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SENATE

COMMUNITY AFFAIRS REFERENCES COMMITTEE

Reference: Poverty and financial hardship

THURSDAY, 19 JUNE 2003

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SENATE
COMMUNITY AFFAIRS REFERENCES COMMITTEE

Thursday, 19 June 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, Humphries, Hutchins, Knowles, Lees and 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.

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Committee met at 3.34 p.m.

FALZON, Dr John, National Researcher, National Council of the St Vincent de Paul Society

MCCARTHY, Mr Terence Barry, President, National Social Justice Committee, National Council of the St Vincent de Paul Society

MEAHAN, Mr John, President, National Council of the St Vincent de Paul Society

WICKS, Mr John Patrick, Vice President, National Social Justice Committee, National Council of the St Vincent de Paul Society

CHAIR—I declare open this meeting. The Senate Community Affairs References Committee is continuing its inquiry into poverty and financial hardship. I welcome representatives from the National Council of the St Vincent de Paul Society. 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.

Mr Meahan—We would like to make a few preliminary comments. At the outset we want to say how pleased we are that you have travelled to some deprived areas of Australia, where you have heard the story of a woman driven to prostitution to survive, of children being fed at school, of those evicted with nowhere to go and of those desperate and unable to find a job—the despair of being deprived with no opportunity to escape. Today we want to talk about solving the problems. This inquiry addresses the most important social policy issue facing the nation: the deep, widespread poverty in Australia, demonstrated by the existing and growing rich-poor gap. The stability of Australia as a nation is threatened if we fail to solve the structural problems that cause poverty.

Let us begin with a challenge to you all. For those in employment, the average weekly earnings are \$726 per week, and \$860 for those in full-time jobs, yet 21 per cent of Australian households—some 3.4 million citizens—receive less than \$400 per week, or \$20,200 per annum. Twenty-eight per cent of Australian households—some 4.6 million citizens—receive less than \$500 per week, or \$25,000 per annum. The challenge is simple: could you and your families live on that?

This society is probably the largest charity in Australia. It is an organisation of unpaid volunteers whose primary function is to visit people in their homes. We also witness the crushing despair in the homeless and disadvantaged people to whom we offer solace in our homes, hostels, drop-in centres and on the streets. We are well qualified, therefore, to talk about poverty. We are here to talk about a national tragedy: the loss of our European social and egalitarian values. We Australians have allowed this situation to develop. We have remained mute, while those who should lead this country have demonised and demeaned the poor and disadvantaged, the young unemployed, single parents, poor working families and the elderly, on whose faces we see despair every day. The process has distracted attention and obviated the demand for politicians to solve a known problem. We look to this committee to turn this around. The

consequences of your failing to do so are frightening. Terry McCarthy and John Wicks will highlight some of our concerns and suggested solutions.

Mr Wicks—Misleading and disingenuous approaches to poverty, given recent publicity, seek to dismiss its existence and, without serious or detailed research, claim it does not exceed five per cent. They also use spurious logic to claim that, if a poor person's income increases by \$1 a week and a wealthy person's by \$1,000 a week, everyone is getting richer—conveniently avoiding questions about the cost of living and the burgeoning gap between rich and poor.

In reality, poverty or deprivation, which affects around 15 per cent of the population, is essentially two things. Firstly, it is financial stress. Official data concludes that 2.4 million households, involving up to four million Australians, are living in financial stress. Exacerbating their low incomes is the cost of living, where essential goods and services crucial to the poor—such as health, education, housing, public transport and the like—have all been rising 100 per cent or more above CPI increases. The gulf between rich and poor is growing. As NATSEM points out, 20 per cent of Australians currently enjoy over 65 per cent of the wealth, and this will grow to 70 per cent by 2030. Conversely, 50 per cent of Australians currently have about seven per cent of the wealth, and we will see this shrink to less than five per cent by 2030. Contrary to recent ministerial claims that the Gini coefficient—which measures inequality on a national scale—has improved, official data in fact shows that it has deteriorated. Whichever way you look at it, financial deprivation exists on a wide scale and is growing.

The second aspect of poverty, deprivation of opportunity, is even worse. Employment is the most significant, bearing in mind that, if every able-bodied adult had a full-time job, poverty would be minimised. But lack of access to such a job is the hallmark of the current labour market. Claims that unemployment has fallen are fabrications based on a redefinition of employment as having one hour of work in the reference week. On previous definitions of employment, unemployment is closer to 10 or 12 per cent. At any one time around 100,000 jobs are available, but at least 1.2 million Australians are without any job or with insufficient hours of work. Over 60 per cent of the jobs created in the past decade were casual or temporary. Substantial numbers of workers—as high as 30 per cent—have no sick leave, no recreation leave and little or no superannuation. These are the working poor. Official data shows that 2.8 million Australians aged below 65 cannot survive without some form of income support.

Education and training is a further area of deprivation of opportunity. Rising costs and inadequate expenditure relative to education and training needs by all governments have resulted in the disastrous outcome of low school retention rates and inadequate facilities in many areas. Moreover, despite desperate shortages for full-time jobs in teaching, nursing, child care, aged care and many other medical disciplines—and even cooks—high entry costs and lack of places in technical and tertiary facilities are actually retarding employment opportunities rather than promoting them. Affordable housing is a further crucial area of deprivation. Low-income Australians now cannot afford to rent, let alone buy, accommodation close to metropolitan areas where those jobs—even part-time or casual—do exist. Over 200,000 households are on the waiting list for public accommodation, and many others are spending 50 per cent or more of their low incomes on putting a simple roof over their heads.

Health, child care and transport are other areas of equal deprivation. All are areas where costs have been rising faster than the CPI and where availability to low-income households has been

declining. We now have a situation in Australia where, if you have a very low-income status, you have little or no chance of child care, effective low-cost transport, decent health care or access to a job. To top it off, you will die younger. All the above deprivations are well-documented and are addressed where possible in our submission. One thing is for sure: if financial stress characterises your current state of deprivation, inequality of opportunity in employment, education, health, housing and the like will keep you there, even from one generation to the next.

International comparisons with other developed OECD countries show that Australia's performance in addressing poverty or deprivation is amongst the worst, whether it be in primary education, child care or full-time job creation and the average wages therefrom. In that context, we find it most disconcerting that, when the OECD and related bodies compliment Australia on some economic outcome such as growth, they are considered the most reputable of experts and so are indisputably right. However, when they criticise Australia on social issues, including poverty alleviation, they do not understand; they have got it wrong. We do not accept that.

Mr McCarthy—The poverty that John just referred to is found in the traditional areas of housing estates in inner city areas; in new growth areas on the outskirts of our cities where people are forced to live in areas away from public transport, jobs and adequate services such as education, health and housing; in areas which have felt the brunt of economic rationalisation and globalisation with the closure of services by government and private enterprises; and in country and regional areas where services have been removed and occupants must now travel to acquire them.

In the last 20 years, with state and federal governments of both persuasions, we have experienced what has been described loosely as the Americanisation of the Australian way of life. We have moved from our egalitarian nation based on European social values of accepting that society is designed for the common good and that government has a responsibility of ensuring that everyone contributes to, and benefits from, that common good to a nation that is increasingly focused on the pursuit of the individual and the belief in the free market to solve all our problems. The free market was never designed as a social tool. If we are to accept this move to Americanisation, Australians should be asked: do you want a nation with a health system which is affordable only to the wealthy? Are you prepared to put up with the violence, the crime and the incarceration rates which are consistent with those areas? Are you prepared to put up with the level of homelessness and destitution which up until now has been unacceptable in this country? Are you prepared to put up with the quality of an education system dependent upon how wealthy you are?

There is another way, but it requires vision and courage. The book of Proverbs tells us, 'Where there is no vision, the people perish'. We are suggesting that politicians of all persuasions, in all jurisdictions, cast aside the blame game and develop a vision to restore these Australian values and sense of equality by restoring not only a fair go but an equality of opportunity. There have been times when we have done it in the past. There are examples of European countries, most recently the United Kingdom and Ireland, which are addressing the problem and with considerable success. Clearly, it has been easier for countries with unitary forms of government to develop national strategies for the alleviation of poverty and the elimination of child poverty. It would be more difficult in our federal system, but not insurmountable provided the political will and vision are forthcoming. It is not politics that is called for but statesmanship.

We and a number of other organisations have made similar recommendations to you for solving the problem. They are threefold: firstly, the development of a national strategy for the alleviation of poverty and the elimination of child poverty; secondly, since the problems and solutions are shared responsibilities, involvement of all levels of government—both state and federal—and, therefore, a national forum for the development and implementation of a national strategy to include all stakeholders, including state and federal governments, business, trade unions and charity and welfare organisations; thirdly, the establishment of an administrative structure for setting benchmarks and ensuring that everyone meets his or her obligations. I am sure it will not have escaped your notice that the CEO of one of Australia's largest banks has this week proposed not dissimilar suggestions. The time, in our view, for tinkering at the edges, blame shifting and polemics has passed. We often hear the quote 'Life wasn't meant to be easy'—originally a quote from George Bernard Shaw. If I may, I will quote it in full:

Life is not meant to be easy, my child; but take courage—it can be delightful.

There is hope then—and we ask you to give it to the three or four million Australians who need it. We now welcome the opportunity to discuss this, our submission or any relevant matters you may wish to raise.

CHAIR—Thank you. Do you wish to say anything, Dr Falzon? You are most welcome to.

Dr Falzon—I would just like to add that this is a prime opportunity for the people of Australia to face up to the structural causes of poverty. It has been 30 years since the last inquiry into poverty. We cannot afford to wait another 30 years before we wake up and see what sliding into further inequality will produce for our country. If we fail to bite the bullet and muster the political will to develop a national strategy, if we fail to acknowledge that poverty is not a matter of a lack of capacity in the individual but rather a lack of capacity in the economic system, then Australia at the dawn of the 21st century will be more akin to the Australia of the 19th century, a land disjointed rather than diverse, a land where dispossession and exploitation are the rule rather than the exception.

CHAIR—Mr Wicks—and you may all wish to comment on this—I would like to ask a question in relation to the Gini coefficient. It is about the distribution of income. Senator Vanstone has said:

I really would like to respond to that. Let's just put Wayne's rhetoric aside—

that is, Wayne Swan—

because I think this is a very serious issue. The Australian Bureau of Statistics have something called a Gini Coefficient. Now, I don't know the mathematics of it, but I do know that it measures distribution of income. And they say there hasn't been a change in the distribution of income in Australia between '95-'96 and 2001, and I haven't seen any studies subsequent to that.

Would you like to comment on that? You referred to it briefly.

Mr Wicks—It is just not true. Let me explain the Gini coefficient. It is a coefficient between zero and one. At zero, wealth is equally distributed amongst the whole population. At one, one person holds all the wealth. The closer you are to zero, the more equal your distribution. It is a

very important coefficient because, in the absence of a whole series of other data we would like to see around, it is one of the very few that you can point to which shows whether inequality is increasing or decreasing. Minister Vanstone said it had decreased. Straightaway, we got onto the ABS, the bureau of census and statistics, to find out just what the situation was. Strangely, we found that the data which would show that—the income distribution data—are several months behind. We asked them, ‘Do you have the data?’ They said, ‘Oh, yes, we have collected it. We know it was collected on time.’ We said, ‘Can we have it?’ They said, ‘No, you can’t have it.’ We said, ‘Well, you must have been able to calculate the Gini coefficient. Can we have it?’ They said, ‘Yes, we have it, but no, you cannot have it. It is not due out until July.’ I said, ‘Well, this is strange. It is one of the most important indicators. We have a poverty inquiry and we cannot get to one of the key pieces of information that would assist us.’

But then Stats did come to us. They said, ‘Well, look, we can’t give you the income distribution data and we can’t give you the Gini coefficient.’ But they did point us to another publication, which is only a couple of weeks old—*Australian economic indicators*. They said, ‘There’s an article in there you would find interesting.’ On page 10 of that article, it shows quite clearly—there is a table there; I will table it if you like—

CHAIR—It would be appreciated if you could.

Mr Wicks—Yes, we will table it. It shows quite clearly that the Gini coefficient between 1997 and 2000 declined from 0.303 to 0.31. You might say that that is a very small change but, bearing in mind that the coefficient is between zero and one, small changes can mean major shifts in equality. Moreover—

CHAIR—What page is that you are referring to?

Mr Wicks—Page 10 of 13. At the bottom of that table, it says ‘Gini coefficient’. If you look under 1997-98, you get 0.303; if you go along a column, you get 0.31. On the following page, it says, at the end of the second paragraph, that rising inequality reflects only a one per cent real increase in low incomes in the period 1997-99 to 1999-2000 and that there are much stronger real increase in incomes for people in middle and high income households—four and six per cent, respectively. Those are not our figures; they are official data. That is the very latest we will have until the full data become available from the income distribution statistics, which I think are due out on about 8 July or 9 July and which are not supposed to be available to anyone. I would be surprised if anyone has access to them. I presume they will confirm what is said there.

CHAIR—Mr McCarthy?

Mr McCarthy—That is fine, thank you.

CHAIR—Mr Wicks, you sound as though you have an economic or statistical background. I do not know if any of my colleagues have that; I certainly do not. Would you like to put what that means in plain English—what you are telling us has happened?

Mr Wicks—Put simply, you will find that, with the Gini coefficient between nought and one, most North European countries with social democracies and minimum levels of poverty have Gini coefficients of about 2.3 or 2.5. You find the next rung of developed countries doing pretty

poorly down at the other end of the scale. That includes the Americans and us. The Gini coefficient tends to be three or above three, which is exactly what the situation is at the present time. If you want to improve the situation in Australia, you need to get it down towards that social democracy level that you have in the Northern Hemisphere, around the 2.5 level. It can be done. It is not impossible. It just does mean that there would have to be a shift in income inequality in this country.

CHAIR—And that has happened since 1996?

Mr Wicks—Yes, 1997. Those figures say 1997-98.

Mr McCarthy—It happened right through the 1990s. It has been gradually increasing over a long period. It is not something that has stopped. It is not true to say that it has stopped—quite the reverse. And, even leaving aside the Gini coefficient, we could go on and talk about the Robin Hood coefficient and all these other technical terms too, but they are not really going to advance us any further. The fact is that, looking at the other evidence that we have placed in there, including the material from NATSEM and anecdotal experience, the gap is increasing. Certainly there is a huge group of poor people out there, poor families, about whom we should be concerned; we should be doing something about them.

CHAIR—One of the areas that has come up in the inquiry is the definition of poverty. It has been contested. There is the Henderson line and then the NATSEM Smith Family one. Then there is a view from the Centre for Independent Studies that I would unchristianly characterise as saying that everybody is getting much better. I cannot recall off the top of my head whether the national council itself has a preferred view about a definition of what poverty might be.

Mr McCarthy—Yes, we have a preferred view right enough. The preferred view is that we stop talking about drawing lines in the sand. It seems to us that it is a distraction—sometimes, we believe, a deliberate distraction—to get people talking about poverty lines so that you do not have to do anything about it because you do not have the problem. It seems to us—and we said that in the previous publication *Two Australias*, which came out some time ago, that it is absolutely ridiculous to draw a line in the sand and say—let us take the figure of \$16,000 a year—that, if you get \$16,001 a year you are not in poverty, and if you get \$15,999 you are in poverty.

Senator KNOWLES—But wherever you draw that line there are always going to be some just over and some just under, aren't there?

Mr McCarthy—Absolutely right.

Senator KNOWLES—For anything.

Mr McCarthy—I guess that is so. But we would say that, in relation to the figure that we quoted at the beginning, if you are in one of those 20 per cent of Australian households—nearly four million Australian households, not individuals—getting \$20,000 a year, we still have to ask the question of whether you could live on that.

Senator KNOWLES—I want to ask you a question.

