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SENATE

COMMUNITY AFFAIRS REFERENCES COMMITTEE

Reference: Poverty and financial hardship

FRIDAY, 20 JUNE 2003

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SENATE
COMMUNITY AFFAIRS REFERENCES COMMITTEE

Friday, 20 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, 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.

WITNESSES

AUSTIN, Ms Julie, Policy Adviser, Carers Australia.....	717
BASHFORD, Mr Graham John, Deputy Chief Executive Officer, Business, Centrelink	685
BRAY, Mr Jonathon Robbie, Director, Spatial and Distributional Analysis, Department of Family and Community Services.....	685
CADDY, Father Joe, Acting Chair, Catholic Welfare Australia Board, Catholic Welfare Australia.....	704
CRESSWELL, Ms Ara, Executive Officer, Australian Federation of Homelessness Organisations	723
CREWS, Reverend Bill, Uniting Church in Australia.....	653
DAVIDSON, Mr Peter Andrew Geoffrey, Senior Policy Officer, Australian Council of Social Service	672
DEERAIN, Ms Margaret Louise, Senior Policy and Research Officer, Catholic Welfare Australia.....	704
FLANAGAN, Ms Kerry Anne, Executive Director, Strategic and Ageing, Department of Family and Community Services.....	685
GILMORE, Mrs Louise, President, Carers Australia.....	717
HATFIELD DODDS, Dr Steve, Senior Policy Economist, UnitingCare Australia, Uniting Church in Australia	653
HATFIELD DODDS, Ms Lin, National Director, UnitingCare Australia, Uniting Church in Australia.....	653
JACKSON, Mr Wayne Smithers Brooks, Deputy Secretary, Department of Family and Community Services	685
LONG, Mr Brendan, Team Leader, Social Policy and Research, Catholic Welfare Australia	704
McCALLUM, Mr Andrew George, President, Australian Council of Social Service.....	672
MITCHELL, Ms Megan Goldinham, Director, Australian Council of Social Service	672
MULLER, Mr Thomas, Policy and Networking Officer, Australian Federation of Homelessness Organisations.....	723
NOTT, Mr Jeremy Andrew, Assistant Secretary, Strategic Policy and Knowledge Branch, Department of Family and Community Services	685
POULOS, Reverend Elenie, National Director, UnitingJustice Australia, Uniting Church in Australia.....	653
RENTSCH, Mr Ian Edmund, Chief Executive Officer, Australian Association of Social Workers	742
SANDISON, Mr Barry, Assistant Secretary, Participation Strategies Branch, Department of Family and Community Services.....	685
SCOTT, Ms Denise Rosemary, National Social Policy Officer, Australian Association of Social Workers.....	742
TENNANT, Mr David, Director, Care Inc. Financial Counselling Service and the Consumer Law Centre of the Australian Capital Territory; and Chair, Consumers Federation of Australia.....	734
WHITECROSS, Mr Andrew William, Director, Incentives Policy, Working Age Work Force, Department of Family and Community Services	685
WILLIAMS, Ms Marcia, National Manager, Community Sector Relationships, Centrelink	685
WINZAR, Ms Peta, Executive Director, Economic and Social Participation, Department of Family and Community Services.....	685

WOLTHUIZEN, Ms Catherine Nicole, Senior Policy Officer, Financial Services, Australian Consumers Association	734
WOODRUFF, Ms Jane Catherine, Chief Executive Officer, UnitingCare Burnside, Uniting Church in Australia.....	653

Committee met at 9.10 a.m.

CREWS, Reverend Bill, Uniting Church in Australia

HATFIELD DODDS, Dr Steve, Senior Policy Economist, UnitingCare Australia, Uniting Church in Australia

HATFIELD DODDS, Ms Lin, National Director, UnitingCare Australia, Uniting Church in Australia

POULOS, Reverend Elenie, National Director, UnitingJustice Australia, Uniting Church in Australia

WOODRUFF, Ms Jane Catherine, Chief Executive Officer, UnitingCare Burnside, Uniting Church in Australia

CHAIR—I declare open this public hearing. The Senate Community Affairs References Committee is continuing its inquiry into poverty and financial hardship. I welcome representatives from the Uniting Church of Australia. Information on parliamentary privilege and the protection of witnesses in evidence has been provided to you. The committee prefers evidence to be heard in public, but evidence may also be taken in camera if such evidence is considered by you to be of a confidential nature. The committee has before it your submission. I now invite you to make an opening presentation, to be followed by questions from the committee.

Ms Hatfield Dodds—Thank you for the opportunity to speak with you this morning. The establishment of this committee, its work and ultimately the presentation of its report present the federal government with a significant opportunity. The challenge will be to take the problem of poverty seriously and to lead all Australians towards a society that is less divided and more compassionate, a fairer Australia with enhanced opportunities for all to participate in and contribute to its shared life.

The Uniting Church in Australia believes that a society in which there are substantial inequalities is bad for all Australians. This belief arises from our Christian understanding that one person's pain or suffering diminishes us all, our experience in delivering community services and our understanding of the facts surrounding the social, economic and ecological wellbeing of our nation. Our wellbeing depends not only on satisfying our individual desires but on honouring our obligation to care for the community of life of which we are a part.

A society which is guided by concern for the most disadvantaged and marginalised, which values the weakest, which strives for participation by all people and which recognises that our future is bound up in the identification of common pain and in each other is a healthy society. The links poverty has with social ills such as poor health, crime and child maltreatment are costly to our nation, as is the loss associated with people not developing to their full potential.

It is the responsibility of government to provide an adequate policy framework within which individuals can flourish in the community and avoid falling into poverty. In this country we have the knowledge, the resources and the skills to address poverty. Working together, governments,

the community sector and business can make a difference. We believe that tackling poverty will require serious commitment and a whole-of-government approach. It will require partnerships with business, with the community sector and with the research community.

We urge the federal government to work with state and territory governments to develop a national anti-poverty agreement, including national benchmarks around agreed indicators. Such an anti-poverty strategy must be underpinned by measures that address the structural causes of poverty rather than by punitive measures directed towards the marginalised. It must provide for adequate work and income, affordable and accessible housing, health care, education, child care and aged care.

Further investment in the lives of the poor and vulnerable and local communities is necessary for the safety, security and wellbeing of Australia. We urge the government to pay attention to those regions where poverty threatens to become entrenched, recognising the particular effects of social and economic policies on people living in disadvantaged communities and regions.

The Uniting Church is concerned that the life potential of children who grow up in situations of poverty is diminished as a direct result of being poor. The experience of poverty from an early age, combined with low educational attainment and limited opportunity for social inclusion, can impair a person's ability to understand how systems work, influencing their capacity for decision making and a sense of control over their own lives.

The incidence of poverty is much higher amongst Indigenous Australians than the general population. It is particularly important, due to the distinctive experiences and value systems of Indigenous people, that all Australians listen to the experience of poverty and priorities for change as articulated by Indigenous people themselves.

Why address poverty now? Poverty exacts a heavy toll on children and families. We now know that early intervention reduces the negative impact of poverty on children's intellectual and emotional development over the whole of their life. For the first time we have both opposition and government identifying early childhood as a priority. There is a growing divide in Australia between the advantaged and the disadvantaged, the haves and the have-nots. This implies that it will get harder to address poverty the longer we leave it.

There is a better understanding of the need for and effectiveness of coordinated policy settings and effort across all government portfolios to address cross-cutting issues such as social exclusion and poverty. There is a growing understanding that effective interventions to reduce poverty and address social exclusion can result, over time, in significant savings in other portfolio areas such as health, education, housing and the criminal justice system. As a small open economy, we cannot afford to waste any of our human resources. Finally, successful policy models have been developed and implemented overseas that we can learn from.

Our recommendations to this inquiry are that the federal government work with state and territory governments to develop a whole-of-government anti-poverty agreement and that this agreement include the development of national poverty benchmarks based on indicators that measure the effectiveness of strategies to improve the wellbeing of the poorest groups. Any successful approach directed at reducing poverty will take account of the variety of ways in

which poverty is experienced by Australians and will strive to enable the free expression of the hopes and dreams of all Australians.

CHAIR—Thank you, Ms Hatfield Dodds.

Senator KNOWLES—You make some fairly obvious statements in your submission, but one of the things that I find probably needs a little explanation is that the Uniting Church considers poverty to be a violation of human rights. I think that is a pretty bold statement. I do not think anyone would, by choice, see anyone in poverty, but I do not quite understand why you say it is a violation of human rights. Who is violating whom?

Rev. Poulos—It is a structural violation of human rights. As long as we have systems, structures and policies that allow people to live in situations of dire poverty, those systems and structures allow people's human rights to be violated. Any situation where individuals do not have access to employment and adequate health care, where they cannot be free to make their own choices about the way they live their lives and raise their children—where those choices are taken away from them—is a violation of their human rights, as set out in the UN human rights treaties.

Senator KNOWLES—But there are a lot of people who cannot make those choices. You say that a violation is when they do not have access to adequate health care. I think that everyone in Australia, by comparison with many other countries in the world, has access to adequate health care. I do not quite understand where you are coming from. Are we trying to live in a utopian land where there shall be no child living in poverty by 1990, 2010 or whatever? How would you actually achieve what you are setting out when you say that there should be no family and no child living in poverty?

Ms Hatfield Dodds—That would certainly be the Uniting Church's vision for this country.

Senator KNOWLES—I think that would be a vision for everybody, but let us look at the practicalities. How do you achieve it?

Rev. Poulos—One of the ways we can achieve it is to ensure that our priorities for policy development and spending are set in a way that enables the achievement of such an outcome. It is about priorities, where we place our best intentions and the limited amount of financial and human resources we have.

Senator KNOWLES—How do you save some people from themselves? Some people's poverty, we have to confess sadly, is of their own making. True?

Ms Hatfield Dodds—I do not know the answer to that. I suspect we will not ever know the answer to that until and unless we can eliminate structural poverty from our systems. Then you can perhaps partition out the role of that individual choice.

Senator KNOWLES—You do not think that some people's spending habits, gambling habits and all those sorts of things are creating poverty of their own choice or their own making? Perhaps I should not say choice, because they do not choose to be addicted or whatever.

