who are becoming more aware of their rights but are not able to access their rights. A really good example is that in Australia there are three deaf people currently who are trained and qualified as lawyers but none of them are working in law. They could not find employment in the legal profession because of the barriers that we have outlined in our submission and today.

There are many other areas of employment life and general life in Australia where deaf people have a need for interpreting services. The funding for those services and the availability of interpreters has created barriers. In other words, the need for interpreters acts as a disincentive for employers to employ deaf people. The majority of businesses in Australia, as we all know, are small businesses, so that extra burden, given deaf people's communication needs, acts as a further barrier to their possible employment. Like I said a moment ago, we have a serious problem of availability of interpreters. In community, medical and legal areas, the budget and the priority that are given to interpreting services are simply lost amongst all the other priorities that governments have. They are some of the main issues that are confronting deaf people in general and specifically in the employment area in Australia today.

Mr Sabolcec—We have made some very specific recommendations. I tend to think: 'What exactly can be done?' rather than saying generally: 'We need to improve this situation.' So we have put some specifics into the submission, but there would be a number of other things that you are probably already thinking about from some of the comments we have made. First of all, agencies that are funded to provide services really must have more stringent controls over the provision of interpreting services, especially for job interviews, orientation and work related training. I have worked at the Deaf Society and I know that we had referrals from other agencies because those agencies simply did not want to deal with a client who was deaf, because there was an extra cost. However, the Deaf Society of New South Wales had a specific budget—we were not given that by the government; we simply allocated that money—to make sure that deaf people were provided with an interpreter. That would be one of our first recommendations.

Given that deaf societies currently provide most of the interpreting coordination in most states and, as Robert has said, much of that interpreting is provided without any government funding, adequate funding for deaf societies for that purpose would be a clear outcome that we would want to see. I gave an example of the ACT government providing funding to ACT deafness resources. We would like to see some funding from the government for deafness awareness training, especially for private sector employers who really do not understand the importance and the benefit of using sign language interpreters to allow deaf people to compete equally for jobs and to then demonstrate their full potential in the work place. That would be the other very

specific thing that we could mention. The ACT model seems to work very well, but that is only in the ACT and is specifically for ACT services.

Senator KNOWLES—I have a couple of questions. There are two interrelated questions. You say there is a problem with the availability of interpreters and that there is then a problem with people not having an interpreter in the workplace. One presumably has to be solved before the other can even be addressed. How would that second problem be resolved with the lack of availability?

Mr Adam—The Australian Federation of Deaf Societies, the Australian Association of the Deaf and the Australian Sign Language Interpreters' Association have been working together on these issues, trying to encourage and improve opportunities for the training of sign language interpreters. We have some training courses in Australia, mostly set at the TAFE level, and in New South Wales we have one course set at the university level. So there are very small, piecemeal strategies, including some by the education department in trying to introduce sign language as a language other than English—this is also happening in Victoria and South Australia, but not in the other states. So it is important for people who want to become interpreters to access Auslan courses and then interpreting courses. In looking to increase those numbers you would be looking to government funding and support for interpreter training courses. That is more of a long- or medium-term strategy, but the immediate issue is that there is a severe lack of interpreters. This issue is faced in New South Wales as it is in the rest of the country.

Senator KNOWLES—But is recruitment the biggest problem, as opposed to the availability of courses for those people?

Mr Adam—As you have said, recruitment is the major problem. But an even bigger problem is the willingness of society and the community to provide access to interpreters when they are available. For example, I have a deaf client within my service who wants to access training courses at work, including very important OH&S courses that are a requirement in the workplace. But the employer is refusing to provide interpreters for those situations. The employer is simply not willing to accept the burden of the cost of providing interpreters. That causes a great deal of frustration on both sides of the equation.

Senator KNOWLES—What would that cost be?

Mr Adam—In New South Wales you are looking at \$165 for a two-hour minimum session for a sign language interpreter.

Senator KNOWLES—So if one is to be in full-time work and the expectation is that there will be an interpreter associated with that person full time, who bears the cost?

Mr Adam—In theory, the employer. But let me point out that it very much depends on the nature of the person's employment. The case that I mentioned is that of a mechanic, and he would only really need an interpreter for large staff meetings that he needed to attend. However, if I decided to become a primary school teacher, for example, at some private school, I would actually need an interpreter with me almost all the time—in all the classes and to attend staff meetings and training. It very much depends on the nature of the person's employment.

Senator KNOWLES—Thank you.

Mr Sabolcec—In many situations, what a deaf person is asking for is an interpreter at a job interview or a major staff meeting. For example, one of the saddest case studies is one where the workplace was obviously going through discussions about downsizing, and an interpreter had not been organised for a meeting like that. That is the minimum, and that is where we are saying that there is still a problem, even at that minimum level, regardless of other situations where it would also be nice to have an interpreter available.

CHAIR—In South Australia we heard evidence that a man who was totally deaf was breached by the Department of Social Security for refusing to attend a telemarketing course. Do you have any knowledge of instances such as that?

Mr Adam—One can see that there are a lot of similar situations in terms of what deaf people are facing on an everyday basis. All I can say is that in those kinds of situations deaf people are severely disadvantaged by not having an interpreter present. To relate more specifically to your example, if I was driving on the Pacific Highway, for instance, and I had a car accident in the country and was taken to Port Macquarie hospital, I would need an interpreter. The first problem I would encounter in such a scenario is telling the hospital services that I need an interpreter. The second problem I would face is convincing them that they are actually responsible for providing an interpreter so that I can access my medical treatment. I would be in a very detrimental position. There are many anecdotes and stories of deaf people's experiences in everyday life that are similar to this and to the example you raised.

Senator MOORE—In my previous life, I was a common user of the service in Queensland for a number of reasons. I am interested in the legal requirements in terms of people's rights to the use of interpreters at Centrelink, in particular—following on from previous questions—and also at Job Network providers, which are the key linkage to employment. What exactly are the legal requirements for the provider to engage an interpreter service for someone who is deaf or who requests an interpreter?

Mr Adam—Under state and Commonwealth legislation there are provisions that provide access to the services you outlined. Also, particularly under the Commonwealth legislation, the Commonwealth is exempt from unjustifiable hardship. So there is a requirement for government services to always provide an interpreter. However, there are so many cases where, for one reason or another, interpreters are not organised. People need to decide whether it is, say, over-the-counter services or meetings with Centrelink staff that require interpreters. As yet there is still a decision to be made within the Centrelink environment as to whether the importance should be given to over-the-counter services or whether it is meetings with clients that are the most important. The problem with the legislation is that it does not specifically say that you have to organise an interpreter. It does not couch things in those terms. The services can sometimes get away with written notes to and from the deaf person. As I outlined earlier, if the deaf person has a lower literacy level, you are running into yet more problems.

If there is somebody in the Centrelink office who has been to some elementary sign language training, their sign language skills are not nearly good enough to be an interpreter, but Centrelink views that training as adequate. Unfortunately, the commitments that government agencies are required to make under the legislation are not very clear. I will return to the example of the

mechanic that I outlined earlier. He did not get an interpreter for OH&S meetings as provided for under the WorkCover legislation, so you are looking at a breach of the employer's responsibilities under the legislation.

So there is a basic problem with communication and the understanding of responsibilities under the legislation. Communication in the workplace often happens in meetings but quite a lot of communication happens on an ad hoc basis outside of meetings. So deaf people are missing out on both sides of that equation. If they miss out on the formal business of a meeting, such as an OH&S meeting, plus they miss out on the casual, informal information that is being shared in the workplace, that can very much add to and compound the frustration that deaf people feel in the workplace. Yet, again, the legislation does not set out in any specific detail what access needs to be provided in the workplace. It also does not prevent discrimination happening in these very basic fora. From our submissions you can see that we believe that accessing and equality to accessing information are the most important things.

Senator MOORE—We have been told in other meetings that the Department of Family and Community Services at the federal level and Centrelink specifically across the regions have regular consultation processes with interested groups in the community in an attempt to improve services and also to develop more effective policy. Are your organisations involved in any of those processes with the departments?

Mr Sabolcec—The Australian Federation of Deaf Societies has not. We are actually in the process of trying to talk to FaCS about a number of issues. So, no, as service providers we have not been consulted.

Mr Adam—The Deaf Society of New South Wales has been in private consultation on services to the deaf community from Centrelink's perspective. It is actually happening now, as we speak.

Senator MOORE—We will be asking the department about these things, but we would be interested in seeing some feedback from your group about any outcomes that you may achieve in that process.

Mr Adam—As I said, the process is ongoing at the moment, so we have not seen any results from this consultation.

Senator MOORE—I am interested as to why the ACT are so good. Do you have any information as to why they have implemented effective processes, which you celebrate in your submission?

Mr Sabolcec—In this area I think they are a very good example. One of the issues that I have been very conscious of is that at the moment federation members basically consist of the states, so we have a deaf society in each of the states. The Northern Territory is an example of where no services have been set up at all. That is something that I am constantly reminding myself of: while we are complaining about the lack of access here, there is nothing in the Northern Territory. The ACT government in this area—and it could be something to do with the fact that, as a new government, they have set up new processes and therefore started with a clean slate—have clearly recognised the need and provided funding. Deafness awareness training, for

example, was piloted and, because of the feedback they received, they continued it. Here the size of government probably makes it harder for us to have any influence.

Probably one of the biggest issues we have—and Robert might want to provide some comment on this as well—is that the deafness sector tends to fall between a number of departments usually. Here we are talking about employment, but we are also talking about services for people with a disability—that is the banner that usually this would fall under. We are talking about interpreting services, which usually fall under Immigration and Multicultural Affairs. If we are talking about medical interpreting, that would come under the Department of Health and Ageing. So we are talking about a number of portfolios, and that could be one of the problems in other states as well. Where do you go, without being told to go down the corridor to the other department. While here the approach has been to be look at the situation as a whole and provide funding, as we have said in our submission, interpreting funding, for example, is not just for employment; it is also for private medical appointments, private legal appointments and dental appointments. They are small businesses that would not normally provide an interpreter, because they would say that it would be unreasonable for them to have to pay for an interpreter in that situation.

Senator MOORE—When I have spoken with different people about this issue, one of the solutions that has been suggested is that now with the use of email and technology there will not be so much need for formal interpreting services. You touched on that in your submission, but I would like for the record to have a statement about how you see that excuse being used—that, as long as you get the written message through an email or note taking, that is enough.

Mr Adam—I would really like to go back and emphasise the educational opportunities deaf people are afforded in Australia. Many deaf people leave their educational experiences with very dissimilar educational outcomes to most other people, and that has a serious impact on their ability to access email, the Internet or any form of the written word in general.

Mr Sabolcec—I think the government has, for probably fairly obvious reasons, chosen to have a situation like this hearing to get feedback from the community, otherwise our submission would have been adequate. I think that is the other thing—you have interaction here. We have the opportunity to get feedback. We can see your faces; you can see our faces. There are opportunities for impromptu questions. There is a level of interaction that I do not think happens with the written word.

Senator MOORE—In discussions Centrelink has acknowledged that they identify Auslan as a language under the language allowance for staff and there is an expectation that there will be people within the department itself who will have those skills. Rather than calling in someone from the deaf associations, with some planning they will be able to use an internal staff member. You did allude earlier in an answer—but I would like it again for the record—to that critical communication between a person and Centrelink about future training. I would like your comment on the availability and effectiveness of internal processes for interpreting.

Mr Adam—As a deaf person, I think it would be wonderful to be able to go to a service provider and receive a service directly in Auslan. If the person had the appropriate language skills, qualifications and recognition—if there were formally accredited staff members—that would be wonderful. The day that we can say goodbye to interpreters and I can interact directly

with service providers will be a great one. However, the problem is that there is always someone somewhere who can sign a little bit—who learnt finger spelling at scouts or guides—and think that that is going to be enough to be able to interpret in a complex and important environment for a deaf person whose future and life are being discussed, as you rightly say.

Mr Sabolcec—I might add: what is the legal requirement if there is a dispute afterwards about who said what, if you have an unqualified interpreter who can sort of get by? I would not like to be an organisation trying to use that as the basis for our defence later when somebody is suing us or we are in fact trying to take benefits off somebody or whatever. I think it comes down to a legal requirement—what is going to be useful to the organisation in the long run. I understand that, if the police use an interpreter, the interpreter has to sign the statement that has been received in order to say, ‘I am an accredited interpreter, and this has been an interpretation to the best of my abilities.’ I have worked in government departments and I have acted as an interpreter in informal situations. I know the limitations of those situations and the communication that would have happened. It might be fine if somebody comes to the counter and just wants the brochure and some basic information, but that is as far as it can go, I think.

Senator MOORE—How long does it take to become an accredited interpreter?

Mr Adam—As long as it takes to become accredited in all the other spoken languages.

Mr Sabolcec—As somebody who did not grow up with the language—my parents are not deaf—I started to learn Auslan about 10 years ago. I am still learning. It is a language like any other.

Senator MOORE—I gave up.

Mr Sabolcec—Right—and I think that is the difficulty. People tend to think, ‘It can’t be that difficult,’ and if I look back I am sure I must have thought that. How wrong could I be? That would be like saying, ‘I know no French but I will become a fluent French speaker and qualified French interpreter.’ That is just not possible—not without a lot of work.

Senator MOORE—Thank you.

Senator DENMAN—Do you have specific problems getting interpreters into rural and remote areas where there are deaf people? I am a Tasmanian, so I know about rural areas.

Mr Adam—It is very appropriate that you ask me that question today because yesterday I got back from Tweed Heads and Coffs Harbour, where I have been consulting with the local deaf communities about important issues to do with service provision. There are large deaf populations in both those towns, in particular, and there are no accredited Auslan interpreters in either town; therefore, deaf people do not receive any services that they should be receiving in an appropriate manner. If you went to Tamworth, Lismore or Newcastle, they are about the only places in New South Wales, outside of Sydney, where there is more than one accredited interpreter. It is a very serious situation in the rural and regional environment, particularly in New South Wales but, as you can then extrapolate, around the whole of the country. It is very difficult to get hold of interpreting services in a timely manner.

Senator DENMAN—Those people would tend to stay in their own communities rather than move to a capital city, because of a lack of money probably, but they would have more support in a city—is that right?

Mr Adam—I think you are right, they would, but a lot of those people simply cannot afford to move to Sydney. They might even have made a life choice; they might have retired and want more sun, like the rest of us.

Senator MOORE—Not in Tasmania.

Mr Adam—I am from Melbourne so I understand the weather situation. People do move to those areas of the coast for their own reasons and, if they are old and they get sick and they are trying to interact with medical services, they face very serious problems.

Senator DENMAN—Non-English-speaking people in those areas would have even more problems, I would suggest.

Mr Adam—In some respects, they can make use of the telephone interpreting service, which is not possible for Auslan. If they go to the doctor, they can have a teleconference face to face with the doctor and with an interpreter in a city location. Unfortunately, deaf people would need the Auslan interpreter, as we have one today, in the situation with them.

CHAIR—Are there any particular issues surrounding disability allowances for support services that particularly affect the deaf community? What happens if someone becomes unemployed and falls through the cracks? Do people know? Can they help? Or are you isolated?

Mr Adam—I do not have any figures or any evidence to back that up that in this environment but there is a disproportionate number of deaf people on the disability support pension.

Senator DENMAN—Do you have any statistics on the number of people who would need interpreters?

Mr Sabolcec—Do you mean how many signing deaf people there are in Australia?

Senator DENMAN—Yes.

Mr Adam—The World Health Organisation has a percentage; it is 0.01 per cent of the population, so one in 1,000 people is deaf and uses sign language. In a population of 19½ million in Australia, you would be looking at roughly 19,500 people who use Auslan as their first language.

Mr Sabolcec—One of the things I was thinking about raising here is that one of the problems we have is that there is very little or almost no formal research into a lot of these areas. For example, the information we have given you is largely anecdotal; we were collecting these figures for other purposes. One of the problems we have is that most deaf societies are fairly underresourced, providing services as best they can, so we have not been able to collect a lot of information like this. Nationally there have been no research projects that have tried to quantify the number of deaf people, the service issues or even the level of interpreting that is being

provided, because there are a number of providers in some states. Deaf societies tend to provide most interpreting but they will not be the only provider in, say, New South Wales.

CHAIR—So you do not know how many deaf people there are in Australia?

Mr Adam—I think the figure of 19,000 that I mentioned is considered to be accurate.

Mr Sabolcec—One of the things that we will be talking about shortly is how to include something more accurate into the census, for example, because the census has not had, as far as I know, a specific question about Auslan users and the deaf community has certainly not been aware of how they could provide that information on the census so that we could get an accurate figure.

CHAIR—We have had a number of the welfare agencies appear before us—St Vincent de Paul, for example—and they talk about people with a number of difficulties. Is there any evidence of homelessness amongst deaf people?

Mr Adam—Again, I think we have to rely on anecdotal evidence. I have met homeless deaf people before, so it certainly is an issue for deaf people.

Senator MOORE—It creates the levels of disadvantage, so it is a layer of further disadvantage and isolation.

Mr Adam—Indeed. For example, one statistic that is interesting is that most deaf people are born to hearing families. There is no shared language and communication immediately when the child is born. There is a lack of family support which sets the deaf person at a disadvantage. When you couple that with the educational opportunities that are missing that I mentioned then homelessness can become a cycle that is even more difficult to break out of for a deaf person compared to a hearing person because they do not have the skills, the education and the communication to pull themselves out of that situation or to seek appropriate services.

CHAIR—If one of the agencies came across a deaf person and wished to communicate with him or her, would they at some point contact your society for basic language skills?

Mr Adam—Yes, the Deaf Society of New South Wales has received referrals where a specific person's first language is Auslan. We receive many referrals from a great many different agencies of that type.

CHAIR—Once again, are these people over 40, over 50? Is there any pattern?

Mr Adam—Not that I am aware of. I think those problems pretty much extend across all the age groups of deaf people.

Mr Sabolcec—I wonder how much is hidden. How many services would know that a person was deaf and would prefer to use sign language? That could be one of the other issues especially for services if the use of a service is infrequent or fairly short. I think this again comes down to the fact that we do not really have a lot of data on this.

CHAIR—By deafness do you mean people for whom Auslan is the first language?

Mr Sabolcec—Yes.

Mr Adam—Yes.

CHAIR—Does that mean that people who may be severely hearing impaired or who have always been hearing impaired are not regarded as deaf?

Mr Adam—Let me clarify the two groups of people and the definitions. People with a hearing loss and the hearing impaired you have referred to are distinct from the people who use Auslan as a first language and who see themselves as a cultural and linguistic minority. They often do not identify themselves as disabled and they do not accept that label. That is the deaf community. But they are actually disabled because of the barriers in society and their lack of access to society. There is a whole other group, the first group, who just have a hearing problem, a loss of hearing or hearing impairment, who want their auditory capacity fixed and who continue to use English as a first language or means of communication.

The deaf community do not see themselves as disabled people. If this room were full of deaf people, for example, and I came and gave evidence to a completely deaf committee, I would not be disabled in that situation because I would not need an interpreter if everybody used Auslan. By the same token, if you came to my birthday party and you were faced with a room full of my deaf friends and you were the only hearing person, the way deaf people would see it is that you would be disabled. So the disability in a situation is in the barriers that are created.

Senator MOORE—Is it self-identification?

Mr Adam—It is indeed.

CHAIR—Thank you very much once again for coming in and seeing us today, and thank you for your submission.

Mr Adam—Thank you for your time.

[11.26 a.m.]

TERRY, Ms Elizabeth Ann, President, Financial Counsellors Association of New South Wales Inc.

CHAIR—Information on parliamentary privilege and protection of witnesses and evidence has been provided to you. 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. The committee has before it your submission. I now invite you to make an opening presentation to be followed by questions from the committee.

Ms Terry—Thank you for the opportunity to address the committee and I commend you for the work that you are doing in this inquiry into poverty in Australia. As background, the Financial Counsellors Association of New South Wales, also known as FCAN, is the organisation that oversees financial counselling in New South Wales. FCAN accredits financial counselling and training courses for New South Wales and accredits New South Wales financial counsellors.

Financial counsellors work in many organisations throughout New South Wales and there are also financial counselling organisations throughout Australia. As stated in our submission, financial counselling is a free, confidential service. Financial counsellors counsel clients to establish rapport to enable through this process an assessment of financial circumstances to ascertain options for clients. Our submission was under the terms of reference:

1(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.

Financial counsellors can assist clients to do a money plan that can act as a budget. The money plan that financial counsellors have is very comprehensive and takes into account all expenditure and income. The money plan is also an assessment tool for financial counsellors in ascertaining options if there are debt problems. Financial counsellors will counsel a client in ways that expenditure may be reduced and in ways to look at spending patterns to assist clients to work towards staying within their income, and they also encourage clients to look for work, if that is the case.

Financial counselling is about empowering the client. The financial counsellor will support the client through a crisis and help to build money managing skills to assist the client to manage their money better to avoid further problems. During the financial counselling process, financial counsellors also educate the client to understand credit and debt issues to hopefully avoid any pitfalls. The education received during the counselling session is an opportunity for clients to gain information relating to their own particular circumstances and is extremely beneficial. Financial counsellors also carry out community education with groups.