Mr Wicks—Can I raise an alternative to that, though. The alternative to the line in the sand is the one that Professor Peter Saunders—the Professor Peter Saunders, from the policy research centre, Sydney—not the other one—

CHAIR—We have met both of them.

Mr Wicks—Over a period of years, he developed what he calls the budget standards. I think they are excellent. What budget standards do is take different families, different circumstances, and fill a basket of goods and say, ‘What would that family need, what would that single mother with a child need, what would mum and dad and two kids need, what would this old age person need and so on?’ The budget standard says, ‘This is what that person would require to live on.’ That is not a line. It is all different things for different groups. FaCS actually had Professor Saunders doing a lot of work on this, and it was excellent work. I think—I do not know—that some people did not like the answers they were getting, and the work suddenly stopped. The money for that to continue dried up. If you want an alternative and valued way to approach poverty and deprivation and what sort of incomes people need, I would say that the budget standards approach is a very good one.

Senator KNOWLES—Mr McCarthy, I think you were talking about families living on \$16,000.

Mr McCarthy—I was talking about households, yes.

Senator KNOWLES—You said, ‘They are not individuals; they are families.’ Could you please explain to the committee what that \$16,000 that you are quoting is made up of? Does it include family tax benefit?

Mr McCarthy—\$20,000?

Senator KNOWLES—You mentioned \$16,000, \$400 a week or something. I am saying, ‘What does it include?’ Does it include the family tax benefits?

Mr McCarthy—Yes, it does.

Senator KNOWLES—The parenting allowance?

Mr McCarthy—Yes, it does.

Senator KNOWLES—The child-care allowance?

Mr McCarthy—Yes, it does.

Senator KNOWLES—So what you are saying to me is that everything has been included.

Mr McCarthy—Yes.

Senator KNOWLES—Then why is it that, if you are saying that a family of mum, dad and two children or even a single mother with a couple of children are still well below the \$16,000 when—

Mr McCarthy—\$20,000.

Senator KNOWLES—You quoted the figure of \$16,000 a moment ago—when, if all of those things were added together, it would be more than that.

Mr McCarthy—The figures we are giving you are not ours. The figures we are giving you are the Australian bureau of census and statistics figures.

Senator KNOWLES—I am just asking you to explain. I understand that, because I have read your submission.

Mr McCarthy—I am glad of that.

Senator KNOWLES—I understand that. What I am asking you is this. I have not gone back to the ABS statistics. I am asking you to explain how they have been used in this instance when the child-care allowance and all the allowances that are available to low income earners accumulated—

Mr McCarthy—Accumulate to \$20,000 a year.

Senator KNOWLES—Depending on the circumstance and the age of the children, yes, they do.

Mr McCarthy—I would need convincing about that.

Senator KNOWLES—I am asking you—

Mr McCarthy—I am not an expert on allowances, but let me tell you that I visit lots of families in their homes who are destitute. I have not struck one yet who is on government income that gets \$20,000 a year.

Senator KNOWLES—I am saying if they are earning a living. You are saying to me that, if they are earning so much money, X amount of dollars, on top of that X amount of dollars they are entitled to various benefits. Is that correct?

Mr McCarthy—No.

Mr Wicks—Could I try to clarify it? If you go to the household expenditure survey, it might help to sort this issue out. There are 2.1 million people in Australia who get less than \$9,000 a year. That is totally government money. They do not earn anything. That is totally government money.

Senator KNOWLES—But what I am trying to ascertain from you is this. When you say that people can be in the work force earning a certain amount of money and that is all that they rely on to live, that is not factual.

Mr McCarthy—No, we were not saying that all. Let us get the \$16,000 out. I was using that as roughly what the poverty line would be. We are talking about the \$20,000, which the ABS points out is what 20 per cent of Australian households live on. Their total income in the household from all sources is \$20,000. It is a different question, altogether. If you are earning \$20,000, and you have a couple of kids, then you are entitled to get certain government benefits, and you do, but that takes you above \$20,000 and you are then not in that 20 per cent of households.

Senator KNOWLES—Now let us go to the next extension of what you are saying. In recommendation 2.2 you are saying that welfare payments should be indexed to a higher level. If you start increasing welfare payments, how far do you increase them before you create a disincentive for people to work? Would you agree with the principle that the best form of welfare is a job?

Mr McCarthy—We would absolutely, resoundingly support that. We would say that is the problem with the whole question of people being unemployed. You have 650,000 people unemployed. The ABS tells us there are another 620,000 people who are underemployed and, at any one time, there are 100,000 jobs on offer.

Senator KNOWLES—To what level would you increase the welfare payments so they did not act as a disincentive for people to go out and get a job?

Mr McCarthy—Let me tell you that, if you were to compare it to other social democracies, it is a myth that welfare is a disincentive for people to work.

Senator KNOWLES—No, it is reality.

Mr McCarthy—It is a myth, Senator.

Senator KNOWLES—When people have to give up concessions and so forth, they weigh it all up and they say, ‘No I’m not going to do that.’ Therefore, they do not get experience in a job, they do not become employable in other areas and they become long-term unemployed. They say, ‘I might get experience there and I might end up better qualified to go and get a job, but I might be a couple of dollars worse off so I’m not going to take the job.’ What happens? It just becomes a self-fulfilling prophecy.

Mr Wicks—That is very few and far between. Let me point out—

Senator KNOWLES—It is not.

Mr Wicks—Sixty per cent of the jobs created in the last decade are casual. That means you are working a few hours a week. That means you are not earning anywhere near \$20,000. You are probably earning a lot less than \$15,000. You are talking about welfare; there is a nexus here between work and welfare. The business community is saying, ‘We can only have casualised

workers because, in a globalised world, we cannot pay them a living wage. ‘You have to top that up with welfare. Alternatively, you can have employers pay a living wage. You are facing exactly that problem because of casualised work and employers are just not paying enough. There are plenty of people willing to do the work, and they are doing it, but they just cannot live on it.

Senator KNOWLES—That is why they get topped up.

Mr Wicks—Yes, and that is why your welfare bill is rising, and it will keep on rising unless you solve that nexus between work and welfare. What we are saying is that, with all those people at work, there are still 1.33 million Australians who either cannot get a job of any sort or who can only get a casual job for a few hours a week.

Senator KNOWLES—Unemployment is much better now than it was seven years ago. It has gone from 10 per cent to six per cent.

Mr Wicks—No! That is the whole point. Unemployment, on the old definition, is currently about 10 or 12 per cent. We have redefined it as one hour of work a week. The definition of employment is now—

Senator KNOWLES—When was that redefined?

Mr Wicks—The definition of work now employed by the government for the six per cent—

Senator KNOWLES—When was it redefined?

Mr Wicks—It used to be 30 hours a week, years ago.

Senator KNOWLES—When was it redefined?

Mr Wicks—I cannot give you the exact date.

Senator KNOWLES—It was redefined, I believe, in the late eighties or early nineties.

Mr Wicks—That does not surprise me.

Senator KNOWLES—That is what I am saying: it was redefined in the early nineties and, by the mid-nineties, there were 10 per cent unemployed on the same basis as there are six per cent unemployed today. So the yardstick was still the same—right?

Mr Wicks—No.

Senator KNOWLES—It was still the same; it was still calculated on the same basis.

Dr Falzon—If I might say, this debate is missing the point. What we are trying to say to you is this: it is useless to blame welfare—

Senator KNOWLES—I am not blaming welfare.

Dr Falzon—It is useless to blame it on this fact. If we are a society that can fiscally afford to provide social security benefits, as well as a strong public infrastructure, to all citizens, including those who are most vulnerable, that is not the reason why they cannot get jobs. The reason they cannot get jobs is that the structure of the labour market is such that the jobs are not there for those who want them. It is not because they are getting welfare benefits. Senator, that is like saying—

Senator KNOWLES—But that is not what I am trying to say.

Dr Falzon—that when there is an epidemic it would be wrong to provide quality health to those who suffer from the epidemic rather than saying to them that they should stay in their homes and keep out of harm's way.

Mr Wicks—I just—

Mr McCarthy—John, let me answer—

Senator KNOWLES—But hold on just a moment.

CHAIR—Hold on, I am the chairman here. I think Mr Wicks was going to make a point and then Senator Knowles was going to make a point.

Mr Wicks—I take your point that the definition was made earlier, but let us look at what backed that up. In 1996-97, 350,000 or more people were removed from the unemployment list and were put on the disability list. So while the trend of casualisation was going on—and you are saying it is the same as before—the figures were also brought down by the removal of a huge chunk of people from the work force. They were not classified as employed.

Senator KNOWLES—And that has been going on for a long time, too.

Mr Wicks—Now you are trying to get those back. Another large group of people were classified under Newstart. They were not classified as unemployed; they were not put in the unemployment figures. So there were two or three things happening at the same time. The other thing is, while the definition may have changed from when you see it earlier, actual employment did not. The definition was sewn up by a bunch of labour statisticians in Geneva, but the actual employment situation in Australia did not change—people still had 30 hours a week. With globalisation from the mid-nineties onwards they were casualised, and that is when one hour of work a week did become important, because back in the late eighties people had 30 hours a week. That movement to casualisation came after.

Senator KNOWLES—The point that I was trying to make is that I do not disagree with much of what you are saying; however, I disagree with the facts of your presentation, which try and reflect that yardsticks have changed in recent years when, in fact, they have not. That is the point that I am trying to get across. Mr Wicks, when I said to you, 'Unemployment has gone from 10 per cent to six per cent,' you said to me, 'Yes, but the yardstick has changed to one hour.' I

pointed out to you that the one hour was there under the 10 and 12 per cent of the previous government.

Mr Wicks—Yes, but the one-hour jobs were not; now they are there.

Senator KNOWLES—But the thing is that you have to concede that therefore unemployment, on the same yardstick, has come down. Do you concede that?

Mr Wicks—No, not if you add in the trends that were there at the same time. They removed what they called ‘disabled people’ from the work force and deliberately brought that figure down.

Senator KNOWLES—Are you telling me also that disabled people were not removed from the work force before? Because they were.

Mr Wicks—No, there was a redefinition of ‘disability’. In fact, that is why now there is a big move to get disabled people back into the work force, because they realised a lot of people were in that category—people who worked at BHP, in coke ovens and so on. They went up for their unemployment benefit and they were told they were disabled and to go away.

Senator KNOWLES—If we are going to try and solve this problem, or get as close as possible to solving this problem, we need to work on achievable outcomes. I look at your recommendations on increasing welfare payments and I notice I still have not got an answer to my question as to what level you would suggest—

Mr Wicks—A budget standard, which I mentioned earlier. We had a meeting recently with FaCS. They were talking about a new payment system for social welfare payments and that question came up. We said, ‘The only way you can set a rational level for payments is a budget standard—that is, you take a basket of goods and services that a person needs—

Senator KNOWLES—Excluding cigarettes, excluding alcohol, excluding gambling.

Mr Wicks—Yes, absolutely—take them out.

Senator KNOWLES—Let us face it, that is a huge cost to low-income people.

Mr McCarthy—To some low-income people.

Senator KNOWLES—To a lot of low-income people.

Mr McCarthy—To some low-income people.

Senator KNOWLES—To some, but a number.

Mr McCarthy—Let us not demean and demonise them again, Senator. To some.

Senator KNOWLES—I am not demonising them—I work very closely with them, I will have you know—but I am saying that it is nonetheless a very significant problem with poverty, when people are spending \$70 or \$80 a week on cigarettes and going down to the pub or drinking at home. I cited an example when this committee was in Newcastle. I did a little bit of research one night when I watched a guy put eight \$50 bills into a poker machine in the space of less than 15 minutes. I thought he had left the hotel—he had not. He had gone to the ATM to get more.

Mr McCarthy—Are you going to tell me that he is on \$20,000 a year?

Senator KNOWLES—I watched another two guys, who did not look particularly well off—but one can never judge a book by its cover—and they were on that machine from the time I drove past and parked the car the first time until I came back 2½ hours later. Let us face it: gambling is a problem.

Mr McCarthy—For the wealthy as well as for the poor.

Senator KNOWLES—I agree.

Mr McCarthy—It is a problem for the wealthy as well as for the poor. I am sure if you go down to the casino in Sydney, Melbourne or Canberra you will see people in the private room there, not pulling out eight \$50 bills but eight bills of the highest denomination there is—and we read in the newspapers of people being on credit for hundreds of thousands of dollars. It is the wealthy too.

Senator KNOWLES—But that creates poverty.

Mr McCarthy—If I can go back to the point that John Falzon made. This is like discussing the poverty line. We are distracting ourselves from discussing the fact that, for a start, 20 per cent of Australian households are on \$20,000 a year. No matter where they get the money from and whether you define them as employed, partly employed, disabled or whatever, they are there. If you want us to draw a poverty line, I personally would say that if any family of two or more is living on less than \$28,000 a year then they are poor. They are poor because they would be spending \$10,000 of that on rent.

Dr Falzon—Regarding jobs growth, it has to be pointed out that 90 per cent of the net jobs created in the 1990s paid less than \$26,000 a year and 50 per cent paid less than \$15,600 annually. Our whole point is that the poverty debate cannot focus on income levels alone but must acknowledge the increased cost pressures that affect lower income households far more significantly than any other households.

Senator DENMAN—In your experience of people who are living in poverty, are their health issues being addressed or are they ignoring health issues because they cannot afford GPs? We know there is a shortage of GPs. Is that an issue for people living in poverty?

Mr McCarthy—It is a big issue in a large number of ways for people who are on low incomes and who are unhealthy in some way. For a start, medicine is expensive. But what is more important for most of those people is that they live in areas of disadvantage—in other

words, they live in areas where there is no transport that would get them to medical facilities. And if they can get there, there are huge waiting lists. I can give you a very brief example of a problem that has happened. It is slightly autobiographical. I was born in pretty ordinary circumstances in the eastern suburbs of Sydney. When I lived there I did not feel poor—and neither did anybody else around me—because I could travel anywhere by railroad or ferry, there were universities, there were schools and there were health facilities. I could almost throw a stone from my house and hit any one of three or four public hospitals. But that is not where they live anymore. They live in the south-western suburbs of Sydney, they live on the outskirts of Sydney or they live in metropolitan areas. And it is not just Sydney; it is all over Australia. The medical facilities are not there. As John said and as we said in our submission, if you are poor you will be unhealthy and you will die younger.

Senator DENMAN—I can relate to what you said about where you grew up. I grew up in a small country town in Tasmania, but we were never deprived of health facilities. Is anything being done by welfare agencies—are they carrying the burden for some of this?

Mr McCarthy—Of course. Money is one thing, but when we go to see people in their homes and you ask them what their problem is and how we can help them it is not a rare occasion on which they say, ‘I would really love to have this medicine but I cannot afford it,’ and so we buy it for them. Some of our people will take them to hospitals in order to get assistance because they cannot get there otherwise. It is a problem. A more touching problem is when somebody is at home, does not have transport and cannot get out to get to the places concerned and has young children who are sick—that is a problem.

Senator DENMAN—Where there are not welfare agencies, right out in country areas, then it is an even greater problem, I assume, because they do not have access to transport either.

Mr McCarthy—That is true.

Mr Wicks—There are two things I want to say. Firstly, it never shows up in the CPI. For example, the CPI says, ‘That is the cost of living; it went up three per cent last year.’ If you are in a deprived area outside the capital city your medical bill did not go up just three per cent: if you want to see a specialist it is \$150 to start with and then you have got to get transport into the city, stay there all day, take a kid with you and buy a meal—you are going to end up paying \$300 or more for a simple visit to a specialist.