Ms Hatfield Dodds—I am a psychologist by training, so my professional understanding and my understanding of the church's position is that people make the best choices they can, given their situation. For many people who are living in poverty—people we work with across the UnitingCare network—choices are circumscribed by the circumstances in which they live. If you live in a second generation jobless family and you have never seen anybody complete year 10 or year 12 schooling or go to university, if you have never seen anybody gain and maintain a job, then perhaps the choices to be employed and attached to the labour market, or to go on to tertiary education, are not even on your radar screen because they are not part of the cultural soup in which you live. Jane can probably speak a bit more about that from the Burnside experience.

Ms Woodruff—I do not want to get into a debate with you about adult responsibility but I would like the opportunity to talk about children. I suspect that we would all agree that we cannot apply to children that same argument about responsibility, because in fact children's poverty is something they experience through being dependent. I am sure we all want to see children in a situation where they can make the best of their opportunities. I know there have been many debates through these hearings about definitions of poverty, and I do not want to have a debate about that, but could I put one for children on the table for you? It is a definition by Jarque from 1997:

Child poverty is any serious physical, social, material or emotional deprivation experienced by children which proves detrimental to their wellbeing and disrupts their social, educational and emotional development.

It really is about trying to provide opportunities. If you accept that definition, there are strategies we could put in place that would ameliorate the impact of poverty on children. It may not take away the issues around income levels and so on within their families but it will certainly do something for the children in terms of giving them an opportunity in the future. That is not answering your full question, Senator Knowles, but it is the child aspect of that.

Senator KNOWLES—I do not disagree with anything you have said. However, what I have difficulty coming to grips with in what you are saying is how you will actually achieve it. If there is a child or children in a home that is racked with all those external problems of addiction or whatever, trying to pluck those children out—in a sense—to avoid their poverty is, in a practical sense, a very difficult thing. The parents are not going to say, 'Yes, take my children away.' Then we get the argument about the stolen generation or whatever.

Ms Woodruff—It is a very difficult thing. It is what UnitingCare Burnside has been addressing in New South Wales since 1911. As we have learnt more, as there has been better research evidence about what works, our methods have changed. There is now very good research evidence about the sort of interventions you need to put in place. The first area is essentially around cognitive development. I am sure you have heard from other people—and it has certainly been raised in other inquiries—that we now know that very early intervention—prenatally, antenatally and particularly in the first three years of life—will make a difference to children's cognitive development. That has an immediate flow-on effect into their capacity to be ready for formal schooling.

The other area is around enhancing parenting skills. In terms of parenting skills, I suspect there is another debate to be had. The view of the Uniting Church and also of UnitingCare Burnside is that we must start from the position that parents do want the best for their children.

We all acknowledge there are some parents who, for whatever reasons, are not able to deliver on that wish. There may even be some parents who do not wish it. Clearly we need child protection strategies in place to manage those situations for those children, because the primacy there has to be the safety of the child. For most parents the issue is that they do not have access to the skills around good parenting. The programs we run, which are multifaceted family programs linking education with family support, will make the difference. The research evidence is there to demonstrate that.

Senator KNOWLES—I will give you a little scenario and I seek your guidance on this. You have families dotted throughout a very vast land. I agree that most parents would want the best for those children. The cognitive issues and so forth are important. Nutrition, as a consequence, is vital.

Ms Woodruff—Yes, absolutely.

Senator KNOWLES—But there are kids scattered far and wide across this land who start the day without breakfast.

Ms Woodruff—Yes.

Senator KNOWLES—In a practical sense, how does one ‘deliver’ a breakfast to those children?

Ms Woodruff—That is a lovely question because there is a good answer to that: you use the mainstream institutions of the society. You go to where the children are and you feed them there. We have programs in Ermington in Sydney, which is a western suburb but not a far outer western suburb. We have an education program for 10 feeder primary schools in the area. The criteria for working with the families are that they live in the housing estates of Ermington and they are poor. We do not work with people who can find alternative solutions. We run the breakfast program in those 10 primary schools. We go out there with skilled family workers, so we make our people do hands-on work. We do not regard ourselves as counsellors who sit back in the office waiting for people to come to us. We take the food to them.

Senator KNOWLES—But how many of you are there replicated throughout Australia? That is fantastic and it is a terrific answer. Do not think I am being facetious when I ask how that is replicated.

Ms Woodruff—Senator Knowles, that is the sort of strategy which would be extremely easy to replicate throughout Australia. Those programs do not cost very much money at all and they do not require a high level of skill. You do get value-adding by having skilled workers who can notice what is going on in the dynamic between a family and a parent, for instance, and can set up some other relationship with them.

One of the issues you will get is in rural and isolated areas. You have already an excellent mobile children’s service network in this county on which we could build. You have further challenges, of course, with the children who do not get to school in the first place. That is probably where we need more sophisticated programs. In the program we run in Ermington, in the two programs we run in Mount Druitt and in the five programs we run in the Macarthur area

in New South Wales, our staff help parents get their children dressed. It is not a very high-level skill and it is not a high-cost skill. If you sit it in the framework, you can do it.

Rev. Crews—We started the breakfast program in a school in Ashfield. The first thing we found was that it is not only poor kids or kids from poverty backgrounds who go to school without breakfast. We started the breakfast program, and then the school tuckshop found they could make money from the other kids. What they did was charge a bit extra for the breakfast, and that provided a free breakfast for the other children. That has been going now for over 10 years.

Senator KNOWLES—How do you manage two classes of kids in that situation?

Rev. Crews—Two classes of kids?

Senator KNOWLES—The payers and the no-payers.

Rev. Crews—Because those kids are in the area. In a way, where else would they go?

Senator KNOWLES—No, I am not suggesting that.

Rev. Crews—In a sense, young kids do not recognise class, like they do not recognise colour.

Ms Woodruff—You can manage that. That is a back-of-house issue. There is a real issue between what people see and what they need to see. What they need to see is that you care and that you meet their immediate needs. You are absolutely right. If a child is hungry, forget everything else, because you are not going to achieve anything until they have eaten. It is a very fundamental principle. You can fix all of those back-of-house things behind the scenes, and we do that all the time.

The philosophy that we have is that you must provide universal services in disadvantaged areas, because otherwise you immediately set up an ‘us and them’ type relationship and you stigmatise people who already feel stigmatised. They already know they are not coping; they already know they are not good parents; they already know their children look different from every other child in the school and so on. There really are ways that you can do that, but it is about being smart, if you like, with what I would describe as the front-of-house function, which is how it is delivered on the ground, and the back-of-house function, which is where you sit down with the school tuck shop and ask, ‘How can we do this in a way which is transparent and fair?’

Those programs really are achievable and you get huge value for money from any approach which is effectively a soft-entry approach, because if a child is not having enough to eat you can absolutely bet your bottom dollar that there are other things going on as well. It is a symptom, if you like. It is a symptom of poverty, but it is also very likely to be a symptom of a dysfunctional family in some sense or another: depression, too many children, no transport, no time, job seeking, latchkey kids and a whole range of things. It is a beautiful soft-entry point for then being able to approach people and get them into services that are actually going to make a big difference to their lives.

I will use another example from our programs. An education program that we run is a soft-entry point for families in the area that are known to the Department of Community Services, but we do not talk about it in that way. We talk about it as a program for parents who are trying to do the best they can by their kids, particularly in terms of education. We offer a tutoring service for those children. We have one rule about tutoring, which is that the parent has to come. We do not mind which parent it is; we do not even mind if it is a grandmother or an auntie, because different families are different. Once you get that parent, you will find that they are illiterate—no wonder the kid is doing badly at school! Let us say that it is the mother of the child. The mother cannot go anywhere near the school, because she is absolutely terrified that somebody is going to ask her something that she does not understand and expose her illiteracy or her own school failure. You will find that the younger children in the family are not speaking. Even if you could find a preschool that was affordable for them, they are going to fail because they do not have the same level of language development as children who are coming from the adjacent middle class, more advantaged areas.

You have a soft-entry point into a parents-as-teacher program for the babies, including a home-visiting program which goes to families prenatally; you have a counselling arrangement for families where the dysfunction is serious; you have a linkage into child protection services, if you need it, for those families where children are at risk; and you bring TAFE classes into that centre for those people who would never go near education unless you did something to make it accessible to them.

We had one mother from that program—and there are many of them—who did a TAFE first aid course in our centre, with other mothers and some fathers. She has now gone back into employment and she is the first aid officer in her workplace. Not only is she making a significant contribution, but she is off welfare payments, her children come to the homework centre so that we can keep an eye on what is going on—they are educationally progressing—and, most importantly, that woman has discovered that she is a decent human being. That all comes from having something like a soft-entry point.

CHAIR—There is certainly a bit of a view that the people you help are at this stage because they gamble, drink, smoke, use drugs or whatever, and that if only they did not gamble, drink, smoke or use drugs they would be fine. Would you like to comment on statements along those lines?

Ms Woodruff—Yes. A lot of our work starts off predominantly being with mothers and children. That is understandable because, if you look at the statistics, complex problems are more likely to involve single parents, and children are more likely to be in the care of mothers. We then extend our work out to fathers as well.

CHAIR—I have seen some studies of the spending patterns of single parents, particularly mothers. Have you seen that at all?

Ms Woodruff—I do not believe that I have.

CHAIR—They do not spend much on gambling, drinking and all of that. I think they spend a bit more on smoking.

Ms Woodruff—What I want to do, rather than talk about their income patterns, is talk about how they feel, because I think that tells you what their lives are like. There are three significant characteristics around those groups—and we only work in disadvantaged areas in New South Wales, so we do not have a comparative base. I cannot tell you whether the experience is different in middle class areas, because that is not our mission.

One of the most significant things is poor education. It would be very unlikely for most of the women that we work with who have children in trouble in some sense or another to have got past about age 14 in school. If you think about what you learn, how your brain develops and when you start to reason abstractly, as opposed to thinking as a child, they have missed out on some very significant parts of education, which are about building resilience and reflection and so on. The second thing is poor self-esteem. They think they are terrible. They think they are bad parents. They think they are turning into their parents, and most of them have come from abused environments. What they will say to you is: ‘I was determined not to do to my children what my mother or father did to me, but I’m doing it.’ The third thing is that they do not know where to go and they do not know what to do. In that context, a lot of them drink and a lot of them get into drug abuse—not so much gambling, because gambling requires you to have some transport and none of them have any transport, so they are really locked into a very local community. They will tell you that they drink because otherwise they will hit their children. They drink or take drugs and so on because they despair.