Avoiding pitfalls, learning ways to stay within income and being aware of overcommitment with credit can reduce pressures on individuals and families that may come with financial problems. For example, the use of electricity and telephone can be reduced with changes in

behaviour that therefore reduce the next bill. Understanding the importance of doing a money plan before borrowing credit to ensure it can be afforded will avoid a problem unless there are unforeseen circumstances. Understanding that a contract is binding and how important a signature is can be really beneficial to avoiding problems. Also, seeing a financial counsellor if there are credit problems can reduce pressure on individuals and families. I am happy to take questions and make further comments regarding my submission.

Senator KNOWLES—Ms Terry, the role you play is obviously a critical one in trying to avoid long-term poverty—or short-term poverty, for that matter. The cause of poverty is a very real problem that we need to look at in the total context of how people go into such contracts. How would you suggest we deal with this credit card rollercoaster that people get on where the department stores offer months of interest-free loans and everything else that are just a carrot to those who cannot otherwise afford something?

Mr Terry—That is right. I think those interest-free offers are a trap, because people end up borrowing a line of credit, which is charged in a much more expensive way than other credit.

Senator KNOWLES—It is 26 per cent or something, isn't it?

Mr Terry—It can vary depending on the lender. Quite often the finance companies are that high, and higher in some instances. Then there is default interest if they default on the loan. Yes, it can be a carrot to getting people hooked into things that they may not have gotten into otherwise. I think community financial literacy education, which there are some moves toward at the moment, is really important for people to understand those things. When we go out and do education for community groups, people do not understand how credit is charged. They do not understand the debt recovery process. They do not understand that a signature binds them to a contract. These are the things that are really important about financial literacy for people. It should start in schools. There are some programs starting in schools at the moment through organisations.

Senator KNOWLES—That was going to be my next question: are we doing enough in schools to be able to warn people of these traps?

Mr Terry—There is something starting at the moment. We have an adviser on a committee that is being set up by the YWCA, I think, and an organisation called Citicorp, who are looking to put forward some education that involves families as well as children. After hearing from the Smith Family I totally agree that is the way to go.

Senator KNOWLES—How do we go about trying to get the financial institutions to cease their practice of saying to people, 'You can have a credit card and what's more we'll increase your credit limit'? I have known people with a credit limit of \$5,000 who have been written to by the bank to be offered \$10,000 and subsequently \$15,000 and they are on a pension, if you don't mind.

Mr Terry—Usually when the person has had the initial borrowing they have been working and have become unemployed for whatever reason, and that bank has not checked whether that person is still working and able to pay the debt.

Senator KNOWLES—In the case I just cited, they had never had a job.

Mr Terry—There is obviously a lack of checking on the person's ability to pay that. Whichever financial institution lent them the money has not done a thorough assessment of the person's ability to repay the debt.

Senator KNOWLES—This person has two credit cards, and both do the same thing. Both institutions just keep on writing and increasing the limit further. Fortunately, she is a responsible person who just marvels at the fact that this is happening. She keeps on saying to me, 'Have a look at this. How much trouble could I get myself into with this?'

Mr Terry—If they are on a pension and are relying on minimum payment, they will never service that debt, because the interest gets added on and becomes compound. It is a difficulty for people who feel that managing debt through paying minimum payment is the way to go. These are the things we point out in the community education talks we give.

Senator KNOWLES—While the work that you do is absolutely essential to the community, you are really coming in at the tail end of people getting into trouble in many ways.

Ms Terry—Except that when we do give our community education talks, and we all do it individually, then they are the things that we point out to people.

Senator KNOWLES—You are a few lone voices out there though, aren't you?

Ms Terry—We are indeed, yes. In New South Wales I think we have got about 190 members and a good percentage of those are volunteers that volunteer their time. They get to a midlife stage and retrain and become financial counsellors. Our volunteers have to have exactly the same professional qualifications that our paid workers have.

Senator KNOWLES—Do you see any other innovative ways that we can stop people getting on the rollercoaster?

Ms Terry—I think banks and finance companies need to do a more thorough assessment of a client's situation. Maybe when the client had a card they were working and then somehow or another they have become unemployed. Then they are sent an offer to increase the limit that they have got and they think that times are tough and they will take that. Because they are on an unemployment benefits or a pension then they cannot manage that debt without paying minimum payment. So a more thorough assessment of a person's current situation really needs to be made, and financial counsellors have been saying this for a long time. Banks and finance companies may have a record that the person is employed but the person may not be at that time.

CHAIR—Senator Knowles was referring to people with credit cards and that sort of debt. If you go into some of the suburbs around Sydney you see numerous pawnbrokers. They are not debt for credit; they are debt to get through from one week to the next week's pay packet or social security payment. You had some advice to Senator Knowles about more thorough assessment of the situation for finance and credit card companies, what advice would you give us on how to approach—like those pawnbrokers or those sorts of shops you see around the suburbs—

Ms Terry—They are currently allowed within the consumer legislation and, yes, they do charge quite large interest rates—something like 25 per cent a month. They are for putting the goods in there. Quite often people cannot manage that interest either and they end up signing over those goods to the pawnbroker. Except for legislation changes, I do not know what would be possible to stop that happening. Currently it is within the consumer legislation that they operate.

CHAIR—Has that grown to your knowledge in the last few years?

Ms Terry—Pawnbroking?

CHAIR—I cannot recall the name of the stores but you see them out in the west of Sydney—Western Union, or something like that?

Ms Terry—There are different ones around. There are a lot of places like that. We find too that people who have a gambling problem quite often will pawn items, and they are quite an attraction for them to get money to gamble with.

CHAIR—Has there been an increase in this—

Ms Terry—I do not know whether there has been an increase, but I know that not only people struggling to make ends meet use them but there are other groups like people who have a problem with gambling that are attracted to—

CHAIR—Do they come to you?

Ms Terry—Yes.

CHAIR—What advice can you give them if they are paying off a 25 per cent interest rate?

Ms Terry—Quite often by the time they get to us they have either signed an item over or they do not have the capacity to manage that debt. When we do a money plan, that is our most important assessment tool to see what the person's options are. If there is money there to pay those debts, then quite often that is what happens—they have to relinquish the item.

CHAIR—I have seen in some of those places where you borrow next week's pay packet—

Ms Terry—Payday lenders, yes.

CHAIR—What happens there? You said that the people who put the pawn up lose the item. What do they lose with these places?

Ms Terry—They usually get people to put a direct debit on their bank account so that they are lending the money on a short-term basis. They are now under the consumer legislation, which they were not previously because they were short-term lenders under 62 days. But even now the fees and charges that those lenders charge are quite expensive. They get an ID and a pay slip and they get the person to sign a direct debit on their bank account so that when the pay comes in they actually get their money first.

CHAIR—Do you have any idea whether there is a propensity of them in a certain areas?

Ms Terry—No. I just know that they are there and people are attracted to them for all sorts of reasons. Because it is easy lending—an ID and a pay slip—once again there is no assessment of the financial circumstances to be able to pay that debt but because the direct debit is being put on the bank account then they are guaranteed of getting their money.

CHAIR—How does someone get referred to the Financial Counsellors Association of New South Wales?

Ms Terry—Quite often by everything from community organisations to the sheriff's department—if it has gotten to the stage where the debt is being collected through the local court and the sheriff has come with a writ of execution—to local courts themselves and all sorts of places. I cannot think of anywhere else, but people are usually referred through agencies if they come with a problem—for instance, if they have gone to get food vouchers or something like that—and are directed towards financial counselling.

CHAIR—By the time they get to you it has probably exploded, hasn't it?

Ms Terry—There are options for people. We do the assessment and, as I said, the money plan is the most important assessment tool. We do a thorough assessment of the assets and liabilities on the creditor sheet to show what their debts are. They may be joint debts or they may be single debts. There are all sorts of things we need to point out to people about their options within their circumstances. Sometimes it is possible to turn it around. If it is not possible, the other options come into play.

CHAIR—On page 5 of your submission, you talk about people being harassed by debt collectors and that there is an increasing trend for collectors to use intimidation and fear tactics. Would you like to expand on that? For a start, why do you say there is an increasing trend?

Ms Terry—It is what clients report about what happens with their collectors. I think that quite often it comes down to the method of the person who is employed by the collector to collect that money. Sometimes they can be that way. I have had a client to whom the debt collector said, 'Why don't you just file for bankruptcy? They can write most of it off.' That sent my client into an absolute spin and upset them greatly. Sometimes they say things like, 'We can come right now and take your things.' People do not realise there is a process to go through before the sheriff can do that. Because the client does not know that, they can get extremely upset. When they come to us we tell them what the process is and about the fact that there has to be a judgment in the local court before the sheriff can come. Yes, the process can go on, but there are rights and responsibilities within that for both parties.

CHAIR—Is this increasing trend of intimidation that you say is reported from your clients due to there being more debt?

Ms Terry—I really do not know if it is because there is more debt or whether it is because the collectors are getting a bit more enthusiastic about the way they chase debt.

CHAIR—To your knowledge has the rate of interest gone up lately or in the last period or so?

Ms Terry—There are various interest rates on various types of product throughout the lending industry. The finance companies quite often charge a higher interest rate than the banks for their lines of credit, which are credit cards and so on. I do not know that rates have gone up in general, but with these payday lenders—and there are other fringe lenders—we recently saw a contract for a business loan at 96 per cent. There are all sorts of interest rates out there.

CHAIR—Ninety-six per cent interest.

Ms Terry—That is right.

CHAIR—Ninety-six per cent interest?

Ms Terry—It was, yes. That was one of the fringe lenders that are operating.

CHAIR—Was that taken to consumer affairs or would something like that be taken to consumer affairs?

Ms Terry—It was not consumer credit; it was business credit so it came outside the consumer legislation.

CHAIR—How would that have come outside the legislation? In your opinion was that done deliberately to avoid scrutiny?

Ms Terry—I cannot say that. I do not know. The rates vary, and quite often that can be the case.

CHAIR—People get into debt with these payday lenders and on their credit card. Is there any other category?

Ms Terry—There are all sorts of debt. People can be in debt because they have had a car accident when they do not have insurance because they did not realise the need for property insurance. Some people think the green slip covers them.

CHAIR—I did not mean that. I should have been more explicit. Are there any other avenues to borrowing money?

Ms Terry—Other than credit providers?

CHAIR—Other than, say, these payday lenders or by credit card.

Ms Terry—There are banks, finance companies or payday lenders—other fringe lenders out there are lending people money.

Senator MOORE—The report is good—it breaks down the people and the different types of clients that you have. Do you receive any funding from the forms of government to maintain your organisation?

Ms Terry—The Department of Fair Trading funds most financial counsellors in New South Wales. There is some Commonwealth funding, but I could not give you a figure on that. The Department of Gaming and Racing also fund limited financial counselling within gambling counselling agencies.

Senator MOORE—I have always liked that link. You said that you have people who are paid and people who are volunteers?

Ms Terry—In some agencies, they have financial counsellors who are volunteers, but they have to have the same professional standards that we do.

Senator MOORE—You note in your submission what qualifications you need to have and also the ongoing nature—that you have to maintain your skills through different processes.

Ms Terry—Yes, it is annual accreditation of the association.

Senator MOORE—You have about 190 financial counsellors across New South Wales. This is a given question, but could you do with more?

Ms Terry—Absolutely. We have recently put in a submission to the New South Wales government—to the previous minister for fair trading and also a copy to the Treasurer—to ask them to increase funding for financial counselling in New South Wales out of the Treasury funds. There are actually two programs in New South Wales: there is a credit counselling program that comes from Treasury and a trust fund—and we get funded by the interest on that. We have asked for increased funding.

Senator MOORE—With respect to the location of your counsellors, are they spread throughout all the regional areas?

Ms Terry—Yes. There are some regions where it is lacking. If we were to get increased funding, we would hope to put more counsellors there. The travelling situation in Sydney is that, if you cannot get into one financial counselling agency, you may be able to get on a train or a bus and get to another one. But in the regional areas it is much more difficult. We hope that, if we do get some increased funding, that would put some services that are needed in those areas and increase the services that are there.

Senator MOORE—Are your counsellors clearly badged as financial counsellors of New South Wales or are they linked to other agencies, like Lifeline?

Ms Terry—They usually work for other agencies. We all work for other agencies. Even the association's committee carry out their work in addition to their normal casework. I have normal casework. So we all work for different agencies: Wesley Mission, Salvation Army, St Vincent de Paul and different agencies like that.

Senator MOORE—Would the kinds of issues that you have raised on behalf of the New South Wales association be reflected in the other parts of the country?

Ms Terry—I cannot say that specifically, but I would say that they probably are.

Senator MOORE—Do your organisations get together at a national level? Is there a national body?

Ms Terry—There is a national body—the Australian Financial Counsellors Credit Reform Association—and the Financial Counsellors Association is a member of that national body.

Senator MOORE—I have a standard question about the interrelationship with the key welfare agencies like Centrelink. There is a process with Centrelink where they engage with the community and with people who understand the community about quality of service and development of policy. Are you aware of that process? If you are, have you been a part of that kind of consultation?

Ms Terry—Specifically with Centrelink? No, we have not.

CHAIR—In Melbourne, as I recall, we had a number of students give evidence to us saying that they had borrowed in this way to pay their HECS fees. Have you heard any instances of that?

Ms Terry—Not specifically with my clients, no, but there may have been with other financial counsellors.

CHAIR—Are most of the clients who you are dealing with working?

Ms Terry—My specific client group is. My clients are problem gamblers and their families—that is how I am funded. With general financial counselling quite often they are disadvantaged people on Centrelink benefits. But the majority of my clients are working.

Senator KNOWLES—It is funny that you should just mention problem gamblers, because that was going to be my question—what is your incidence of seeing people who are problem gamblers?

Ms Terry—That is my specific client group, because of the way I am funded. Problem gamblers and their families are my total client group. But financial counsellors all over New South Wales have clients who are problem gamblers.

Senator KNOWLES—Is it a widespread problem?

Ms Terry—I think it is. It crosses all age groups and gender. It does not really discriminate. You can be a six-figure income earner and have a six-figure debt. You can be on a Centrelink benefit. It is all relative. Really it is quite a problem.

Senator KNOWLES—So it is a huge source of poverty for the entire family?

Ms Terry—People, especially people on low incomes, can think it is a way that they can increase their income because of the myths—I think they are myths—about winning. People do not generally win in the long term.

Senator KNOWLES—There are people who are addicted to scratchies and then there are people who are addicted to poker machines and the bigger ticket things. What are you seeing as the more common source of addiction for gambling?

Ms Terry—Poker machines, and it has been for a long time.

Senator MOORE—Is that across the state?

Ms Terry—As I understand it, yes. I cannot quote anything specifically, but I just know from my clients that poker machines are the ones.

CHAIR—We had evidence of this in Melbourne. I think we had a case where a group of women used to stake out one machine and they were waiting for the lucky break.

Ms Terry—It is a huge problem, it really is.

CHAIR—They get further into debt, don't they?

Ms Terry—They do indeed. It is not just something where they can say, 'I won't do it any more.' There are a whole lot of issues there about why it happens. So it can create its own poverty. Families are affected by it too, if there is a problem gambler in the family.

Senator KNOWLES—I come from Western Australia and we only have poker machines in the casino. If the casino was over the road from me, I would not go in there; it is just something that, fortunately, I am not interested in. But from time to time when I am in Canberra I might go for a drink with somebody and the pubs have poker machines, and you see the number of women in there—more so than men it appears.

Ms Terry—Men and women—it does not favour one above the other.

Senator KNOWLES—There are older women in there.

Ms Terry—Yes.

Senator KNOWLES—They tell me that pension days are really big days for the pubs.

Ms Terry—It is a big problem but there are a whole lot of issues as to why people get caught up in problem gambling.

Senator KNOWLES—Would you be able to say what the main four or five issues are?

Ms Terry—No, I really could not. There are different issues for different people. There are different reasons why they get attracted to it and they get caught up in it. It is very powerful, I think.

CHAIR—Then they get to a stage where they have lost so much that they have to try and get it back.

Ms Terry—They are trying to chase the losses and that can bring debt problems too.

Senator KNOWLES—Has the legislation changed in New South Wales where clocks have to be put in and brighter lighting and so on?

Ms Terry—There have been legislative changes, but I cannot say what all of those are. I think there was something to do with clocks.

Senator KNOWLES—Are you seeing anything in that change that has affected the behaviour of people you are dealing with?

Ms Terry—I do not know whether the changes have been there long enough to ascertain that, and I cannot say that for my particular clients.

Senator KNOWLES—I can't imagine that a little clock on the top of a poker machine is somehow going to ring a bell with someone and say, 'Quick, I must go home and feed the kids.'

Ms Terry—I think it is because in that atmosphere you cannot really tell whether it is night or day sometimes in those venues. I think the idea of the clock is so that someone may look at a clock and say 'Golly, it is 11 o'clock' or something; whereas, if there is no clock you might not be aware of what time of the day or night it is.

Senator KNOWLES—Is there anything else that we should know about the problem gambler and its effect on poverty that you have not already mentioned?

Ms Terry—Not really. I am not qualified to speak specifically about problem gamblers and the effect on poverty. I can only say that from my client group it certainly can cause poverty or financial hardship because quite often they are working. It is the ones on Centrelink benefits that it can cause real problems for—it takes away the money that should be for food.

CHAIR—I imagine if someone has a problem with gambling, no matter how much financial counselling you give them, unless something clicks in their head, they have to make the commitment, haven't they?

Ms Terry—It is suggested that they have the personal counselling and the therapy to look at what is driving that problem gambling because there is usually something there.

Senator KNOWLES—So you would work in tandem with, say, Gamblers Anonymous?

Ms Terry—No, I work just with the gambling counsellors in the agency. The client would see the gambling counsellor to work on the issues and financial counsellors to try and sought their financial problems out. But without the therapy and without looking at the issues and putting some strategies in place to stop that, you are not going to have a lot of success. But I have had clients who have turned it around, so it is possible.

CHAIR—We did get evidence in Melbourne and Hobart that gambling is symptomatic of some other problem and that has to be addressed—

Ms Terry—As well, yes. It certainly does.

CHAIR—Is there anything else that you would like to say, Ms Terry?

Ms Terry—No. I thank you again for allowing us to make a submission and to speak on this and I wish you well with the rest of the inquiry.

Proceedings suspended from 11.55 a.m. to 12.05 p.m.

BEARD, Mrs Jane Frances, Joint National President, Women's Action Alliance (Australia) Inc.

CHAIR—Welcome. Information on parliamentary privilege and the protection of witnesses and evidence has been provided to you. 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. The committee has before it your submission. I now invite you to make an opening presentation, to be followed by questions from the committee.

Mrs Beard—Thank you for this opportunity to be able to speak to you in person in support of our submission. All I would like to do here is to run through a few of the points that we made. We made a number of recommendations and there are perhaps four or five—maybe six, if I get time—that I would like to address in a little more detail or elaborate on a little bit. As you would have gathered from our submission, our concentration here has been largely on families in poverty, particularly families with children and probably more particularly those whom I think Tony Abbott recently described as the working poor—not necessarily those in receipt of benefits but those struggling to make ends meet on low incomes. Do you want me to run through it?

CHAIR—If you would like to.

Mrs Beard—The recommendations that we have made in our submission that I want to look at here, in this order, are: recommendation 4, which looks at the importance of marriage and intact families as a protector against poverty; recommendation 11, which refers to HECS; recommendation 2, which looks at housing; recommendation 8, which looks at family payments; recommendation 10, which looks at maternity leave; and, if I have time, recommendation 9, which looks at bulk-billing.

Senator MOORE—No. 12 does not look at HECS.

Mrs Beard—No. 11.

Senator MOORE—No. 11 looks at Medicare.

Mrs Beard—Does it?

Senator MOORE—Sorry, it is at the end of your submission. I just thought we could get that clear.

Mrs Beard—No, I will clear that up for the record—I have mixed them up, sorry. No. 11 is HECS.

Senator KNOWLES—It is on the front page.

Senator MOORE—I am looking at the summary where it has the list.

Mrs Beard—It is up the front.

CHAIR—We both made the same mistake.

Senator MOORE—Sorry, we were looking at the summary of recommendations.

Mrs Beard—In respect of recommendation 4, we are really keen that this committee does not neglect the importance of prevention. There are many families in poverty now and it has been well established that marriage is one of the greatest protectors against poverty. Probably it and a full-time income are the greatest protectors for a family against poverty. Study after study has shown that sole parent families are more likely to be living in poverty. Most sole parent families struggle heroically to raise their children, and many of them do a marvellous job. It does not detract from the fact that a solid marriage provides far greater opportunity—in particular for economic security but also for emotional and other wellbeing, particularly for the children of that relationship but also for the partners in that relationship.

In the US there were three studies published in July 2002 which looked at the significantly improved standards of living that mothers and their children have when the mothers are married. For the record, the studies were conducted by Robert I. Lerman, Director of the Labour and Social Policy Centre at the Urban Institute. One study is *Married and Unmarried Parenthood and Economic Well-being: a Dynamic Analysis of a Recent Cohort*. The second one is *How Do Marriage, Cohabitation, and Single Parenthood Affect the Material Hardships of Families with Children?* and the third one is *Impacts of Marital Status and Parental Presence on the Material Hardship of Families with Children*. In the UK there has recently been a book released, *Families without Fatherhood*, which makes the same point. It analyses two large-scale studies of fatherless families in the UK and points out that, where there is an absent father, among many other things, mothers were worse off economically and living standards were far lower. They were not the only factors; there were also increased problems with health and a whole range of issues. In Australia the current issue of *About the House* has an article by Professor Alan Hayes, who acknowledges that half of disadvantaged children in Australia live in single-parent families headed by a mother.