Secondly, there is the issue of dental care. Dental care is atrocious. At the moment, a poor person goes with a painful mouth and says, ‘I need treatment,’ and they say, ‘Here are a couple of aspirin, come back in two years,’ because two years is the minimum waiting list. For orthodontic type work you can wait four or five years. At the moment, I am undergoing treatment in my mouth and, I tell you what, it is costing me \$6,000 this year and hopefully I will be able to eat my Christmas dinner. There are thousands of poor people out there who are never going to be in that position. When you go to a developing country one of the first things you notice is that people smile and they have got no teeth. If you go round the poverty postcodes in Australia you will notice exactly the same thing there—no teeth.

Senator DENMAN—Do you get people coming to you and then going to other welfare agencies too because of their poverty?

Mr McCarthy—Absolutely; it is part of the survival process, for goodness sake.

Senator DENMAN—Yes, I understand that.

Mr McCarthy—Of course they go and, if you like, shop around or use all the agencies.

Mr Wicks—I might also add that Centrelink still direct people to St Vinnies—when Centrelink breach them those people have got no money. We created a ruckus a couple of years ago when we had 84,000 referrals—and we could prove it, because there was a little form that had ‘referred by Centrelink’ on it. Now there is no form. They just say, ‘We have been sent here by Centrelink.’ We had one in our conference last week. He had been breached—unjustly, we think—and had no money. What are we supposed to do? We fed him.

Senator LEES—I would like to follow up on what you mentioned about people not being able to afford medication. Who are these people? Can you elaborate a little bit on the sorts of circumstances that lead people to get to that point?

Mr McCarthy—Anybody who is unemployed who is living in a family where there is nobody in the family working is an obvious case in point.

Senator LEES—Even though with a health care card it only costs a few dollars you still have people coming to you—

Mr McCarthy—I am in a conference here in Canberra, and I live in a reasonably affluent part of Canberra. You asked for a case in point: the other day, there was a single mum who needed medication for a child; she did not have the money for that and we paid for it. You say she had a card, but we do not give her the money. We give the money to the pharmacist and tell the pharmacist, ‘You produce the bill and we will pay for it,’ so it is not as if that person got the money in their hand. Even in suburbs of this town here, Canberra, there are places where if you had a child sick in the middle of the night and if there was a bus running—and we have got government transport in this place—it would be 18 kilometres for some people and three bus rides before they got to a hospital.

Mr Wicks—I am a member of a conference in Canberra. A continuing problem is schizophrenics. They are up one minute, they are down the next, they have a job, they do not have a job and so on. They are always running out of money to buy their medication and are going off the rails. There have been three cases recently where we have, as Terry said, paid for the medicine. We do not give them the money; we go down to the chemist, we buy the medicine and we put it in their hands.

Senator LEES—That brings me to the next question I was going to ask. What is the response of the medical profession? Are doctors using their sample cupboards or pharmacists letting people accrue debt?

Mr McCarthy—I do not know personally. I am sure there are chemists who do bear it and I am sure there are doctors who bulk-bill, though I do not know of any doctor who bulk-bills in my area in Canberra. In all my life I have never struck one. I am sure they do, but I do not know of any.

Mr Wicks—There are a number of medical practitioners who sell the debts, and they go to debt-collecting agencies. What you find then is a truck parked outside the person's house.

Senator LEES—These are medical bills?

Mr Wicks—Yes. Medical practitioners are into that.

Mr McCarthy—Mr Meahan has just reminded me that one of the bigger requests we have from parents is to purchase baby formula for them.

Mr Meahan—It is very expensive. Quite often the mum goes without food to feed the baby. We can supply a food parcel. Sometimes—this is from experience—we have spoken to the chemist and he has given it to us or given it to the family at a better price. But that cannot happen all the time.

Senator LEES—I see, looking through your submission, that you mention a number of issues. You mention housing; you mention the cost of public education. I do not think we will ever come to any sort of a priority list as to what the major issue is, but could you quickly take us through some evidence of how all this fits together in terms of where people end up?

Mr McCarthy—Personally my experience is, and I think it is the experience of most Vincentians, that the biggest and first and foremost thing people have to pay for is rent. Rent on properties takes up to 60 per cent of their income.

Senator LEES—Is this after rent assistance?

Mr McCarthy—Rent assistance is something like \$30 a week. Yes, it is. But even in Canberra you would be battling to find a one-bedroom apartment for less than \$200 a week. So you might get rent assistance of \$30 or \$50 or whatever it is—I do not know the exact amount—but you still have to make up another \$150 out of what you get. That leaves those on benefits with usually about \$100, maybe \$150, to do everything else, which includes the cost of energy, the cost of food, the cost of clothing, the cost of recreation if ever they can manage to get to it. Housing would be No. 1.

The other big problem is the huge cost of education of children. The days of education being free are a nonsense. It is particularly a nonsense for anybody who has aspirations of their child going on to further education. Let me give you an example. All the public schools are supposedly free. That is true; no fees. But with regard to most schools, particularly high schools, if you want to get particular materials for certain subjects you have to buy them. If you want to go on excursions, you have to pay for them. The child is therefore discriminated against in terms of educational quality, not the least of which would be access to computers and access to the Internet. These days, if you were to go on to do high school, you would battle to get sufficient marks to get yourself to a university unless you had reasonable access to a computer and to the Internet.

The other thing—and a lot of the people tell us this—that holds the families that are in these growth areas usually refers to women who are at home, while the husband has gone off to work. They are in the house all day. Many would say that that was a good thing, but that gets a bit

difficult after a time because there is no way they can get out. In most of these areas, it is private transport, not public transport. So it is rare and it is costly. When they go, what are they going to do? The other day on a talkback radio program in Sydney, one woman rang in. I can still recall this. She said, 'I am earning \$16,500 a year.' James Valentine said to her, 'How do you live?' She said, 'With considerable difficulty. I have three kids, and most weeks I've got to decide: do I go to the supermarket or do I pay my bills? When I go to the supermarket, I have to work out: do I have enough money to buy petrol to get there or do I walk and carry the material back?' She said, 'If I had not, many years ago, bought my housing commission house, I would not be able to live.' So she was not paying rent. James said to her, 'If you didn't have your house, how would you live?' And she said, 'I couldn't. I simply couldn't. I would be on the streets.'

Senator HUMPHRIES—I want to explore the notion which you have mentioned in your submission that there is some sort of equation linking the widening gap between rich and poor and poverty. We took evidence in South Australia, for example, that suggested that South Australia probably has the smallest gap between rich and poor in Australia, but it is also, at least by some measures, the poorest state in Australia.

Mr Wicks—Yes.

Senator HUMPHRIES—It was put to witnesses, and some of them accepted it, that it is a feature of stimulating economic growth in a community and creating the jobs that you said were a very good foil to poverty that there would be a widening of the gap between rich and poor. I put it to you that there is a problem with using that as a measure of the problem and that those societies in the world which have done their best to compress that gap between rich and poor have often been societies with considerably dysfunctional economies and in fact societies which have not survived in any respect.

Mr Wicks—I would argue quite the reverse and say that societies which had a more equal level of income were quite successful societies and, where they have blown it apart, they have disintegrated almost entirely. Argentina have been the classic case in point with what they are going through at the moment. The people manning the barriers and banging on the banks in Argentina now are not poor people; they are your middle and upper middle class who would not support change in the system for so many years—and now, that is it. The same thing is happening in Australia. With that inequality of income, more and more people are being pushed into the bottom of the hourglass. When you do that, you are going to create enormous problems for yourself.

We say in our submission that poverty is inequality of opportunity. The more you expand that gap between rich and poor—it does not matter how you do it—the people at the top are going to control the opportunities and the people at the bottom are going to lose them. You are saying that is good. In some senses, we are going back to that upstairs-downstairs economy we had in the 19th century in England. We are going back to cooks and bottle-washers and dog walkers and lawn mowers. They get a few hours of work a week, which does not keep body and soul together, and they have to rely on welfare and top-ups from the government.

If we really want to get rid of poverty, let us admit that a full-time job for every adult, male or female, who can get one is the answer. The problem is that we have full-time jobs at the moment—lots of them, thousands of them—and no-one is doing a thing to fill them. We have a

tremendous shortage of nurses, for example—full-time, well-paid jobs. Eight thousand young women and men applied for nursing at university last year. They were qualified and could not get in because the places were not there, the money was not there and the charges were too high. And that is just nursing. In fact, there has been a recognition of that lately, where the government is saying, ‘Ooh, we’d better reduce the HECS a bit, we think.’ So I dispute this.

Senator HUMPHRIES—Which are the societies that you say have succeeded in compressing the gap between rich and poor?

Mr Wicks—The north European ones—there is no question about it. All of the north Europeans have much lower levels of poverty than us—it is down to about 5 per cent. As for the ones that Terry talked to that have taken the Americanised path, their poverty levels are up to about 15 or 20 per cent. In America, if you throw in the jail population, which is about 5 per cent, you can get up to 25 per cent.

Mr McCarthy—Do you want a list of them? We could start with all of the Nordic countries. What everyone says is, ‘You’re talking about the Nordic countries.’ We are, of course, but they are not the only ones. We could start down in the south. I think Spain is better off than we are, as are France, Belgium, Luxembourg, the Netherlands, Switzerland and Germany. So you are not exactly talking about mickey mouse economies; you are talking about economies that have been able to manage work, welfare and equity. The European Community is insisting on them doing all of that. That is what has forced the United Kingdom and Ireland to do something about the eradication of child poverty and the alleviation of all poverty. It is because of their membership of the European community. With their social democratic values, they are saying, ‘To be part of Europe, you now have to take on these issues.’ I am not saying that you are suggesting it, but it would be quite wrong and a myth to say that, if you have a welfare system, the state loses its productivity and a whole range of other things. It is just plainly not so.

Dr Falzon—Can I add that, simply in terms of productivity gains, if we allow inequality to remain unchallenged and unaddressed, the people at the bottom of the hourglass end up being denied access to precisely the education and training opportunities that will provide a highly skilled and flexible work force and that will promote the sort of productivity we are interested in. So, even putting aside issues of compassion, inequality is bad for the nation in terms of economic growth and going forward together. Secondly, there is compelling research to suggest that the more unequal the society is, the worse the health outcomes overall. So countries that are extremely wealthy but that have high levels of inequality, such as the United States, end up having worse health outcomes than those countries that are in fact poorer but far more equal in their distribution of health services, income and assets. Thirdly, the question is: what do we want—a society where we can simply say we are doing the bare minimum to keep people from dying or where we can honestly say we are working to cohere and to bring people together? Nothing divides like inequality.

Senator MOORE—I have two questions. The first one is about your recommendations. You actually put a lot of onus on cross-government responses. You and a number of other key agencies have recommended some form of national summit with this focus. What are your views about the likelihood of such a summit degenerating into a talkfest, where the kinds of deeply held disagreements around this issue that we are hearing about through this inquiry dominate the summit, rather than the development of plans of action to succeed?

Mr McCarthy—I have to say that is a real problem. That is what we are arguing about. As I have said today, the time for polemics and blame shifting is really past. We believe that there is a fairly big consensus out there that something has to be done about it. Certainly, it exists amongst a number of welfare organisations and with most of the trade union movement, because they can see that happening. It exists with certain members of the business community. We have been talking to them too. They are disturbed and concerned that there has been a transfer of what was once the duty of care and responsibility of governments across to enterprise bargaining. In enterprise bargaining, we are told, people are now looking not for wages but for free health, free dental and other things which are add-ons to it. I do not know—I could go on.

Senator MOORE—It is just that the expectation is that the summit would have some kind of positive action plan involving the stakeholders.

Mr Wicks—We have talked this through with a number of people in state governments and, as Terry said, the business community and the research community. One of the ways they suggested for overcoming this was to have a pre-summit meeting, where you get a lot of the argy-bargy out of the way—

Senator MOORE—A pre-summit summit?

Mr Wicks—You get rid of all the furore and all that. You sit down and you argue and you come to a set agenda. Then you work out which state governments, businesses or whatever are going to work on different aspects of that agenda—so you pre-plan it. It is no use calling people into a summit and then having a free-for-all. It would be a Laurel and Hardy mud fight if you did that. It has to be planned and carefully structured. It also has to bring in all sides of politics. I get into some strong arguments with CIS as we do not agree on anything, but we did actually agree on one thing—we agreed that if you want to solve the problem you have to have full-time jobs for everyone, and that would really be getting towards it, so you would have a big focus on one thing. People could all agree on that. The question is: how do you create all these full-time jobs? No-one is in dispute that that is what is needed.

Some of the other things are whether individuals should provide services for themselves or government should provide them. Some of those are state government functions, so it is up to the state governments to see whether or not they are going to push on with those. They need to discuss those with the federal government. You have to bring all those issues together. You have to set a list of priorities and, if you have scarce financial resources, you have decide to which you are going to allocate funds. At the moment it is absolutely crazy. You have a Commonwealth-state housing agreement here, which is totally separate from education grants over here, and they do not consider it when they considering hospital funding over here. They are all disjointed but they are all part of the same problem. You have to bring them together and say, ‘These are the funds we have, these are the priorities,’ and then the states and the federal government can agree on that. Sure there are going to be political differences, and we are fully aware of that. We are aware of it in our society. We have the whole political spectrum within our society.

Mr McCarthy—We are a democracy too—we understand all of that. Can I tell you where we got that recommendation from. It was in *Two Australias*, which John and I published some time ago. When we were going around preparing for *Two Australias* we were looking at all the things

which we thought Vinnies was capable of talking about—housing, food, poverty and so on. Then we went to all the state premiers' offices and we went to most of the think tanks that we could think of and said, 'We are puzzled about how an organisation like ours can look at the question of all those big-ticket items which are obviously beyond our purview—health, housing, child care and all of those things.' One of the premiers said to us, 'We have been waiting for somebody to recommend that we have a national summit to address these issues.' So we said, 'We are delighted to oblige.' We put the thing forward. We went back to that same premier's department about eight months ago and they told us that there was good news: the premiers were going to talk in their leaders forum about health, housing and child care—and I have forgotten what the fourth one was—and we said, 'That is great.' And then he said, 'But don't sit back and relax because the premiers do not intend to talk about equity issues. If you want to talk about equity issues, you, the St Vincent de Paul Society, will have to build consensus in the public in order to get that going.'

I make no secret of the fact that we went to the ACTU, and Sharan Burrow was on board right from the start. We have approached the business community and we think we are doing reasonably well there. We have approached other welfare organisations and frankly, Senator, we think it is now up to you people to recommend it as well and say, 'We, as a political community in this building, believe in a national strategy, a national summit, and accept that one way or another it will work.' As John says, you will certainly need a lot of preliminary work on that to get consensus among people.

There are people around who are concerned about those three million or four million Australians who are in deep financial despair and stress. We believe firmly that the Australian people are ready to do something about that. But first we have to make sure that we all acknowledge that there is a problem and we are conjointly going to fix it. It is not going to be fixed today or tomorrow. In *Two Australias* we said that it has taken 20 years for us to get to this state and we think it will probably take 20 years to get to the next state, but you know the old adage: the rest of the journey begins now. It is that positive thing of moving forward that we think we should be doing.

Senator MOORE—My last question leads on from that. It refers to the deeply divided views that there are about the issues of numbers and the problem. There seems to be an agreement that there is a problem but the details are deeply contested. Is there any advantage to your society in promoting a picture that is more negative than it is? When you are preparing your paper and pointing out your—

Mr McCarthy—Absolutely not.

Senator MOORE—Is there any advantage to you in creating the problem?

Mr McCarthy—No. I will tell you what an advantage to us would be: that you would be so successful with your strategy and with the alleviation of the poverty that there would be no need for this organisation to exist. Let me tell you, we would be delighted about that. We see nothing valuable in creating clients, if you want to call them that, for this society. We are here as a faith based community because we believe the scriptural imperatives are there for us to serve the poor and the disadvantaged where they exist. If they did not exist then there would be no need for us

to exist. I personally would welcome the day when I could improve my golf handicap and not have to come in here to talk to you, as much as I enjoy it.