It would not surprise me if they were not using the financial resources they had as well as you or I might. That is not really surprising, when you think about their lack of resources and their lack of resilience. They also, of course, tend to have more children, and that makes it more difficult for them in a straight management sense and so on. They lack education—and we are talking about education in a formal sense. They did not go to school. They left home. The other thing is that, characteristically, they have often been in care. They have been raised by the state or they have been in and out of foster care or they have been homeless from an early age.

They often do not know the sorts of things that would make their lives a lot easier, like knowing how to cook nutritional food. It is terribly easy and simple stuff, but they do not know it. They do not know how to help their kids with their homework, because they cannot read or they cannot do new maths or whatever it happens to be. It is a sort of compounding effect, but you can break that cycle.

CHAIR—The observations at Ermington—

Ms Woodruff—Ermington, Mount Druitt, yes.

CHAIR—My office is at Parramatta, so—

Ms Woodruff—You will know very well then, of course.

CHAIR—Can you give, say, a snapshot of the women? You said that it involves single mothers generally.

Ms Woodruff—Yes, mostly.

CHAIR—How old would they be? Have they been pregnant at 16 or 17 and are they now in their 20s?

Ms Woodruff—I cannot answer specifically for Ermington, but I can for Mount Druitt, because I know the figures in Mount Druitt. The average number of children the women have is five and the average age of the women is about 32, so they have started having children very young. They often have gaps. It is quite common for them to have a couple of children very young and, almost inevitably, illegitimately, and often from different fathers. I do not think we need to be judgmental about that. I think we just need to acknowledge it, particularly given the level of domestic violence that they experience and, in a sense, almost expect because that is the pattern of their history. They are likely to have a couple of children who are 15 or 16 or something like that, sometimes having children themselves—the next generation—if you do not intervene, and then they will have a little bunch of little ones. That is a fairly typical pattern.

The programs we run in Mount Druitt are specifically targeted at parents who have children nought to five. We are picking up that population because we are targeting that young group. The Ermington program is a bit different because the entry point is school age but then feeds down to the younger children and also up to the older children. So you have actually got design programs that will tackle the fundamental issues for these people. As a child and family agency we cannot tackle poverty head on, but we can tackle the impacts of poverty, and we can do that through programs which lift self-esteem, which get people specialist assistance for mental health problems, for drug and alcohol abuse, which provide safe environments for their children and then do some very fundamental things about teaching them how to be parents.

As I said before, there is good research for those multifaceted programs. It is very well documented now in many programs and the challenge for us is, as Senator Knowles said earlier, how we actually roll those out. It is easy to run one in Ermington. Could we run one in every suburb, if we needed to?

Senator DENMAN—Before I ask a question, I just want to make a comment. I was teaching before I came into this job, and 15 years ago in a very disadvantaged area we were feeding the children at school. In those days the money was coming from social security. For each of the disadvantaged families social security gave us so much to provide their breakfast and their lunch. It was an excellent program because at least those kids were being fed. Does the government's breaching policy cause problems for people on welfare?

Ms Woodruff—We did make a submission to the breaching inquiry and our focus at that time was on young people in particular, because we run programs for young people as well as for families with children. Yes, there was an impact we had documented at that time. If you look at it in the context of your broader inquiry and my obvious focus on families and children, the difficulties in that area were twofold at that stage. One was around homelessness and how you actually manage a combination of homelessness and job seeking. The other issue relating to families was that many of these young people have children, so they are off on another cycle again. With the further changes in welfare reform there is a potential for some of the mutual obligation requirements to have a significant impact on single parents.

Could I just make one comment. I really do not want to get into a debate about whether mutual obligation is a good thing or not, but it seems to me that one of the things we have

forgotten in this society is how important parenting is for children. It seems to me that if we reconstructed our understanding of obligation to say that parenting is part of mutual obligation we would reward parents and assist parents to do that job, particularly in single families where there is no-one else to do that job. It seems to me we have actually missed the point a bit in terms of children and families. We expect people to do a really good job, but at the same time we are sending messages that say, 'The way you fulfil your mutual obligation is to be job seeking et cetera.' They are already doing a job. It happens to be a job that does not turn up in terms of the economic statistics of the country. You would have to argue, in terms of this inquiry and many others, that it is probably one of the most important jobs anybody does in this society.

Ms Hatfield Dodds—From a national perspective for the whole UnitingCare network, I have been—

Ms Woodruff—Our experience would be broadly that breaching is a real problem, largely because the penalties are so punitive and the effect on the lives of people who are really struggling is quite extreme. That is the experience I have heard and seen visiting agencies right across the country.

Rev. Crews—One of the programs we run is a free restaurant for people who are hungry, and we can get up to 400 people a day. They come from within a three-hour walk. They walk for three hours to come and eat at our place. All ages, from late 80s down to mothers and children. One of the big problems we find is that people cannot read and they are also at that boarding house sort of level. If you cannot read, what is the point of sending out some stupid letter? What is the point? If you are moving a lot, what is the point? We find a lot of people like that. We find a lot of people with disabilities who get breached in the most dreadful ways. We find people who are not smart enough to work out what is going on. As well as that they are also quite disturbed.

We found a lady who had been living on the streets for years and if anyone deserved a pension it was her. I took her along myself to get her sorted out. She is paranoid and all these other things, and when the clerk said, 'What is your name?' she said, 'I don't have to tell you anything!' And then, of course, the guy started to put all his stuff away, 'Blow you, lady,' he said. It took days to get her sensible enough to be able to get a minimum of information. Then I found this clerk could have just signed the form, and I said, 'Why didn't you do that?' He said, 'She might rip the system off.' I find these people are too silly and too debilitated to be able to even begin to work out how to rip off the system and, if they can, good on them, I reckon, because the system rips them off all the time anyway. They are the people who get breached a lot by this system, the ones who cannot cope with it.

Senator DENMAN—So how would you suggest the government cope with that?

Rev. Crews—One of the good things that Centrelink does is provide someone who comes down and spends a day with us and meets the people where they are. They bring along their laptop, plug it in and do it all there. It is easy. So we have got around a lot of that. I have to say also that we are finding increasing difficulties with the numbers of people with intellectual disabilities that are turning up. If ever there was a group that was exploited, it is them, particularly sexually, because they are not able to cope with these sorts of things. Somebody of either sex will come up to them and say, 'Come and stay with me for the night,' and off they go.

Then they come back in the morning having been abused. We take them to the police and so on. I find these people are getting squeezed out.

One of the things that happens is that minute changes to federal government legislation with regard to people throw out a whole lot of people, and at the moment that seems to be affecting people with intellectual disabilities a lot. There is not a lot of support around for them and what support there is I find is often of not a very high quality, so these people are really suffering at the moment, through no fault of their own in a sense.

Senator DENMAN—Where are these people living?

Rev. Crews—All over. A lot of them were in Salvation Army homes.

Senator DENMAN—They are not in residential care?

Rev. Crews—Some are, but when the funding criteria were changed and they got moved out of these places and into other places that somebody else has to fund, the agencies that were looking after them did not get the funding for them any more, and so all these people got turfed out.

CHAIR—So they got turfed out of, say, closer towards the CBD.

Rev. Crews—Yes.

CHAIR—You are getting the people squeezed out of the CBD into, say, Ashfield: is that right?

Rev. Crews—Yes.

Ms Hatfield Dodds—It is like the dynamic that occurred when we deinstitutionalised mental health—it was a really good idea but the resources did not follow people into their communities; they were not attached to people and we ended up with a lot of people living on the streets in our cities. Our network is beginning to see some of that dynamic happening around people with disabilities, which is a big issue. Missions of ours right across the country are seeing a huge increase in the numbers of people with multiple needs rolling up for crisis services—these are people who are homeless, who have experienced abuse and who have mental health issues and sometimes physical and intellectual disabilities as well; all this in the one package of incredible need.

Rev. Crews—We have done a survey with Sydney University. It is a survey of the people who come to us. We can show that the quality of your health is directly dependent on the quality of your housing; the quality of your housing is more important to your health and is more of a predictor than alcohol, drug abuse or anything like that. The most significant thing that will determine your health is the quality of your housing.

Cheap, affordable public housing is not just a poverty issue, it is actually a health issue. The homeless people we see generally have up to three major illnesses. Then, of course, it is very difficult. We have totally free medical care for these people. They do not even have to show

Medicare cards or anything. If we did that in Beecroft, you can imagine who would be there. We have to drag these people that we see to go in and see the doctor, because they think somebody else might need the doctor more than them.

CHAIR—What are the three major illnesses? Do you recall?

Rev. Crews—There is a lot of major depression and then there are various heart diseases and cancers. I can provide the whole paper.

CHAIR—If you could, that would be helpful.

Senator DENMAN—Do you provide their medication? Do you pay for medication for some of these people as well?

Rev. Crews—Yes. We try to blackmail drug companies to give us stuff, which usually fails.

Senator DENMAN—What about doctors giving you samples and that sort of thing?

Rev. Crews—We try and get them. It is interesting that the doctor who works for these people for nothing used to work at St Ives. What made her change from that was one day a lady was having a nervous breakdown over where to deposit a million dollars. She thought, 'I didn't become a doctor to do this; I became a doctor to look after people.' She came and worked with the poor.

Senator HUMPHRIES—Just on the question of breaching, you have to accept—being realistic—that it is just not possible to do away with the system of breaching. If you did, you would end up with an open costed system. You would find the costs will blow out and the capacity to target real need in the community would disappear, wouldn't it?

Rev. Crews—Yes.

Senator HUMPHRIES—A number of bodies coming before this inquiry have made suggestions and said there is a problem with the breaching system, but so far very few have made tangible suggestions about how we change the breaching system to effect something which is fairer, but not open ended. Do you have any suggestions?