What we need to do, we think, is to try and prevent the problems that arise when marriages break down. We need to talk up marriage. We need to promote marriage. We need to value marriage. We need to support marriage. And, as the recommendation we made in our submission says, we need to encourage those looking to undertake marriage to take it seriously and to undertake some sort of pre-marriage education, if possible, to help them when they get into situations where they have difficulties further on, to be able to work through them and to come out the other end. I think many of us would be aware that marriage is not always easy and, if we have the skills and the capacity to be able to work through the difficult times, we are usually much better off at the end. In fact there was another study a few months ago in Australia which revealed that very fact. I cannot give you the details; I do not have it in front of me. Those families who actually worked through difficult times instead of separating were, five years down the track, found to be far happier than those who had separated.

What we are proposing is that, when couples notify their intent to marry—as they have to do—they get sent as a response a letter of congratulations by the federal government, together with a voucher and a list of pre-marriage courses that are around and where they could go to redeem that voucher to undertake a course to prepare them for the undertaking that they are about to enter. There have been studies in the past that have shown that many couples, after

undertaking a marriage preparation course, actually do not marry. That in itself is a huge saving both to them and to the community at large, as between one per cent and five per cent do not proceed with their marriage after undertaking a course because they discover they just do not have as much in common as they thought they did.

The second thing is to promote things like the government's *Two Equals One* publication that has come out recently, which is excellent. But let us see that get a bit more publicity—let us encourage that to go out to all couples intending to marry; let us see all marriage celebrants get it, to be able to pass it on; and perhaps it needs to go into schools—so that marriage is encouraged, supported and recognised as the important underpinning of society that it is.

The second recommendation I wanted to look at, recommendation 11, is the issue of HECS. We are very concerned about the impact of HECS, particularly on families. Is it possible to table something in writing to you now? I do not have copies of this, unfortunately, but it is a one-page letter that I can read to you. It actually came to our attention only a couple of weeks ago. It is a letter from the husband of one of our members in South Australia and is addressed to Lea Stevens, who is the Minister for Health in South Australia. He has given us permission to use it in these proceedings. I would just like to read it through to you because it really encapsulates what the problem is for these families. It says:

Dear Lea,

My name is Brett and I have worked as a nurse since 1994. I worked for five years in a nursing home. I studied a Bachelor of Nursing full time for three years during that time.

I commenced a Graduate Nurse Program at the Royal Adelaide Hospital in 2000. I am commencing my fourth year as a registered nurse. I have been employed at the Calvary hospital for the past two years and work in the critical care unit.

I understand that the state government has allocated \$1 million—

He then proceeds to describe the particular state government system to assist nurses with refresher courses. I move on to the next paragraph, which says:

I would strongly like to propose at least one strategy to retain nurses like myself.

ELIMINATE HECS DEBT!!

I am married with three young children and my \$35,000 per annum income is not enough to support my family. Every fortnight approximately \$100 is deducted from my salary for HECS. As a young family we are hurting, battling and struggling in this economy. My wife stays home to love and nurture our children whom are all under five.

The Nursing profession exclusively exists to serve the community. Nurses are poorly paid for their workload and the holistic effect they endure from such a dynamic career. Their contribution to society is invaluable and should be appreciated both in thought and in financial support. The least the government could do for nurses is provide free tertiary education. A young nurse should not have to graduate with a \$10,000 HECS debt.

In closing, I would appreciate any efforts you could make to eliminate my current HECS debt before I transfer careers or move interstate for a better nursing lifestyle.

It is signed Brett F. Cusack. Our concern on reading that was that no family who is supporting four or, basically, five people on \$35,000 should be forced into repaying a HECS debt. It is totally unreasonable. It was only on further examination that we discovered there is no allowance for dependants in the payment threshold for HECS. It cuts in at \$24,000 whether you are a single-income earner supporting only yourself or whether you are supporting a family and children. It does not make any difference; you are still forced to make that repayment. This particular family, while they are not receiving the full amount of family tax benefit A which goes to those on very low incomes, are receiving most of it. They are currently receiving family tax benefit A to the measure of about \$8,500 a year, in recognition of the fact that they are struggling, and yet the government considers it okay to take \$2,600 a year out of that to repay their HECS debt. We have made a couple of recommendations here. I would like to add one, having read this, and that is that there needs to be an allowance in the payment threshold for HECS to take into account the number of dependants upon that income. We do it with other forms of income support, to a large extent. It is totally unreasonable that these families should be forced into repaying HECS at this level.

We make two other recommendations about HECS in our submission, and they go to much the same point. It is unreasonable when a wife has incurred a HECS debt, particularly when she is taking time out to raise a family, for her HECS debt to continue to accumulate at the rate of the CPI over the years that she is out of employment. We believe that, in recognition of the fact that she is actually contributing in another way to society and that a continuing increase in her debt significantly impacts on her ability to return to work in the future, her HECS debt should not increase at all while she is out of paid work performing a service to society generally by raising a family. That way, when she does decide to return to paid work, she has the opportunity to go back to it with the debt at the same level it was at when she left, not significantly inflated to the stage where she looks at it and thinks, 'Is it really worth my while to go back? Is it worth my while to try to go back and perhaps even achieve full-time employment at some stage in the future, because once I do, I will have to repay this enormous debt?' We would strongly recommend that.

The second aspect of that, which goes to the position of this family and similar ones, relates to a family having a fourth child. We currently have a major fertility problem in this country, and a four-child family is a huge family in today's society. Why not encourage that family? Why not show that we support that family and eliminate one of their HECS debts, for heaven's sake? If the wife has a HECS debt, eliminate her HECS debt completely when she has her fourth child. If she does not have one but the husband does, eliminate his HECS debt. Make life a bit easier for that family. Large families these days do not do it easy, because for most of them it is very difficult to have two partners in paid work. To have a large family, you really need one there, most of the time at least, to support the family. So that is an elaboration on HECS.

The third area that I would like to turn your attention to is the issue of housing. We have had a housing policy for a number of years. Housing is an enormous problem in society, and our recommendations really go to a very small proportion of that. But it is an area that we perceived an injustice in, and we believe it needs to be addressed. Our submission proposes that families should be entitled to a housing assistance payment exactly the same as that for families that currently get rental assistance. If you are actually paying off a mortgage and you are in exactly the same other financial circumstances as a family which receives rental assistance, you should be able to receive assistance to that same level to assist you in repaying your mortgage.

When we have raised this in other areas, certain people have said that it is not going to do any good because, for a low-income family, it is not going to be enough for them to buy a house anywhere, except maybe out in Broken Hill or somewhere like that. There is some truth to that, but we do not see that as the major benefit of this policy. This policy again turns to the whole issue of prevention. Perhaps I can quote another family situation which is quite close to me, the situation facing another member of ours. This family has seven children and the husband is a sole-income earner. He was on slightly more than average weekly earnings, but they have struggled their whole lives. They really do it tough. He lost his job two months ago, and they are now surviving on St Vincent de Paul handouts and the generosity of friends. He is on unemployment benefits, and they have had to talk to the bank. If this goes on for a couple of months, they basically will not have a house. They will then be in a situation where, instead of struggling and just keeping their heads above water, they will sink completely below and probably never recover. A payment like this would allow such families, during difficult times, to keep their heads above water long enough to get a job again and to get back on their feet so that they do not lose their house, which really is their major protection against poverty, particularly in older age. I really recommend that sort of a proposal to you.

We have elaborated fairly well in our submission on family payments, so I do not want to waste your time going over a whole heap of stuff. I thought I might run through a couple of the principles that we talked about on page 10 in the submission, because when I read them over I thought they probably come over a bit bland. They might not make an awful lot of sense. We have five principles which we believe should underpin tax and social welfare payments in this country. They are A to E on page 10. The first one, principle A, is:

All family payments and tax benefits MUST take into account the number of dependants—

on an income. This comes back to what we were talking about with HECS. We need to look at tax and family payments together to make that analysis. We have a tax system which is very heavily based on the individual taxpayer. That is the way it is structured and it has always been structured that way. If you have two families who are on the same income but earning it in different ways, they will pay different levels of tax. A single-income family where one partner is earning \$60,000 a year will pay more tax than a two-income family where one is earning \$40,000 and the other is earning \$20,000, simply because of the nature of our tax system. There is nothing wrong with that as long as it is then rectified in some other way. Currently, we do that through the social security system or through the family payment system.

Despite all the hoo-ha that is often made about single-income families receiving more benefits than two-income families under the current system, that in fact is simply rectifying the anomaly that exists in the tax system whereby those families are currently paying more tax. It is only fair and just that they should receive that bit more through the family payments system in order to compensate for the extra tax they have been paying. You need to look at that totality—the tax that is paid and the payments received—to try to ensure—and I am moving on to B now; I cannot help myself—that whatever payments are received are neutral and that they are not determined by who earns what and how but by the total amount of income that comes into any particular family and the number of dependants that are supported by it. That really explains, I hope, principle B, which says:

The effect of the combination of tax and family payments should be neutral, ie: total net family income should as far as possible not be affected by the way the income is earned—

whether that is by two incomes, by one income, by one and a half incomes or by whatever combination it might be. Principle C is fairly self-explanatory. It says:

A major priority at all times should be the reduction of poverty traps.

We all know that is an extraordinarily difficult area, and poverty traps are very difficult to eliminate when you have any form of means tested family payments. With means tested payments there are always going to be some sort of poverty traps; it is the nature of such payments. As you start to move out of those levels, you start to lose benefits while you are also paying tax and that creates a problem. The only way to ease it is to slow down that reduction as much as possible—to make it 20c in the dollar and to withdraw it over a very long period.

Principle D is fairly self-explanatory. It simply talks about simplifying and streamlining family payments which, despite the best efforts of the federal government, are still enormously complex for most people. I know we merged 12 payments into three but there are still different parts to all those payments and we have a system now where people are expected to estimate their income 12 months in advance in a society where the idea of having a permanent full-time job now is just not what it was. It can be very difficult to estimate your income for the coming year, and families are facing debts. I know the federal government has undertaken a system to try and rectify that and it will really depend on the outcome of this current financial year to see whether that works or not. We personally have our doubts. We think there needs to be some sort of leeway within the system, perhaps a 10 per cent degree of flexibility, to allow for people making those sorts of errors of judgment and to give them that sort of flexibility so they are not faced with massive debt.

The family payments proposal that we make about a single payment for children as opposed to the three payments—or more than three payments now because there is the baby bonus and all the others as well—is based on those principles of recognising the number of dependants and of treating all families equitably, neutrally, so that payments go to everybody regardless of whether they use child care or not or whether they have a partner who is in unpaid employment or not. We have discovered, particularly through talking to our members, that there is a huge number of families who, while they all get family tax benefit part A, miss out on either of the other two major payments, that is, family tax benefit part B and the child-care benefit.

These families are usually struggling. They are families where both partners are in paid work—usually the husband in a full-time job and the wife in a supporting job—and they structure their working lives around the fact that they have children so one of them is home at all times with the children. So she might work nights or weekends: she might be a nurse and take night work, she might do work in a supermarket on the weekends or whatever. Somebody is always home with the children. They are usually struggling to do that. It does not necessarily provide the best quality of family life. They do not necessarily get a lot of time together, but they see that as important. Those families receive neither of the two benefits because they do not have their children in child care so they do not get a child-care benefit. They do not receive family tax benefit part B because they are both earning an income. Those families are missing out on a benefit that really should be spread among all families. That is the reason for the proposal that

we made about a child-care benefit that is paid per child to all families. It does not have to be in the particular form that we have; they are just the options available.

As for maternity leave, I just want to deal with that briefly—that is recommendation 10. We, with ACOSS, believe that any form of maternity leave benefit or payment needs to be universal. It should not be tied to work force participation; it should not be tied to anything like that. If we are going to support women having children, let us support all women having children regardless. There are many women out there who, based on the Goward model, would not have had 40 weeks of paid work in the year preceding having their baby just because they are working casually and they just do not have that. There is so much casual work around for women now. It is not necessarily that easy to have 40 weeks in the last 52 of paid work. Those women would be entitled.

The wife of Mr Cusack, whose letter I tabled, would not get that if she had another baby. This family is really struggling. They are on \$35,000 a year with three children currently. She would not have been entitled to that if it had existed for any of those children. She would not have been entitled if she had another baby. That is unfair. Any maternity payment should be funded by government but it should be paid to all women who have a baby regardless of work force participation or intention or not to return to paid work.

Finally, I turn to bulk-billing. We are concerned—as I think many Australians are—about the limited availability of bulk-billing. The recent budget has provided some assistance and incentives to doctors to bulk-bill concessional card holders, which is laudable, but it does not really go far enough. There are many families who are not concessional card holders, like the Cusacks, like this family—they would be now but they were not before. They have a paid job; they are supporting themselves; they are keeping their head above water, but they go to the doctor too. Their children get ill and they do not have a concessional health card. These families may well end up being worse off under this current system simply because, in order to offset the increased bulk billing, doctors may increase the fees they charge other patients—and they have been given the leeway to do so.

We are particularly concerned about families with children and the disincentive that it provides to take a child or children to the doctor. Many families, many mothers, as much to save time as anything, will often present at the doctor's with a couple of children in tow. Little Johnny has an ear infection and she seems to be coming down with something too and the parent will take them both up at the same time. So the cost then is obviously for two consultations. These families, many of whom are struggling, should not be faced with the sort of gap payments that we may well be talking about.

We believe that the government should provide some incentive to doctors to bulk-bill families for their children—though not necessarily for the adults. If you need to go to the doctor, you know when you need to go to the doctor and you usually make the effort if you really need to. But children are much more difficult. You can often be very unsure whether a child is really sick or not. You may make the decision that you cannot afford to take the child to the doctor when they really should see a doctor, and it could be based solely on the cost that is incurred. So why not let us have some encouragement to doctors to bulk-bill children in families? That is an option within the framework of the way the government has approached Medicare. Quite frankly, we believe that the scheduled fee for a normal consultation needs to be increased to be

more reflective of the actual costs of providing that service and to compensate doctors more adequately. I think doctors will be far more inclined to bulk-bill if the amount of money they actually get in doing so is more commensurate with the value of the service they are providing.

So they are the recommendations that I particularly wanted to draw your attention to today. I am happy to answer any questions on that or on any of the submission that you may have any queries on. I thank you for your time and your attention. I commend the submission to you and I wish you well with your deliberations.

CHAIR—Thank you, Mrs Beard.

Senator KNOWLES—I think the submission is a very comprehensive submission and you have added to it today. I do not have any further need for elaboration on the issues you have raised. Thank you.

Mrs Beard—Thank you.

Senator MOORE—I have spoken with people from your organisation a few times about the concept of family payments. When you have actually lobbied the government on these issues has there been a response to this approach?

Mrs Beard—On the idea of a single child payment?

Senator MOORE—Yes, a single payment.

Mrs Beard—From various members of government, yes, there has, and there has been support for the idea. But I do not know that it has ever really gone any further than that. There is recognition that, yes, this is probably a good way to go but one of the things that was said to us was that when a cost-benefit analysis was done there were losers and there were winners. Politically it might be a bit difficult because there were a lot of losers as well as a lot of winners and that is never a fun thing when you are a political party, particularly in government. But that is the only real feedback we have had there. It does not mean we do not believe that in principle this system, or something like it, is really the way to go to overcome some of the difficulties in the current system.

Senator MOORE—Your submission actually brings out the issues about the family tax benefit and the debt and recommends the leeway amount which was in place in previous family payments.

Mrs Beard—Yes.

Senator MOORE—Of course there were problems with that as well.

Mrs Beard—Yes.

Senator MOORE—But from talking with your members—and I know that is how you get information—there seems to be more support for the leeway approach than for the current approach.

Mrs Beard—I think so. Families find it enormously difficult to estimate their income in advance; it is terribly problematic. You have situations where a family suddenly find themselves in circumstances where they go backwards; one of them is made redundant and perhaps they receive a large redundancy payment. Most of them do not think of that in terms of income, frankly. It does not occur to them at that time, usually because they are in a state of stress, that they need to ring Centrelink and say, 'I got this payment.' And then they are hit at the end of the year.

There are other families who do ring Centrelink the moment there is a change. It does not change the fact that they are still in debt in the end, even if that payment is reduced. For instance, the big issue for many families with older children who leave school halfway through the financial year and get a job is that they are then not entitled to any family payment for that child at the end of the 12 months. This is despite the fact that for the six months they were supporting them they really did need that money and it was spent on that child. They are then expected to repay it at the end of the year because suddenly that child is independent and they are not entitled to that income. Or, halfway through the year, the wife returns to paid work on some sort of basis and, again, during that six months that she was not in paid work they needed that money, they needed that support, but because her income after that six months is more than it would otherwise have been they are expected to repay the whole of that money for the six months, when they really did need it.

I know it is a difficult problem to overcome because the only other way is to estimate in three monthly periods or whatever, or to use some sort of reporting system. That becomes very complex, especially when you are talking about a payment that goes to so many families. But I do not think we had the same sorts of problems that we do now for families with the previous system, where you based it on your last year's income and you had a 10 per cent leeway, based on when it came out, with your current year. There were provisions in that for major changes in circumstances where you could notify Centrelink; for instance, if you had a baby halfway through that year or you lost your job or whatever, you could notify them in writing and you would receive payment based on your current circumstances rather than the previous year's. I truly think that was better for families because we did not have this major problem of debt that exists now. It is a huge issue for most families, who are struggling to get by.

Senator MOORE—This is a question I have asked a few times of your organisation: why four children for the HECS relief? I have never been able to—

Mrs Beard—It does not have to be four.

Senator MOORE—When I have seen your submissions in the past, I have always said, 'Why is four the magic number?'

Mrs Beard—I guess because four is not going to cost very much; there are very few families in Australia that have four children. But it does provide some recognition for those families, and I think that is the major thing. It would not be a big ask because there are not that many families that have four children, but it is something that might say to people like the Cusacks: yes, you could have another baby. That little bit of assistance can make a huge difference to that family's situation. It sends a message to the rest of society that we support children and we support families. You can make it three; that would be fine with us, but it would cost a lot more.

Senator MOORE—Or seven.

Mrs Beard—No, I would not ask for that. It would be pointless.

Senator LEES—Or the HECS debt level for kids can be waived.

Senator MOORE—Thank you.

CHAIR—Mrs Beard, you might want to take this on notice and go back to your organisation. On page 14 you state that one member recently calculated her effective marginal tax at 101 per cent. I wonder if you could provide the committee with more details of this case.

Mrs Beard—Sure. Which page was that?

CHAIR—Page 14.

Mrs Beard—I will. I did not write the submission so I would have to go back to—

CHAIR—That is why I said you might like to.

Mrs Beard—Yes, I will get that information in writing to the committee.

CHAIR—The alliance's submission makes a point about part-time versus full-time work and the need to create full-time work. Is there anything you would particularly like to say about the difference between where there is a lack of full-time work or there is only the creation of part-time work?

Mrs Beard—We make two points in two different places. Firstly, a full-time job is vital for a family to allow it to stay out of poverty, and that has been shown. The creation of full-time jobs must be a primary concern for government and for employment policy generally, because it is only a full-time job that provides sufficient income to maintain a family—or at least one full-time job. The second issue we look at is the issue of women and employment, and that most women find themselves in part-time or casual work—largely casual work—because that is the type of employment that is widely provided now.

The workplace has become increasingly 'flexible' in respect of working hours, and women increasingly find themselves in casual employment because that is all that is available. The message we have from many of our members is that they would far prefer to be in part-time employment. They find casual work very difficult for a number of reasons, but probably the most important is that they have no guarantee of the number of hours they work in any week or what hours they work in any week. When you have a family, that is enormously difficult to negotiate your way around. You may suddenly get a call to be in on a particular day and you cannot arrange child care or it is just not feasible. If you have part-time employment, where you know that you are working 12 hours a week or 16 hours a week or whatever, and it is on these set days—you might have some degree of flexibility in when you come in, if that suits the employer—that is a bit different. But to work eight hours one week and 24 the next—which can happen, particularly in retail and in some of the nursing professions and that sort of thing—can provide enormous difficulties.

What we are suggesting is that, as far as possible, we should be encouraging part-time employment as opposed to casual employment. We can do that by increasing the loading on casual employment to make it more expensive, so at least those women who are doing it are getting some benefit from it. We should also encourage part-time work because the women who are in it find it has added security, it provides them with the sorts of employment conditions that they would get if they were in full-time employment: they would get pro rata sick leave, holidays and all those sorts of things, which can make a big difference in the long term. So we are very strongly in support of promoting part-time employment as an assistance, particularly to women.

Casual employment is fine when you are a student; it is fine for teenagers and it can suit them very well. It does not suit women with families, usually. They really need that bit more security, that bit more support. You also have a bit more opportunity for some sort of career path with part-time employment than you will ever have with casual employment. You may be able to look at the possibility of promotion within a company, increasing your hours over time—all those sorts of things, which become much more difficult with casual employment.

CHAIR—Thank you very much, Mrs Beard. If you could get that information to us it would be most appreciated.

Mrs Beard—No problem; thank you very much.

Proceedings suspended from 12.44 p.m. to 1.40 p.m.