Mr Wicks—When Terry and I—given that we do it hypothetically—come up with a figure that looks good, we do go out and try and check every possible source before we use it. You will find a hell of a lot of data in that. John does a lot of checking there; our Victorian office does a lot of checking. It comes back to a system like the one Senator Knowles mentioned earlier: this definition of one hour of work a week, which we decry. I do not care whether it was a Labor government, a Liberal government or a bunch of labour statisticians in Geneva—I do not care who it was. It is the wrong definition. I do not care what people do. We have to get back to something which says, ‘The definition of a full-time job is 30 hours a week and a part-time job is 15 hours a week,’ and then go from there. I do not care which party does it. I am quite happy to criticise any political party that does not do the right thing.

Senator MOORE—Your submission reflects that.

CHAIR—I have one final question. We have had a number of witnesses give evidence to us in relation to the rental assistance program that, as soon as the Commonwealth money goes up, their rents go up. So even though the Commonwealth might be trying to help them with their increased rent it is being taken away by the landlords. Then there is clear evidence that in the last few years of the Commonwealth-state housing agreement there has been less money invested in public housing. Do you have a view about the rental assistance program? As I said, people see it disappearing because they are not getting the benefit of it because of increased rents. Do you have a view that maybe that money might be better spent on public housing? If you want to take that on notice and reply to us, that is fine.

Mr Wicks—I will make a few comments and then John can comment. We know very well the problem of housing in this country. The total solution to it is not public housing, let us face it. What has happened is that public housing has been reduced and what you have in public housing at the moment is the absolute bottom of the pile, in terms of alcoholics, drug addicts, people who do not know how to look after themselves and so on. Therefore, you get public housing which is being destroyed—graffiti all over the place and broken windows. Essentially, people who you put in public housing really should go to a life skills training centre before you put them in there. They do not know how to cook; they do not know how to clean; they do not look after themselves. It is a big problem.

CHAIR—I do not know if I would agree with that statement.

Mr Wicks—Okay. That is some public housing. There are a lot of people who live in public housing for a long time.

CHAIR—You might have as many anecdotes as Senator Knowles.

Mr Wicks—But if you move onto the problem of affordable housing—affordable housing which low-income families can buy and cherish and look after—that really is the crunch. We say, and we said it in our tax submission, I think, that one of the most iniquitous tax concessions is negative gearing. It permits people to build more and more real estate, charge higher rents and so on. If the amount of money that subsidises negative gearing went into a public affordable

housing corporation you could actually get the corporation to buy or build low-cost housing which people could then move into. That would really be a part of your long-term solution. Terry and I went down to a big housing estate which is very poor. We asked the people there whether they would look after it and would be better off if they were allowed to buy. These were terrible units in a high-rise. Would they look after them better? They said yes, definitely. If a part of their rent went towards actually owning the thing, they said yes, they would take a lot more care of it.

CHAIR—Thank you very much, gentlemen, for coming along here this afternoon. Your organisation has been very active throughout the country in presenting submissions to us. We have more Vincentians to see throughout the rest of our travels. It has been very welcome, particularly to see Mr Finner here from the Matthew Talbot Hostel, who provided us with excellent evidence in Sydney.

Mr Meahan—On behalf of the national council, I would like to thank you for listening to us and just say that we are here to help you in any way we possibly can, because if we can help you, you are helping the needy families that we are trying to assist.

[4.52 p.m.]

DEANS, Mr David Randall, Joint Chief Executive, Council on the Ageing National Seniors Partnership

REEVE, Ms Patricia Doris, Director, National Policy Secretariat, Council on the Ageing National Seniors Partnership

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.

Mr Deans—Thank you. Council on the Ageing and the National Seniors, the two largest seniors organisations in Australia, have come together, so we have to get our tongues around our new name, COTA National Seniors Partnership. As the largest seniors organisation in the country, with 270,000 members, we represent people who are aged 50 and over, so we are looking at poverty from a specific age group. That membership comprises self-funded retirees, people on the age pension and other pensions, and people in the work force.

I think it is important for you to understand that our policies that we bring forward to governments are formulated from the grassroots. We go to our over a quarter of a million members and through a process we come back with their thoughts. When we put in submissions we carry out further research and get further feedback before we submit any information to a committee such as yours. We believe that poverty, inequality and social exclusion are important issues for many older Australians. The focus that we have put onto this issue is that people of advanced age are often single and reliant on an age pension over a very long period, particularly those in private rental but also some homeowners. I guess we have just heard something about housing rental. We have also looked at people going into retirement with insufficient resources due to long periods spent receiving social welfare payments in their pre-retirement years, and we have looked at the unemployed who have been reliant on allowances for very long periods and have eroded their assets and savings for living costs during that period.

The factors that increase the risk of poverty include greater pressures on social and community services and health care benefits because of poverty, and social changes such as high rates of divorce, retrenchment, unemployment and premature retirement. We would like to highlight the clear link between employment and poverty. Of course that relates to unemployment. Ongoing paid work is vital to contributing to a reasonable standard of living for older people both pre- and post-retirement and in alleviating social security pressures on the public purse. Because of that, we recommend the government commits to ensuring there is continuing strong economic growth and to achieving full employment and low levels of income inequality.

Reversing discrimination against older workers and the early retirement trend are also very critical. So is establishing policies and programs to maximise opportunities for mature age people in the contemporary labour market. In terms of income support, we stress that an

adequate age pension system is vital and we believe that a single age pension is questionable. When you have to rely on a single age pension, you are talking about \$10,000 or \$11,000. We say that people do not choose to be poor, and government assistance should be provided in a way that promotes independence and maintains the dignity of the recipient.

Recommendations also include reassessing the age pension level and in particular the single age pension, replacing the Newstart allowance with a payment that more realistically reflects the duration of the unemployment that they are likely to experience and increasing the income test free area to remove the disincentive for people on the pension to seek paid work. Over the long term, COTA National Seniors Partnership supports the building of financial capacity by providing incentives to delay retirement, improving superannuation arrangements, providing incentives to return to employment after receiving the age pension and introducing home equity conversion products to unlock equity that homeowners enjoy.

Finally, I want to say that our submission does not address all the terms of reference of the inquiry; however, we have covered most that are relevant to our members—those people aged 50 and over. Consistent with our policy principles, we also take account of the broader social and economic issues and the needs of all groups in Australian society, including young people and families.

CHAIR—Ms Reeve, would you like to add anything?

Ms Reeve—No.

CHAIR—In the first major paragraph on page 16 of your submission, it says:

It will also be necessary for the government to remove the disincentives that currently operate to prevent continued employment of older workers such as high benefit reduction rates on the age pension and tax penalties on older people combining super income with part time or self-employment.

Can you expand on what you mean?

Ms Reeve—It is one of the poverty trap areas that people get into when they are giving up concessions and benefits and going into employment. The superannuation arrangements also come into play. So people get caught in traps around that 55 to 64 age group with different provisions applying.

CHAIR—Would you have an example that you could tell us about?

Ms Reeve—I think the one that most clearly explains it is a public superannuation story. There is a public superannuation policy that, if you are taking your public sector superannuation earlier than the pension age, you get a discounted pension for the rest of your life, because you are taking it over a longer period. But, if you work longer, past 65, you do not get an increased rate—you still get the rate that you would have accrued at the so-called normal retirement age. So people find pressures around those sorts of issues.

People on the mature age allowance and the unemployment benefit in the 55 to 64 age group are finding lots of pressures to perhaps step back to take part-time work rather than the

unemployment benefit, because the average length of unemployment for that age group is 100 weeks. So there are lots of pressures to take up part-time work or portfolio employment, trying to put together part-time jobs. But when they start to do that, one small part-time job can interfere with the benefit and the concessions that went with the benefit. So there are pressures not to take that up, because you then actually cannot afford to be living in the same way that you could even on the very modest levels that the benefits are at.

We have just been doing an education program with the Department of Employment and Workplace Relations. We have been working with people in that age group around the country who are unemployed—about 700 or 800 people have participated in that. They are in a wide variety of circumstances, but many of them have been retrenched multiple times and they are then getting this advice that the way forward is to go into these part-time positions. But they are finding it too difficult to make that transition.

CHAIR—In your submission, you quote someone talking about a culture of retrenchment or something like that—

Ms Reeve—It might be the culture of early retirement that the Prime Minister has referred to.

CHAIR—Yes. Have you seen any evidence that that is being halted at all? Are companies saying, ‘No you are staying on,’ or are people intervening and saying ‘Don’t take the money—stay in the job’? Is that happening in the work force or not, from your own observations?

Mr Deans—I think what is happening at the moment is rather interesting, because it has only occurred in the last couple of years. First of all, there is the issue of negative returns on superannuation. We are getting feedback that people in fact are saying, ‘We are going to have to work another couple of years.’ To have that \$100,000 that they thought they were going to have, they are now going to have to work another couple of years. So they are looking to increase their working life. One of the problems is that, at 55, you can get your superannuation. We all know that that is going to increase to 60, but it is going to take 20 years to do that. Of course, we are here to talk about poverty and, really, this is not about poverty, but it can lead people into poverty. If they retire at 55 and come out with a reasonable superannuation—the average is under \$100,000, but let’s say it is \$100,000—that money is there to look after them for 30 or 40 years, which is probably longer than they have worked. So that can lead them into poverty. The only thing that saves people in that situation is the wealth they have in the house asset that most people have. So I think there is a move for people to stay on. There are signs that people are saying, ‘I do not want to get out at 55.’

Mind you, a lot of people do not have a choice as they are made redundant. When there is redundancy on—and I always use Telstra as an example of something that the public and the government might be able to do something about, because we both own half of it—the HR people look directly at the mature people—and ‘mature’ to some people is 45 years of age; it depends how old you are. So the HR practitioners tend to look at the people in their late 40s or 50s and say, ‘Well, first of all, they’ve probably paid off their mortgage and the kids are off their hands, so they are saving there.’ But in real life they are probably divorced and remarried with a young family and have another house with a mortgage on it, so people in that age group have huge debts. Society is changing but I think, coming back to your question, that there is now a

sign that people are thinking positively about working longer, and hopefully companies will change their mindset, because their mindset is not that at the moment.

Senator KNOWLES—I agree with you, Mr Deans, about the perception of age. It always alarms me somewhat when I read an article in the press that an old woman has been hit by a car or had a bag snatched and when you read through the article the old woman is about 52. I think that says much more about the age of the journalist than anything else.

Mr Deans—Yes.

Senator KNOWLES—I think that one of the most crucial things that we have to look at, in trying to alleviate poverty in the older age group, is seeing how we can take positive measures to ensure that there is a better attitude by employers to employing older people. How do you suggest we could go about doing that? It is such a basic question.

Mr Deans—We have been dealing with this for a long time. I can report a very positive move that is happening in about six weeks time in August in Sydney when we are sponsoring with ACCI, the Australian Chamber of Commerce and Industry, a one-day symposium—and the Prime Minister has accepted our invitation to speak at the luncheon that is being held that day—on the matter of the challenge that is there for companies to understand there is an opportunity here for them. But they need to understand the challenge, in that they need to keep the mature age worker because it is not going to be too many years before there are not going to be many 15-year-olds coming out of school to go into the work force.

That is going to reduce significantly after about 10 years, and there is a message there. We have seen the Prime Minister talk this way in the news. I do not think it matters which side of politics you come from; it is good to see that being spoken about in the media. In fact, there is more on ageing and the work force being talked about in the media now than has ever happened before, which is tremendous to see. So there is a move towards people understanding it, but we need to have small business understand the situation, because they can employ an awful lot of people. We also need the large companies too. Westpac have indicated that they are going to recruit people over 50 to deal with their over-50 clients. That is a great move; that is a positive move. It is like the retirement issue: I think we are just about there when the companies are understanding it. I think if you look at the chief executives—the managing directors—of companies, most of them are of this age group and it is that age group or younger that they are retrenching, so we need to convince their HR practitioners that they should not necessarily be going to the other end and putting people off at a young age but perhaps not recruit in and maintain that age group in the work force.

If I could finish on another point, I think it is important that the employee understands that they must continue with training. One of the difficulties, and we hear this often, is that people are not keen to get involved in training as they get on in years—meaning 40 or 50 or, say, 52 or 53—and they back off from wanting to take any more training. That is a negative. That has to be overcome as well.

Senator KNOWLES—There is also a problem that, in my mind, does not seem to be accepted by a lot of companies and that is that to let go the more senior people is to let go a valuable resource that is used to train the younger people coming through. While many of those

might be whiz kids and have done remarkably well in tertiary education and everything else, they do not have the experience that can be translated by the more experienced person to a younger person. There is no real benefit from a monetary point of view to the company employing A versus B, but there seems to be a barrier to getting that understanding through when the question comes: whom do we put off or whom do we employ? I do not know how we can overcome that problem.

Mr Deans—It is particularly critically important whom we employ. People tend to say that they are past it and that is why people lie about their age. You are not supposed to ask a person's age anyway and you do not have to put it on your CV. So you get in the door and when you get a very short interview you know that it has to do with age. To support that argument, an example is that Telstra put off a lot of people a few years ago. They employed them back as consultants because they lost the skills; they did not realise that all of those skills were walking out the door. They then had to bring them back as consultants on a very high salary—higher than what they were earning before. The mentoring issue comes into this as well. It is not necessarily the formal mentoring; it is the unofficial mentoring. We have all had mentors as we have gone through our careers. We have looked at other people who are usually older than we are and followed and learnt from what they have done.

Ms Reeve—If you are interested we can send you more material on the strategies that are coming up on mature age work. The important thing is that there is a group of people now in that age group who would not have featured in our thinking about poverty before. We have people in long-term poverty whom we need to address. We have people who have been living on age pensions for 20, 30 or 40 years, particularly single people, whom we need to address. But here is a relatively new group of people who have been in productive working lives and suddenly, in the years when they should be saving for their retirement, they are not able to do so. The cult of retirement is not so much one of choice but of involuntary unemployment, which many people call retirement because it is much more socially acceptable than to announce that you are unemployed. I will undertake to send you that material. We can see those changes coming; we can see the OECD and business saying that in 10 years we will not have enough new entrants to the employment market, but right now we have an issue with people who need something now, not in 10 years time.

Senator MOORE—I have one question on the work that you do with your clients and your members. Is this a major issue for them and what kinds of responses are you getting from people personally about the issue?

Ms Reeve—About poverty?

Senator MOORE—Yes.

Ms Reeve—Many of our state branches and divisions run seniors information services. As well as our own members we get a lot of other people looking for where to go for assistance. Clearly, many of the issues are the same as the issues across all age groups, which you have described. We have single women now in their 80s and 90s who have been living on the age pension from the time their husbands reached 65 or they reached 60. This is a long time to be living on the equivalent of \$200 to \$210 a week. It is not just a short-term belt tightening exercise; it is actually learning to look at both sides of every shilling before you spend it. They

often lead very constrained lives, lives without much room for risks. People get very averse to taking risks because the downsides cannot be rectified. We are not so optimistic as we were in doing that in younger years. You must all know age pensioners in this category. You cannot say, 'Let's go and have a cappuccino,' when you feel like it because cappuccinos cost \$2.60 now. They have to think about those things all the time whereas the rest of us who are in the paid work force just pop off and have a cup of coffee with someone.

For people in private rental, in particular, there are the issues of the rental itself and managing to live, but there is also an undermining of people's self-confidence and capacity to engage in their community when they are always worrying whether they will have to shift at any moment, because the rents are moving. Particularly in middle to inner urban areas, which have gone up amazingly in value and where rents are rising rapidly, people who had retired there are continually having to move to the less popular areas, and that cuts off their social networks. As I am sure you are all aware, there is a strong connection between health outcomes and social engagement. If you have to keep dissolving those networks because you cannot afford to keep up with rising rents, you are in real trouble.