Rev. Crews—We see a lot of people. We have a system where, if people have passed a means test, they can get a parcel of goods once a fortnight. What we find in general is that the most needy of the people we see are not greedy. When we look at the pattern of people coming and taking food and parcels from us, you will get them coming once or twice and then there will be a gap; then they will come two or three times and then there will be a gap. They only tend to use our systems when they need to. The system gets ripped off the more these people approach a middle-class attitude.

Senator HUMPHRIES—How do you stop that happening?

Rev. Crews—It is difficult. If you see someone with the bum out of his pants and his shoes out like this and you know that he is sleeping out and needs a coat, the chances are the breach

that has happened to him is far in excess of the crime that he has committed. Let me put it that way.

Senator KNOWLES—But how do you solve it? How do you distinguish between breachers? Otherwise it ends up an open-ended system where everyone says, ‘I don’t need to worry.’

Rev. Crews—I think what you do is to put offices where the people are, because the people will tell you. If you get them out of those social security offices and get them to where people congregate you will find out for yourself. The system invites the abuses that happen. Everybody wants to play cops and robbers, rather than being where the people are, because the people themselves, the other people will tell you. We have had enormous help, just from the department of health, from the department of housing and Centrelink, just having people on the spot, where these people congregate. You can work things out very quickly then.

Dr Hatfield Dodds—I have a couple of responses. Firstly, Senator, you started with the notion that we would all have to agree that we need breaching to prevent abuse of the system. From an international perspective—before the introduction of breaching in Australia—Australia had the most tightly targeted welfare income support system in the OECD. The OECD loved us on that basis, because it was so rational and tightly focused.

Breaching takes us another step down there, but it is not clear that breaching is the only way of doing it, or that the incentive structures are well designed. The trend in the policy literature is to start thinking more carefully about what sort of incentives are being provided by different institutional structures. Breaching is set up essentially on the notion that people behave in a very tight sense of economic rationality, where all the indicators are that the reasons for breaching are not around maximising income in some sort of Treasury model. One of the direct implications is that the size of the breach—there is a huge disjunct between financial impact and financial gain. There are secondary issues—that the costs at the human end of the system are enormous and refining or modifying the breaching policy would probably save money with smaller fines, because of a lot of the knock-on effects.

It is really a case, from a research or a policy perspective, of understanding the circumstances—finding out what the incentive structure or the motivation is and what the circumstances that result in breaching are—and then matching the consequences of the penalties or the breach process to address the underlying issues. At the moment they are completely unrelated, and because of that it is quite dysfunctional in a systems sense.

Ms Hatfield Dodds—Certainly in our network I know we deliver job network services through New South Wales and we have a policy of sending our staff out again and again. If somebody does not turn up we do not immediately recommend them for a breach. We will go out two or three times. What we have found in that situation and many others is that it is not that people have woken up and said, ‘Oh, I’m going to watch morning TV this morning.’ There has been an incidence of violence that night and they literally cannot get up, or they have been using drugs or using alcohol. There is a whole range of issues: the bus was not working, or they live too far away and have not eaten enough and cannot walk.

There are those sorts of system issues or volume of hierarchy of need issues around poverty that inhibit people’s ability to engage with the labour market and with jobs in a way that they

may otherwise choose to do. From a very practical service driven perspective we would say that breaching generally is too punitive, it is too severe and what happens is that our services in the community are left to pick up the pieces when people simply cannot afford to feed themselves for six or eight or 10 or 12 weeks. There is really a need to better target populations. The breaching system is too universal. What about people with intellectual disabilities? What about people with mental health issues? What about people who are homeless? We have countless examples from within our network of people for whom a letter will go out to an address where they lived for two weeks. They have this lifestyle where they are living in cars and on the streets or with friends or in boarding houses. The system is not working the way it was designed to work.

Senator HUMPHRIES—That view has come from a number of bodies. I am not sure we are doing our job on this committee if we just say in our report, ‘The system is too punitive. Someone go away and fix it.’ We have not been given anything concrete to suggest how we fix it. You might like to take on notice the question of what you would recommend in the way of specific changes to the breaching regimes.

Ms Hatfield Dodds—We would be happy to do that.

Ms Woodruff—Can I make a comment about the support workers in the Centrelink offices. It is something which, generally speaking, we would all agree with. It is an attempt on Centrelink’s part to be more responsive to that group of people who have traditionally been breached because they do not turn up for appointments and so on. However, look at some of the research which has been done around sole parents, for instance, particularly sole-parent women—and again I have to go back to families, because that is my area of expertise. Look at the complexity of issues that often face them. The disjunct that is going to occur is that you are going to have a support person in a Centrelink office offering them support and referring them to services where there are not any services.

We are terrific now at referring people and doing community development for very short periods of time, which is a huge waste of money if you do not do it properly. We are terrible at saying some people are not going to get there unless we provide them with a significant quantum of learning focused services—not increased welfare dependency but services that actually get their self-esteem together so that they can take control of their own lives and make decisions about themselves and their children. That is one of the things you need to look at within the broader strategy. Things that say to people, ‘We’re going to help you do X but there is no help,’ are not going to deliver what I am sure the government wants to deliver in terms of some of those groups, the young people and so on, who really sit on the margins of society. We are talking about maybe 17 or 18-year-olds. If there is nowhere for the child to sleep and they are going to spend their entire day trying to work out where they are going to sleep that night, then nothing that someone sitting in a Centrelink office can do is going to make much difference to their lives. Like starting with nutrition, it is a basic thing we are talking about.

Rev. Crews—It is my feeling that there are fewer services to provide programs for the poorest of the poor. It is more sexy to do preventive things or educational things. A classic example is the fact that some of the old dormitory style centres for homeless people in Sydney are now going properly to individual rooms and actual support for them to kind of get through the system. But that deals with fewer people, so no extra provision is made for those people who are turfed out

of the dormitory style accommodation, because it now takes fewer people. The services sector might be directing more people to outcomes but it is working with fewer people. You are starting to get a build-up of people for whom there are no services.

CHAIR—One final question, Senator Humphries.

Senator HUMPHRIES—I just want to go back to the beginning of the remarks that were being made. Ms Hatfield Dodds, you emphasised the point that is made in the submission about the experience of exclusion, the sense of difference, the loss of control and capacity to create one's future, the social dislocation. You make a very strong case about it being a phenomenon in Australian society. I am not sure the linkage between that and poverty is as convincing. It is true there has been a huge amount about dislocation in periods during the Second World War. There has also been, at the same time, a breakdown in many ways in the value system in Australia. Families disintegrate at a much greater rate than they used to. The role of organised religion has declined enormously. Isn't it possible that the social dislocation you speak about in the submission is attributable to that change in our society, which perhaps itself has led to some poverty, rather than being attributable directly to poverty itself?

Ms Hatfield Dodds—I agree. There are a whole lot of drivers for what would be fairly well acknowledged in Australia as a growing divide between the haves and the have nots in terms of job rich and job poor, income rich and income poor. There are different ways of constructing what it is to be family, different ways of people working out their identity and what it is to be human and how people work together in communities. One of the big issues has been a breakdown in community. We have become very attached to nuclear families and to workplaces, to the detriment perhaps of healthy communities and valuing other types of relationships.

All those things do contribute, but poverty is not just about a lack of income or wealth. We would define poverty and say our experience right across Australia working with people who are experiencing poverty is that poverty is about homelessness, about lack of good nutrition, about lack of knowledge, about lack of access to a whole lot of physical opportunities and activities, but it also and fundamentally is about a lack of self-esteem. It is about not liking yourself very much. It is about feeling excluded and feeling on the outer. The women Jane and her organisation are working with fundamentally understand that they are bad people.

That horrifies me. I find it really distressing that as a society we can think it is only about food and shelter. It is not about that; it is also about how people think of themselves as people. That then influences their capacity to engage in society in a broader sense. People who do not feel they are worth anything and do not feel they have anything to contribute do not get out of the house. They hit the bottle by 10 in the morning because what else is there? The reason the Uniting Church is so involved in community services is that it has a real passion for changing that and for being with people at those points in their lives.

There is mounting evidence in this country and internationally around not just early intervention but showing there are particular points during a person's life where interventions or inputs will deliver a better bang for your buck, so they are going to be a lot more effective. I want to go back to the evidence base and look at where those transition points are and, in terms of social policy, put some of our inputs there.

There are two quick things I would like to say before we close. UnitingCare Australia is planning a parliamentary briefing breakfast on poverty in Parliament House on 10 September. You are all invited; we would love to see you there. We will get more information about exactly what time it will be, but it will be on 10 September. Our intention is to bring a panel of experts who are working with people living in poverty around the country. They will address some of those practical issues relating to what we can we do to move ourselves on. The other thing I would like to do, if I may, is table Burnside's report, *Because children matter: making a case for addressing child poverty in Australia*. It is a fabulous document that talks to a lot of the issues we have raised here today.

CHAIR—Thank you.

Rev. Crews—I have been in this game for a long time, 30-plus years, and I do not think things have changed that much at all. In fact, if you look now at the things about paedophilia and abuse, that golden age we talk about actually did not exist. It is only really starting to come out now. In a way, I see us changing from a society where loyalty has been the primary function to one where honesty is. Gradually now, in this honest time, we are able to look at what is happening now and what happened in the past. It is not that much different, it really is not. In fact, during the seventies I think we went through a period where we thought we knew ways to solve some of these social issues, and we have gone through quite a period of depression, because we realised those did not work. When you talk about social dislocation, the breakdown of families and all of that as not being poverty, I think all that is on top of what has happened since.

I went back and read some of the inquiries into poverty in England in the 1740s, particularly those that led to the transporting of convicts to Australia, and one of the surprising things was that the stories of being transported for stealing a loaf of bread are very similar to the stories of being breached for this or that today. They are very similar to the stories today, so in a way we have not changed a lot at all. There was a lot of concern among people in the 1750s about poverty in England, and you find the same stories as we find here and now. In fact, there is a real similarity between the convicts and the street people of Sydney.

CHAIR—They had conservative governments then too, didn't they?