ADELMAN, Miss Laura (Private capacity)

SAUNDERS, Professor Peter Gordon (Private capacity)

SIMINSKI, Mr Peter (Private capacity)

CHAIR—Welcome. Do you have any comments to make on the capacity in which you appear?

Prof. P.G. Saunders—I am the director of Social Policy Research Centre at the University of New South Wales. My submission is essentially on my own behalf rather than the centre's.

Miss Adelman—I am a Research Associate at the Centre for Research in Social Policy, which is based at Loughborough University in the UK, and I was one of the authors of the appendix to Peter's submission.

Mr Siminski—I am a research officer from the Social Policy Research Centre. I did the work for a lot of the figures that are in the paper.

CHAIR—Information on parliamentary privilege and the protection of witnesses in evidence has been provided to you. 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. The committee has before it your submission and I now invite you to make an opening presentation, to be followed by questions from the committee.

Prof. P.G. Saunders—The main elements of my submission are summarised in a series of dot points on page 2. I will briefly talk through those. In my view, poverty is still an important issue in Australia and I welcome this inquiry which gives us an opportunity to review some of the issues in relation to both how we conceive of poverty and how we measure it as well as the impact of government policies and other factors on poverty in Australia. I take the view that there are problems, which are widely acknowledged, with the existing methods used to measure income poverty in Australia.

My submission is directed at seeing whether or not we can develop what I call a modern definition of poverty, which embodies two important features. Firstly, it contains leading edge expert knowledge and, secondly, it has credibility in the community. I see two features of poverty that should form the basis of a new approach. One is that poverty is essentially to do with the relationship between resources and need, and the second is that poverty, in its various dimensions, is fundamentally relative in both how it is conceived and in how it is measured. There have been many objections to the way we currently measure poverty in Australia. Some of these have merit and some are not quite so convincing. In the submission I have developed a series of measures and tried to demonstrate how different approaches to poverty measurement change the picture of what the profile of poverty in Australia looked like at the end of the last century.

Many of the findings are robust in relation to changes in the way we handle the data. I think, however, that there is a need to develop a new measure, which would require new data, and I have tried in the submission to illustrate the direction in which I think we ought to be going. The submission which Laura prepared for us looks at how the British have gone about trying to develop a new measure which takes the approaches I have used a lot further. I have used existing data that is not ideal for the purpose but gives you a flavour of where I think we might go. Deriving a measure of poverty is important because we want to look at trends and differences in poverty. It is very important to ask these questions: what has happened to poverty over a period of time? Why has that change been observed? What factors can we identify as driving the change?

We want to understand why poverty differs between different groups in the community and get an understanding of what lies behind those differences. Groups might be defined in terms of people's age, their family responsibilities, their labour force status, their location and so on. We need those measures. We also need to start to set targets for poverty reduction. These must be realistic and achievable, and part of the process of setting those targets, in my view, would be to undertake research to establish a new poverty measure that meets the criteria I have set out. That is all I will say by way of introduction. There are a number of figures presented in the report, which I can talk about if needed. They are there to illustrate some of the arguments I have developed.

Senator LEES—As I read your submission I realised it was Save the Children UK that asked for the work to be done. Were you involved in that, Miss Adelman?

Miss Adelman—Yes, the Save the Children work was my work.

Senator LEES—As we try and get a handle on how to measure poverty, what it is and what it means, is it perhaps the level of poverty that children are experiencing that is the really critical issue for legislators? If we have to start somewhere, should we then start with a measurement as to how poverty is affecting children and then perhaps look more broadly at families, the elderly and individuals?

Prof. P.G. Saunders—On one level that is a useful place to start, because if we focus on poverty in children then there are two aspects of that which are very important. Firstly, we can avoid the whole question of blame and who is responsible, because I do not think anyone would dispute the argument that if children are in poverty it is not their fault in any sense of the word. Therefore we can sidestep a lot of issues that complicate other dimensions of poverty. The other reason for starting there is that if there are detrimental effects of poverty on the people who are poor, then it seems to me that they are more serious for children. With children those effects have got much longer to affect a person and can also become entrenched and create entrenched disadvantage that can last through those children's lives. Those seem to me to be strong reasons for starting with child poverty.

Against that, I should say that it does create problems for the way we currently try and measure poverty, because at the moment we try and measure poverty by looking at the situation of the family as a whole and in Australia when we talk about child poverty what we actually mean is poverty among children who live in families. So we identify the family as being poor and then conclude from that that the children who are in the family are poor.

If we wanted to go to a measure that looked more directly at children, which is what Laura—and the work in the UK—is trying to do, it would require a bit of a break from tradition and the way we have gone about it in Australia. For example, we would have to start asking questions like: ‘Might it be the case that there are poor children in families where the adults are not poor, and vice versa? Might there be situations where there are poor adults but they are able to protect their children from poverty so that one could have a poor family but the children in that family would not be poor in any sense?’ These are important questions. We do not really currently have much to go on in Australia about those questions, but the UK work gives us some pointers as to how we might try and get a handle on it. We would need to ask different kinds of questions to the kinds of questions that are currently asked in regular ABS data surveys and so on.

Senator LEES—There are a couple of places—in particular, page 57 of your submission—where you look at all the permutations and combinations and where you look at more than one measure. Earlier on in the submission you also look at different factors. Are you suggesting that perhaps whatever we decide will actually involve a combination of different measurements? Are you saying there will not be one absolute statement of, ‘These people are in poverty,’ but that it may be a case of, ‘If they meet this criteria, this criteria and perhaps this one as well then those people are in poverty’? Also, in your submission you talk about having to have a measure that is readily understood by the community. So how do we balance what seems to come out as the most reasonable possibility technically which may not, on the other hand, be the most reasonable possibility in terms of being readily understood? How do we balance that?

Prof. P.G. Saunders—Certainly I think the more ways we can come at the problem the better, because the danger with putting all your eggs in one poverty line basket, as it were, is that if the poverty line itself is subject to criticism you lose the lot. One important reason for trying to get a number of different handles on the issue allows us to say: ‘These findings are robust at least in relation to this group. We’ve tried five different ways of measuring this group, and on all five measures this group is poor.’ That is much more convincing than saying, ‘We have one measure, and they are poor on that measure.’ There would be a group of people who you might say, being in a situation of marginal poverty, are poor on some measures and not on others. But you would have clear indication there that, if you wanted to focus on poverty alleviation, you would focus on the core group that are poor on all the different measures.

It is important, too, that poverty measures can at some level be understood by the community so that the community can say: ‘I agree with that. That’s a reasonable definition of poverty.’ That does not mean that every single nut and bolt of the technical arguments that are used to undertake the analysis have to be explicable to people, but we have to be conscious of the need to be able to convey the essence of the approach and the essence of the findings in a way that is comprehensible. The kinds of indicators that would be used should be indicators that people can understand and agree with—for example, being able to send your children on a school trip. That might, in the way we actually estimate poverty, be used in a very complicated way, but it is a basic idea that one can say to people, ‘Do you think in today’s Australia that everybody who has school-age children should be able to afford to send them on a school trip?’ My supposition would be that people would say yes, but we could test that proposition. It is possible to have a combination of quite complicated and scientifically sophisticated techniques for identifying the poor but basing them on quite simple notions that have meaning to people and that we can test whether people agree with the ideas or not.

Senator LEES—If we got three easily understandable measures—such as, if a family were under stress, access to schooling, access to housing and the ability to afford a roof over their heads, and perhaps one other criterion—and looked at them, would that be a way to proceed? They would be three things that the community at large could readily picture.

Prof. P.G. Saunders—The way we should conceive and, in practice, measure poverty would do something like that. Whether we actually convey the results of those three measures publicly or whether we try to capture those three measures in some other universal measure, which might be an income measure—people understand income pretty readily—

Senator LEES—That could, say, be a third point?

Prof. P.G. Saunders—Yes. The poverty measures we use currently are income measures. The great advantage of income measures is that people understand what a dollar is and can relate income to their own circumstances very easily. It is a universal currency in a market economy.

Senator LEES—But it may differ from one part of Australia to another. For example, housing would be very different in Sydney compared with Adelaide, where you can still rent a house with three bedrooms and not too far out of the city for \$120 a week, whereas in Sydney you are looking at \$300 probably. So is there a problem if we have different measures of poverty in different parts of the country?

Prof. P.G. Saunders—There are pros and cons to that argument. There are differences in costs of items in different parts of the country. They do not all work in the same direction, of course. In some places where housing is cheaper, food and other things are more expensive. To some degree these balance out. But, strictly speaking, if you want to ask the question, ‘To what extent does a certain dollar value of income allow you to meet your needs?’ you would say, ‘It depends on where you are living in Australia, and I want a measure that is differentiated by region.’ On the other hand, we have tended not to go down that route in Australia. The current poverty line is a national poverty line. Social security payments are determined nationally: you get the same payments and, with some exceptions, you pay the same taxes, independent of where you live. That would open a range of issues that are not currently on the agenda, at least in relation to poverty research differentiating by region, and would also of course complicate things considerably.

Senator LEES—This committee, as we move around, is certainly hearing that costs differ markedly. In one state the cost of housing seems to be higher, or rentals are at least, petrol is up, food is up. You start looking at where do you set the poverty line because, for people who are on that critical edge where the last few dollars make all the difference, where you live can make the difference.

Prof. P.G. Saunders—Yes.

CHAIR—Look at the difference in the price of a loaf of bread.

Senator LEES—Yes.

Prof. P.G. Saunders—I agree. Although the poverty line we use now has been subject to heavy criticism recently, it has served us pretty well for a long time. The Henderson poverty line lasted well for 20 to 30 years. One of the reasons it has endured is its simplicity, and it is partly because we have not gone into those quite complicated issues about location that has kept it as a rather simple message that people can readily understand. If we go the way that you are suggesting and look at direct measures and do not go the step of trying to hang them onto an income poverty line, obviously then we can look at the measures themselves, and location looks after itself, as it were—if your housing is inadequate, it is inadequate, end of story, and that is the indicator.

Location is probably more of an issue in this area now than it has been for a long time. Again, the statistics we use to measure poverty are not a lot of help for us at the moment because most of the ABS statistics that we use tend not to give us much information about location for reasons to do with confidentiality. So it is quite difficult for us to compare poverty in the Gold Coast with in Canberra, say. We cannot do that with the current statistics for technical reasons to do with data confidentiality. But, in policy terms and what worries people, location is a factor that we probably do need to build in more.

Senator MOORE—Miss Adelman, your paper was very focused on the part of the world that it was written about and the data was created by university professionals there. I am interested in the difficulties of translating such a specific study into the Australian environment. Would you consider that to be something that could be done?

Miss Adelman—Certainly. The challenge would be getting the indicators right in terms of the deprivation measures. If you look on pages 54 and 55 of the submission at the tables—A.1 and A.2—of the necessary items, it is getting those so they are Australian specific. At the moment some of them are very British specific. For example, there is a roast joint, and heating would not be important for some parts of Australia, although it would obviously be important for other parts of Australia. So it would mean getting these indicators right. But I think the measure itself is very applicable in relation to what Peter was saying about having income and being able to afford items and necessities. If you were deprived because you could not afford these necessities, that is very applicable to Australia.

Senator MOORE—Was the survey a paper survey of the families?

Miss Adelman—It was face-to-face, structured interviews.

Senator MOORE—Were children open to the process?

Miss Adelman—No. Parents were asked about whether they could afford these items for their children.

Senator MOORE—To me, as the survey is children focused, that is the attraction of actually getting to the kids—it would be useful to have their own input.

Miss Adelman—Certainly. There was a survey prior to this one. This is the poverty and social exclusion survey of Britain, and there was a survey called the small fortune survey which was undertaken by our research centre in 1995. That survey was about expenditure on children, and

that had interviews with parents and with children also. It was from that that the necessary items were drawn for the children.

Senator MOORE—I am interested whether they got the same answers to the questions?

Miss Adelman—Yes, pretty much, in terms of which items were necessities.

CHAIR—Professor Saunders, in your submission and a number of others to this inquiry, it is suggested that full-time employment is the most effective way of preventing poverty. In its submission, the CIS suggested this necessitates the provision of more low-paid jobs. Do you believe that low-paid or minimum wage employment is effective in alleviating poverty?

Prof. P.G. Saunders—Certainly the work that I have done does show very clearly that you really need not only a job but a full-time job to reduce the poverty rate down. If you look at families with at least one full-time earner, poverty is pretty close to zero—not entirely zero but close enough to say that for that group we do not have a problem of working poor. But this is 1998-99 data that we are using, and it does make assumptions about the wage conditions and employment conditions that existed at that time. I do not think one can extrapolate from these results to say that a full-time job at any conditions will lead to no poverty amongst those in full-time work. In my view, there has to come a point at which lowering the wage, whatever its impact on employment—even for people who are in employment at that wage and working full time—will not give them enough income to raise them above the poverty line. How that works out in terms of the current minimum wage I am not familiar enough with my figures to know, but my guess would be that on the current minimum wage, if you were working 35 hours a week and did not have lots of children, you would be protected from poverty on the basis of your wage income.

Senator MOORE—And no overtime?

Prof. P.G. Saunders—Yes. How far you could drop the minimum wage and still stay in this situation I am not exactly sure. I would have to go away and look at the figures. The point is that you cannot let the wage fall, in my view, without consideration to the impact of it on wage incomes for full-time workers. At the moment, we do not have a major problem in Australia of working poor. The problem in Australia about the impact of the labour market on poverty relates to the lack of jobs and not the low pay in the jobs that are currently available. Unemployment is the problem and not low pay.

CHAIR—Is it the same with underemployment?

Prof. P.G. Saunders—I think in relation to poverty it is really a full-time job that matters and, if you have a full-time job and are still underemployed, having more work will not make any difference because you are not poor anyway. So it is unemployment, I think, not underemployment. Underemployment is a separate problem but, in relation to poverty, it does not seem to me to be a serious issue. If one took the logic of the argument that in order to increase unemployment we should let wages fall and that will generate the jobs that will put more people into work, the logic of that argument has to be balanced against the impact of declining wages on the wage incomes of people who are in full-time work. That might well offset any employment gains on poverty. The US is an example of a country where many of the

reforms in the welfare system moved people from being poor and on government benefits to being in work and still poor. I am not sure that is what we want in Australia. I think our wage system has provided us with a reasonable protection and safety net level and I do not think we should be giving that up lightly.

CHAIR—There has been criticism of the ABS income surveys and their use in measuring poverty in Australia. I wonder if you would like to comment on this criticism.

Prof. P.G. Saunders—Yes. Some of the results in my paper try to look at what difference it would make if we allow for some of the criticisms that have been made of the ABS statistics. They are there for people to look at, and I will not comment in detail on those now. Let me say two things to start. Firstly, the way we define poverty at the moment is an all or nothing affair: you are either below the poverty line, in which case you are poor, or you are above the poverty line, in which case you are not poor. That is not a very sensitive measure of how poor the people below the poverty line are. But the point about that measure is that, in order for problems with the statistics to make a difference, they have to be big enough to move people from one side of the poverty line to the other. If the statistics simply cause the incomes of the people who are poor to be understated but they still stay poor, then it makes absolutely no difference to the poverty rate as we measure it. That is really a call for poverty rate measures to be supplemented by more complicated measures that do look at how poor people are. From a research point of view, that is a very important step to take and it is very important also, I might add, in relation to trying to assess the impact of government policies which often have rather small effects on the poverty rate but can have very big effects on the severity of poverty amongst those who are below the poverty line.

With respect to former Prime Minister Bob Hawke's famous child poverty pledge, which you have probably had others refer to in these hearings, the measures that were introduced at that time by the then government had a relatively small effect on the poverty rate amongst children but a very significant impact on the incomes of poor families. That was not picked up by the poverty rate and to some extent the problems with the statistics are not reflected very well in the poverty rate.

Secondly, the Social Policy Research Centre has for the past three years been involved in a project funded by the Australian Research Council in collaboration with the Australian Bureau of Statistics trying to understand these problems with the income statistics. There are problems with the income statistics, it would be fair to say, but I think the ABS is in the process of doing the best it can to address some of the problems that currently exist. We have been involved very recently, and my colleague Peter has been helping ABS to test some of the refinements they have made to the statistics prior to releasing the more recent ones. We are somewhat more confident now that some of the problems with the statistics have been ironed out.

In a way, this is an argument—going back to the earlier questions—for perhaps supplementing income measures with some of these direct measures because they are directly experienced by people and can be more easily observed. They overcome some of the problems with the income statistics where there is either a reluctance on behalf of everybody to provide full information to even the ABS about the details of their income or, in some cases, we forget. There are some parts of income we can remember very easily and other parts, such as the bank account which we have not used for a couple of years, which we completely forget about. It is quite easy for errors to

slip in to reported income in the ABS statistics. I do not think that this is a major problem for poverty research as we have been pursuing it in Australia and, as you will see from the submission, I do try to show that, if you make some adjustments to the data to reflect the income inadequacies, it often does not make much difference to the poverty rates. I think that is quite an important observation.

CHAIR—What about, say, young people? There seems to be some question mark about whether they are actually spending the amount of money on housing that is claimed. It is said that they are living at home and in fact are paying no rent at all, yet they are being counted as spending 40 per cent of their income, or something like it, on housing. Would you like to comment on that?

Prof. P.G. Saunders—This has always been a problem. In fact, going back to the poverty inquiry in the 1970s, it was recognised at the time by Professor Henderson and the other commissioners. They essentially separated out young juveniles, as they called them then—people between the ages of 15 and 25—who were living with their parents. These people were basically not counted in the poverty estimates that were produced by the Poverty Commission. Since that time, the Social Policy Research Centre, which has religiously—perhaps too much so—followed the Henderson approach, has also tended to exclude those groups from its published poverty statistics, precisely for this reason. We have done so because, for this group, there is a suggestion that their income relative to their needs is not being captured very well in the traditional method which assumes that they are contributing an amount for housing costs that may not be realistic.

This has become probably a more important issue over time because policies—particularly social security policy, but other policies as well—implicitly assume that families share their resources to a certain degree. The reason that we have a social security system that provides assistance on the basis of a means test that depends on the income and assets of families is precisely because we feel that within families the resources are shared to the benefit of everybody in the family. So we treat the family as a unit.

But your question gets to the issue of: at what point does a young person move out of the parental family and become an independent family? I am talking here in an economic sense, of course, not in an emotional sense. At what point do they become an independent family? I think the policy for the last 10 or 15 years has been moving towards saying, ‘We would like young people to be regarded as part of the family until further into their own lifetime.’ So policy has made assumptions about the responsibility of parents to provide for their children in various ways, often when they are undergoing tertiary education and so on. That makes this issue of how we measure the economic status of those young people and their poverty status more pressing now, in a way, than it has been in the past. There are more people affected by it.

What one needs to do in that situation is to try a number of things and see whether or not, as we were talking about earlier, all the different ways give you the same result. If we treat them as individuals and assume that they do not share with their parents at all, what is their poverty status then? If we assume that they are just like younger children and share perfectly in the family resources; what is their poverty status then? That gives us a boundary. We know the truth is somewhere between those two extremes. Let us look at how far those two are apart. Let us look at how the gap compares with the poverty line. That way we can start to get a handle on

whether some of these people are genuinely poor, and some of them probably are, or are actually a lot better off than the statistics imply.

Senator MOORE—Professor Saunders, your paper gives a lot of justification why it is not too hard to determine a poverty line, and why people are arguing. Is there going to be an agreed poverty line in our community?

Prof. P.G. Saunders—No, I do not think so. There will be another person with the same name as me sitting in this chair in a minute. He is at the back there somewhere. He and I would probably never agree on a poverty line, but I think we could agree on a lot of things and we probably do agree on a lot more things than people often recognise. The question we need to ask is: what is the range of difference there, and how much difference does it actually make to the picture we get from one set of statistics compared to another? I am less anxious about whether the poverty rate is 25 per cent, five per cent or 15 per cent. I am much more interested in saying: whatever those estimates are, let us look at the groups that are poor on all of the estimates. Are they the same groups? Is it the case that sole parent families are poor on all of those measures? Is it the case that people who live in the bush or in remote areas are poorer than people in the city on all of those measures? Is it the case that people who do not have a job are poorer on all of those measures than people who do? If the answer to those questions is yes—and my feeling is that, within limits, that is true; many of those questions we can answer—it seems to me that we have a lot of a basis on which to construct policy. We know where policies of various kinds are not working as well as they could now, and where we need to direct more efforts. I do have a belief that poverty research still has a very important role to play, but we are never going to agree on a poverty line.

Senator MOORE—I am interested because so much has been written on this issue. There are boxes of papers on the various issues. I am trying to get into my head whether the people who have the various points of view ever get together and actually share these points of view and come up with the kinds of issues you have just said you can agree on as opposed to the things you cannot. Is there a forum where the people who are passionate about and involved in this issue get together and work through this rather than the front page of the media when someone produces a report?

Prof. P.G. Saunders—No is the answer to that, I think. People exchange opinions like ships in the night passing each other by.

Senator MOORE—I hope they are not battleships.

Prof. P.G. Saunders—Yes. At times they possibly are, but hopefully not. I think it is, in this area, unfortunate that a lot of the discussion takes place on the front of the newspapers rather than in more learned forums. I think a lot of the issues we are talking about are what I would call issues of science, and technical questions.

Senator MOORE—Professional issues.