Someone asked earlier whether it is true that when you get an increase in income your rent goes up. Even in public housing, if your pension goes up by \$1 your rent goes up by 25 cents. So there is a general move, even in controlled rents, to do those things. It is a very big issue for those people and a very big issue, as we have already said, for people who become unemployed in what is called early retirement, but which is actually unemployment at a most significant time in their lives.

Senator LEES—Following on from that, I heard you mention the rising cost of real estate. I note that in your submission you mention also that homeowners can get into difficulty, given that rates go up as house values go up, and in many cases incomes do not match rate rises—particularly in inner Sydney and other areas which, when the person bought the house 25 or 30 years ago, were not considered to be quite so attractive but are now highly attractive. It is certainly happening in the inner suburbs of Adelaide. I have heard of one program, anecdotally and informally, in Adelaide, but does your organisation have any program where people who are struggling because they are in rental accommodation are matched with someone of a similar age and with similar interests who owns their home to try and relieve the pressure on both of them? The person in their own home gets someone else to contribute towards the rates and charges below what you would call an average rental. It is a matching exercise to try to help both the individuals with their finances.

Ms Reeves—I have not heard about that. There are home sharing arrangements that might involve engaging someone who will do some hours of voluntary work or something in the household. That would usually be a younger person—or they might be in their 40s—with someone in their 80s. It may be a student who would be there for someone who is lonely or who needs some basic assistance. I have not heard of a case of two older people. Surely, if you were changing rent of any sort, that would make you ineligible for the pension. So it is hard to think about how you would do that.

Senator LEES—It depends on how it is done. I understand that if the person contributes directly towards costs there can be some ways around it.

Senator DENMAN—In your submission, you state that rural age pensioners in particular need urgent help with residential care facilities and home support. How do you envisage that being addressed?

Ms Reeves—Through the major programs of community care and aged care.

Senator DENMAN—Yes, but the money is not there—particularly in rural areas.

Ms Reeves—The money is not there. The issue is that, if people are on pensions or their income is close to the pension level, they cannot afford to buy those services in the private market, so they depend on government subsidised programs.

Senator DENMAN—Yes, but you are missing the point. I grew up in a very remote country area in Tasmania, where none of these facilities are close by. There are no aged care facilities whatsoever.

Ms Reeves—One of the things that is happening in aged care is that the pricing structures require that aged-care facilities be bigger. Therefore, they have to be further away. We were interested in those multipurpose settings where aged care could be provided alongside other medical health services that people require.

Senator DENMAN—They are not there.

Ms Reeves—No, but they need to be there.

Senator DENMAN—I know, but the money is not there either. If you move them too far away from the communities, they do not have the support base either. That is the other problem.

Mr Deans—The regional and rural issue is a very serious one. House values are not like they are in Adelaide, Sydney and the other major cities. It is very serious in all areas. There is no easy answer. It is a matter of somehow getting services out there. I suppose that is in a different area of inquiry. It is an issue being dealt with, but there is no easy answer to it.

CHAIR—Thank you very much.

[5.21 p.m.]

CARTER, Mr James, Policy Adviser, Lone Fathers Association (Australia) Incorporated

WILLIAMS, Mr Barry Colin, President and Spokesperson, Lone Fathers Association (Australia) Incorporated

CHAIR—Welcome. Information on parliamentary privilege and the protection of witness 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.

Mr Carter—The Lone Fathers believe this inquiry to be very timely and important. In our submission, which you have no doubt read, we address the terms of reference, particularly to the extent they relate to the half a million or so men and 100,000 or so women in Australia who are now living away from their children as a result of family separations. We indicated in our submission that separated parents are a very large group—perhaps even the largest in Australia, depending on how one defines these things—which is affected by poverty, and it is not really clear that this situation is improving. Poverty rates in Australia do not appear to compare well with rates in comparable countries—for example, those in western Europe—except perhaps for the UK, which has a similar system to Australia. Child poverty has clearly increased by any of the conventional measures. We believe the present family law system in Australia is, to some extent, implicated in this state of affairs. It could be argued that some of the social engineering that has been carried out by Australian governments over the last 30 years has contributed in some way to this process.

Whichever aspect of poverty is examined and however it is defined, one will keep finding deep connections between poverty, the phenomenon of family breakdown and government interventions which were often unhelpful—for example, young people in low-income households often come from broken families, people with disabilities are often separated from their spouses and people of work force age in households reliant on government incomes are often unemployed non-custodial parents or sometimes unemployed custodial parents. Many Indigenous people are also separated parents. Poverty can visit separating people, and especially separating parents and their children, suddenly, unexpectedly and catastrophically, and this risk of poverty has been exacerbated by the spiralling cost of housing in the last 15 years or so. It would be a rather courageous thing to attempt to analyse poverty without addressing these deep connections, and making a large impact on poverty in a reasonable time without dealing with certain fundamental questions in family law will probably be just about impossible.

Growth and flexibility in the labour market requires that there be no crippling disincentives to work. These disincentives can and do arise from high effective marginal rates of tax, and this is as much a question of economic efficiency as it is a question of equity. There is, as I guess everyone knows, a trade-off in the size of social security payments in that high rates of such payments will result in high effective marginal rates of tax if and when social security payments are withdrawn—and that is a fundamental issue that is terribly hard to deal with but keeps

manifesting itself in almost every and any context. I am not sure how much time the committee will allow us to go through this.

CHAIR—We have read your submission, so you do not need to read it out.

Mr Carter—No, I am not doing that.

CHAIR—We would just like to hear the summary, which you are already doing.

Mr Carter—Right. With regard to trends in families, one of the most significant trends in Australia over the last 20 years or so, we believe, is the huge increase in the number of fatherless families. This is a theme you will probably hear if you listen to what the Lone Fathers Association has to say. In many submissions this is something that is there in the background but often is not referred to specifically, although it is a very significant social phenomenon. We believe this has contributed to the impoverishment of families, not only financially but also in many cases by depriving children of the support and guidance of their fathers.

While other economic and social trends have contributed to this result, the LFA at any rate believes that some undesirable notions in family law and the way in which family law is administered have accentuated that process. The system as a whole has tended to encourage many non-custodial parents to become unemployed. In addition, non-custodial parents have tended to be in occupations and industries where earnings have increased more slowly than for the population generally. We believe that the changes necessary to reverse these antisocial trends include establishing shared parenting as a default position in custody arrangements, as well as a more child centred and non-adversarial process for settling disputes between parents.

For fathers maintaining or attempting to maintain contact with their children there are at present few programs for reducing cost pressures on budgets and building capacity to be self-sufficient. There are, however, some rather heavy cost burdens placed on these people by governments. This also applies to some extent to community services. For example, there are about 300 refuges for women and children in Australia—all very necessary, all very desirable; we certainly have no argument with that—but there is only one such refuge for men and their children. The latter was established by the Lone Fathers in the ACT and was then handed by government to an organisation that included people who had previously claimed there was no need for such a service.

Men also tend, we believe, to be discriminated against in family law matters as a result of community perception that violence in families is overwhelmingly perpetrated by men, which is not the case. Domestic violence is not a gender based phenomenon but rather one reflecting individual personality and culture. Research priorities in the family law area also do not at present give sufficient attention to issues of serious concern to men and their children, such as the effect of the fatherless society on the development of children and the suicide rate for separated fathers. We have presented some analysis of particular areas of policy—for example, the child support scheme—and we have talked about property settlements under family law. We have also provided quite a number of recommendations. I gather that senators will have read the submission so there is probably no point in running through that again.

CHAIR—We have, yes.

Mr Carter—I would like to make a couple of comments before I finish. The monitoring of poverty rates in particular sectors of the community should specifically include the monitoring of poverty rates of separated parents and their children, and this should include specific reference to the category of separated fathers. One of the difficulties of looking into this subject, particularly as it affects separated parents, is difficulty finding information in official statistics which really can help you understand the scale of that particular issue. It seems that very often the definitions that are employed have been chosen to obscure the issue. It really is quite difficult. If this committee were inclined to pursue that issue, we could make some recommendations about how to help with that. Otherwise it really cripples us in being able to provide chapter and verse and quantitative information which would be helpful.

CHAIR—We certainly would welcome a contribution.

Mr Carter—So, in general, the strong impression that one is left with is that efforts currently being made by governments to identify and address poverty amongst both working and non-working individuals and households are not working for many separated parents, and this is especially true for non-custodial parents wishing to support and nurture their own children, which is what we are about. We have indicated what we think needs to be done in our own area of particular knowledge and expertise. We commend this in hope to the committee and the Senate.

CHAIR—Thank you very much, Mr Carter. Did you want to add anything, Mr Williams?

Mr Williams—Yes, I would like to add to particular areas we have only touched on. The whole problem with poverty for single parents is caused by bad legislation or poor administration or both. By saying that, I mean the way the laws are administered. For instance, DNA testing has just become a big issue. The Australian Law Reform Commission is putting up laws to make it a criminal offence for men to have their children DNA tested. If that happens, we will go back to the situation in the UK and Canada where a partner who acts as a father can be assessed for child support after as little as six months. This leaves the way open for mothers to make a career out of collecting child support from fathers and short-term partners. The clear aim, as we see it, is to relieve the government of some of the welfare burden of single mothers. It is unfair to take the right away from the father if he has real proof that the children may not be his. He should have that right, as the mother should have the right to have DNA testing of her children if the situation were reversed. We see so many times now fathers who have been paying child support and living in poverty for years finding out that the children are not theirs—in fact up to three children in one family that I know of—yet they are still forced to pay by the bad legislation that we have. I am stating this because, as one of the seven consultants who designed the child support scheme, I have been fighting ever since to have changes made because it is so unfair. For a start, it is so unfair to base child support on gross wage when no-one gets a gross wage; it should be on net wage. They are things we have been pushing very strongly. We have pointed those out on pages 3 and 4, 10 different areas.

We are taking up health issues as an organisation. We are hearing from very low-income earners, deprived people, supporting parents and people like that—and I heard people speaking on this issue before we came in—that they do not have enough money to keep their parents. I am afraid that under our system in Australia when you get old and you cannot work anymore you are a forgotten species; you are not looked after. Many of these people are ringing us and saying,

‘What can we do? Our mother or our father is living in extreme poverty. They cannot have three meals a day.’ Some of them found out their parents have been having only one meal a day, because when they retired they had old homes, old equipment, old washing machines, old heaters, everything like that, and when they broke down they had to find money to get them fixed. As I pointed out in a letter to the Treasurer, with the GST, if it costs them \$600 it really costs them \$660, and that is more than a fortnight’s wages for one of those old age people. I was very disillusioned and disappointed to get back a letter from the department saying how well elderly people are looked after in this country. I think it is a sham. We hear this night in and night out.

As our organisation takes something like 25,000 calls per annum, we take three times more calls than Men’s Line Australia, and these callers are telling us these distress stories every night. That is the situation. We would like to see that situation somehow being addressed. My own mother, in that case, worked all her life. As soon as she finished work she was a forgotten species, although she was able to look after herself until she was 92. She fell out of bed just recently and broke her leg, so she must be looked after in a home. She is stuck in that home, but she loses every part of her pension to pay to be in that home—she has nothing left for herself. I think it is absolutely disgraceful when a person has worked all her life and paid tax in a country like this. They are the issues we want to take up, too. We want to look into these sorts of things further, including our attitude to these sorts of things, if you like, because we believe these people need help now. They are the most impoverished people living in Australia.

CHAIR—I wonder if you could supply us with a copy of that letter from the Treasury, if that is possible.

Mr Williams—Yes, I could.

Senator HUMPHRIES—I commend you on a very comprehensive submission. Could you expand on some of the points you make in the submission, on pages 3 and 4 particularly. You talked about ‘establishing a more child-centred and non-adversarial process of mediation’ and ‘dealing with children’s issues first on separation’. Could you explain a little more about what you mean by that?

Mr Carter—I think there has been a lot of disquiet about the way the Family Court system operates in the family law area. That is a story which has been running for a long time. I suppose it is all based to some extent on the history of the legal system. The Family Court participates in that tradition inevitably and it is something that is going to take a fair while to turn around. I know a lot of effort has gone into this in government circles to find other ways of resolving disputes in a less adversarial way, and that is all proceeding, perhaps a little bit slowly and with great difficulty. I suppose there are no immediate answers, but I think the pressure has to continue to be applied to keep changing the system towards one which is more family friendly and which does not accentuate disputes between separating couples, but actually helps them to reach agreements, which they will then adhere to. That is the general objective. As to how to do it, that is a long story in itself. You could probably conduct a Senate inquiry just into that.

Senator HUMPHRIES—You would argue that the conflict inherent in the breakdown of a marriage contributes to diseconomies in the family unit and things become much more expensive for all parts of a family as a result.

Mr Carter—That is true. That is, in a sense, a somewhat different issue. It is just a matter of economics and physics, I suppose. If a previously intact family—with the members of that family sharing services rather inexpensively—becomes a two household group, it is obviously going to be a hell of a lot more expensive. That is inevitable and needs to be properly taken account of by government policy. That is rather obvious, I suppose. I do not see that as having immediate and direct implications for the way that would be handled by the Family Court, as long as courts, departments and policy makers understand that it is a serious problem and does need to be fully and properly addressed.

Senator HUMPHRIES—Most of the things you refer to on pages 3 and 4 are federal issues essentially, I think.

Mr Carter—Yes.

Senator HUMPHRIES—Do you have any sense that there is a lack of interface and proper coordination of services at the state level as well as at the federal level for people in families that are breaking down?

Mr Carter—Yes, and this is something that the Pathways inquiry, which I am sure senators are very familiar with, did address very carefully—and rather well and rather sympathetically. Our association tends to look behind those things—which are really coordination issues and matters of the efficient conduct of government—to what we would see as more fundamental issues; for example, the parameters in the child support formula, whether there are guidelines for property settlements which are reasonable and are being consistently applied by the Family Court, whether there is an adversarial system in the court system or whether you have something which is more family friendly. We see those sorts of issues as top-level issues. The sorts of things that the Pathways inquiry investigated, although important, are perhaps second-order issues. Nevertheless, they do exist, they are important and efforts should be going into that sort of coordination; for example, between the Child Support Agency, Centrelink and departments and the connections they have and what they do in relation to Family Court decisions and all of that.

Mr Williams—We have been pushing for a long time to have a family assistance bureau attached to the Family Court, so that when two people go in there and they cannot settle their own affairs, this family assistance bureau, which would be staffed by people trained in that area, would be able to help them come to some sensible and positive solution without them then having to both get the legal profession in, which costs them the earth. We believe a family assistance bureau would work in most cases. In extreme cases where it could not work, there would be a specialist magistrates court for the two people to speak to the magistrate themselves without having the legal profession involved, and the magistrate could help them come to some sort of decision.

We think that is the way to go, because the cost of litigation is so huge that people end up walking out of the court and are in poverty already, because it has cost them \$25,000 or \$30,000 each—money that would have been better spent on the children. Going through the court in the current situation results in one ending up with the children and the other person being told, ‘You will see your children every fortnight or in the school holidays, but you will pay this large

amount of money until the child is 18.' It is as if they have been given a criminal record—they are being forced to do something and yet it might not have been their fault.

We are not under any illusions—we believe that both parties must financially support their children. Indeed, you cannot join our organisation unless you show you are financially supporting your children. Although our organisation is called Lone Fathers, we are made up of men and women. Our national board has five men and five women, 30 per cent of our organisation is made up of women and we work with women's groups.