Rev. Poulos—They may not have had such conservative governments thousands of years ago. The ancient Israelites struggled with this themselves thousands of years ago, when they recognised that there were structural issues that led to people being marginalised, being on the edge and living in poverty. I am not suggesting that this is an adequate solution for Australia, but all those thousands of years ago they decided that every seven years people's debts would be forgiven and that every so many years the land that had been taken from people would be given back to that family line. It is something that we have been struggling with since human existence began. I do not know whether that makes you feel better or not. I think the response is that we will continue to struggle together, I think, is the response.

CHAIR—Dr Hatfield Dodds, do you want to say anything?

Dr Hatfield Dodds—I agree, I think, with Bill's tenet that people have not changed. But structures have certainly changed; they have changed very dramatically. Senator Humphries, your question referred to changes since World War II, and there are huge labour market changes,

which are very important for understanding both how poverty works and what governments should think of doing about poverty.

The labour market now is all about skill and talent. The number of unskilled jobs and sustaining an appropriate lifestyle is now much more difficult for an unskilled worker, and there are very limited opportunities for people. Linking strongly back into the impacts of poverty on people at a young age and their chances of participating in a knowledge economy and in a smart market, it is very hard, whether it is because they do not have the formal education or whether it is because of the soft processes about labour market attachment—being able to find a shirt. Poverty has changed dimension, and income support systems and government policies have not kept pace with that.

Income support was introduced when unemployment was a temporary phenomenon and when you had largely one-income households. The context has changed very dramatically, and that is part of why we need a joined up approach that addresses these issues of socialisation and character formation, because otherwise we will never break these cycles. We can do much better than that if we have clever policies.

Senator MOORE—Certainly your submission touches on the concept of where we go from here. Many of the submissions have talked about the possibility of having some form of national summit and then a program after that looking at the issues. I would like briefly to have your response to that and how you would ensure that that would not be a talkfest of differing arguments about how you measure poverty, which seems to have happened a bit. The second point is, in relation to poverty and how you measure it, is there any advantage to your organisation promoting the amount of poverty in Australia? Is it somehow to your advantage to exaggerate the problem and the numbers in the community?

Ms Hatfield Dodds—I will start with the second question first, and I will be brief. A slightly tongue in cheek comment is that I think there is enough poverty to go around for everybody, so I do not think there is a need to exaggerate. UnitingCare Australia and the UnitingCare network deliver services and we try to target those to people who are most in need. Do we need to promote poverty? Do we need particular numbers or a particular formula? We do not.

We were speaking about this last night. We stay grounded in our experience, so we speak about the people we work with. I do not think we need to know, particularly, how many hundreds of thousands of people that may include. I think the measurement debate is a critically important debate for this country. It really needs to sit in academe, with the researchers and with input from government and from the community sector. I think it sits in parallel with the conversation and the dialogue about how we are going to address the reality of poverty in people's lives today.

In relation to the first question, 'Where do we go from here?' we see developing a whole of government—and, by that, I mean across portfolios and different levels of government—framework for engaging with poverty that has indicators and benchmarks attached to it as a way forward. That would mean we had targets and milestones. Rather than making motherhood statements, saying, 'Isn't it bad?' and, 'Let's do whatever,' let us instead tie it and target some milestones.

We would suggest looking at the international experience. It would be smart to target priority areas for action and have an approach of looking at pilots, almost. Let's go hard on nutrition for a couple of years, and let's look at housing, but let's not try to do huge things. Let's be really targeted and really specific and evaluate after one year, two years and three years, and then build on those evaluations, so we are building from an evidence base.

Ms Woodruff—It seems to me that one of the very important ways to think about poverty is to think about relative disadvantage, and how much a society is willing to have relative disadvantage and how great that gap is. I think we have some interesting research evidence in this country now that the consequence of relative disadvantage is quite significant. I am thinking of the Dusseldorp work in the area of education, where kids who get advantage—good schooling et cetera—are doing extremely well in this country. We are right up the top of the OECD countries, but disadvantaged kids are doing very badly. The gap is widening between those two groups.

In terms of being a smart country and not wasting our human potential and human resources, that is obviously a significant thing. It seems to me that is a way of thinking about it as well. If we can demonstrate that that relative disadvantage—in terms of income level, job access and so on—has consequences, which means that the gradients stay like this always, instead of this group down here starting to catch up, I think there are significant policy implications there that government would want to do something about.

There are obviously very many things we can do, but I wanted to suggest from the child and family perspective that there are things that we can do within the existing frameworks that we have, like the very good Strengthening Families and Communities Program that the Commonwealth currently funds. The issue is about targeting those resources in the most useful way to make the biggest difference. I have already spoken about the importance of universal programs in disadvantaged areas. That really means targeting disadvantaged areas, and I understand that the Department of Family and Community Services has done some very good work on identifying the indicators that you would use to be able to say, 'These are the areas where we need to put additional resources.'

Having identified those, what we need is a system of multicomponent parenting support and early education programs. That is the sort of thing we have been talking about. You do not pay \$40,000 for an isolated community worker to go out into a community for 12 months and expect them to make a difference. You need a model where there is a hub from which you can run your services out into mainstream things such as schools.

The second thing that we have not talked about is early childhood education. If you really want to make a difference to children, all children need access to a quality preschool experience, at least at age four, and preferably at ages three and four. Again, there is huge research evidence for the ameliorative effect of that in situations where parenting and environment are less than ideal.

Finally, we need intensive services for families with entrenched and complex programs, because we cannot give up on them. They are there, they exist, they are part of our community, and in many instances they are in those situations through no fault of their own—and certainly the children are in those situations through no fault of their own. I think that is a wedge that you

could tackle very successfully within existing policy frameworks, and there is a huge sector of non-government agencies who are willing to work with you. But we need to work in a very genuine partnership, not in a relationship that wastes, effectively, either of our resources. Together we can really value add. If we work in opposition to each other then we lose that advantage.

CHAIR—Thank you very much for coming along today and for your submissions.

[10.23 a.m.]

DAVIDSON, Mr Peter Andrew Geoffrey, Senior Policy Officer, Australian Council of Social Service

McCALLUM, Mr Andrew George, President, Australian Council of Social Service

MITCHELL, Ms Megan Goldinham, Director, Australian Council of Social Service

CHAIR—I welcome representatives from ACOSS. 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 McCallum—Thank you. I will give a bit of an overview in terms of ACOSS's submission. On the vexed question of the definition of poverty, I have listened to the previous discussions. To get a contemporary view of what poverty in the Australian context is is something which has occupied many people over a number of years now. Those discussions are in train. I think it is important that we get some sort of handle on that, but at the end of the day poverty does exist in Australia. Whether we call it at one million or whether we call it at 2.5 million, the numbers are still very large, and there are a great number of generational issues that that brings to Australian society.

There are people in our society who are consistently missing out on the essentials. There are over 600,000 Australian children growing up in jobless families. There are at least one in nine Australians who probably do not enjoy what the rest of us would think of as a materially satisfactory life, and that material disadvantage and lack of access creates alienation. Overall, that is the reality in the Australian context. There is alienation, and we have to look at it in that context because that in itself breeds a range of social issues that we will be dealing with symptomatically if we do not deal with some of the structural issues that are ingrained in poverty in the Australian context.

The main group of people that suffer poverty in Australia are Indigenous Australians, on every indicator: unemployed households, sole parent families, young people in low-income households, and households of work force age relying on social security payments for their income. ACOSS has suggested a three-point way forward that we think would be a good starting point in the short, medium and long term. We will be happy to elaborate on that later: in a synopsis, we do think there have to be targets set. We do think there has to be a naming of the problem and an actual setting of targets. The target we would like to see set is the halving of child poverty within 10 years. We think that could be done by raising incomes and improving living standards in the short term. That means, with the 1.5 million unemployed Australians and students and sole parents at risk of poverty, that we need to raise their pension benefits at least up to the frugal age pension.

As a second front, we think jobs and employment assistance are important over the medium term—generating more jobs and helping jobless people better compete for the jobs that are available and providing them with work experience and skills training, which further reduces the number of jobless families in poverty. Current policies are failing to make substantial inroads into long-term unemployment. Long-term unemployment has been static for many years now. The number of people we see on unemployment benefits long term is higher now at 380,000 than seven years ago.

In the longer term—this builds on some of the previous submissions you have had in a more general sense—are the issues of education and capacity building. What do we mean by that? People with limited education, skills and full-time employment experience are more likely to fall into poverty. A cost effective anti-poverty strategy for the long term is to invest in education for disadvantaged children and second chance education and training for adults. We also need to address the social and economic problems of severely depressed communities such as some Indigenous communities, large housing estates, and areas of regional decline.

In a nutshell, we would endorse the call for universal services in disadvantaged areas. The universality is very important if we are to avoid the stigmatisation that comes with particularly welfare targeted programs. There is overseas evidence and experience to say that that is the way that we make the most inroads. If we are saying poverty is a generational issue in this country, we really have to start with children, and we have to start with identifying what the factors which are debilitating those families are. The reality is that there is a regional consistency about where disadvantage exists in this country.

Ms Mitchell—I would like to reiterate and follow up on some of what Andrew said. I have to concur that poverty in Australia, no matter how we measure it, is real and persistent. Our best guess on the level of income poverty is around 2.5 million people. That is using an income based line which is commonly used around the world, and that measures it as below 50 per cent of average household income. Most people would agree that that is hard to get by on, regardless, and within that there are people in real trouble. We have bits of data, but we do not have a good enough understanding of the picture of contemporary poverty in Australia, and we do think it is important to understand it better than we do now—the nature of it, the extent of it. It has important implications for policy and program development, if we understand it better, and we should. We ignore it at our peril.

As Andrew said, poverty affects certain groups in particular. He outlined those groups that are particularly at risk. I would like to add that poverty in working families has also increased in recent years, or at least has not decreased, and part of that potentially is because of the changing patterns in the labour force. We have increased casualised and part-time employment as opposed to full-time employment opportunities.

We also know that child poverty persists, and that the gap between the rich and the poor is as well. This results not just in inequality of opportunity but of shared experience and empathy. That often is associated with different locational experiences as well. It means that hundreds of thousands of Australians are unable to share in the benefits of the economic growth of what is overall a very affluent nation. This means they have reduced capacity to consume, produce and participate in a community. We do not think that is good for Australia as a nation, or for those people.