Prof. P.G. Saunders—Professional issues that can be addressed and answered professionally. Some valuable points have come out of that whole debate that have been useful from a professional point of view. But the impression that is left in the minds of people is that it is all

nonsense—'These people can't agree on anything, so let's forget the whole thing.' I think that is (a) very unfortunate, and (b) not right. I think that we could set down a list of propositions that we could agree on.

Senator MOORE—I will ask what is going to become my standard question, I think. In a number of submissions, we have had suggestions that there should be some kind of partnership approach—that we should acknowledge that there is an issue and then get together a form of partnership involving government, non-government, academic, business and all the other people who have an interest in this area, and try to progress. This suggestion has come from a number of people, under different titles, but it is essentially that concept of having a partnership approach to see where we go forward with the whole concept of poverty in Australia. Can you see any value in that kind of concept and, secondly, what is your opinion on such an action?

Prof. P.G. Saunders—With where we have got to now, it probably is a good way forward, yes. With the state that poverty research is in at the moment, some kind of action that is inclusive and that all the key players can contribute to would probably be a useful way to go. I certainly think that we need to develop a framework and a measure of poverty that is independent of government in the sense that we do not want to prejudge what we get out of it at the end of the day. If we are going to develop a measure that is going to endure, it has to last under today's government, tomorrow's government and the government in 10 or 20 years time, and we need to recognise that.

That is not to say the government should not play a role, of course. I am not suggesting that at all. There are a lot of experts in government, and they would be part of this process. I think we have to take the risk, even if we are not quite sure where it will end up. The parameters of the exercise need to be specified to keep it reasonably tight, but it might be a way to go forward, yes. And at an early stage of that process we might well be able to clear away a lot of the confusion and apparent inconsistency and see that in fact we are a lot closer together than is portrayed.

CHAIR—Thank you very much, Professor Saunders, Miss Adelman and Mr Siminski, for coming in this afternoon.

[2.22 p.m.]

SAUNDERS, Professor Peter Robert, Director of Social Policy Research, Centre for Independent Studies

TSUMORI, Dr Kayoko, Policy Analyst, Centre for Independent Studies

CHAIR—I welcome the representatives of the Centre for Independent Studies. Information on parliamentary privilege and the protection of witnesses and evidence has been provided to you. 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. The committee has before it your submission. I now invite you to make an opening presentation, to be followed by questions from the committee.

Prof. P.R. Saunders—Thank you. I thought I might try to do dot points from my dot points. I will try to boil them down to six, which I think are the six issues that our submission focuses on. You covered some of these in the session you have just had with Peter Saunders from SPRC. The first point is the definition of poverty. I was interested in the discussion you just had about whether we can ever get to an agreed definition. I think we can get to an agreed definition. The problem is when we then try to operationalise that definition into a measure of poverty. That is when the problems really start. Poverty is what social scientists or philosophers call an inherently contested concept. It will always be contested. Nevertheless, I think there is a convergence in the debate in Australia around the idea that relative poverty, which is what we are really talking about, has something to do with an inability to participate at some level that the community would recognise as being a minimum acceptable level. I certainly would be happy to go along with that definition and I think most other people would too.

Under my first point, I alert the committee again—it is the point at which our written submission started—to the deep concern I have that an inquiry into poverty and financial hardship should not be sidetracked into an inquiry into income distribution and questions about social inequality. Important as they are, they are not the same issue as poverty and financial hardship. I know that you have received submissions and evidence from others, including some academics, who have suggested that the two issues are so closely interrelated that they cannot be disentangled. They can be disentangled; they must be disentangled.

One obvious piece of evidence for that is the United States over the past 10 years. The States now has its lowest rate of child poverty since the 1970s, largely, I would say, as a result of its welfare reforms. It has its lowest rate of child poverty since the 1970s, but clearly social inequality has increased fairly dramatically over the past 10 years in the States, mainly as a result of higher incomes at the top end. So we can distinguish poverty, which has to do with not having enough resources to maintain a decent standard of life, from inequality, which is to do with not having as much as somebody else has. They are distinct issues, and I think it is important that we only focus on the first in this discussion.

My second point moves from the question of definition, where I think we probably can find some common agreement, to the issue of measurement—operationalising the definition—where

I suspect that we cannot. In our submission we go through various methods that have been used to try to draw a poverty line. The more I look at this the more agnostic I become about the usefulness or even the possibility of drawing a poverty line that is going to mean very much. Sometimes these lines are completely arbitrary. If you are going to draw a poverty line, it has to bear some relationship to the way in which you have just conceptualised poverty. If you draw a poverty line at, for example, half the median income or half the mean income, that is a completely arbitrary definition. It has nothing to do with the way you have just defined poverty conceptually. Plus, those approaches that define poverty in terms of median and mean measures of income are also inherently measures of distribution rather than measures of poverty. They are measuring how much people at the bottom get in relation to how much people on average get or how much people in the middle of the distribution get. Therefore, they are actually better suited to a discussion of inequality than they are to a discussion of poverty.

I am much more favourably disposed in principle to the sort of approach that my namesake at SPRC takes and which the Henderson line originally took, which says, 'If poverty is about inadequate resources delivered at a certain standard of life, let's try and define what those resources are and see how many people do not have them.' But then when you try to actually do that it becomes incredibly complex. Do you include a can of beans or do you include tomato sauce if you already have tomato sauce in the can of beans? What do people need; what do they not need? It becomes incredibly difficult. One of the problems I have with the SPRC's approach to this—the budget standards approach—is that, because it puts so many items in, it ends up being an even more generous definition of poverty than the Henderson line. The Henderson line, which is still used by a lot of people—including the lead organisation in this field, ACOSS, which still insists on using the Henderson poverty line—as I am sure you have been told before, has been grossly inflated since it was originally introduced in 1975. As I put on the little notes here, if you use the Henderson poverty line, it appears that poverty has gone up from 12 per cent in 1990 to 20 per cent today. It is entirely because of the way in which the line has been inflated by using disposable household incomes rather than CPI. So I think there are always problems with defining the lines themselves.

The third point is that there are also—and you touched on this in the previous discussion—real problems with the kind of data that you then resort to to see how many people are under the line that you have chosen. There is now an ABS 'health warning' on the use of the income data that people have been relying on for most of this debate through the 1990s. The ABS—and I have the document if you want to see it—now says, 'Do not use the data on the bottom 10 per cent of reported incomes because it is so unreliable.' Most of that bottom 10 per cent, which of course is the group that by and large most people are converging on when they talk about poverty, are reporting to survey researchers from the ABS that either they have no income at all or they have a zero income. When you ask what they are spending, it turns out that on average they are spending 2½ times what they tell you they are earning. There is something terribly awry in the income data at the bottom end—and, as Peter Saunders just told you, most of the measures of poverty are taking income data. I would be a bit happier if they were taking expenditure data, but they do not; they take income data.

There is also a problem in the fact that these estimates routinely exclude the value of government services like health—Medicare and so on. If you put them in, you will find they are much more valuable, relative to the income you have, to the poorer end of the distribution than to the richer end of the distribution. Therefore, you must factor in the value of these things—but

they tend to be factored out. For me, most importantly of all, this whole approach is a static way of thinking that ignores all the evidence from overseas. We will get this evidence next year, when the HILDA survey gets into its second year and we can compare the people under the poverty line in year 1 with the people under the poverty line in year 2. I will now predict—and put my whole reputation on it—that at least half of the people that you have defined as being under the poverty line this year will not be there next year, because that is what we have found in every other OECD country. In other words, when we look at poverty, for a large chunk of the people we are looking at temporary blips. We are looking at ordinary fluctuations of income that happen over the course of a life.

So, for all those reasons we suggest, I am very loath to put a figure on it, but the lowest figure I found was an eight per cent estimate; the highest I found was something like a 40 per cent estimate, which is just absolutely mind bogglingly absurd. I would say, if pushed, that we are looking at somewhere under five per cent of the population that is in chronic long-term, serious difficulty, and they are the group we need to be targeting.

My fourth point is: why are they in difficulty? As Peter said, and as I am sure lots of other people have said to you, overwhelmingly they are in difficulty because of the lack of participation of any member of the household in full-time, regular employment. That is the cause of poverty. There are behavioural issues as well, and there are all sorts of other bits and pieces that you might find in particular cases, but overwhelmingly the problem we are looking at is long-term unemployment. Therefore, the solutions have to have something to do with how we get people into work.

My fifth point is that the obvious knee-jerk reaction to saying that there are people in poverty, even if it is five per cent, is that we ought to increase the value of welfare benefits and therefore bring them out of poverty. We give evidence in our paper that the welfare benefits are actually much more generous than they are given credit for in discussions in this area. I do not know whether you have seen this material before, but the Melbourne Institute produces this quarterly report which compares the Henderson poverty line, which we have already established is grossly inflated, with the level of welfare benefits. For every single household type in this country bar one welfare benefits are above the Henderson poverty line. The one exception is a single person on Newstart, who is slightly below it. Similarly, if you want to run with a half median income poverty line, you will find that the half median income poverty line is below the level of welfare benefits for every household type. So I fail to see how somebody on welfare could be construed to be in poverty, whether you define it by the Henderson line or whether you define it by the half median income line, when the welfare benefits are above the poverty line.

There are other issues. I have put down there that I think very often in the debate about the level of welfare benefits people throw around aggregate figures about how much Australia spends on welfare as compared with other OECD countries. It is true that we spend quite a lot less than most other OECD countries; that is because we target it better. Work by Peter Whiteford has shown that if you look at the value of net cash transferred to the bottom 30 per cent in the income distribution in Australia you see that Australia comes in third behind Finland and Norway. We are actually more generous than Sweden. We do not need an increase in the value of welfare benefits.

What do we need, then? Our submission ends up talking about issues of labour market reform, which I am sure you will want to ask us about. If the problem of poverty is lack of work then we need to introduce changes in the labour market to make sure that—we have an unconscionably high level of long-term unemployment in this country and, given the strength of the economy, we should not have that number of long-term unemployed—we get those people into work. That means looking at issues about minimum wages and other obstacles to employment.

We need tax reform. I think it is an outrage that we tax people as soon as they hit \$6,000 of income when our welfare floor is \$12,500 of income. Presumably, our notion of what the absolute basic subsistence level is must be \$12,500 yet we start taking money away from people as soon as they earn \$6,000. Then we say, ‘Good heavens, they are in poverty. We need to give them welfare.’ So we are taking money out of one pocket and putting it into the other. I think the best solution to that is to raise the tax threshold back to where it was in 1980. If you had indexed the tax thresholds in 1980, we would now have a personal income tax threshold of \$14,000 before you paid a cent of income tax, not \$6,000. We need welfare reform. We can talk a lot about that. I will not go through it, but there are issues there about parenting payments, about the disability pension, about time limits and so on. In the longer term I think that, as we go into the 21st century, we need to learn from initiatives that are going on in Britain, America and elsewhere about personal savings accounts.

CHAIR—Thank you, Professor Saunders. Dr Tsumori, would you like to say something?

Dr Tsumori—No, I would just like to move on to questions.

Senator KNOWLES—We have had evidence from people who are saying that they are in poverty because they are earning only \$300-odd a week, and I do not think by choice any one of us would ever want to be in that position. However, what you are saying about people excluding the value of welfare exacerbates that problem both in practice and psychologically. We have had evidence where people are saying that, but they then exclude the value of welfare they get and they exclude the value of child support payments they get. If they totalled all that up, they are actually nowhere near as badly off as someone who might be a single income earner without any dependent children working in a part-time job. How do we change the psyche of people to understand where this poverty rationale kicks in when they are deliberately excluding other benefits that they are getting?

Prof. P.R. Saunders—Are you sure it is a case of deliberately excluding? Things that are delivered free or almost free at the point of delivery and which are universal in scope, like schooling, I think will inevitably be taken for granted. People just do not see the value of the service that they are getting. Of course everybody is getting the value of that service—it is raising all boats, if you like—but the point that we make in the submission is that the relative value of that is much higher at the lower end of the income distribution than the higher end. If you really wanted people to understand and value the sorts of services in kind that they are getting then I think the way to do it is to move, for example, in education towards some kind of voucher scheme or tax credit scheme so that the money actually gets cycled through the household and is paid out in return for the service. We all know what the value of the food is that we bring into the household or the value of the car is that we bring into the household. We do not know what the value of the schooling is because it is something that is organised and delivered without ever touching us.

Senator KNOWLES—It is intangible.

Prof. P.R. Saunders—Yes, indeed.

Senator KNOWLES—That is part of trying to get people to understand the true value of the medicines that they receive on the PBS. While they might go and pay \$3 or \$4 for it, or \$20-odd for it, the true value might in fact be \$500 or \$600 for that one prescription.

Prof. P.R. Saunders—Yes, I think that is right.

Senator KNOWLES—Putting the value on the box of tablets actually starts to get through to people the true value of the subsidy that is being provided by their fellow taxpayers.

Prof. P.R. Saunders—Yes. I would have thought that partly your job as a politician is to alert people to the value of the services that you are spending their taxes on.

Senator KNOWLES—That is right, and that is why that situation has recently changed. I think it is important that you talk in relation to things like education, health and hospital care. People might grizzle that there is a waiting list, but at the end of the day they get into hospital and they do not have to pay anything. They do not know the value of the treatment. Someone who goes in for open-heart surgery in a public hospital does not say, 'I am now walking out the door with \$60,000 to \$120,000 worth of taxpayer funded surgery.'

Prof. P.R. Saunders—One can see this in the contrast within the Australian system between the government age pension and superannuation. I have a lot of worries about the way that superannuation is currently organised and funded, but, nevertheless, everybody is fully aware of what their retirement savings are costing them and of what their value is. The age pension, coming out of a general tax fund paid out from who knows where, I think is, again, one of those intangibles. There are concrete examples where if you change the way in which services are delivered you would certainly increase people's sense of the value of what they are getting and their sense of control over what they are getting as well.

Senator LEES—In point (5) of the paper you summarised for us it says:

(5) Welfare benefits are higher than even the most generous poverty lines ...

As we have talked with people here in Sydney, in Melbourne and particularly in Tasmania, the issue that seems to come up where things start unravelling is for those people who get breached. Yet down in point (6) you say:

(Resist any further weakening of breaching penalties)

The evidence we heard yesterday from charities in particular is that the people they are picking up, literally off the street, have been breached. The reason the vast majority of them have been breached is that they believe these people are not able to cope with a regime that requires attendance and that is inflexible. Many of these people are schizophrenics, have drug problems or have alcohol problems. You say here that we should:

Tighten disability pension eligibility rules (get back to the 1980 levels)

Maybe we have a completely wrong set of people on disability pension. The whole thing goes round and round and gets to the point where people are simply not able to cope. Schizophrenics can cope with neither some of work for the dole type programs nor the training programs they are put on. If they are having an episode, they may not even be able to cope with having to turn up for an interview. These are the people falling into chronic poverty. They may indeed be able to survive if welfare payments are regular and they are getting some of the psych support they need, but with the deinstitutionalisation—and for drug dependants having to pay \$50 a week for your methadone program—means that people fall out of that as well.

It seems that we get this chronic problem with this ever-growing number of people who somehow are just slipping through the net and end up with no income for week after week after week until some individual can get them back in touch with social security. Because of the privacy rules, the Smith Family or St Vincent de Paul cannot just get on the phone and say, 'John Smith has lost his pension again. Can you help?' unless John Smith is sitting there next to them. The system just seems, for many people, not able to even be fathomed as to how they manage to actually stay on benefits these days.

Prof. P.R. Saunders—I do take that point up to a point. I think there is, and will be, in every generation a section of the population that is temporarily or perhaps even permanently incapable of organising their lives in such a way that those people can meet the kinds of disciplines that are required either in the workplace or in the welfare system; I think that is right. I do not think that the numbers are as great as we are sometimes led to believe. Again, I go back to 1965. I know it is a different society than it was in 1965. But in 1965 we had three per cent of the population of working age who were reliant on welfare. I suspect that three per cent is probably about the sort of figure that any society would expect at any time of people who for one reason or another are not competent and must be looked after.

Senator LEES—When was this?

Prof. P.R. Saunders—That was in 1965. Three per cent of the working age population was reliant on welfare. Today it is 14 per cent.

CHAIR—Can I just stop you there, Professor Saunders, and you might want to comment on this, Senator Lees. The head of St Vincent de Paul said yesterday that in 1998 they helped out 23,000 homeless people in Sydney and that in 2002 they helped out 43,000 people. There could be all sorts of factors involved in that, but that is an increase of 20,000 people that they are helping out each year. So some things are changing out there.

Prof. P.R. Saunders—I have no idea what might lead to that kind of increase. It could be at the supply end or at the demand end or an interaction of both. I literally have no idea. I have not studied it. I cannot possibly comment on that. What I will say is the numbers of people that you would expect to be incapable of looking after themselves should not be 14 per cent of the working age population. But that proportion has been rising consistently since 1965 and will continue to rise unless we change something in the way that we are organising our welfare system. The point was made about breaches—and I know they are hard and I know they are tough. What worried me a bit about the recent change in the breaches regime—and I understand

why it was done—was that it changed two things at once. As I understand it, it changed the number of people who were falling under breaches, to get the numbers down, and at the same time it reduced the penalty for a first breach. I think that there is a case for saying that obviously some people are being caught in the breaching system that should not be there, probably because they should not be in a welfare-to-work type system at all anyway. Some of the people whom you are describing probably ought to be in a more sheltered environment.

Senator LEES—Many of them were in sheltered environments until we had the deinstitutionalisation program. In 1965 they were, I guess, apart from society. I am not going to get into a debate today about whether it is a good thing they are now integrated more, but obviously with that integration has come a lack of support—

Prof. P.R. Saunders—Yes.

Senator LEES—and I guess in a way a realistic expectation as to what they can actually achieve. But also in 1965, largely, I suspect, you did not have very many women in the work force having to confront, as men have always had to confront, the reality of earning a living. So we have now rolled into both the disability support system and our unemployment benefits system since 1965 a very large number—compared to how many were there before—of females. Is that something that you have looked at?

Prof. P.R. Saunders—Yes, it is, and again I accept the point. I get the sense that we are chasing our tail all the time on this, whether you look at the disability pension or at the parenting payment. Clearly society has changed; clearly there are more factors producing a failure of—

Senator LEES—The expectations on women now are basically identical. We no longer presume that they are being looked after by a breadwinner somewhere at home.

Prof. P.R. Saunders—Yes, indeed. I think it is an open secret that what seems to have happened with the disability pension is that you have a large-scale displacement—of particularly older men of my age and above who are losing jobs—from unemployment benefit into disability pension. The number of disability pensioners has more than doubled, even controlling for the increase in population, since 1980. Everybody accepts that the number of disabled people has not more than doubled since 1980, with improved health and so on.

If you look at the parenting payment, again, there has been a dramatic and generally positive change in the role of women in our society. There has been a dramatic—and I argue less positive—change in the state of marriage in the family, which is producing a lot of these problems. Again, if you look at the opinion data that the SPRC has carried out, you will see that in a sense we are still running a welfare system for mothers, rooted in the 1960s and rooted in those old assumptions. I do not know whether there is another Western country that pays single parents, predominantly women, welfare benefits up to when their youngest child leaves school without any, or now a very slight, requirement that they do anything in return. The public opinion data from the SPRC indicates clearly that most Australians think it perfectly fair—and I add my name to this—that a single parent should be expected to work part time once the child starts school at the age of five and should be in full-time work once the child reaches age 11. I have not done the maths on this yet, but that would massively reduce the number of people on welfare.

If we can limit disability pensions to people who are disabled and if we can limit parenting payments to parents who actually have to be at home to look after their children because the children are young, you would start making huge inroads into the numbers of welfare dependents. If you do that—and I think there are things we can do about unemployment as well—then you release a vast amount of money. What is interesting is what you do with that money in terms of the kind of support that you and I want to be offered to those who really are in trouble—the three, four or five per cent. As the Americans have found, you save so much money by not giving welfare to people who do not need it that you can then use that cash, for example, for child care or for one-to-one intensive help in the office to find out what is the problem—is the problem drugs or that you cannot get work? It could provide help with transport so that people in difficult areas can get transport to work and so on. You could put the money into facilitating active involvement in the labour market, which I think is a much better use of public money than simply paying people to stay at home. But, at the moment, we cannot get that money to do that intensive work because we are spending so much doling out cash to people who really ought to be in the labour market.

Senator LEES—This comes to almost a chicken and egg situation as we read through the submissions to this inquiry and listen, particularly on the single-parent issue. Many single parents desperately want to get back into the labour market but, because of the lack of child care or particularly the structure of child care that they need—and that includes after school care—they are simply not able to participate as they wish to participate. I have problems with some of the statistics here, because in some reports you read there is quite a churning off and on of single-parent benefit, and other statistics show you that there is an entrenched group that do stay on it until the child reaches the age of 16. Others are trying to get work or are trying to study, but there is the issue of affordable long-term day care rather than in-home, informal care. It is long-term affordable day care that is often the issue. But, as you say, if we did not have as many on welfare, we could afford more long-term day care, which in turn would give—

Prof. P.R. Saunders—Yes. You have probably come across it already, but Professor Bob Gregory's work on the five-year panel survey of people who have been on the parenting payment is hugely important. It has only just now—

Senator MOORE—Who is he?