We have thought about this long and hard over the years and we have looked at the way the Family Court works. Even though it only handles five per cent of cases, 80 per cent of those have one person going away with custody. As I said at the start, it might not have been the fault of the person who did not get custody. The person with the children can go and live in another home and have the children living with a stepfather, with him getting all the benefits of having the children, but the poor old father has just got to pay and is told when he can see his kids. Half the time, he cannot see them—the orders of the court are broken and the court cannot enforce their own orders. That is when the problems and the poverty come in and that is when the suicides start. It is quite well known that five men a day are committing suicide in Australia after they have had some contact with the Family Court or the Child Support Agency. They are well-known figures. I get called out at all hours of the night on many nights in Canberra, either by the police or by other organisations, to help with attempted suicides, because I am trained in suicide prevention. The emotional strain of having to go along and listen to some of these people is starting to get to us. It is really not our problem; it is a social problem and the government's problem.

Mr Carter—The coordination of the whole family law system is a fairly large endeavour. It is not something that can be done quickly or easily. I think there is a lot of willingness out there amongst government agencies, the court and so on to engage in this process and take it seriously. There has been a fair amount of effort in various agencies and so on attempting to get together and rationalise what they are doing to try and avoid people falling through the cracks. I think that is happening but—

Mr Williams—It is a slow process.

Mr Carter—it is not something that is going to happen all that quickly because there are so many agencies involved. You can enumerate them, and it would take you quite a while—you would run through quite a few fingers in doing that. It is quite a complicated network. But I think we should be cheerful that the process has begun.

Senator LEES—I have looked at the comments you made about the Family Court and the way you feel it is adversarial. Does it differ from state to state? Are there compulsory mediation processes in some states?

Mr Williams—The family law system in Western Australia is a little bit different, but in all the eastern states it is virtually the same.

Senator LEES—So there is no compulsory mediation?

Mr Williams—No, not that I know of.

Senator LEES—What percentage of cases would get to the point where there had to be a decision in the Family Court rather than the parents making some decisions for themselves and coming out with their own agreement?

Mr Williams—The court states that only five per cent of all cases in marriage breakdown go to the court to resolve the problems.

Mr Carter—It is almost something to do with human psychology. Even when court systems have changed quite a bit, it always seems to end up that about five per cent of the population does not seem to be able to do it any other way than being told what the answer is.

Senator LEES—Are these the families where there is the most risk of poverty, the ones where the court eventually has to step in because they are not able to make a cooperative arrangement and then someone gets burdened with quite substantial costs?

Mr Carter—What I was really suggesting is that there is a certain percentage of the human population—it does not matter which population you take or where or when—who are adversarial in nature, who want their day in court and want to argue the thing through, whether they have a good case or a bad case. I suppose it is slightly off the point as a comment, but it is a phenomenon that is worth being aware of.

Senator LEES—I am just trying to get a handle on how many sole parents who go through the process end up with what they consider to be a substantial financial burden. Some of the figures you quote in your submission are quite horrifying. Does that ever happen from a joint decision or is it usually only after a court process that one side or the other feels hard pressed and unfairly treated?

Mr Carter—If you go right through the court process it can be pretty expensive. People who are really determined to have more than one day in court and to get the result they think is fair can end up spending a large part of their total resources in pursuing that end.

Senator LEES—And this pulls the other party into having to spend resources as well?

Mr Carter—It can do so, yes.

Senator LEES—Once the decision is made, do you feel that tends to be a decision for the children that favours one parent over the other?

Mr Carter—It depends on one's perceptions. You hear stories of a lot of men out there who feel that the Family Court is biased against men, and I suppose there are some women who think it is biased against women.

Mr Williams—We see some extreme cases where one parent can be on drugs, on heroin, and the other parent can be a good parent and yet for some reason the person on heroin ends up with the children. It just does not make sense. This is not an isolated case; it happens quite often. Just going back to the question of cost—

Senator LEES—Yes, that is what I am particularly interest in. At what stage do we find a couple where one feels very much that they have been left with the costs while the other has the children—are we basically talking about this five per cent where that happens?

Mr Williams—No. Even in cases where it does not get to the court, when children's issues do not get to the court, the costs can be horrific. That is why we say the children's issues should be dealt with first. It can happen even in property settlements, such as in areas of Australia where properties have been in the same family for hundreds of years and in cases where there has been a very short marriage. In some cases the person who was not the property owner ends up with the biggest property settlement, then they take them to court over child support and they have to pay all the child support too. That is when the case goes on. That is more than the five per cent.

Mr Carter—I think the court system does tend to punish people who want long adversarial hearings and want to take every possible point, so that is a factor and people are aware of that. It is not as if it is a pure case of a process happening which produces a just result. There is expense involved and a lot of people will be aware of that and will be particularly aware of the fact that if it is costing them, the parents, money then that amounts to a resource which is not available to the children as well as themselves, so they will avoid that. Whether that produces the same result or a less fair result or a more fair result is a moot question.

Mr Williams—One person will go in with ample legal aid while the other person has to find the funds. The person who has legal aid seems to be able to keep the case going and going and going. I know cases that have cost \$100,000 with still no results. Even the transcripts from the courts involve a terrible cost. In defence of the courts, the courts were set up as a mediation sort of thing. But they make orders and my argument is that if they make the orders why can't they enforce them? That would save a lot of this cost. But the court says it is not its job to enforce them. The court is the only administration that I know that makes something and then cannot back up what it has made. That is where the system is failing, according to some of our views.

Mr Carter—Also, a lot of decisions made by parents who have not gone right to the end of the road and tested the matter before a court are made in the shadow of the law, as the phrase goes. If there is a perception out there, which a lot of men have—and this is encouraged by their solicitors—that there is no point in contesting custody because they will not get it anyway, that is a lot of men who are going to assume that is sound advice and will not pursue the matter. The shadow of the law, as they perceive it, is one which is not going to favour their case for custody. That is one example and no doubt there are other examples which would be unfavourable to mothers. I mention that one because it is a key one.

CHAIR—As there are no further questions, thank you very much, Mr Williams and Mr Carter.

[5.55 p.m.]

BRADY, Mr Peter Graeme, Director, Australian Capital Territory Office for Ageing, Chief Minister's Department, Australian Capital Territory Government

HILL, Ms Helen, Senior Manager, Chief Minister's Department, Australian Capital Territory Government

CHAIR—I welcome the representatives from the ACT government. 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. You will not be required to answer questions on the advice you may have given in the formulation of policy or to express a personal opinion on matters of policy. The committee has before it your submission. I now invite you to make an opening presentation, to be followed by questions from the committee.

Overhead transparencies were then shown—

Mr Brady—I would like to thank you for giving us the opportunity to provide our submission. The ACT government has done some considerable work into the analysis and consideration of poverty and its effect in the ACT. It was initiated by the former ACT government and it has been carried on with the current government, so there is a great deal of bipartisan work that has been undertaken there.

CHAIR—This was not Senator Humphries government, was it?

Mr Brady—Yes.

CHAIR—So you knew Senator Humphries?

Mr Brady—I have a vague memory of him, yes! I will take a few moments of the committee's time to talk about that, because it was a fairly unique piece of work that was undertaken. The government established a poverty task group, and it was a joint initiative between the ACT Council of Social Service and the government. Something like two years work was done on it between 1998 and 2001.

A series of reports were released during that time which included a fairly detailed analysis of poverty that was done by NATSEM. A final report with 15 recommendations was presented to the government. That poverty task group had a broad community representative. It had representation from both the community sector and the private sector and from all government agencies of the ACT government. The final report that was released was a document called *Sharing the benefits*, and it identified and gave a summary of the issues around poverty in the ACT. It put a series of recommendations under four key themes, which were: personal safety and wellbeing; access to resources; equity of access to resources; and participation in the community. Sitting underneath those were 15 key recommendations, and I will go through those in just a moment and talk about some of the issues that have come up in that work.

I think it is important to note that the task group made a particular point in their work to not just look at poverty as being an income based issue, of simply saying, 'We'll strike an income level and then anything below that is poverty.' They also considered access to services and participation in the community. Part of this bipartisan arrangement was that the former government identified \$450,000 over four years to undertake and implement the recommendations of the task group, with the first \$150,000 being used to drill down into that earlier work that NATSEM had done. NATSEM had provided a broad scale view of what the issues around poverty were. Within the recommendations it was quite clear that there needed to be more detailed work done on that. In just a moment I will get my colleague, Ms Hill, to take us through that.

The other \$300,000 was to be allocated over the next three years. The money for years two and three was to identify some projects—be they pilot projects or initiatives—and to implement some of the detailed recommendations, and the money for year four was to actually do some evaluation and analysis on the outcomes. In that first year, as I said, we were doing some detailed research—some profiling on Indigenous people and some profiling on multicultural communities—and we are also currently doing some work on the aged community and where there may be some shortfalls in that area.

The key piece of analysis has been this work on disadvantage in the ACT. Perhaps it might be an appropriate cue to hand over to Helen Hill from the policy group. They have done some significant work. We have some documents that we have brought with us which the Chief Minister released last Monday.

Ms Hill—This is a project that had an interesting origin. It came to us through the poverty task group as unmet need. When this government looked at the notion of unmet need, they decided that it was probably as long as a piece of string and it needed to be narrowed right in. We decided that what we needed to do was develop an evidence base. We took a broad approach. We sought to build a greater understanding of disadvantage in the ACT. Our definition of disadvantage is very broad. We took this approach because we believe that disadvantage affects a broader cross-section in the ACT than does poverty—although poverty is one of the results of that disadvantage. People may have life risk factors that fit in to our group that we loosely call 'disadvantaged'. Not all people with a disability are disadvantaged, nor are all ethnic people or Indigenous Australians. They may be disadvantaged, so we used a very broad definition. We also had the view that disadvantage can be ongoing—a life thing—or it can be a transitory thing where people move out of it.

We took four steps with this. Firstly, we looked at the NATSEM work that was done for the poverty inquiry and tried to locate poverty at a suburb level. We knew that this was probably a fairly dangerous thing to do, but what we were interested in was whether the anecdotal evidence that poverty was entrenched in a few suburbs in the ACT had any basis. NATSEM did that work. Then we looked at the need for and provision of human services in the ACT. We wanted a profile of who was using the services, how many were using the services and what sort of services they were using. We got the Australian Institute of Health and Welfare to do that based on the national data set. We wanted a fairly firm research base.

Then we wanted to consult about disadvantage. This was not a broad consultation because the poverty inquiry had actually spoken to people on the ground. This was through non-government

organisations, their perceptions about disadvantage. We got ACTCOSS to do that for us. The last part of the exercise in building that evidence base was mapping the human services that we have for the disadvantaged in the ACT. I have to say at the outset that these are only ACT government funded services. We did try with the Commonwealth to develop a whole map of Commonwealth government funded and ACT government funded but we did not quite achieve that. That is probably going to be the subject of further work down the track. We did manage to map all our government funded services but, even though we are the smallest jurisdiction, it took us eight months to gather together all the threads.

They were the four steps. The first step was about locating poverty by suburb or by statistical local area. When you look at any poverty, and this will not be news to this committee, there is limited suitable data. The ABS household income survey usually only combines the ACT and the Northern Territory. You can get ACT data out of that research but it is usually not postcode data. The household expenditure survey sample size is too small to be really reliable. The census income data is gross income rather than after-tax expenditure, which has some problems when we are looking at poverty. That was when we decided to get NATSEM to have a good look and see what their data would show us. NATSEM estimated that there were around 25,000 people. To do that they used these data sources. Because the 2001 census data was not fully online—we only had the first release, which was late last year—they actually used the 1996 census but they updated it by referring to the 2001 census first release data, the Centrelink data 2002 and the 2002 unemployment data. So the NATSEM work is actually a synthetic model. They looked at the characteristics of people in poverty and basically located it.

This is what they found. They estimated there were 24,400 people living in poverty. We looked at all the services—we actually have a fairly c, which is around 8.6 per cent. As you can see, the poverty level for children is much higher, and that is consistent with findings apparently right across Australia. The next one is no surprise. Our poverty rate is two-thirds of the national rate, which we probably knew. The interesting thing with this, and we know this already, is that there are no extremes of poverty, probably because of the small size of the ACT, the planning structure, where we have public housing situated in nearly all suburbs, and the homogenous industry and occupation types.

This overhead shows the characteristics of the ACT poor that NATSEM identified. They are likely to be young, and again that is no surprise. They are likely to have all those features. They are less likely than other poor Australians to be part of a couple with a family or the working poor. They are likely to be young and from single person households. This is based on the data that they looked at, which is basically updated to 1999. We are waiting to get the second release of the census data to see if that picture has actually changed.

You probably read about this in the media where the media highlighted the suburbs, which is unfortunate because it was not the key message of the work. This slide shows the 10 suburbs with the greatest number of people in poverty. For some of them it is not surprising, because they are quite large suburbs and it is reasonable to assume that the largest suburbs will have the largest number of people in poverty. The thing that probably surprised us is that only 29 per cent of Canberra's poor, or financially disadvantaged, live in these suburbs. The rest are actually spread right across the ACT through all the suburbs. Eleven per cent live in the least disadvantaged of all suburbs, which is probably the best thing we got out of the report.

These are the implications. I think they have significant implications for service delivery in the ACT. There is one school of thought that says that you should target some of your human services in suburbs which have the lowest socioeconomic status, like Charnwood, but we found that that is probably not the best way to serve the needs of people who are disadvantaged. We are now working with NATSEM, through an Australian Research Council grant, to develop a new simulated model based on the findings of the 2001 census to give us more detailed data around poverty, socioeconomic status and income. That is an ongoing project—I think they are projecting it out for 20 years. It is also jointly funded by some of the other states. We are hoping that will give us some better data.

The next part of the project is the need for and provision of human services. The Australian Institute of Health and Welfare looked at these areas. The data in the brackets is actually the number of people who fall into these groups based on the national data sets. Someone from the *Canberra Times* rang me up and said, ‘Do you really mean to say we have 39,000 people in the ACT with a disability? That sounds incredible.’ It is quite high but then out of that I think there were only roughly 10,000 with a profound disability. So it is to do with your definition of disability.

Senator HUMPHRIES—So it is like hearing loss and severe hearing loss and that sort of thing?

Ms Hill—That is right.

Senator LEES—How many of them would be on the disability support pension, just to give us an idea of severity?

Ms Hill—The unfortunate part about the AIHW report is that they only looked at their data sets. They made no analysis further down the stream. That is probably what happens with the ABS as well. They tend to look just at their own data and they do not project it out into trends. We have said to them that we think that is an area of work they should do more on. They found that Canberra’s human services are more likely to be delivered in the home and the community rather than in institutions. These are just samples of the findings. The findings were not really spectacular—none of them really stood out—but these are the ones that probably had implications for poverty. There is a high provision of public housing and a high number of people in the SAAP program. I was not aware that we had more than the national average—and that is quite a lot more. There is a low rental property vacancy, which contributes to the stress on public housing and the SAAP program.

I will quickly run you through the ACTCOSS work. They talked to non-government organisations. Their findings probably reinforce what we found in the mapping. They did not seem to have a lot of evidence, though, to say why people in the ACT would experience multiple forms of disadvantage. The last part was the mapping and, ironically, that was the most contentious part of all. To someone from a large state, this probably seems like pretty small cheese, but for a little budget of \$2.1 billion or \$2.2 billion like that of the ACT, this is quite a large amount. This figure does not include concessions, which is probably \$40-odd million as well, at a guess.

We have a lot of services—there are 462 services for the disadvantaged, and the ACT government delivered 78 per cent of those. In the community sector, I think non-government organisations delivered \$65 million, which is around 22 per cent. So it is not high. We have had the outsourcing debate, but, in practice, on paper there is not a large degree of outsourcing. We still control the key human services in government like mental health and drug and alcohol services.

I put financial services in because this inquiry is about poverty. Eight of those services are government funded. They seem to have serviced quite a lot of people—26,000—which is broadly synonymous with the number of people in poverty in the NATSEM report. We looked at all the services—we actually have a fairly comprehensive database—and these were the implications when we stood back and had a hard look at what they were delivering. There seemed to be a very limited number of multidisciplinary services with an emphasis on results. A lot of services targeted one area of risk rather than having holistic, person-centred service provision.