The Henderson poverty inquiry in the 1970s was the last official full-blown comprehensive study of poverty which was linked to living standards as well. It was more than just an income line in terms of what it delivered. It also prompted the development of a range of strategies and policy decisions to reduce poverty. In that sense that kind of inquiry is a very useful tool in moving the agenda along. It is 30 years ago now, and it is fair to say we need to revisit whether that methodology is still current in contemporary Australia. We do think it is time for a renewed nonpartisan, or bipartisan, or multipartisan commitment to reduce poverty. It should be a commitment that takes into account the contemporary features of poverty and disadvantage and sets out workable targets and benchmarks to reduce income poverty and unemployment, to increase educational levels, to reduce housing stress and improve access to essential services—many of the things that people obviously have been talking to you about over recent weeks—and a poverty strategy like that should include all those things and more.

We think that where governments have a will, there is a way. It is not impossible. For instance, the Hawke government's commitment to reduce child poverty—as lambasted as that is sometimes—is estimated to have brought child poverty down by one third, and I do not think we should forget that. The commitments around that actually made a real difference. Also, the Howard government's decision to index aged pensions to average weekly earnings has significantly lowered poverty in older age groups. So there are things governments can do—and more—and they are just a couple of examples.

While poverty is a whole of community issue, meaning we all have a responsibility, including industry and including the non-government sector, it is governments—state, territory and local—that have available a number of policy and programmatic tools at their behest. In particular, the ones they have the capacity to influence are social security or income support, health and community services, employment and labour market assistance and skills and capacity building. Those are the key tools government have in their hands. I want to talk about some of the ways in which they could work in those areas, both in the short, medium and longer term, to reduce poverty.

Obviously in the social security area it is clear that many recipients who face the greatest risk of poverty are on the lowest payments. Targeted increases in social security payments would act to immediately lift many people out of poverty. Our proposal is that for particular groups and unemployed people—and youth in particular—the income support available to them is progressively raised to the rate of the pension. The government's recent paper in the second phase of welfare reform called *Building a simpler system for individual jobless, individuals and families*, recognises that there are anomalies in the system. It is clear that they are aware that there are a number of anomalies in the income support system and they are keen to explore those.

For instance, I would like to point out that an unemployed adult receives around \$237 a week and this is \$30 less than the pension level. An adult student receives just \$155 per week. In that anomaly there are huge disincentives to study and to go out to work and to have the capacity to meet the costs of seeking work. Other problems in the social security system include the low payment for independent young people and the fact that the family assistance system does not recognise the high cost of raising teenagers. This is an issue that ACOSS has raised before. The family assistance system, for instance, assumes that it costs \$86 per week to raise a teenager,

where in fact it is far above that—nearly double that. It also does not recognise the costs of raising a child alone or in two households.

We believe that access to essential services makes a big difference to those at the bottom end. That is part of the social wage. Many people, for instance, would move out of poverty if they could afford to live in job rich areas—that is, if they could afford housing. We know that 250,000 people on income support spend over 30 per cent of their income on housing, and that is above international benchmarks for that. At least 90,000 social security recipients spend more than 50 per cent on housing costs. Housing is a critical issue and obviously your previous witness said the same.

To combat this we need a reversal in the decline of social housing. We need improvements in rent assistance, because it really does not deliver affordability in very many places at all across Australia. We need measures to improve the availability of low-cost private rental—some stimulatory private sector measures. Even though we have theoretically a very good health system that does provide quality and free access to many people, a lot of people miss out in some areas, especially in rural areas, and that needs to be addressed. We have seen the decline in bulk-billing and that clearly puts at risk people who do not have the money to front up and get their health needs met. As you will have heard, health and poverty are intricately related.

In addition, there are many allied health services that people cannot get at all because they cost a lot of money, including things like dental care, podiatry, mental health counselling, physiotherapy. In fact, what happens is people are forced to go to their GP or emergency ward instead of going to seek the actual services they might need, that might even be cheaper. But those things are not available to them so they do not actually get the services they need, because they are forced to go through primary health care instead.

Obviously the main reason for greater reliance on social security payments in the last decade is the failure to grow full-time jobs. This has been combined with our failure to reduce long-term unemployment which, as Andrew said, is higher now than it was seven years ago—there are now about 380,000 people on long-term employment support. Amongst long-term unemployed people the average length of time unemployed has also increased. It is now over 2.5 years. So people are living on reduced payments and without access to jobs—a very few of them would get a small amount of part-time work—for that period of time, on average. Many more social security recipients are included in the hidden unemployed, including those people who are underemployed and want to work more but cannot get more work and including discouraged job seekers who have given up. This has been compounded by casualisation of jobs and decline of part-time jobs and the decline of many traditional blue-collar industries.

Turning to the longer term issue of education and capacity, I wanted to make the point that most people are poor because they fall on hard times or because they start a long way behind the rest of us. But the probability of falling into poverty is much greater for people with limited skills and education and full-time work experience. The skills required by employers are increasing and so people without those skills face even greater risks of poverty and joblessness. What we need is investment in education for children in disadvantaged families and education and training for adults over a lifetime. We talk about lifelong learning, but I do not think it is being delivered. We really need to face that as a nation. We can also invest in strengthening capacity in the most disadvantaged communities to help address particular social and economic

problems. We know a lot of problems are becoming locational. However, this is not something that should be an alternative to basic welfare and community services; it should be a complement to them. The structural issues are there. The community still needs access to resources.

In conclusion, there is no quick fix to poverty, but it must be tackled in order for Australia to continue to grow economically and socially. What we have suggested is that it requires a commitment to an anti-poverty strategy from all governments and that includes a fixed time frame, reductions in the overall level of poverty, reductions in the level of child poverty in particular and benchmarks against a range of other indicators that I have talked about. It also involves the need to establish structures to engage the community and processes to make it happen.

We have suggested a 12-month consultation process, maybe kicked off by a summit in the first instance. That consultation should be with all sectors of the community. We have also suggested that a poverty commission be established to oversee the development and monitoring of a strategy and that this should be supported by an advisory council with broad based membership across industry, community and government. That is it.

CHAIR—Thank you very much, Ms Mitchell. Mr Davidson, do you want to say anything?

Mr Davidson—No, thank you.

Senator KNOWLES—No. It was a very comprehensive submission and many of the recommendations you have there are things that communities have been aiming at for a very long time. There needs to be an agreement and, as you say, a bipartisan or tripartisan—call it what you like—will to achieve a lot of those things. Thank you for your submission.

Senator MOORE—One of the things that has interested me in the whole process is the fact—and you alluded to it, Ms McCallum, in your opening comments—that there is not a lot of clear research on the issue. We had the Henderson report and we are now 30 years down the line looking at this issue. Your own submission refers to numerous studies within our community and also international processes. Can you perhaps hazard some guess as to why there has not been effective, accepted research on this issue within Australia recently?

Mr Davidson—One reason is that poverty is a value laden issue, so it is difficult to achieve a consensus, even amongst the intellectuals, as to how to define it and how to measure it. I think, though, there has also been a dearth of public investment in that kind of research over the last decade or so. There was a big spurt in the seventies with the Henderson inquiry, which subsided in the eighties. There was more interest in the early nineties, leading to the development of research on budget standards—that is, the development of low-income budgets to cover essentials. That was done by the Social Policy Research Centre and funded by the federal government.

The next step was going to be a major study of living standards to look directly at what essentials people miss out on, but that step in the process was not taken, which I think is a pity because it leaves us to rely too heavily on income based poverty lines. Those have been indexed backwards a long time, which means that they are not grounded in studies of actual living

standards. As to why this has happened, I suppose a degree of complacency about the problem, which always happens when the economy has been growing for some length of time, is a major reason for that. Beyond that, you would have to ask federal and state governments why there has not been a consistent investment in that kind of research. It is very difficult to benchmark social programs without that kind of data and those kinds of indicators.

Senator MOORE—It is one of the great frustrations in terms of how you move forward when there seems to be such wide disagreement about where we are at. Your core recommendation is that we have this ongoing process of a commission and cross-community involvement in the issue. Once again I hazard a question: in terms of a response about considering the wide disagreement that has been exposed in the submissions and the debate around this particular inquiry, how can we be assured that any kind of process would not be just a talkfest and argument about professional positions, in terms of what constitutes poverty at the start and, secondly, what about the sense of true partnership which is core to moving forward? There have been previous attempts at these kinds of things. What can we do to ensure that this particular effort does have outcomes that are clearly benchmarked and achievable?

Mr McCallum—I think it is clear that governments need to make that commitment to it. We need to recognise the problem, to set benchmarks and to do some investigation about what it constitutes. We will never get total agreement, because of the relative nature of poverty in the Australian context. Some people will want to tell you that we can only talk about poverty if we are actually comparing it to Third World or developing country status.

Senator MOORE—Sure.

Mr McCallum—I think we just have to let that one go through to the keeper and say that is not particularly helpful in this debate. There are people who are alienated in this country and bipartisan support needs to be given from governments to say that that is not good enough and then to fund some research into establishing what would be a contemporary benchmark of poverty in the Australian context. That requires will from all parts of government and on both sides of parliament, and it requires an acknowledgment that it is not about fighting about definitions and trying to minimise the problem or get people off lists because we have defined them out of that. Community organisation experience tells us poverty is there. We see it is there. We know it is there. We need to do something about it. We know it is intergenerational in many situations. We need to do something about that and we need governments to set that standard for us.

Senator MOORE—Do you think there is goodwill to move forward in that way?

Mr McCallum—I think there is. We need to take blame out of the situation and say that it is an issue of great concern to all of us. We should not try and look at where we sheet home blame for this particular problem; we should say, 'It actually exists, so let us move forward and see how we do something about it.' If we can get away from blame, then everyone's hands are clean to move forward and say, 'We do have a problem in the Australian context.'