Prof. P.R. Saunders—Bob Gregory at the ANU is a very eminent economist. He has managed to track people over five years who have been on the parenting payment. I think it helps resolve your query about what is happening to them. It is true that the average length of stay of single parents on parenting payment is two years before they go off. Most of them are going off onto parenting payment partnered. In other words, what is happening is that they are meeting unemployed men, they are setting up home together and they are moving from the single-parent payment to the partnered parent payment. Very often that relationship breaks down, and they come back onto the single-parent payment again. What is going on is a cycle. But what they are never doing is getting off the payments altogether. They are not cycling through from the payments into work—or relatively few are.

Gregory estimates that the average length of time that a single parent in this country is spending on welfare is 12 years—yes, 12 years. Then you expect to be able to call them in for an interview at Centrelink and they are going to go and get a job. After 12 years out of the labour

market it is a huge ask to get back in again. We have to expect more and demand more of single parents—but not the way the Americans are, where in Wisconsin as soon as your kid turns six weeks old you are shipped out to go to work in the local factory. Australian public opinion would not stand for that, and I think that would be absurd anyway in terms of what we know about the importance of parenting for the first two or three years of a child's life. But it is not outrageous to ask a single parent to go out to work part time when the child reaches five and to be out at work full time when the child reaches 11. Indeed, it is what many coupled parents do.

Senator MOORE—Professor, I will ask you the same question I have asked the other witnesses. I would like your opinion of having the form of partnership, which is government, non-government and everybody else, most particularly business, involved in a forum that looks at the issue and looks at ways forward, hopefully without it being a talkfest, so that some clear actions come out of it. I would like to have your opinion on whether something like that is possible and what your thoughts about its success would be.

Prof. P.R. Saunders—It probably cannot hurt. I fear that most of us are paid precisely to talk, and that is why you get talk fests. I think enough is known. It is a little bit like what the Prime Minister said on television last night about child abuse. I think one could say it about poverty as well. Why do you want yet more inquiries? Why do you want yet more forums to meet? I would be happy to go along and discuss, and some good may come out of it. But in a way I feel that what we have to do is bite the bullet in terms of recognising that we have in this country, as in most Western countries, a welfare system that evolved and developed to meet problems that have long since been left behind. Partly the society has changed, as Senator Lees says, as regards the changing role of women and so on. Partly society has changed because of a dramatically increased general level of affluence. The welfare state model developed in Europe over 100 years ago to tackle a problem of mass deprivation and mass need which is no longer there. The great majority of people, if we organise things properly, could fund and finance their own provisions. I think we need to start being a bit radical in our vision and recognise that we need to reconstruct the system we have, rather than tampering with it and playing with it.

I agree with what the other Peter Saunders said just now about not being too worried about if it is five per cent in poverty or 10 per cent in poverty—although I have contributed to that debate I think it is a bit of a red herring in the end. I think the issue is to have the courage to say we know what the problem is, which is lack of full-time work, of households with nobody in full-time work. And we know that the soft, cuddly options do not work, because OECD tells us so—the work of John Martin and others, which I can furnish the committee with if you are interested, on so-called active labour market programs, which is the thing that people always go for and say, 'Let's have more training, let's have more job creation in the public sector.' Right across the OECD these things have been tried and tried and tried over 30 years, and they do not work and they are a waste of money. We know what does—

Senator LEES—Work for the Dole does not work either.

Prof. P.R. Saunders—No, I do not think Work for the Dole in its present set-up is a good system at all. But we do know across the Pacific one of the things that worked—the Americans got their welfare rolls down by 59 per cent in five years. If you are worried about welfare dependency, have a look at what the Americans did. Do not import it wholesale. We are not America; we do not want the rougher edge of what the Americans did.

Senator KNOWLES—A lot of the people who are on the Work for the Dole projects want to be on there for the dignity of having a job, and we have had evidence to that effect ourselves.

Prof. P.R. Saunders—I think, looking at the Productivity Commission report, for example, that where things like Work for the Dole seem to have their best effect is actually in shaking people out of the system who, for one reason or another, probably should not be there. The number of people who do not turn up when they are sent for work for the dole is actually the telling statistic. I do not think that there is strong evidence that, having gone through a Work for the Dole program, you are more likely to get a permanent, secure job at the other end of it. I just do not see the evidence is there.

I agree with you: people by and large like to feel that they are doing something; they want to feel active. I think Work for the Dole, that kind of approach, can help in terms of introducing or reproducing some kind of time-work discipline. But I do not think it is a route into employment. I think Work for the Dole should be an end point. I think what we ought to be doing is learning from the Americans' introduction of time limits, because time limits concentrate the mind not only of the unemployed person but also of the agencies whose job it is to help find them work. It is knowing you are up against a time limit.

The Americans brought in a welfare system called temporary assistance for needy families. That word 'temporary' was crucial. David Ellwood, the American academic who advised Clinton on this—it was brought in under the Clinton presidency—said to Clinton and to the Republican congress, 'We need time limits.' But also, when time limits run out, if somebody gets to the end of their time limit there is nothing there for them. In America the time limit is two years at any one time: you cannot have more than two years on welfare at any one time. In America at the moment your two years runs out and there is nothing there for you.

I think the role for Work for the Dole is as a stopgap position for those whose time limit has run out, and the government has then got to find them some form of work at dole-level wages. I think the crucial thing we could import from America is a sense of urgency, rather than this shrugging and saying that we put up with an extraordinarily high rate of long-term unemployment. Kayoko is sitting here and I probably ought to let her talk about this because she is our expert on the labour market issues. Australia has six per cent unemployment, which is unacceptably high, but what is really high is the rate of unemployment of people who have been out of work for a year or more. Somehow we just sort of put up with that—the thing just drifts. The point about time limits is that that produces a sense of urgency.

Half the people who lose their jobs get another job within eight weeks. There is a lot of turnover in unemployment. This argument that you keep hearing from the welfare organisations, that there are six unemployed people for every job so you cannot expect them to get a job, is nonsense because it is static. You have to look at it over a dynamic period. Over a period of a few weeks, half of those who lose their job get back into the labour market again. The problem is with those who just stay out of the labour market almost permanently. Those are the people we ought to be focusing our attention on. Time limits is part of that. Intensive assistance is part of that.

Senator FORSHAW—I am sorry I missed the start of your presentation, but I have read your submission. On that last point you made, why isn't it a problem also if people are going into and

out of work constantly? That is a fact. You just said what the welfare agencies say is nonsense when they say there are six people for every vacancy. You say people are getting re-employed within eight weeks. But what is happening is that many people are going into and out of work constantly, whether it be full time or a mixture of full time and part time. Isn't that a problem as well?

Prof. P.R. Saunders—We actually do not know what the figures are until we get the HILDA data in for a series of two or three years. At the moment there is absolutely no panel data in Australia that allows you or I or anybody else to say that that is actually happening. Kayoko, do you want to pick that up?

Dr Tsumori—I think there is a problem in Australia of creating permanent full-time jobs, and I think the reason for that is in the labour market—labour market deregulation. Labour market regulation in Australia is too strict. It is so strict that it is very difficult for employers to create full-time permanent jobs. They would rather opt for creating casual or part-time jobs, which are considered to be more precarious than full-time jobs. So I think there is a case for further deregulating the labour market for the sake of creating more full-time jobs.

Senator FORSHAW—What do you mean by that? This is something I wanted to raise with you because it is in the submission. It says:

One important way to achieve this is to restrain the growth of wages for low-skilled labour, which means restraining the minimum wage in one way or another ... A minimum wage restraint would prevent the cost of low-skilled labour from rising too high and would thus increase the number of available low-skilled jobs.

You then just talk about the need for further deregulation. How much deregulation do you really think is necessary to increase the number of low-skilled jobs, if that is what you believe is the primary objective? What we know is that low-skilled jobs have disappeared in many industries, including the public sector. They have disappeared because of technological change and other factors. To suggest that simply reducing the growth in minimum wages, which we now understand is basically one increase a year, would produce a plethora of low-skilled jobs for these people to take up, is to me, frankly, a nonsense.

Prof. P.R. Saunders—So it has not happened in America? You think it is a nonsense that America has produced huge numbers of low-paid, low-skilled workers? You might not want it, but to say it does not happen I think flies in the face of the evidence of the biggest capitalist country in the world.

Senator FORSHAW—But you are talking about full-time, long-term employment. Where are these jobs going to come from or appear, and how much do we have to restrain the growth or reduce minimum rates of pay by? Tell us.

Dr Tsumori—I think part of the reason low-wage or low-skilled jobs disappeared in Australia over time has to do with the centralised wage fixing system. Right now it is not as centralised as before but it is still to a great extent centralised. The problem with a safety net review conducted by the Australian Industrial Relations Commission is that whatever outcomes come out of the process of a safety net review are artificial. They have nothing to do with the productivity of low-wage workers and therefore some enterprises may find it unaffordable to hire low-skilled or

low-wage workers even if they are low-skilled jobs. They either shed low-skilled jobs or they replace low-skilled workers with high-skilled workers, and therefore jobs for low-skilled workers disappear. I think there is a case for doing something about the safety net review.

Senator FORSHAW—Can you give me some industries where there would be a huge change, a huge creation of low-skilled jobs, if we restrained the minimum wage? Whereabouts would this actually occur in terms of real jobs? I point out that, if you look at the employment statistics, you will find that the huge growth in jobs in this country, going back to the time of the previous government and this government, has been in the small business sector. The huge reduction in jobs has been in major manufacturing, larger industries and the public sector. The public sector in particular no longer, as we know, takes on the large numbers of apprentices it used to take on after the end of school years. Industries like banks, which traditionally were major employers taking young people on and training them up through their enterprise, no longer do so. I hear this argument all the time, that all we have to do is deregulate the labour market and we will create more jobs. But tell me: whereabouts will these jobs come—which industries?

Dr Tsumori—Not any industries in particular, but I think the small business sector is an obvious candidate. They will benefit from further deregulation. It is not only high labour costs; small businesses are not creating jobs because of things such as the unfair dismissal laws, so I think—

Senator FORSHAW—The demand for their product might actually have something more to do with it than the unfair dismissal laws. Small business employment grew substantially right through all of the years of the debate about the unfair dismissal laws. If you have a look at the figures you will see that is a fact. They were liberalised by the Labor government and some reforms have been made further. But small business employment has been growing and growing.

Dr Tsumori—Yes, but the latest survey that came out of the Melbourne Institute, which was done by Don Harding, shows that if the unfair dismissal laws were deregulated, small businesses and medium businesses will create about 75,000 new jobs. As of last year they are still saying that.

Senator FORSHAW—So the argument here is that the work is actually there and available for somebody to be employed to do but it is the fear of being constrained by a regulatory system over unfair dismissal that prevents a small business employer from taking that person on. Let me suggest to you that maybe a large influence on the level of employment in small business particularly is whether or not the demand is there for their product or their service that warrants them taking on an extra employee. If you are talking about small businesses—and let us say the definition of small business is up to 20—the idea that they would take on an extra employee if you removed the unfair dismissal law, that actually creating an additional employee rather than replacing an existing one with another one and rolling them over all the time is somehow dependent on that, I just find difficult to accept. It seems to me—and the small business people whom I have spoken to constantly tell me—that the level of their employment is integrally related to the level of demand for their product and the demand for the service. It is an economic influence—how their business is going. If they are profitable, they can afford to put on an extra employee, and if profits turn down and problems happen they easily get rid of these employees.

Senator KNOWLES—No, they do not.

Senator FORSHAW—They do get rid of them easily because many of them—

Senator KNOWLES—That is part of the problem.

Senator FORSHAW—That is the argument.

Senator KNOWLES—That is part of the problem.

Senator FORSHAW—You can go to many small businesses and find where people are employed today and dismissed in a week and nothing further happens. You can walk around this city—

Prof. P.R. Saunders—I think the crucial thing you said was that small business, like all business, will produce if there is a profit. The question is: what are the factors that go into the profitability of small business? One of the factors is wage costs. A huge issue is wage costs.

Senator FORSHAW—What proportion is it, do you know?

Prof. P.R. Saunders—Can I perhaps finish and maybe—

Senator FORSHAW—Yes, go on. What proportion—

Prof. P.R. Saunders—I do not know the answer to that. Particularly in the service sector in—

CHAIR—Professor Saunders or Dr Tsumori, if you could just make your final point, Senator Forshaw has made his.

Dr Tsumori—I just would like to respond to that. That is why the unfair dismissal laws are only a part of the problem. There is some evidence that after the simplification of the award system, after the introduction of enterprise bargaining in the early 1990s, the productivity of the Australian economy was boosted because of that. I think productivity is related to profitability and if the profitability of small businesses, for example, increases they can have more market share in their respective markets and they can create more jobs. That is another reason why we believe that labour market deregulation is of critical importance to job creation.

CHAIR—Most of us up here are not going to agree with you, I think, but—

Prof. P.R. Saunders—To emphasise the point that is in the written submission, the effective minimum wage in Australia is the second highest in the OECD. Only France has a higher minimum wage than we do. France has unemployment at nine per cent currently. I do not think we should be copying the continental Europeans whose economies are in a deep mess as our model for where to go in terms of more regulation and high minimum wages. I think the model is geographically in the opposite direction.

In terms of the impact of freezing or even reducing the minimum wage on people's incomes, I think it has to be done along with tax reform, which is what we say in the paper and as I have

already said to you. If the government stopped taking so much tax from low-income working households you would find that you would not need to insist on such high minimum wages and you would not need to keep paying out such high welfare benefits.

CHAIR—Thank you very much, Professor Saunders and Dr Tsumori.

[3.40 p.m.]

BLUNDEN, Dr M. Hazel, Policy Officer, Shelter NSW

PERKINS, Ms Mary, Executive Officer, Shelter NSW

CHAIR—I welcome the representatives of Shelter NSW. Information on parliamentary privilege and the protection of witnesses and evidence has been provided to you. 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. The committee has before it your submission. I now invite you to make an opening presentation, to be followed by questions from the committee.

Ms Perkins—Shelter NSW is an advocacy organisation representing roughly 120 organisational members in New South Wales and a number of individual members. We are primarily concerned with influencing policy in order to develop a fair and just housing system. It is a statement of the obvious, but secure affordable housing is one of the most important things in a human being's life. Without secure housing at a reasonable price and in reasonable condition, people do not have autonomy to participate in society, to form that place called 'home', which is the basis of their psychological and social wellbeing. We do not talk about a home as necessarily being the static family home of the 1950s. It is very obvious that home means very different things for different people and it is a fairly shifting concept. Nonetheless, at the end of the day, what really matters to human beings is that they have sufficient freedom and autonomy to form that place called home in whichever way the circumstances of their lives makes it viable. Without that you get a drift into all levels of homelessness and a drift into family breakdown and all manner of other social problems.

Our interest in this inquiry is the link between poverty and the housing system. People often talk about poverty and housing as separate issues. The link between the two ways of talking about people's wellbeing is not something that is always sufficiently recognised. Often you will find a reference to after-housing costs; often you will not. But the way in which the housing system interacts with other systems set in place to ensure the community's wellbeing is something that is largely ignored.

From our analysis of the housing system, it is one which contributes to poverty in a very significant way in that it distributes wealth so as to benefit those who already have wealth or access to assets of various sorts and disadvantage those who do not come from families with access to those sorts of assets. For example, home owners never pay capital gains tax on the family home. That tax-free benefit—and it is not one that is ever going to be removed, because the popular pressure to leave it there is pretty great—means that people see home ownership as a way of acquiring wealth. For most working people it is their only way of acquiring significant wealth. That then has an intergenerational impact because, although it is not the only thing, it partly helps to push the prices up, which makes it difficult for the next generation to buy in. Instead of people doing what they did 30 years ago, which was to buy one house in their life and have it as the family home, they are now trading those houses depending on the way in which the market works in the part of the country they live in. Generally, they are trading those houses

now on a five- to eight-year cycle, so they are accessing the capital gains time and again. Each time the cycle happens the prices go up again. In addition, what we now have is a transfer effect so that when the parents die or whatever and the next generation inherits the family property, again that acquisition of tax-free wealth then has an impact on the way in which people go on to acquire and spend money, often within the housing market because it is their tax-free access to assets.

The people we at Shelter NSW are most concerned about are the 30 per cent of the population who do not have access to home ownership—that relatively easy way of acquiring an asset and some wealth, some gaining more than others. Those people are reliant on the private rental market or on the social housing system for their housing. The private rental market in each of the states of the country—for the low-income earners, not for upper-income earners—is known for its chronic insecurity and expense and often for a lack of housing of an appropriate standard.

Changes in the social housing system over the past 20 years have meant that it is now unable to meet the needs of many requiring assistance. In New South Wales the waiting list for public housing sits somewhere between 90,000 to 100,000, depending how it is counted and when it is counted. It is many years since the New South Wales Department of Housing has housed anybody off its main waiting list—it is housing people off only its priority housing list. To get priority housing you have to demonstrate that your need is greater than that of anybody else on that waiting list. But the 100,000 people sitting on that waiting list fit the eligibility criteria for social housing. It means they are sitting in the private rental market or in various other forms of insecure accommodation managing the best they can and doing it tough.

Significantly, each of the housing authorities in the states and territories is confronting the serious issue of sustainability. There is not one housing authority that is now economically sustainable. The reasons for this are a number of policy changes at both state and government levels over the past 20 years. One reason is targeting—public housing is now targeted to the neediest of the most needy; it is highly targeted. That has meant that you have huge concentrations of disadvantaged people in set locations, and it has also taken from the departments the capacity they once had to cross-subsidise so that wealthier tenants were paying the full cost rent and in effect cross-subsidising the tenants who were receiving rental subsidies.

In addition, successive Commonwealth-state housing agreements since the eighties onwards have reduced the funding available to the states. That has had a huge impact on acquisition of new stock and maintenance of old stock. There is a long history of loans. A lot of the money coming through the Commonwealth-state housing agreements is going on loan repayments and interest repayments. That is because initially the Commonwealth-state housing agreement funds came across from the Commonwealth as loans, on which interest is payable. That worked at the time those loans were set up, because at that time the departments of housing were able to cross-subsidise. They had incomes coming through from other sources other than from very poor people, and so they were able to cross-subsidise on rents and raise revenue from a number of other commercial ventures.

That brings me to my last point. The concentration of state government enterprises on their main and fairly narrowly defined businesses has meant that the departments of housing across the country have lost other revenue-raising mechanisms. In New South Wales, for example, the department used to have access to a lot of the profits raised by Landcom. They also used to run a

number of commercial ventures such as shopping centres in their estates et cetera. In many ways, the departments of housing now have to house the very poor—the people who do not have money in their back pocket—and they have to do it with less and have lost all their revenue raising capacity. They are like private enterprises that have been asset stripped. They are expected to do the high-cost end of the business without any recompense. That means that we have the 100,000 people sitting on a waiting list in New South Wales housed inadequately in the private market at the moment.

At the Commonwealth level, we are very critical of the switch to rent assistance instead of the public provision or the social provision of housing. The argument—and Hazel will talk much more about this in a second—is that rent assistance gives people more flexibility and access to secure housing in the private market. The research coming from the people that we see indicates that this is not the case. In New South Wales, at least, the rent assistance program does not provide people with flexibility as to location. People have to go where the poor housing is and, strangely enough, the low-cost housing is way out of the way of any jobs. They do not get the choice of going to locations where they can access jobs that easily. In addition, it does not provide them with housing affordability. In most of New South Wales—certainly the Sydney, Wollongong and Newcastle areas—rent assistance still leaves people paying well above the threshold of 30 per cent of their income in rent in the private rental market.

By way of conclusion, I want to say that all of the debates about the poverty lines and what have you—about ways of knowing—are all very well and good. But often they have the effect of obfuscating the real, lived, experiences of the punters on the ground. Secure, affordable housing is incredibly important to people's wellbeing and their ability to participate in society. I might just tell the story of a client whom I once assisted who was an elderly grandmother in her early 70s. She had custody of her three grandchildren, who were all of primary school age. She was living in the private rental market in Sydney in a location where she had lived all her life. The rent went sky high. She was able to live in that location and support those children because the neighbours and the community she lived in supported her to do it. When the rent went sky high, she kept paying it to the point where she was paying her entire pension in rent. She would feed the children by going down to Paddy's Market on the Saturday afternoon and seeking assistance from the stallholders so that they would give her the leftover food that she would go home and feed the kids with. They had electricity connected to the house but they used it only for the child's nebuliser. They did not use it for lighting or electricity. She was still using a fuel stove.

There was much negotiation—certainly, a lot of negotiation—and in fact an appeal, because initially the Department of Housing knocked back her application for priority housing. Much negotiation went on because that would have meant that all three children went into substitute care. She could not maintain her life the way it was, and she certainly could not continue to care for the children. In the end she was allocated housing in the area in which she had lived and was living, so that the neighbours could continue to help—and they had agreed to do that—to support her and the children in all sorts of ways, more social than financial. The provision of secure housing where she was paying 20 per cent of her income in rent as against 100 per cent meant that those children faced a much brighter future. They could go to the local school; they could continue to be part of the community that they lived in and continue to get the neighbourhood support that they had had before. Without access to that housing, I think those children would have been in substitute care and my client probably would have been well in her grave through distress.

Dr Blunden—I am going to talk through the facts and figures that we have presented in our report, to draw your attention to a few key changes that have occurred in the housing market. Firstly, I preface this by saying that, for a person on Newstart who receives the top rate of rent assistance, their income is \$233 a week. I would like you to keep that in mind when I am talking about rents. If you became unemployed, that is the sort of income you would be on.