Senator LEES—Is this particularly in the drug and alcohol area or in mental health?

Ms Hill—This is right across the board.

Senator LEES—Thank you.

Ms Hill—There were links between services, but they were not strong and they were not customer or client centred. They tended to be links of an informal nature that did not track a client to see if they were getting adequate support or ongoing support that met their needs. We need better data. We spent seven months getting data—and we are not markedly different from other jurisdictions—but we did not get a lot. We tried, but some of the data leaves quite a bit to be desired. Follow-up of clients—again, we are probably no different from other jurisdictions—could be improved, and we need better information on whether the services actually work.

We are still working through the implications of this project, because it is one of the major pieces of work that the government has done on disadvantage and poverty. We have not come to any conclusions yet but we are looking at it in terms of future service provision and purchasing of non-government services from the community sector—where we need to go and what sorts of services we need to put online or what sorts of services we might need to refine or retarget. The findings of this project will also be used for the social plan we are currently developing in the ACT. Thank you.

CHAIR—Thank you very much, Ms Hill and Mr Brady; that was very comprehensive, and so is your submission.

Mr Brady—If I could take a few more minutes. The poverty task group put forward 15 key recommendations, which they saw as ways to address those four themes of engaging people or helping to ameliorate poverty in the ACT. The first recommendation was to do with how this work was going to continue. It had been a great piece of work. The group had been chaired by Bishop Pat Power, a known identity in the ACT, and it had great community support. How was this going to continue now that the government had the report? The key recommendation was that there needed to be a joint community-government reference group that could monitor,

review and report to the government on what was happening. That group has been established and meets monthly. It has representatives from all of the key community stakeholder groups and from the deputy chief executive level in all of the agencies across government.

The second recommendation was about developing a charter or a bill of rights. The government has developed a draft bill and has a consultation package out at the moment for discussion. The analysis work that Helen has just taken you through in detail was one of the key recommendations. One of the things that is unique to the ACT is the idea of developing a compact of understanding between the community and the government, and there was quite extensive work done—again, that was initiated under the former government, but it has been picked up and continued with. This was really about how the community and the government worked together and whether there was some sort of memorandum of understanding that had a framework within which those discussions could occur. So we have developed the compact and we are currently going through it and implementing some of the key recommendations.

One of those was about the way in which the government purchases services from the community. There was some concern about how that was managed; the two parties had to be on equal footing. We are in the process of trying to establish a dispute resolution mechanism through that group, with an independent referee to look at those sorts of government contracts. A lot of community organisations may only have small contracts but they are implementing services on behalf of the government.

One recommendation was about concessions. Ms Hill touched on that and concessions are an issue of continuing concern because they are a way in which to assist those people who are disadvantaged. Of course there is a whole range of issues in there in respect of eligibility, how that eligibility is being skewed by the different cards that are available, and issues around an ageing population and the impact that will have on concessions programs. We have just completed that review and it will go before government shortly for its consideration.

Another key area there was setting up some sort of funding program for small groups that could join together to do capacity building. Under the former government there was the establishment of a Canberra Community Foundation. We have continued on with that and that has provided some substantial funding to a broad range of small community organisations that would not normally be able to get access to grants programs. But the fundamental key to that program was about building partnerships. It was not just one group coming along and saying, 'We're applying for a grant to do A, B or C'; it was about really encouraging and trying to enforce the idea of getting a number of community organisations together who may never have related to each other. We think it has been really quite successful in doing capacity building in the ACT.

Another recommendation was about affordable housing. I imagine this is going to be a key thing that your committee will be considering because it is becoming an issue across the country, but particularly in Sydney and Canberra. We probably have the greatest stress in respect of housing affordability, and a housing affordability task force has been established and it has been doing some work there. They are some of the key things in respect of the recommendations that are being done. As Helen was saying, a key piece of work that all of this will hopefully key into will be the Canberra Social Plan that is currently being developed so the broader issues around disadvantage and poverty can be picked up as part of that broad piece of work.

Senator KNOWLES—Thank you for a very comprehensive submission; it was an excellent submission. I apologise for being late, I had to go down to the chamber. What has happened to housing affordability post-bushfires?

Mr Brady—I am probably giving some anecdotal information here but my understanding is that there has been some significant increase in building costs. People are talking about costs to build a house rising from, say, \$800 a square metre up to \$1,400 a square metre.

Senator KNOWLES—I was reading in the *Canberra Times* this morning that a number of people are thinking about not rebuilding. In this context, I was really looking more towards the rental market and the inevitable squeeze that has been put on the rental market so that low-income earners may have a greater problem paying rental prices.

Mr Brady—I concur with the point that you are making. The government has established a bushfire task force, which is headed by Sandy Hollway, and that is one of a number of areas, including those building costs, that the group is looking at. But the ACT, as shown in Helen's work, has really low vacancy rates and the inevitability of that part of the market is that the people who get squeezed in that area are people who are in poverty or in disadvantage.

Senator KNOWLES—So how are those people coping with that dilemma?

Mr Brady—I guess that is the challenge and it is part of the work of the relationship that we have with the Commonwealth in respect of the Commonwealth-state housing agreements and how we can work together in that regard.

Senator KNOWLES—There are only so many houses to go around though, so when something happens suddenly and there is an emergency, that is a real problem.

Mr Brady—Yes.

Senator MOORE—I only have two questions, but I could ask a lot more. I am interested in your explanation that you did this extensive mapping exercise and have been able to map the ACT government services but not the federal ones. That is worrying, in terms of the size of your community and its closeness to the head offices of the federal agencies. To me, it seems that that should be a quite straightforward exercise. Can you give me any indication of what the difficulty has been in that process?

Ms Hill—It was probably the number of departments. We have been to a few but, like the ACT, departments tend to operate as independent entities—

Senator MOORE—And they also cross over.

Ms Hill—That is right. We have been to a few individually but, even across their own portfolios, they are not quite sure of what they have funded. That is not surprising, because it took us eight months to pin down all the services we had. Even now, we get people ringing up and saying, 'You've forgotten this service and you've forgotten that service,' because we forgot to put them in.

Senator MOORE—Following on from that, do you now have a work program to continue with that incredibly important element of creating your map in the ACT—to work through this maze with the federal government agencies?

Ms Hill—It is certainly on our work program, but it is probably lower down the priorities than it was, given that this sort of work is incredibly resource intensive. It took us eight months with a small team. We began with an idea that we would complete the full jigsaw—that we would have Commonwealth funded, ACT government funded and privately funded organisations.

Senator MOORE—So you actually have one less layer than other states.

Ms Hill—That is right.

Senator MOORE—If we were doing the same exercise in Queensland, we would have the local government component, which creates another maze. What I am leading to is that the model you have employed in the ACT is one that may well be considered as a result of this committee's work. We are still in the struggling area—just having the inquiry. Your work has been the result of an inquiry and, certainly, that is one of the things we are working through: you have all this information, so what do you do next? Your model has almost created—using that terrible word—a 'pilot' for what we may be doing. Given that, I am interested in your view. The Chief Minister has graciously said that in his letter to us: that it could provide a model. From the working point of view, is that something that you think would be useful at the federal level?

Ms Hill—I think it would be. It was certainly in our project brief when we started. We commissioned a consultant to complete the jigsaw, but they were not able to do it.

Senator MOORE—In many ways that encapsulates the problem, doesn't it?

Ms Hill—Yes.

Senator HUMPHRIES—I also congratulate you on an excellent presentation and an excellent process.

Senator KNOWLES—And excellent policies, too, aren't they?

Senator HUMPHRIES—That goes without saying, Senator Knowles. A lot of the information in that digging down into the nature of poverty in the ACT is, obviously, very particular to the ACT.

Ms Hill—That is right.

Senator HUMPHRIES—Do you have an idea about which of the features of poverty discovered in the ACT might be lessons universally applicable outside the ACT and across Australia?

Ms Hill—There was an overhead about the characteristics of poverty. Our people in poverty are more likely to be young and in sole parent households, whereas across Australia the incidence is more families; it is more the working poor. Because of the relatively high

socioeconomic status in the ACT, from the NATSEM picture, it seems that more of the working poor fall into the poverty category than they do in the ACT.

Senator HUMPHRIES—I was not really asking about the differences. I realise that there are lots of differences between the ACT and the rest of Australia in that profile. I suppose I am asking: what things are the same? Which of the things you have learnt from this exercise will be useful for our inquiry about poverty across Australia?

Mr Brady—One of the things, and it is particularly in the work that has been done by Helen and her people, is that you can do an analysis, and I am putting my town planner's hat on here. You can look at an area, a suburb or a district, particularly like in Canberra, and you can add up the services and find that you have so many swimming pools and so many child-care centres—you can do the sort of exercise that planners would do, because we have actually done this work—and you can then say, 'Everybody has services so we can tick the box and move on.' But it is really about the issue of access to services. I have used this example of the single mother in Charnwood, which is a suburb in Canberra. For whatever reason, she is not actually getting access to that service. There may be a bus service that goes past there; there may be a health clinic at Kippax or wherever. But we need to get down to the reason why those people are not able to access them. This is the work that has been attempted through this: to actually get on the ground and talk to people, particularly through groups like the service providers that are delivering those services.

That is something in which there would be a commonality across Australia. You could do it at this level and say, 'Everybody's okay,' or 'We've got the right provision of services,' but unless you really get down to almost the suburb level you do not know. That issue about access to services is the key, along with contributing or being part of the community.

Senator MOORE—Is there anything you found in your study that you would define as peculiar to Canberra?

Ms Hill—Probably the fact that putting human services in suburbs was relevant when the ACT was growing but at this point it is not relevant at all because most of the services that we actually mapped reported that they provided services to people right across the ACT. They did not provide services particularly for someone in Charnwood or wherever but they provided services right across the ACT. They worked in the communities. They used to work on a regional level but that is no longer a high priority. That is probably it. To get back to Gary's question about similarities—

CHAIR—Senator Humphries, isn't it?

Senator HUMPHRIES—She is my constituent; I think Gary is fine.

Ms Hill—To get back to Gary's question about similarities, it is probably that notion of multidisciplinary services. In Sydney or Melbourne metropolitan areas, you would probably get these myriad services that target single areas of risk. They do not look at the whole person and all their multiple areas of risk, so they do not provide a centralised service where people are actually supported on the ground and ongoing support is provided. I suspect that that is what we

have learnt: that governments fund all these little services that look really good in isolation but there are not major customer centred links between them.

Senator HUMPHRIES—You spoke about bipartisan support for a program mapping poverty and then doing something about it. Would you say that there is a community consensus in the ACT about the extent of poverty and the way we should be approaching it as a result of this exercise and that that is actually a very important tool in now going ahead and putting in place budget programs, among other things, to deal with this problem?

Mr Brady—Yes, and it picked up on this ongoing community government reference group. I think that is a really good model. There is provision of a budget—and it might seem small to the bigger states—and it is a systematic way of doing that evidence based research and then looking at that terrible word ‘pilot’. The next step will be saying, ‘Let’s have a look at trying some things in the second and third year of the work and then really measuring the outcomes of what they are doing.’ I think that is right. There has been quite a systematic way of doing it and it has been bipartisan not only between the government and the crossbenches but with the community, and that has really given a lot of strength to the project.

The beauty is that they let us know. We meet monthly and the key community stakeholder groups are there to prod and push. That forum enables other pieces of work that may not be directly about poverty but are in a way about service delivery. An example of this has been the issue of insurance liability. The group that we had to implement the poverty task force group’s work has now picked up and is helping to drive liaison with community organisations about the increase in SAC awards and insurance. There is a whole bunch of forums. That sort of model is very useful, about bringing together government, the community and the service providers.

Senator HUMPHRIES—You recommend in recommendations 4 and 5 that there be some resources to develop quantitative and qualitative evidence of poverty and so on. You have already done some of that, of course. Given that it has been useful in the ACT context—and you say that more could happen in the ACT context—it would be useful, if possible, to do it on a national level as well, because poverty, I think you would accept, would be quite different in different parts of Australia.

Ms Hill—That is right. That is the intention of the NATSEM work that has been funded jointly by the Commonwealth and the states: to do some work at a national level and then for the states that have chipped in.

Senator MOORE—One of the things we are finding in the inquiry is that a lot of the information and time is being taken up with fights over what poverty is—how you define it, what figures are right and whose figures are right. Did you have that chain in your original process where you had the original gathering together of people to look at the issue? Now you seem to have moved beyond that and you are implementing some processes. Did you have that same process in terms of pure argument about whether my poverty is worse than your poverty?

Ms Hill—I was not involved in the poverty inquiry, but the work I have done since has been involved with poverty. I think they explored four models—and don’t ask me what the four models were—but they agreed on the Henderson half-average poverty line, which my colleague Cora, as a numbers person, could probably tell you more about. There were some sessions

devoted to arguing about what poverty was. I know the notion of hardship and what hardship actually is is fairly topical in the Commonwealth—whether it is missing out on two meals a week or something else. Some of the community groups referred us to the Commonwealth work on hardship, but we thought it was somewhat narrow so we stuck to the Henderson half-average poverty line.

Mr Brady—We put the earlier NATSEM work in the submission. It describes those four models. I said earlier that the really useful thing was trying to move away from that. The reality is that whether it is eight per cent using this model or 12 per cent, you are talking about 26,000 or 32,000 people—it is a lot of people. That was the issue.

Ms Hill—And it is relative and basically self-reporting.

CHAIR—Thank you very much, Mr Brady, Ms Hill and Cora.

[6.40 p.m.]

DENNISS, Mr Richard, Senior Research Fellow, The Australia Institute

HAMILTON, Dr Clive, Executive Director, The Australia Institute

CHAIR—I welcome our representatives from the Australia Institute. 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 your submission before it. I now invite you to make an opening presentation, to be followed by questions from the committee.

Dr Hamilton—We would like to take a somewhat different tack on the poverty debate present in Australia today. I start by making the point that the dominant characteristic of Australian society today is, in fact, abundance. We live in a very wealthy society by any historical or international standard. We, at the Australian Institute, argue in our research that we need to distinguish very clearly between genuine hardship and what we have called ‘middle-class whingeing’.

We did a report some months ago on overconsumption in Australia and that report included the results of a survey commissioned by us and carried out by Newspoll which explored attitudes to money and materialism in Australia. Amongst the questions we asked the representative sample of Australian adults was whether they felt that they could afford to buy everything they really need. We found that 62 per cent of Australians said they cannot afford to buy everything they really need; even out of those in the highest income group of over \$70,000, almost half of them said that they cannot afford to buy everything that they really need. We also asked the respondents—or Newspoll did on our behalf—whether they spend nearly all of their money on the basic necessities of life. The results showed that 56 per cent of Australians said that they spend nearly all of their money on the basic necessities of life. If we look at those on incomes of \$50,000 to \$60,000, 41 per cent felt that way. Even amongst those on over \$70,000 a year, more than one-quarter of the wealthiest families in Australia believe that they spend nearly all of their money on the basic necessities of life.

We feel that a substantial majority of Australians believe that they personally are doing it tough, when by any objective criteria they are not. They are doing very well and they have nothing materially to complain about. But there is a public discourse in Australia which creates a relentless state of discontent, whereby people—no matter how much they have—constantly feel deprived. As a little experiment we looked at the way in which our parliamentary representatives reinforce this generalised feeling of discontent in the Australian community. For example, in the parliamentary *Hansard* record for the House of Representatives and the Senate just for this calendar year, members and senators referred to ‘battlers’ 112 times. They talked about struggling families 17 times and they talked about Australians doing it tough 32 times.