Ms Mitchell—The Henderson inquiry is an example that shows that something like that can happen and that it can actually engage communities—including the academic community, who were engaged in that process—across a wide range of interests. From that, strategies related to

poverty did come, at all sorts of governmental levels. It is hard in a federal system to engage the states and the Commonwealth, but that is what is needed as well. But we do have processes and structures such as COAG there, so we can take this forward. In many other countries around the world they have managed to do it, whether they are federally structured or not, because they have recognised that it is a really important issue for modern economies. They have recognised that growth in itself does not fix inequality and opportunity and in fact can, in the modern global context, create a whole new set of issues that people did not anticipate. I think that people did not anticipate that we would be in this situation, because we have had steady growth, and many other countries around the world have had that too, but the problem of poverty still exists.

It manifests itself in all sorts of ways, such as the ones that we have heard about—the social and employment issues. The reason we do not address it is probably, as Peter said, that we have become a little bit complacent as a community. We either live in a reasonably affluent situation or not, and so the disconnect between those people who are poor and those people who are not poor is actually greater, so as people we can ignore it, and I do not think that is a good thing. I also think that, if it comes down to one political party who happens to be in government at that time to fix, they are not going to take that on. I think that the only way through this is bipartisan and multilayered support and community support. Liaising with the community and letting the community understand the nature and extent of the issue is part of governments of all kinds feeling comfortable about taking this forward.

Senator MOORE—This is quite a specific question on unemployment, because it goes through the whole process here in terms of the debate. Have you had a chance to read the submission provided to us by the Department of Family and Community Services?

Ms Mitchell—Yes.

Senator MOORE—One of the core elements of their proposal is that long-term unemployment has declined, and they have a very beautiful graph that shows long-term unemployment declining. One of the core elements of your submission is that long-term unemployment has not declined. How do we get around something as straightforward and basic as that?

Mr Davidson—We have a lovely graph.

Senator MOORE—You have a lovely graph as well, and I did appreciate that, but those graphs do not say the same thing.

Mr Davidson—This all comes down to a problem in measuring labour market outcomes. The cause of that is this growth in casual employment, with people moving on and off social security payments and in and out of insecure work. The essence of it is the fact that over the nineties all of the net growth in full-time jobs was at the top end, with virtually no growth at the middle and bottom ends. Those at the bottom end, with limited skills, who are likely to be on payments, are either left right out—totally excluded from the labour market—or they are on a kind of carousel, where they move in and out of casual jobs.

The problem with the ABS method of measuring long-term unemployment is that it is not capturing that effect. If you have had a couple of hours of casual work for each of two weeks in

the last year, then you are off that statistic. We have somewhat reluctantly relied instead on the long-term benefits statistics as a better indicator. Those provide greater scope for people who remain on payments while they are moving on and off, in and out of, short-term, casual, part-time jobs. Neither is perfect, but this is a problem in the measurement of long-term unemployment that we need to resolve. But I think everyone can agree that a consistent number of over 300,000 people having to rely on Newstart and Youth Allowance for a year or more is a serious problem, whether or not it is reflected in the ABS statistics.

Senator MOORE—Certainly your submission and the department's submission agree on the issue that the ABS stats are questionable.

Ms Mitchell—They have not kept up, in a sense, with the changes in the labour market in ways that are useful in terms of teasing out the policy questions. Can I just reiterate what that means—and correct me if I am wrong, Peter. If you have worked two weeks in the last year, you are not counted as long-term unemployed; you are counted as employed.

Senator MOORE—That is right.

Ms Mitchell—That is the problem.

Mr Davidson—Including casually for a couple of hours a week.

Ms Mitchell—We do not think that constitutes a particularly good employment outcome for a person in a year.

Senator KNOWLES—What has changed with the criteria?

Mr Davidson—Both the ABS criteria and the long-term unemployment benefit criteria have changed marginally in the last couple of years, but those changes have not made a substantial difference to the trends. The ABS long-term unemployment data always had that hair-trigger, only I think in the past it had to be two weeks of full-time employment. The problem is more that the labour market has changed, not that the method of measurement has dramatically changed. The method of measurement is out of step with those broader trends.

Senator KNOWLES—If the criteria are still the same, you might care to explain to the committee why you say that the measurement that was there six years ago and the measurement that is here now are exactly the same. According to those two measurements, one has declined against the other, and you are saying, 'Oh, no, it hasn't; it's gone up, but the measurement remains the same.' I just do not understand how anyone can do that. We had the same yesterday from another witness.

Mr Davidson—They are two separate measures. One is the measure in the benefits system and the other is the ABS measure. Both of those measures are used internationally. When the OECD came here to study labour market assistance in Australia a few years ago, its report was full of discussion of both measures, and I think they agreed with us that neither was perfect.

Senator KNOWLES—But if the same people are measuring it, aren't you out of step when you produce figures to show that it's the reverse, when the other measurements have been measured against the same criteria over a long period of time?

Mr Davidson—What we are saying is that, for the social policy purpose of determining whether labour market assistance and other policies are effective, the ABS measure is less useful than the other one. Neither is perfect, and there never will be a perfect measure of long-term unemployment or joblessness, but different measures are useful for different purposes. Indeed, the government itself has targeted long-term reliance on payments as a serious problem that it aims to address through labour market and other policies, so in a sense our use of that measure is consistent with the direction that government policy has been taking in recent years.

Senator KNOWLES—It still does not answer the question about criteria.

Mr McCallum—We do not think it is particularly helpful to use criteria that says if you work for a casualised couple of hours over a 12-month period, you are no longer considered long-term employed.

Senator KNOWLES—You might not agree with that, but that is reality, and they are the criteria by which it has been measured over many years.

Mr McCallum—But we do not think that is helpful.

Senator KNOWLES—No, that is right. That is the message you are giving to us. I do not necessarily agree with the point that you are making, but I am saying that I understand the point that you are making.

CHAIR—When did that measure come in?

Ms Mitchell—Both measures are considered to be legitimate measures. Obviously, FaCS are keen to use not their own measure but the ABS measure to indicate something to this group. We are using their own data on benefit recipients to indicate something else about long-term unemployment and the casualisation of the labour market. Both measures are legitimate measures, but both have deficits associated with them.

Mr McCallum—And in the context of a debate around poverty, the fact that we are using that figure is a clear indication that these people are not being assisted out of poverty, because of the fact that they are no longer considered to be long-term unemployed.

CHAIR—Let me just try and be clear. Senator Knowles had a bit of debate yesterday about this. Are we comparing like with like? Are we saying, 'That was an orange in 1993; let's look at the same orange in 2003'?

Senator KNOWLES—An unemployed orange.

Mr McCallum—The unemployed orange, yes.

CHAIR—To make sure that the figures that are being compared are—

Mr Davidson—In the 1970s the ABS measure targeted six months, not 12, so it would be a lot higher, in ABS terms, if the 1970s measure still existed, which I think illustrates—

CHAIR—Do you know when that measure changed, Mr Davidson?

Mr Davidson—In the early eighties, I think. That was a reflection of changes in the labour market.

CHAIR—The measure now is the one that was changed in the eighties, is it?

Mr Davidson—Yes, and that is the 12-month benchmark. That is right.

Senator KNOWLES—That is where I am finding it a little bit misleading sometimes, with some of the witnesses saying that trends have changed when, in fact, the criteria by which the trends are judged have not changed at all. There are some who wish to say that they have changed, because they use different criteria—or pretend that they have changed in the last few years.

Senator DENMAN—In your submission, you speak about poverty in Australia being 90 per cent and in Sweden being 10 per cent or something like that. What are they doing that we should or could be doing?

Ms Mitchell—It is in the submission, but I will go through it. I will use an example from Ireland's anti-poverty strategy to give you some idea of how they are approaching this issue. They have a strategy. It is overseen by an agency called the Combat Poverty Agency. This group's job is to understand the causes of poverty and social exclusion. It develops an explicit definition of poverty that can be measured. It sets out a global poverty reduction target and five subtargets in the area of educational disadvantage, unemployment, adequacy of social transfers, disadvantaged urban areas and rural poverty.

The global target that they set relates both to the numbers below relative income poverty lines and experience of basic deprivation. They do this by measuring access to necessary basics, measured on a set of non-monetary deprivation indicators—things like going without an overcoat, because in Ireland I think that would be pretty awful. The emphasis in their case is on the need to address consistent poverty and recognise that a person's access to resources and experiences impacts on their access to the labour market. Since 1994, even though there had been dramatic economic and employment growth, Ireland's poverty levels stayed the same. Part of this strategy was to deal with that fact and to answer the question, 'What are we doing about it?'

In addition to the standard indicators set by the European Union Commission, because there is a drive to do this across Europe and this is just one example—they have other measures that they include. They have a financial measure of consistent poverty, which is a decile share ratio of other incomes in the community. They target things like the number of people without basic qualifications, early school leaving, training qualifications, youth unemployment, youth inactivity, children in jobless households, access to training, tenure of employment, homelessness, availability of housing, housing standards, literacy and numeracy levels, access to services, transport, crime levels and all those sorts of things. Setting targets around these things

then, they have implemented a range of policies to try and address them. They will be measuring their effectiveness in addressing or making progress in these areas over time.

In the UK, they have done a similar exercise, and there are a number of policies—existing and new—that have come together to reduce poverty levels. Surestart is an example of one of those policies that comes under their anti-poverty remit. That is an example, at a structural level, of how other countries are trying to address contemporary poverty.

Senator DENMAN—It is the policies I am interested in. Do you have that documentation or is it in the submission?

Ms Mitchell—It is in the submission.

Mr Davidson—When you look at the countries with the lowest levels of poverty, especially child poverty, they have achieved a trifecta: low levels of joblessness, together with relatively high or at least reasonable social security payment rates and minimum wages. Some countries have achieved one of those three things: for example, the US has low levels of joblessness, but they have very low minimum wages and an almost non-existent safety net, so child poverty in the US is amongst the highest in the OECD. They fail on two counts.

Many countries in continental Europe, such as Germany and France, have reasonably generous social security payments and reasonably high minimum wages, but they fall foul of the jobless criteria. They have high levels of joblessness. Some have argued, especially economists in the US, that you cannot have both—that if you want a low level of joblessness you have to have low minimum wages and a very limited safety net—but it happens that some countries in Europe, which happen to be the ones with the lowest poverty and child poverty levels—countries like Denmark and the Netherlands, for example, and, increasingly, Ireland—have achieved all three of those things. They have managed to keep unemployment low, with reasonably high minimum wages and social security payments. If you can do those three things at once, you will have relatively low levels of poverty.