Today's Australian housing market is characterised by relentlessly rising housing prices and a growing housing affordability crisis; a mismatch between housing need and housing outcomes resulting in both over- and undercrowding and rising short-term and chronic homelessness; a decrease in private rental low-rent dwellings, especially in the capital cities; increasing social segregation expressed spatially in a creation of homogeneous enclaves of rich and poor residents within metropolitan areas and in greater socioeconomic divisions between city and country—and that is not just public tenancy but also private tenancy, in areas which show similar profiles with low-income people congregating; and the creation of a vicious circle of multiple disadvantage in marginalised areas, raising the spectre of social exclusion and intergenerational perpetuation of unemployment and disengagement. Many of those living in poverty are private renters on low incomes. Seventy thousand Australians live in caravan parks permanently. Home ownership—once a relatively achievable state for Australian wage earners—is declining, especially amongst younger Australians, because of the need to raise such a large deposit. Without stable and affordable housing it is hard to find a job or keep a job.

Berry and Hall, with AHURI, did a study—and this is on page 14 of our submission—of housing stress amongst private tenants using a 30 per cent of income benchmark. They looked at it between 1986 and 1996 for every capital city in Australia. For example, in Melbourne it went up from 60.5 per cent to 74 per cent; in Adelaide it went up from 63.4 per cent to 76.1 per cent; and in Sydney, the most expensive city to live in, it went up from 67.3 per cent to 80.7 per cent. That is housing stress amongst private tenants, because tenancy legislation in all states and territories does not fix the amount of rent increase that a landlord can request. All you need to do is give 60 days notice or 120 days notice. The tenant has limited options to challenge a rent increase. Often tenants will choose to terminate the agreement and move somewhere cheaper.

We are very interested in the question of rent assistance at the moment. Shelter has been preparing another paper with ACOSS, and it will be released in July. It is about the way rent assistance does not actually deliver affordability. If you look at FaCS data, you will see that of those people who receive Centrelink payments, even after they receive rent assistance, one in 10 is paying 50 per cent of their income in rent, and something like 46 per cent are paying over 30 per cent of their income in rent. Obviously there is something wrong with rent assistance as a housing assistance measure if it does not actually lift people out of after-housing poverty. If you are left with \$80 a week after you pay rent, or even less—say if you are on Austudy, you cannot even get rent assistance for a start—that amount of disposable income is not very adequate at all.

We argue that the government should probably look at supply side measures like the provision of affordable housing, social housing, community housing, rather than throwing money away on rent assistance, which ends up in landlords' pockets. It is basically a demand-driven subsidy, and it does not create any asset. It just provides people with some slight lessening of after-housing poverty. You should maintain it at the moment, but over the long term there are better ways of providing housing assistance.

Senator MOORE—So what do you do? The recommendations focus on the Commonwealth-state housing agreements and trying to progress those. Is Shelter involved in policy discussions with the state government in that process?

Ms Perkins—Yes.

Senator MOORE—Is it positive policy discussion?

Ms Perkins—Yes, with the state government. Nonetheless, from what we are led to believe about the final negotiations between the Commonwealth and the states, the new Commonwealth-state housing agreement leaves us no joy and in fact is what people at the commencement of the negotiations had said was the worst possible outcome short of not having an agreement. So we are not looking at that as solving the problem, not by a long shot. There is a real need for governments at all levels to take incredibly seriously the housing crisis and the housing system as a whole in how it works. There tends to be the attitude: ‘We’re talking about the Commonwealth-state housing agreement over here; we’re just talking about welfare housing, so we’ll lock that down and we’ll target it,’ but we do not actually talk about the housing system as a whole and the way in which it provides for the society. From our point of view, we have been saying loud and clear that there needs to be a very serious look at the housing system as a whole, at the way in which it influences the distribution of wealth within society and at the way in which it provides and does not provide for housing wellbeing. In order to do that, we need a national housing strategy under which people can start to work with some common objectives that hopefully create a much fairer outcome than the one we have at present.

As Hazel says, we also need very serious attention to be paid to the various options about affordable housing both within the social housing sector and within the private sector, or however it works. We have had at state and federal levels numerous inquiries about how to achieve affordable housing outcomes, with numbers of recommendations made, very few of which have ever been implemented. They seem to come unstuck at the point of some sort of government support or subsidy for the development of affordable housing.

If you are trying to house very poor people and you are looking to the private sector to do it, you have to remember that the private sector—because it is the private sector, not because it is bad and evil—has to make a profit. It has to have a return. It is very hard to get that return from people who do not have a brass razoo in their back pocket. So, if are you going to look to it for some sort of contribution and some sort of solution, you have to come up with some models that are mixed income that enables some cross-subsidisation, and you actually cannot get around the fact that at some point in time government has to provide some level of contribution. It is not possible to house very poor people without some major form of assistance.

Senator LEES—What sort of money are we talking about to get public housing up to the point where it can at least meet a substantial part, say 50 per cent, of the demand that is out there? What are we talking—a million dollars, \$10 million, \$1 billion?

Ms Perkins—At this point, we are talking about a lot of money because the system has been allowed to run down for so long. People used to talk about a housing crisis, saying, ‘It is coming, it is coming.’ It is here for many people and has been here for some time. The amount of money now required to catch up to where we were 20 years ago is ginormous because it has been

allowed to run down. We estimated this year that you needed to treble the amount of social housing within New South Wales in the next 10 years in order to make a difference. Then we realised that was just unacceptable so we finally settled on doubling it to make a big difference. But there is no way out of not coming up with a significant contribution. That does not mean you cannot think laterally about how you might start to pull the resources together to do it. But there is not even the direction to start to do it. There is an acceptance at the moment that we just sail on and escalate the problem year in, year out.

Senator LEES—So what are we looking at in real terms? I am more than happy for you to take this on notice and to come back with some suggestions.

Dr Blunden—We have a figure. I think we calculated that to make the system sustainable in itself you would have to triple the amount of stock, and it would cost about—I think this is for New South Wales—\$2 billion a year.

Senator MOORE—Million or billion?

Dr Blunden—Two billion dollars. You have 130,000 units of public housing and we are talking about tripling that. It is a lot of money. But then you would end up with a sustainable social housing system which would house not just very poor people but up to moderate income people.

Ms Perkins—You could get to a level then where we were 20 years ago where you could have a self-funding, self-sustaining system.

Senator LEES—Okay.

Ms Perkins—It is politically totally unpalatable, but it is very serious.

Senator LEES—I think we need to air the amounts and to discuss what we are aiming for if we are looking for a sustainable system, one where there would be cross-subsidy and one where we would not end up with a system of enormous numbers of disadvantaged people in pockets in our community, where the way out would be almost impossible.

Ms Perkins—The trend that would be alarming—or should be alarming to anyone in government—is this sort of crisis in the social housing system where it is no longer sustainable. They are having to sell their stock repeatedly, not because of wanting to revamp it in order to have more suitable stock or what have you, but simply to make the bills meet at the end of the year. So they are losing stock with escalating waiting lists. In addition, the figures coming through now are starting to show that fewer and fewer people are getting access to home ownership because it is now so expensive. That is why you need something like a national housing strategy to start to talk about the supply side both in the private market and in the public market.

Senator LEES—Have you looked at measures? I am just looking at the current government policy, for example, the first home buyers scheme. What is that costing? Is it effective? Who is that getting into the housing market?

Ms Perkins—In our opinion that is a big waste of money. It was an extra bonus to a lot of people. It was not means tested. It assisted a lot of people who would otherwise have still gained access to home ownership. In Sydney it was not sufficient to make the difference on a deposit gap argument. So it did not help the very poor bridge a deposit gap to get into housing. It simply was a bonus for those who would have already gained access to home ownership.

CHAIR—Any further questions? If not, thank you very much, Ms Perkins and Dr Blunden.

[3.36 p.m.]

BROWN, Mrs Margaret Mary, Chairman, Study and Investigation Committee, Country Women's Association of New South Wales

CHAIR—Welcome. Information on parliamentary privilege and the protection of witnesses and evidence has been provided to you. 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. The committee has before it your submission. I invite you to make an opening presentation, to be followed by questions from the committee.

Mrs Brown—Thanks, Senator Hutchins. I really do not think I can add very much to what has already been said, I would assume, over the last two days, having read bits of yesterday's evidence in today's paper and having seen a bit on last night's news and having just listened to Shelter. But I am speaking on behalf of about 12,000 women in the Country Women's Association of New South Wales, so my emphasis is more likely to be rural rather than urban. I think the experience of poverty is a general experience no matter where you live.

The concern with poverty is that, as a definition, it is entirely filtered through the individual's experiences, expectations and background. The women I have spoken to about poverty did not consider themselves poor in any sense until I asked them how many of them had shoes that were comfortable when they needed to go out walking or out for the day. They cannot afford comfortable shoes in a lot of the cases. When I said, 'Shouldn't you deserve them? You are 70; you are 80; come on,' they said, 'But we've always gone without.' Stoicism hides a lot of the impact of poverty for individuals. These are people who have gone through, if not the Depression, then at least the Second World War, and have been used to going without, and that is the way God meant it to be. I am not much younger than they are, but, by golly, I do not think God meant us to suffer when there is no need to suffer.

The other concern I have about poverty is that we seem to be measuring it in figures and facts—those sorts of things. For me, the real outcomes of poverty are not that you do not have money in your pocket or you do not have the cash to go and buy a new outfit so much as the ongoing accumulative effects of poverty that result in loss of self-esteem, in the alienation of an individual, particularly youth, from his or her society, from his or her school, from his or her sporting potential. It comes down to poverty of option, and then that comes down to poverty of spirit and poverty of aspiration. When that happens to an individual, you get all those other things that come in. You get vandalism, you get graffiti, you get minor criminality, you get poor health, you get mothers having breakdowns and you get families breaking up. That is a fair extreme, I suppose, except that it is not an extreme if you think it through.

People who are buying homes in Sydney, for instance—whom I would never have considered poor when I was growing up—tell us that they have to be like mice on the treadmill, trying to keep up with the mortgages, doing overtime, with both of them working, educating the kids and seeing that they have this and that. There is no time to support strong interrelationships, no time to support strong familial relationships. When that happens, if the relationship breaks up, again the whole thing is in vain, there is bad health, disillusionment and a cacky society, a society that

is ripped. Surely in Australia, where we say a fair go is one of our basic ethics—even though I no longer believe it—and is part of the national psyche, a fair go is not something we are having. When we have people who have to wait 12 years to get into public housing, that is not a fair go. When we have people who cannot afford to let their kids play sport, no matter how talented the kid is, because they cannot afford (a) the gear, (b) the uniform and (c) the cost of trundling them from one end of the world to the other, we have a problem. When my son was growing up we lived at Harden-Murrumburrah. He played soccer at Tumut, Quandialla or Cootamundra. Every Saturday you just climbed into the vehicle and travelled. We could do that. But there were other kids in his age group who could not. That is not fair when the parents are hardworking, decent people.

The other thing about poverty is that those who are on some sort of social security have been referred to as dole bludgers, as feckless, as weak, as not deserving of assistance because they have these natures that just give way to weaknesses. Yet when you do a study of them, as I have mentioned in our submission, you find that many of them are hardworking, resilient, community serving, volunteering people. But they cannot invite their mates home for a cuppa because people would see the house and the lack of things in it, and they do not have things to offer them with their cuppa. Their kids cannot go out overnight, to a show or to an excursion. So we have a society that is really unequal.

I was interested in a letter in the *Herald* after the release of the list of the richest people in Australia the other day. There was a lovely letter saying, 'I'd have been more interested in seeing the amount of tax each of them paid.' I thought, 'Right on.' If you are on welfare, you have to prognosticate intelligently what you think your income for the next 12 months is going to be. If you are wrong on that, you lose that difference—pow!—just like that. If you are a mogul or from the big end of town, what happens to you? Sometimes you are brought to court and get a slap, but not often. We saw all those stories about barristers recently. They have become the new Ned Kelly. They are the folk heroes of the Bar Association. How right is that in a society that calls itself moral, decent and fair? We are not humane and we are not fair, and it really bugs me, if you have not picked that up. That is about all.

Senator KNOWLES—I would like to query your rationale behind the whole exercise of penalties. Firstly, you say that someone has to be Nostradamus and forecast their income 12 months in advance. They can go into Centrelink at any time and adjust their income; they do not have to do it 12 months in advance. Secondly, with the change of having to repay if people had overestimated became the top up if they had underestimated. That top up never used to be present. So I do not quite understand you saying that someone has to do it 12 months in advance. I notice that you did not mention anything about the benefits of top up for all of those people who previously did not get a red cent.

Mrs Brown—When you talk about top up, are you also saying there is nothing taken away? Are you saying that it is only a positive?

Senator KNOWLES—No, you mentioned in your evidence that people had to forecast 12 months in advance what their income was and if it was more than that, they would have to repay. I am saying to you what has happened with the notion that they can go in at any time and resubmit what their income is? So if in fact they notice during the year that they are going to be earning more, they can go in and put in an amended form.

Mrs Brown—Yes, they can.

Senator KNOWLES—They do not have to incur the debt.

Mrs Brown—But if you look at page 7 of the submission you will see that it also points out the question—and remember I am doing this from a rural point of view, to a large extent—of where the nearest office to lodge your top up is. If you are living in a town that is 25, 52, or 80 kilometres from the nearest centre, you cannot just make the trip to go in and change things.

Senator KNOWLES—You do not need to make the trip; you only need to make a phone call on a free number.

Mrs Brown—All right. Sometimes that phone call is long and you making it in work time.

Senator KNOWLES—But you only need to make it on a free number.

Mrs Brown—Yes, but it is long and you are making it in work time.

Senator KNOWLES—But what you are doing now is saying that there are now too many impediments.

Mrs Brown—No, I am saying there are some.

Senator KNOWLES—You are saying that for those who can go in, they should not have to go in; for those who can make a free phone call, they should not have to do it because it takes too long.

Mrs Brown—No, I did not say they should not have to. I said there are difficulties. Are you telling me that there are no impediments?

Senator KNOWLES—No, I am not saying that for one moment. I am questioning you on your evidence that you gave where you gave only a very small portion of reality.

Mrs Brown—I would argue that the top ups are also a very small portion of reality, Senator Knowles.

Senator KNOWLES—No, they are not. It is factual.

Mrs Brown—That does not make them any less real or any less of a small portion.

Senator KNOWLES—Okay, thank you.

Senator MOORE—In your recommendations you stated the issues through the process and the concerns you are finding. You were talking about the establishment of real jobs in the community.

Mrs Brown—Yes.

Senator MOORE—We have had a lot of evidence over the last couple of days on this issue of jobs and the types of jobs being referred to vary enormously depending on who is providing the evidence. I am interested from your point of view, with the people that you talk to and represent, in your ideas about the creation of real jobs in the community.

Mrs Brown—I am just an ordinary person so I do not really know very much about ‘real jobs’ as you put it, but I would think that there should be more greater incentive for businesses. If you talk to small businesses, you discover that they feel nervous and apprehensive about taking on extra staff from time to time. I am not in government and I do not know these things, but I think that instead of disincentives there should be incentives for those sorts of things. Are not small businesses the employers of 60 per cent of our labour force or something? Do they employ a huge proportion of our labour force compared to big business?

I was reading somewhere that when the Abbott-Vanstone changes come in, perhaps the jobs are going to jump out of the woodwork since everybody is going to be thrown into the work force. So perhaps the jobs will follow the work force. But people who are doing the work for the dole training programs—and I do not know what the proper term is these days—are arguing that they are not being given life skills or transportable skills. They are simply being given skills within a tiny time frame so that they can say they have been trained and the recruiter can say that it has gotten people into training. They do not feel that they have been trained for anything at the end of it. I do not know what you can do about that either, but that seems to me a wasteful way of going about things. My background is schooling. If I taught a kid just English and history, which were my subjects, without teaching them the values of appreciation, discernment, judgment and all those things, what would be the point? If I teach a kid just to pass an exam, what is the point? So that is one of my concerns.

Senator MOORE—So you are looking at skilled jobs, not just employment?

Mrs Brown—Yes, not just employment.

Senator LEES—Or perhaps looking at the training where the unemployed are able to access TAFE and university, rather than a system of short-term training options.

Mrs Brown—Yes. People tell us that if they have good training, no matter what sort it is, and life skills, even if they are not in employment as such, they have options for filling their lives more positively than if they are stuck on the lounge watching the *Bold and the Beautiful* or something.

Senator MOORE—So that is one way of addressing the esteem issues you mentioned in your submission?

Mrs Brown—Yes, I think so.

Senator MOORE—It is the life worth.

Mrs Brown—Yes.

Senator MOORE—That is what you are getting at?

Mrs Brown—Yes. If you alienate a kid, you have lost him, and society pays. The kid pays, and society pays.

Senator MOORE—This is a more general question on the way that your organisation works. You have your branches across the whole state—

Mrs Brown—Yes.

Senator MOORE—and the women gather and talk. How important are the things that are in your submission? How much are they being discussed in your branches? Are they issues that they talk about themselves, or do you have to actually impose the question on them? I am just trying to get a feel for the awareness of and concern about these kinds of things in the community.

Mrs Brown—It would vary from branch to branch. I am from the central west, from Molong, and my branch is Cumnock, where we have a half a dozen in a little community of about 200. From branch to branch, we are concerned with poverty because we are concerned with drought. We are also concerned with poverty because we cannot afford to keep our farms going. Poverty is only one tiny part of it, because rural life has changed so much. Our kids are educated out of our communities, we cannot get doctors, we no longer have banks, we do not have trains and we do not have public transport, yet, when you put into action ideas for getting those little communities to pull together and be more self-reliant, they turn up in droves. The volunteer spirit is still very strong. But in terms of poverty there is a lot of stoicism and resilience—a ‘we’ll be right’ attitude.

On a really personal note from CWA, about 10 years ago we twinned branches that were not in drought with those that were in drought, and we went back to that last year and this year. The sorts of things we are sending those branches in drought areas are things like deodorants, talc and moisturiser for the women because they never, ever buy them. It is the kids and then dad. It is a major issue. As I mentioned in the submission, of the \$1 million CWA of Australia got to dispense to drought-hit families, New South Wales got \$400,000. That came in in December. Our head office closes in mid-December and, before the end of January, \$380,000 of that \$400,000 had gone. Nobody could get more than \$1,000, and the accounts had to be supplied, and they had to be for things to do with the home. They could not be for anything to do with the farm. So, yes, it is a big issue, but women talk to each other and provide support groups. That is the only plus.

Senator MOORE—In the submission from the Country Women’s Association on the issue of poverty, the word ‘drought’ is mentioned once.

Mrs Brown—Yes.

Senator MOORE—I think that blows a stereotype. There would have been an expectation that the whole paper would be on what people would think would be standard rural issues, whereas your paper is much wider than that.

Mrs Brown—Yes.

Senator MOORE—That could be just my stereotyping, but that was interesting to me.

Mrs Brown—And it is interesting when you put it like that, because there are seven of us on our committee—we are from all over New South Wales—and, of those seven, four come from farming families. None of us comes from Sydney. But drought has become a way of life that has now become part of the stoicism, if you like.

Senator MOORE—And coping.

Mrs Brown—Yes, we cope. We hope it will get better, but we cope. Every day of drought is one day closer to rain.

Senator LEES—Are you getting any at the moment?

Mrs Brown—We had—what did James O’Loughlin say the other day?—‘a drib and a drab’, which sounds much better than ‘scattered and isolated showers’. But, no, a lot of places are not. The sowings of wheat, canola, sorghum—all those things—are 20 per cent of their average for the areas east of Condobolin for this year. When the drought breaks, that is where the money comes from. But it will not be there, because you cannot sow at the moment. So that is an ongoing thing. It has probably just become part of our psyche, so you do not worry about it—you do not put in about breathing and things like that. That is all I can think of.

Senator LEES—We tend to think of Sydney rents as expensive, particularly looking at Shelter NSW’s submission on the housing stress that people in Sydney are under, but from my reading of it some of the rents in rural New South Wales are up with those in Sydney. Is that your experience?

Mrs Brown—Yes, but not completely. There are little places where you can get fair accommodation for low rent, and so people tend to come to them, only to discover that they need a car to get out of them. There is no public transport. At Yeoval, which is another 25 kilometres on from Cumnock, which is 62 kilometres from Orange, there is a community bus once a fortnight. At Cumnock we have just got a doctor half a day a week—yes!—but we had no doctor before that.

Senator LEES—Is there a bank?

Mrs Brown—No. The bank moved into the post office when the bank closed, and then the post office closed. So we have the Commonwealth Bank and the post office in the general store.

Senator MOORE—I think they call it a trading post, don’t they, in the ‘new world’?

Mrs Brown—No, there is a separate counter. Eugowra has a multi. There are other issues if you have kids. School days are fine because kids catch the school bus in and out.

Senator LEES—Are adults allowed to use the school bus in New South Wales?

Senator MOORE—Not legally.

Mrs Brown—Not legally, because you are not covered for insurance if there is an accident—or if you throw a kid or the driver out the window! So, no, you should not. Some buses do let you, but they probably should not. And since the insurance crisis, I have not heard of anybody being able to travel on a school bus who was not a registered school kid, except the driver. But in the holidays there is nothing for those kids to do. They get up to high school age, when they are not old enough to drive a car—and the family cannot afford a car in a lot of cases—so those kids roam. Why wouldn't they get into strife? What did you do when you were 14 or 15 and you were bored out of your mind?