What we see is a consistent pattern of eliding the circumstances of those who are suffering genuine hardship and who can be said, in any real sense, to be battlers with the circumstances of

the general community. We had one minister referring to the tax cut in the last budget as being a \$10.7 billion tax cut given to battlers as if everyone who got the tax cut was a battler. Another minister referred to the Treasurer giving something significant back to the Australian people—he said ‘to Australian battlers’—as if all Australians were battlers. On the other side of the political fence, a shadow minister talked about Australian families doing it tough and he mentioned specifically people earning between \$30,000 and \$60,000. I think that it is extraordinary that a family on \$60,000 is said to be doing it tough.

Our point is simply that, as long as everyone in Australia believes that they are doing it tough, we will never give those at the bottom of the heap who are suffering genuine hardship the attention that they deserve. I would argue that there is five to 10 per cent at the bottom of the heap who are genuinely doing it tough, suffering some serious hardship, rather than just engaging in whingeing, which is an attitude that is reinforced every day in the newspapers and in our political discourse.

That is our opening position. There is serious poverty in Australia. Its extent is greatly exaggerated, but we do not give nearly enough attention to its depth and significance, and until we acknowledge the limits to poverty in Australia I do not believe that we as a society will recognise the circumstances of those at the bottom and give them all the help they need. For a few more comments, I will turn it over to my colleague Richard Denniss who will make some observations about the measurement and causes of poverty.

Mr Denniss—I would like to begin by talking about the changes that have occurred in Australia in the last 20 to 30 years in the way our labour market is regulated, how it operates and the complete lack of any change in the way that it is measured and analysed. When talking about poverty, it is of particular significance that, in the 1960s, if you answered yes to the question, ‘Do you work more than one hour per week?’ it meant you would be defined as being employed; that definition has not changed. But in the 1960s, more than 90 per cent of people who answered yes to that question were likely to have been employed full time. So, in the past, the question, ‘Did you work more than one hour?’ was really a proxy question for ‘Have you got a full-time job?’ The reliance on the unemployment rate, as a measure of how the economy is doing and also of how dependent or reliant people are on their own incomes rather than government incomes, was meaningful in an era when people who were employed were very likely to be employed full-time.

After 30 years of changes in the labour market, by design and by circumstance, we now have a much different labour market with a much higher reliance on casual and part-time work. We have not actually changed the way we measure and analyse the labour market at all. In particular, we still refer quite heavily to the unemployment rate and we still refer to the state of being unemployed as a predictor of whether someone is going to be in poverty or in difficult circumstances. The reality of the contemporary labour market is that, while certainly people who are unemployed are likely to be suffering financial disadvantage, a large number of people who are employed for more than one hour a week are likely to suffer similar or identical conditions in terms of lack of income.

I think it is time that policy makers began to move away from a reliance on the unemployment rate, as not just an indicator of how the economy is doing but as a predictor of whether or not people are in a position to look after themselves. Everything about the labour market has

changed in the last 30 years except the way we describe and analyse it. Unless indicators take into account problems such as underemployment—that is, those people working two hours a week who wish they were working 40 hours a week—then perhaps we are going to continue to tell ourselves that the six per cent unemployment we have today is a good outcome even though we have 600,000 unemployed people, an estimated 300,000 underemployed people on top of that and no direct comparison, when looking at the labour market, between that and the number of jobs available.

CHAIR—Mr Denniss, you were fortunate or unfortunate to miss the exchange between Senator Knowles and the St Vincent de Paul Society on the definition of ‘one hour’. You said that if you worked for one hour in the 1960s the presumption was that you had a full-time job. That would not be assumed now with casual and part-time employment. What would you suggest as an accurate way to measure and get the right results about what is happening out there? If you asked, ‘Did you work five hours a week last week?’ they might have worked for 15 hours but not 38 hours.

Mr Denniss—I agree. I think that if we are to accept all the benefits of labour market flexibility that we are informed about—that it is up to individuals to decide what they are looking for from the labour market—then what we need is a measurement which takes what the individual expects from the labour market as being the central point of analysis.

To answer your question directly, we need to ask people how many hours they worked last week and how many hours they wanted to work last week. If there are people out there who worked eight hours last week who are entirely comfortable with the fact that they worked eight hours, we need to know that and not worry about them. But if there are people out there who worked 15, 17 or 25 hours last week who were searching for 40 hours work, we need to know that. In terms of the structure and the way the statistics are collected, at the moment we only ask for information about how many extra hours people work. We do not ask the question very regularly and we need to ask it of part-time workers. So in terms of infrastructure it is possible to collect that extra information but there has been no push to do so.

CHAIR—We have certainly had a number of witnesses before us who have said that they have wanted to work extra and the work was not there.

Senator KNOWLES—I am pleased with your submission. Thank you very much.

Senator HUMPHRIES—There has been a lot of debate about how to measure poverty. Is it growing or declining? Is it being properly measured and recorded by existing indicators? Do you think the problem of poverty in Australia is getting worse or better at the moment?

Dr Hamilton—As you indicated, the arguments over the measurement of it make it difficult to be definitive about that. There is a legitimate argument about measurement and a tendency amongst those who are particularly concerned with poverty to overstate the extent to which it is there by choosing measures which tend to exaggerate its existence. We need to acknowledge that poverty is, to a degree, a social construct—quite rightly. There are certain things that are necessary for a decent or basic standard of living today that would not have been necessary 20 years ago. We need to have a major government sponsored inquiry into the measurement of poverty. There are good methods around for doing it which do take account of community

expectations. But my assessment is, on the basis of a range of largely incomplete information, that it is certainly not 20 per cent in Australia; it is probably somewhere between five and 10 per cent—but of course that reflects a social judgment on my part.

Senator HUMPHRIES—This is a philosophical question: do you think it is more empowering to the debate about poverty if Australians believe that poverty is getting better or worse?

Dr Hamilton—There is a lot of poverty fatigue out there. In the general populace, there has been so much talk periodically about the extent of poverty, I think large numbers of people have just turned off and said, ‘It may be big, but there is nothing we can do about it.’ As I said in my opening remarks, as long as a large proportion of the population feel that they are doing it tough, it is much more difficult for them to be sympathetic to those at the bottom of the heap.

In our view, we need to define poverty quite tightly. We need to dismiss the complaints of those who are doing well by any objective measure and really tackle it. For example, even the CIS agrees that poverty is at least five per cent. If we, as a nation, took that seriously and tackled it, then having solved the five per cent, we could see if there is anything left. But this interminable argument about whether it is five or 13 per cent actually deflects attention from tackling the real problem.

Senator MOORE—Dr Hamilton, you may have heard the questions about process that I put to the ACT people earlier. We are struggling with where this inquiry goes after it is completed. There has been a series of recommendations from some of the key groups about having some form of summit that would be a whole-of-government approach, bringing in stakeholders and looking at a program for what people do together to address any issues that come up. It has got to the point that even the CIS accepts that there is a level of poverty in the country, so we have to look at that. How would you assess that process? How would you make such a summit, gathering people together with various vested interests and responsibilities, work?

Dr Hamilton—Firstly—and in a way this is answering the politics of this debate—there are influential forces in Australian society and in political discourse who want to make the issue of poverty disappear. I think the CIS are actually playing dog whistle politics on this. They are consistently playing down the seriousness of it and, on the face of it, looking as though they are doing proper research and being serious about analytical methods. But the real purpose of it is to say that poverty is not a problem and, to the extent that it is, it is the fault of the individuals. I will quote from a CIS publication on poverty of a couple of years ago. Barry Maley from CIS wrote in a forward to the publication:

... in the absence of exceptional misfortune or catastrophe, poverty must be the result of imprudent or irresponsible behaviour...

Another quote from the same publication is that poverty today is defined by ‘ignorance, waste and shiftlessness’. When asked about the morality of the poor, the CIS wrote:

A comparable failure to conserve household goods, such as furniture, blankets and clothing, occurs among welfare recipients in Australia today.

And one final quote on the question of welfare support for poor people is:

How will raising welfare payments affect these suffering children? Will their parents become loving and caring? Will they spend the extra money on toys, rather than cigarettes or heroin?

I think the CIS is actually mounting a vicious campaign of trying to blame impoverished people for their own state. So I have my doubts about a summit. I think we do need a government inquiry which takes very seriously the fundamental methodological questions of how you measure poverty, identifies its extent and nature in Australia and sets out how to tackle it.

In our view the fundamental thrust of any attack on poverty should be employment creation. We believe that lack of jobs is the fundamental cause of poverty in Australia today. We do not think that further deregulation of the labour market such as the CIS advocates, by reducing the minimum wage, is the way to go; and it is contradictory that the best way to tackle poverty is to reduce the wages of those who are already poor and in employment. We believe we need employment creation policies and good strong secure jobs for people at the bottom end of the market. I have to say that if there were a major inquiry initiated by the government I have my doubts that that sort of recommendation would come out of it. But certainly we do need to resolve this measurement issue before we can move on because we are diverted too much by it.

Senator FORSHAW—I am interested in your earlier comments about people on \$60,000 or people generally who are middle class claiming that they are doing it tough. Do you have a measurement or a concept of the level at which people might be doing it tough—if they are earning, say, between \$30,000 and \$60,000? Or do you just look at a figure and say that if you are getting \$50,000 a year, which is \$1,000 a week, then it is hard to argue that you are doing it tough? If people have three or four kids, by the time the tax is taken out and the rent is taken out and all the costs have been met, that is when they say to me, ‘I accept I’ve got a job and I accept I’ve got an income coming in, but I still believe I’m doing it tough because I’m not able to save, I’m not able to get a deposit for a house or improve my position and I’m always struggling, with credit card debt rising all the time.’ I suppose this is more financial hardship than poverty. Would you expand on that a bit?

Dr Hamilton—In a way this is the core question. Of course, the extent to which people might be doing it tough on a certain income does, as you indicate, depend very much on their personal circumstances. Clearly, it makes a big difference if you live in Sydney compared to Hobart and it does depend greatly, as all of us who have children know, on how many children you have and on the demands that they place on you.

Let me make a couple of points. I have met two people who own their own house and are on the pension and feel as if they are doing perfectly well; they do not have any complaints. I have met other pensioners who are, as far as I can tell, in identical circumstances but who feel they are really struggling to make ends meet. So the perceptions of people influence these things a great deal.

With a middle-class family in Sydney what we have witnessed, particularly over the last 10 to 15 years, is really quite a rapid scaling up of expectations of lifestyle and what it takes to have a decent standard of living. I would argue that the scaling up of those expectations is precisely what is driving house prices up in Sydney. There is no magical factor driving them up; it is

basically people competing each other out of the market because people are willing to commit more of their current and future incomes to paying off a mortgage. That is what has been driving up house prices.

When you look at the issue of savings, there are some very interesting figures. A lot of people say they cannot save. I have seen a survey that the Commonwealth Bank did. People find it very difficult to save and in fact people are going into debt in a way that they never have before. But when you look at the figures, you find it is not, for the most part, poor people who are going into debt. They tend to balance their budget much more effectively. It is the middle- and high-income households that are going into debt and they are only doing it for one reason: they want a bigger house or they want a new kitchen or they want a second car or they want a holiday in Europe. It is pretty hard to feel sympathy for people who are going into a large amount of debt in order to fund a lifestyle that would be regarded by people who are genuinely struggling as luxurious. Yet those people do feel themselves somehow financially deprived. I am sad to say that governments tend to react to those sorts of complaints with things like tax cuts for people who are doing pretty well and with middle-class welfare, such as the private health insurance rebate.

Senator FORSHAW—I think that last point is an interesting one because if one goes back and looks at the tax cuts that accompanied the GST, those cuts were of the order of \$80 to \$100 at levels where family income may have been \$60,000, \$70,000 or \$80,000.

Dr Hamilton—That is true. But I think if you look at some of the—

Senator FORSHAW—It might have something to do with Sydney and what happened in the election, but that is another story.

Dr Hamilton—You would know better than I would, but it was a political package designed to win support for the GST and, of course, the people who were going to suffer the most from it needed the most compensation. That was legitimate. If you look though at some of the tax expenditures that have been introduced, we are talking about huge amounts of money. I mentioned the private health insurance rebate—\$2.3 billion—the tax concessions for superannuation, which tend to go mostly to middle- and high-income people—\$10 billion a year is one estimate—and the baby bonus. Those sorts of failures to collect taxes have been driven by this sense amongst the middle class that times are hard, when in fact times have never been better in Australia. We are wealthier than we have ever been. We are three times better off in real terms per person than our parents or grandparents were in the 1950s, and yet we are no happier. We have to ask ourselves, ‘What is going on?’

Senator MOORE—Maybe there should be an inquiry into that.

Dr Hamilton—An inquiry into happiness would be interesting.

Senator FORSHAW—Following on from that, and this is more a question about the philosophical or conceptual debate, would you have any comment to make about people in those situations having the perception that they are doing it tough because they have a view about those who are really doing it tough? This is going back to some of the CIS-type arguments, that welfare and benefits go to the unemployed, Indigenous people and single mothers. In other words, those who say they are working and contributing through taxes may be feeling that they

are having some trouble coping even on \$60,000 or \$70,000 a year, so there is resentment about their tax dollars going to people less fortunate. It is a bit of a convoluted comment, but I am wondering if that explains to some extent the attitude of believing that they are doing it tough.

Dr Hamilton—I think there is tremendous pressure on people to appear to succeed by way of expressing themselves in their material consumption. This has meant that people have engaged in expenditures that would not have been regarded 20 or 30 years ago as being necessary in any sense. But people feel that they have to undertake them nowadays in order to have a decent standard of living. Of course, quality and location of housing is a prominent one. Sending your children to private schools is another—30 per cent of parents send their kids to private high schools. Even middle- and lower-income parents are willing to fork out thousands or, in some cases, tens of thousands of dollars each year to send their kids to private schools when, in most places, there is a perfectly good public school system.

Senator FORSHAW—That has been the case historically in this country, though, particularly in the Catholic system, where people would argue that for generations they have been prepared to make that commitment.

Dr Hamilton—Sure, but we have seen a rapid increase in the proportion of private schools in the last 10 or 15 years. To come back to your other question, I think there is a general lack of sympathy for impoverished people in Australia today. I think that is a reflection of social changes over the last 15 or 20 years. There has been a much greater shift to basic selfishness. Here we are at the beginning of the 21st century richer than we have ever been, but our level of foreign aid is lower than it has ever been. Why is this? You would think that, the wealthier we become, the more generous we would be. But, in fact, I think it is the opposite.

Because of this, people distinguish between those people they believe to be deserving of support and those who are not. For a long time, we have seen a campaign effectively of vilifying people who are unemployed, which makes us feel less guilty about cracking down on people and making them jump through hoops to collect their unemployment benefits. But, of course, people on the pension are regarded as deserving. In fact, many people who are going on pensions now would have had a patchy employment history. Therefore, one has to ask whether society might start to question whether some people deserve the pension. I certainly think they do; I think we have a social obligation. But now people are being told that they ought not to expect the government to look after them in the future. We are creating uncertainty and trying to force people to provide for themselves through superannuation. That is another factor that is driving people to feel poor, even though they are not. They feel that they have to put more and more away for their superannuation.

Mr Denniss—On that point of perception, I would just add that I think that, for most people, there is very little perception of what real poverty looks like. If their perception of society comes from either their neighbourhood or from television, they are very unlikely to ever actually see anything which is representative of the experience of someone who is actually suffering from real poverty, except perhaps on a tabloid television program which might be highlighting yet another welfare cheat living a life of luxury while in receipt of government assistance. People walk around their own neighbourhoods and see people who have bigger houses and cars than them, and they tune in to television programs that show how everyone needs a new kitchen to demonstrate happiness. Whereas I think that, to understand and place themselves in the shoes of

someone who might actually be trying to raise a family on \$25,000 a year, if they were given real images of people who were trying to do that, all of a sudden they might realise that \$60,000 a year, although it might not be everything they want, is a hell of a lot better and easier than half of that.

CHAIR—Thank you.

Committee adjourned at 7.09 p.m.