CHAIR—I am still waiting for the answer!

Senator LEES—I pass.

Mrs Brown—It is too recent for her to remember!

Senator LEES—Would you say generally that poverty is hidden more in rural areas—

Mrs Brown—Yes.

Senator LEES—because perhaps people do have a different range of coping skills or they are simply too embarrassed to admit the stress that the family is under? Perhaps the male breadwinner has the most difficulty in talking about it?

Mrs Brown—I think you are right, and I think it is like a lot of other social diseases—domestic violence, alcoholism, drug addiction and those sorts of things. They are very well hidden simply because, if you live in a town of 200 and you profess to being poor, everybody in that town of 200 knows that you are poor, and somehow it is all right to be poor if nobody acknowledges it.

Senator LEES—How do they go accessing services such as school cards? I do not know how it works in New South Wales. I know how it works in South Australia—once you have a health care card, you get concessions at school. Are people reluctant to use some of the various concessions that may be available to them?

Mrs Brown—Yes. When I was at Condobolin, before I came to Molong, we had two programs for school kids: (1) disadvantaged kids' parents could apply for help with uniforms, because uniform was compulsory; and (2) they could apply for help with excursions. They did not need help with textbooks. But they could apply for those sorts of help. Because it had a very large Aboriginal population, we had a federally funded ASSPA program—Aboriginal Student Support and Parent Awareness Program. The Aboriginal kids or their parents or carers could apply for assistance for everything—and this is where I felt it was a crazy system—except sport. The single biggest way to get hold of your Aboriginal kids by and large—and I am not stereotyping; I am working from knowledge—was to get them involved in sport and, if they were prepared to represent a team they would have to attend school to represent a team, they would have to pass their exams to represent the school and so you had them. But you were not allowed to use that money for that, so we used to call it 'leadership' when they went to football. Team work and leadership we called that. Yes, you can get around it. But, no, your health card does not automatically give you access to that. You have to go along, cap in hand, and ask.

I came from a very, very working class background—and I mean very working class. I remember being picked for a netball team and I could not play because my mother could not afford the uniform for me to play. It was simply announced on assembly, ‘We had to pick somebody else because Margaret could not play because she could not afford the uniform.’ We did not get winter shoes or winter coats until the tax return came in each year, so you wore your sandals right through to July. In places like Cootamundra that was very cold, and your socks looked funny with little red and blue sandals. So I know what it is. But a lot of people come from a more privileged, more middle-class background and did not have that sensitivity when people came to ask. It was their right to ask, but they felt they were begging.

Senator LEES—So how do we get around that, particularly in rural areas? How do we not just get a better assessment of those people, whether they are in housing stress or it is a series of issues just related to very low income? Once we have established it, how do we make sure those people can access services and can access the things that the kids may need in order to continue schooling?

Mrs Brown—You can do it. Again, I think it is probably an educational program. For things like for kids in schools, your state departments would have to run a much more sensitising program for teachers. It is confidential and all those things, but it is not easy to go and ask for a handout, and that is what people felt. You really have to somehow let people know it is their right, that they are not taking from the public purse, that they are not bludgers. So terms like ‘bludger’ have to disappear from our vocab—it just does. Terms like ‘fecklessness’, in dealing with people who need the social security net, have to disappear, because if those terms come in in parliamentary discussions—which they have—then they go right down. We are humans: we are biased, we are prejudiced, we support our own tiny little world and we do feel threatened by what we do not know and do not understand.

I just think Australia has to become a much more equitable society. I do not mean everybody has to be the same at the end of it, but I do mean there has to be equity of access. I think that is your job—no, I do not; but I think as voters we probably have to be more discerning in asking our representatives what they stand for, honestly. We are a materialistic, selfish society. We do not want migrants coming in; we do not want poor people dirtying our doorsteps. Wasn’t the New South Wales government going to clear the homeless out of Sydney at the Olympics so that the athletes would not have to step over them? That is appalling. So I do not know how we get around that—it is huge.

Senator LEES—Do you find, looking at the levels of poverty in some of the communities that you know, that eventually this does push people out, that eventually they just move on, the family disappears from the school and maybe that is who, in some cases, St Vincent de Paul and the Salvos and the Smith Family are finding in Sydney are also not able to cope?

Mrs Brown—I think you would probably find the middle to older teenager would gravitate to the city. The parents tend to stay. As Shelter said, the community tends to look after them in the smaller towns. They make sure that they have enough to eat and if you are going anywhere you always pick them up and take them with you and, because they have been company for you, you buy them lunch and things like that. They cannot afford to go—if you are going to pack up and go, that costs, and they do not have the ready money to do that. So I find in our little villages—in Harden and in Condobolin, places I have lived in for some years—the parents and the

grandparents stay but the youth definitely look for better things. At Harden they went to Canberra; at Condobolin they tended to go to Sydney.

Senator LEES—Thank you.

Mrs Brown—Thanks.

CHAIR—Thank you very much, Mrs Brown.

Mrs Brown—Can I ask you what comes of this?

CHAIR—We will give a report to the Senate.

Senator LEES—Hopefully a very detailed and extensive report. I presume—and I am speaking on my own behalf—that the committee will look at some of the definitional issues under our terms of reference but then hopefully, as we work through our terms of reference, come to some real recommendations on how federal government policy can lead us out of where we are.

Mrs Brown—So it will impact on federal government policy?

CHAIR—We will wait and see. It is up to them whether they take any notice of our report, if we can agree on one.

Senator LEES—They will certainly have the information.

CHAIR—Thank you, Mrs Brown.

Mrs Brown—Thank you very much.

[4.10 p.m.]

EDLER, Mr David, Policy Officer, Australian Federation of AIDS Organisations

BEBBINGTON, Mr Mark, Policy and International Manager, Australian Federation of AIDS Organisations

LAKE, Mr Robert James, Convenor, Care and Support Portfolio, National Association of People Living with HIV/AIDS

CHAIR—Welcome. Information on parliamentary privilege and the protection of witnesses and evidence has been provided to you. 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. The committee has before it your submission. I now invite you to make an opening presentation, to be followed by questions from the committee. Who would like to go first?

Mr Bebbington—The Australian Federation of AIDS Organisations work very closely—in fact, we are in the same building—with the National Association of People Living with HIV/AIDS, known as NAPWA. Therefore on many issues we collaborate quite closely and we have asked a representative of NAPWA, who is Rob, to join us today. So I will give a brief presentation and then Rob will also speak.

Thank you for the opportunity to present today. The Australian Federation of AIDS Organisations are the peak body representing Australian HIV community based organisations at a national level. Our members are the state and territory based AIDS councils, the National Association of People Living with HIV/AIDS, the Australian Injecting and Illicit Drug Users League, which represents injecting drug users, and Scarlet Alliance, which represents sex workers nationally.

In our written submission we chose to address items 1(c) and 1(d) of the terms of reference because they were the most relevant for our members and constituents. In our submission we reference the HIV Futures 3 studies. I just need to apologise and make a correction. In our written submission there is a typographical error that says the ‘Futures 2’ study; it is in fact Futures 3. It is the third study in this series of studies that occur about every two years. The latest Futures 3 was a survey of 894 HIV-positive men and women from around Australia. It is undertaken by the Australian Research Centre in Sex, Health and Society at La Trobe University. That study found, among many other things, that 50 per cent of respondents reported difficulty in meeting daily living costs such as housing, food and transport, and 31 per cent of people living with HIV are in fact living below the poverty line. Of those who live below the poverty line, one-quarter rated paying for their medical costs as being ‘very difficult’. According to that survey, 49 per cent of people with HIV are receiving a government benefit. Of those who are receiving a benefit, nearly 60 per cent—59 per cent—were living below the poverty line. So it is an issue that does affect very much our constituency and our members.

The disability support pension provides an individual with financial resources to obtain basic requirements such as food and shelter. But it is the associated benefits of the DSP that enable a person to meet health and other basic life requirements. Some of those important benefits are things like the Pharmaceutical Benefits Scheme's concessions, travel concessions, housing and rental assistance and reduced rates for telephone and other utilities. They are some of the main ones. But, even with these benefits, 50 per cent of people with HIV report difficulty in meeting basic living costs, and 59 per cent are still living below the poverty line. A significant number of people with HIV—and it is the same for people with other chronic illnesses—rely on the support of non-government and community agencies to alleviate the effects of poverty. So a lot of this support is things like financial assistance, housing assistance and also the provision of meals and basic groceries.

I want to talk now a little bit about the work force and people with HIV. Many people experience physical and psychological impairment as a result of HIV, and, not unlike other illnesses, the course of HIV disease can be characterised by fluctuating periods of illness and wellness. It is an unfortunate reality that HIV treatments can produce debilitating side effects for people. So all of this means that many people with HIV move in and out of the work force as their health may permit. Because of this, it is important that the welfare system be sufficiently flexible to allow this movement to occur without causing unnecessary distress or increased financial hardship for the person concerned. The risk of being moved off a disability support pension to a payment such as Newstart means that the basic payment is reduced as well as there being a loss of those benefits and concessions which are particularly important. While they lose those benefits and concessions, they still have the same level of costs to meet. So such a loss of benefits and a reduced payment would result in increased levels of poverty among people with HIV and also poorer health outcomes for individuals. Our organisation has a very keen interest in any proposals to reform Australia's welfare system. We do support any reforms that result in a more responsive, equitable and sustainable system and a system that aims to assist people to obtain higher levels of health and overall wellbeing.

CHAIR—Mr Lake, do you want to say anything?

Mr Lake—NAPWA is the National Association of People Living with HIV/AIDS, and we are made up of representatives from each state and territory organisation of people living with HIV/AIDS as well as Aboriginal and Torres Strait Islander PLWHA representatives. As part of AFAO we clearly support the submission and are also part of the consultation process around welfare reform that is currently under way as well. We, as with many other disability advocacy organisations, oppose the changes to the DSP eligibility criteria, because we believe that they would financially disadvantage people living with HIV/AIDS on income support, and we continue to oppose those parts of Australians Working Together that have similar goals. We note with concern that there are certain Centrelink administrative changes going on that seem to be trying to have the same goal of assessing and streaming new applicants and existing recipients from DSP onto Newstart. The basis for our opposition was the issue of poverty amongst people living with HIV/AIDS. The cost of living with AIDS has a significant impact on people on low incomes or on income support, and the figures of the numbers of people living in poverty are of great concern to us.

We fully support the objectives of increasing opportunities for re-employment amongst people living with HIV/AIDS who are able to re-enter the work force, but we point out the resources

required in reskilling people who have been out of the work force—sometimes for 10 years or more. In that period of time there has been such major change in technology in the workplace that those people need to actually kind of reacclimatise too, and often they need to learn completely new skills. Those skills and also the workplace flexibility that is required when you are living with a chronic episodic illness are a major challenge for employers to understand and also for employment services in terms of negotiating those on behalf of people when you are looking for a job through Job Network or something like that. That makes the employment outcomes difficult.

The availability and the impact of concession supports—particularly pharmaceutical concessions, access to bulk-billing and transport concessions—are vital in maintaining or rebuilding social support and contact, the ability to actually engage and participate, whether as a volunteer or a part-time or paid worker, and also to maintain and sustain treatment regimes that involve drugs, often therapeutic regimes and exercise that all make up the well being. For us the health care card is one of the most significant concessions that people with chronic illness have, and the potential loss of that card can be a disincentive to re-entering work where a person might not be confident of their capacity to remain in the job or to negotiate changing work within the job. In addition, many people with HIV/AIDS re-enter the work force at a very different place from where they left it, just because of the change in where they were. Casual and part-time work can often not pay enough to cover the medical or the vitamins and those other therapeutic costs which are part of complementary therapy regimes that many people manage.

One of the issues that we wanted to raise was the variance in the impact of these concession regimes between the city and country and rural areas. The bulk-billing availability is an obvious one; as well, there is the value of transport concessions and those sorts of things. New South Wales has a very generous city transport concession that is not available outside of eastern Sydney, essentially, and the impact of that on job seeking, going to support groups or any of those things can be pretty extreme. I am not sure about the other state concessions, but they all have a variation on those concessions. Finally, I want to pick up on the Country Women's Association's point that, in terms of skilling, there is a need sometimes for more comprehensive work than, say, a course that a job network might be running, like being able to access a TAFE course for things that are more ongoing, such as fundamental training, and that is a big cost issue as well. Those are the things I wanted to say.

CHAIR—Thank you. Mr Edler, would you like to say something?

Mr Edler—No.

Senator LEES—Just picking up on the point you made about access to the health care card and looking at the submissions, the amounts for complementary therapies, non-PBS pharmaceuticals and other treatments seem to range from \$220 to \$80 to \$15. It is not just hanging onto the health care card, it is also looking at the additional costs of illness. How do we deal with that as well? Is there a need to look at some additional support for chronic illness?

Mr Lake—Other disability groups talk in terms of the impact of the cost of disability. For people with a physical disability the cost often relates to the lack of physical access, the lack of accessible transport and the need to pay for taxis—those sorts of things. In our terms the cost of disability is the cost of the full range of health care. You have your chemicals—your HIV

drugs—but then often you might have acupuncture to deal with the neuropathy that is a side effect, nutrition around living with chronic diarrhoea, and things like that.

Senator LEES—People need a range of complementary health products as well.

Mr Lake—Yes.

Senator LEES—That should be recognised as perhaps a part of the support network.

Mr Lake—Absolutely.

Senator LEES—If we are going to assist people to stay off the disability pension, we need perhaps some other mechanisms to recognise disability as well.

Mr Lake—Yes, the cost of that and—

Senator LEES—You referred to the changes to DSP. Were you referring to the suggestion that we basically limit it to people who have a 15-hour-a-week capacity?

Mr Bebbington—That proposal is certainly a concern because that will see many people moving from the DSP probably to a Newstart program—

Senator LEES—And then not being able to fulfil Work for the Dole and other—

Mr Bebbington—Yes. As I said, the episodic nature of HIV would mean that they may find it difficult to fulfil those requirements in terms of Job Search and training, and they would lose the benefits of the disability support pension concessions as well.

Senator LEES—So do we need to look at another system for people with chronic episodic illness? We are talking about perhaps some forms of arthritis, multiple sclerosis, HIV and schizophrenia. As we heard from some of the welfare groups in Sydney, the people they are coping with are often unable to get DSP despite being schizophrenics. So is there another employment category that we need to assist people with chronic illness? Can you perhaps look at some versions of that just to keep people out of poverty?

Mr Lake—The discussion paper on welfare reform frames it in terms of add-on modules—you have a core benefit and then you add on modules according to your need. Across the range of people with chronic illness, most costs are health care related; they are not parallel costs such as transport, sign interpreters or some of those things. You could probably frame that stuff fairly commonly for people living with long-term degenerative illnesses—all those sorts of things as well.

Senator LEES—Perhaps we need an add-on module that is added not only to a benefit but also to an income up to reasonable average level.

Mr Lake—Yes, if you are low income working, absolutely.

Senator LEES—Yes, so that that module of additional health care, for example, recognises the additional cost that that person has to meet.

Mr Lake—Yes, if it related to the costs that you bear each month or year rather than to your income—I suppose there is some way of assessing that. Things like the safety net would start to go towards that but there are many things outside of that, such as allied health things.

Senator MOORE—Under the current system with Centrelink, is it difficult for someone who presents with HIV/AIDS to establish their eligibility for DSP? In the case studies you have given us, they are all eligible. Some are not taking it up, but you have said that in the case studies they are all eligible. I am just wondering whether there is an agreement with Centrelink, if you have that condition.

Mr Lake—The new assessment regime was set up in September last year. A medical assessment is done, the principle of which is functional ability. People with AIDS become eligible for Centrelink and for other government services by functional disability, essentially. So just being able to be HIV positive does not make a person eligible for them. It is about their ability to work, their ability to—

Senator MOORE—Function?

Mr Lake—Yes.

Senator MOORE—Years ago, when Centrelink was the department of social security, we had a program to work with the community, so that these welfare issues would be handled sensitively. My understanding is that that program does not exist anymore; it is now mainstream. It was an issue that the department had been aware of but now I think it has become more mainstream. Would that be your understanding?

Mr Lake—Yes.

Mr Edler—Certainly, with the current perception of HIV no longer being a serious issue, which of course is a false assumption, I think that has filtered through somehow to the way that, say, Centrelink would be handling the issue in terms of making it a mainstream approach rather than specialist attention as they might have done, say, 10 years ago.

Senator MOORE—So much within Centrelink is now within guidelines that you just follow the sheet rather than handle cases individually. That could well have been the issue. I am aware of the complementary medicines and the treatments that vary and are very individual as to what works and what is available, depending on where you are living. Your case studies would have wide variation as to what would be available to those different people. Is the core medication an expense or is it somehow subsidised?

Mr Lake—For people on a pension they get that—

Senator MOORE—With the health care card?

Mr Lake—Through the health care card. For people who are not on the pension, it is still subsidised. Mine costs me about \$45 a month. Access to the safety net, if other stuff gets it up to that level—

Senator MOORE—When your card gets full?

Mr Lake—Yes. So that is how it works. For people who are on the pension it is free, as with other prescriptions, yes.

Senator MOORE—I asked about the relationship with Centrelink because they have an outreach program where they talk with people working in associations like yours that have a lot of members who feed through their problems to find better ways of operating and better policy development. Have you been involved with the department in that process?

Mr Lake—Centrelink has a disability reference group, which is like a customer advisory group, and NAPWA is represented on that. It has been running since late last year, and it has been useful to be able to talk with them. Through them, we have met with the tenderers for the medical assessments and the workplace assessments and discussed how they train their assessors, particularly around episodic illness. That is one of the issues in assessment. If you turn up and you are fine on the day, someone might say, ‘You are fine; what are you doing here?’ Those are the sorts of training issues that we have raised with them, and they have responded fairly well.

Senator MOORE—That happens across the country, not just in New South Wales?

Mr Lake—Yes. It is a national reference group.

Senator MOORE—And the local ones?

Mr Lake—Yes.

Mr Bebbington—One of the concerns we have is that variability from office to office and across the country. We do not have a very clear picture of how variable it is, but we have some concern about it and we are trying to get a better picture of it.

Mr Lake—It is one of those things that looks great as a system—the ability that they have to roll out that sort of training to everybody. It is a huge organisation and they have a lot of staff. I think it is a big challenge to get that all rolled out.

Senator LEES—So when some of your members end up on Newstart, is it inevitable that at times they will struggle to comply? Is breaching an issue for you?

Mr Lake—It has been a bit hard to find that out. We were trying to do some research on that when the breaching was coming through, so it is a bit hard to get figures on the number of people. We have asked Centrelink to do some research into the impact, based on some of the high case load Centrelink offices in Sydney and Melbourne—for instance, the number of people moving from DSP onto Newstart. We have not been able to get that research done yet.

Senator LEES—Maybe we could ask.

Mr Lake—As Mark was saying, other impacts such as depression and some of those sorts of things have an impact on compliance and people get breached for those sorts of reasons as well.

Senator MOORE—There is also the linkage with the job providers in Newstart where you just work out an arrangement with the Centrelink office and then you find a job provider who actually has a much closer relationship, and there are varying levels of awareness across those people as well.

Mr Lake—Yes.

Senator MOORE—You referred specifically to the Goldsmith Foundation, and I have heard of that, but there is no similar organisation giving out specialised support in New South Wales. I am from Queensland, so I am a bit biased, but is there anything similar to that across the board? My understanding was that the Goldsmith Foundation was in New South Wales only.

Mr Edler—No, there is an affiliate of the Bobby Goldsmith Foundation in South Australia as well. In terms of the other states, some of the AIDS councils, I think in Western Australia, provide a similar service.

Mr Lake—Do they do the same thing in Victoria—fundraising?

Mr Edler—Yes, there is an associated positive living centre in Victoria that actually carries out some of the same functions that the BGF does in New South Wales. So they are not all the same sorts of organisations or incorporated bodies. But with probably the exception of the Northern Territory and Tasmania, where I am not aware of there being any such organisation, there are organisations in the other states and territories.

Senator MOORE—The data you provided in the submission shows a significant workload in terms of the—

Mr Edler—Absolutely.

Senator MOORE—life support for people without which it would be very scary as to what was available.

Mr Lake—Particularly like emergency relief that they provide which people do not use a lot. There is the idea that someone can just get some help with a bill or something like that, and most of that is funded. I think that is fundraising, isn't it?

Mr Bebbington—Yes.

Mr Lake—So community fundraising pays for that.

Senator MOORE—And it is a very high statistic in that 30 per cent of people living with HIV and AIDS live below the poverty line. In terms of a community statistic, that is very high.

Mr Lake—And considering the demographics of where people with AIDS live, that concentration is principally I suppose in New South Wales. What is the percentage in New South Wales?

Mr Bebbington—I think it is probably close to 80 per cent. People with HIV would be primarily in inner city Sydney.

Senator MOORE—Which is a high-cost living area.

Mr Bebbington—Yes.

Mr Edler—And the ones that are living, say, in the outer suburbs of Sydney, while they might not be experiencing the same sort of rental expenses, transport and all the other costs will probably be higher. So there are ups and downs about where people live.

Senator MOORE—Thank you.

CHAIR—Thank you very much, gentlemen, for coming along today earlier than you were anticipating. Thank you. I adjourn today's hearing.

Committee adjourned at 4.35 p.m.