CHAIR—With these countries, Mr Davidson, when they refer to low levels of poverty and all that, are they just including citizens or do they include their migrant work force that are non-citizens as well?

Mr Davidson—That is a good question, especially in relation to countries like Germany and Switzerland.

CHAIR—And the Netherlands.

Mr Davidson—Yes.

CHAIR—You may not be able to answer now. Could you come back to us?

Mr Davidson—I can. It is probably confined to permanent residents, as distinct from citizens.

Senator HUMPHRIES—I think it was TasCOSS that said to us that there is a problem with state and territory governments and the federal government shifting poverty problems between

themselves, which results in people falling between the cracks. Given the way in which state governments are likely to have a bit more money at their disposal with the beginning of GST revenues flowing into their coffers, do you think it is timely for state, territory and federal governments to sit down and try and make some sort of agreement about how those cracks will be closed and how we reconstruct the welfare net in Australia to ensure that different levels of government are not given opportunities to shift responsibility elsewhere?

Mr McCallum—The answer is a clear and unequivocal yes. That would include local government as well, I think. As we said before, this problem is not something that can be dealt with in isolation or by particular aspects of society. There has to be a whole of government/whole of society approach to this. There are some bun fights happening between the states and the federal government at the moment, and those are unhelpful in the context of those most disadvantaged. They are in the areas of the Commonwealth-state housing agreements and health, both key contributors to people's circumstances.

In the first instance that is probably where a summit of some sort, with all particular interest groups, is necessary, but there also needs to be a clear understanding that this is a shared responsibility. As I said before, it is not a blaming responsibility; it is a shared responsibility. We want to move forward from here. And it involves all levels of government, including local government, because at the end of the day they will also be responsible for many of the universal services which are necessary in areas of disadvantage.

Ms Mitchell—There are particular gaps that you would have been hearing about, and particular people falling through the gaps such as people with disabilities, where there are both federal and state roles. Often there are funding agreements around those provisions of services that end up not focusing on the policy whole or the service whole that a person should be able to access in order to, say, move into employment, but end up with a focus on how much money the Commonwealth is going to put in and how much money the state is going to put in. Many people with disabilities suffer from that and, in particular, groups for whom systems were not designed—people with acquired brain injury, people with mental illness, people with chronic illness—whose numbers are increasing and for whom the supports are not there.

There is the same issue in the housing area. There is a huge affordability problem in terms of housing across the country. We hear about it every day from our members and their constituents, and it is really crueling people's opportunities to work and to move on. They cannot afford to live where the employment is.

Mr McCallum—It cruel children's opportunities to break that cycle, too, because of the transitory, nomadic nature of their schooling.

Ms Mitchell—Even the issue of breaching, which you mentioned before, has flow-on effects to state services and to the non-government sector. If a person gets breached, they can't pay their rent, they become destitute and they end up on the doorstep of a non-government service which may be funded by the state, the Commonwealth, the private sector, or nobody. All of these things have knock-on effects.

Senator MOORE—Following from Senator Humphries' question, we had evidence last night from the ACT government. They are following a process that was stimulated by their own

research in the ACT, and one of the things they have done is to map the various government funded services in the ACT. They have been able to complete that at the state level but at this stage they have been unable to complete that at the federal level because of the complexities, the confusion and the number of different federally funded organisations. I would like a comment on the need for the partnership, on the future direction and on whether there is any genuine understanding in the community about who does what and who funds what in terms of services that are obviously available but may or may not be accessed.

Mr McCallum—There is genuine confusion. In terms of a general perception, I think that, even if you were to ask the general public about the notion of poverty in Australia, they would have very different views, and I guarantee that they would come up with a poverty line that was far higher than any of the ones that we have mentioned so far. The non-government sector also has to take some responsibility for the way they portray and explain themselves to the general community. I think there is confusion out there about what is available through NGOs as well as through government departments and so forth.

It is timely to have a bit of an introspective look at all aspects of that. Included in that is the non-government sector: are we getting the best value for dollar through that sector as we are through other areas? I think there is general confusion in the community. There is the need for transparency and accountability at all levels around how we spend that money. We should get some consensus about that and see what is necessary in the area of what we call the acute intensive services—the people who are on the streets—and what amount of money we are putting into the areas that are structural. We also need to look at the reasons why we keep having feeders into these acute services. I think that is really necessary, and all parties need to come to the table with an open mind about where we go in the redevelopment phase of this, because there is obviously scope for better utilisation of what is out there and a more contemporary view of how we look at the structural problems that underpin poverty.

Senator MOORE—Would that be something that your commission proposal would be able to implement and monitor?

Mr McCallum—Yes. All things are on the table, I would hope, in this particular process.

CHAIR—You may be aware that the director of the Irish Combat Poverty project is coming to Australia and we are expecting her to appear before us in Perth. I would like to thank you very much, Mr McCallum, Ms Mitchell and Mr Davidson, for a very interesting submission and presentation today.

[11.18 a.m.]

BASHFORD, Mr Graham John, Deputy Chief Executive Officer, Business, Centrelink

BRAY, Mr Jonathon Robbie, Director, Spatial and Distributional Analysis, Department of Family and Community Services

FLANAGAN, Ms Kerry Anne, Executive Director, Strategic and Ageing, Department of Family and Community Services

JACKSON, Mr Wayne Smithers Brooks, Deputy Secretary, Department of Family and Community Services

NOTT, Mr Jeremy Andrew, Assistant Secretary, Strategic Policy and Knowledge Branch, Department of Family and Community Services

SANDISON, Mr Barry, Assistant Secretary, Participation Strategies Branch, Department of Family and Community Services

WHITECROSS, Mr Andrew William, Director, Incentives Policy, Working Age Work Force, Department of Family and Community Services

WINZAR, Ms Peta, Executive Director, Economic and Social Participation, Department of Family and Community Services

WILLIAMS, Ms Marcia, National Manager, Community Sector Relationships, Centrelink

CHAIR—I welcome representatives from the Department of Family and Community Services and Centrelink.

Mr Jackson—Mr Chairman, the submission that we provided to the committee was from the Department of Family and Community Services, but, being aware that the committee wished to have Centrelink officers in attendance to answer specific questions, we approached Centrelink and they have provided officers to respond to specific questions that are appropriate to their responsibilities.

CHAIR—Thank you. 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 the department's submission, and Centrelink's. I now invite you to make an opening presentation, to be followed by questions from the committee.

Mr Jackson—Thank you, Chairman. I was proposing to make some brief introductory remarks before asking Mr Nott to briefly overview the main thrust of our submission, if you are happy for us to proceed in that way.

CHAIR—Fine.

Mr Jackson—First, let me say we are very happy to be given the opportunity to present before the committee today. The issues that the committee is addressing are very fundamental to the concerns that the Department of Family and Community Services has in focusing on disadvantage and responses to it. It is because of that concern that we have developed such a substantive submission to the committee.

FaCS is responsible for a broad range of social policy issues affecting Australian society and the living standards of Australian families, communities and individuals. These issues include income support, child care, disability services and support to families and communities more broadly. It spends in excess of \$60 billion annually on its programs and services, which represents more than one-third of total Commonwealth expenditure. That amount rises by something in the order of \$2½ billion every year, essentially as a result of the indexation of benefits and the increasing numbers on benefits, which includes the effect of an ageing population. A major focus of our efforts is the provision of support and assistance which meets the immediate needs of people through a responsive and sustainable safety net and in a way that develops the capacity of people to be as self-reliant as they can be throughout their lives. This is very much the central theme of social policy developments in most OECD countries these days.

In two sentences the McClure report, which was handed down in August 2000, sums up the approach when it says:

Australia's social support system must do more than provide adequate levels of income support for people in need. It must ensure that people are actively engaged socially and economically, including in the labour force, to reduce the risk of long term ... disadvantage for themselves and their families.

As members of the committee would be aware, the government accepted that report as a blueprint for reform over the coming years. Its initial response to that report was in the form of the Australians Working Together package some two years ago, which invested more than \$1½ billion in what was a carefully balanced package of assistance, incentives and requirements tailored to individual capacity and circumstances. A number of the measures that were announced in that package took effect by September last year. The final raft of those measures comes into effect in a few months time.

As a next step the government is currently engaged in a consultation process around approaches that might be taken to building a simpler and more responsive income support system. The discussion paper released by Ministers Vanstone and Abbott for this purpose takes the position that the first objective of a needs based social support system is to support people who cannot support themselves. This works best and is most sustainable if people who can support themselves do so.

It has as a key objective increasing self-reliance among working age people so that over time there is a reduction in the number of families in which no adults are working and in the number

of children dependent on income support as they grow up. Further, recognising that the earlier experiences of children impact very directly on future educational, career and health outcomes, including reliance on welfare, FaCS is also managing the government's consultation process to provide a road map for the development of national approaches to early intervention and prevention to assist Australian children reach their potential.

All of that work and other work being undertaken is being underpinned by efforts FaCS is making in developing an extensive research agenda. This includes the development of new longitudinal data sets to enable us to better understand the pathways people take and what interventions and forms of assistance can best help them to develop their capabilities to be as self-reliant over the long term as they can be, according to their individual circumstances and capacities.

We believe, as they do in most other OECD countries, that the most powerful and enduring approach to addressing issues of poverty and financial hardship is to be found in this approach. We have been concerned that sometimes overconcentration on technical approaches for measuring relative poverty at a point in time might distract from those efforts. Many of those efforts seem to imply that more income support in itself will fix the problem. Perhaps to illustrate the limitations of that approach to measuring poverty, it does not really even tell us much about people's material living standards. If the material living standards of every Australian doubled or halved overnight, measured poverty would remain unchanged. What is most important is that attention is directed to developing appropriate policy responses to the drivers of poor social outcomes for people, at the same time as people's immediate needs continue to be met. I propose now to ask Mr Nott to briefly describe the main thrust of the submission.

Mr Nott—There are three key messages in the submission I would like to draw to the committee's attention. Firstly, in recent years Australians in almost all circumstances have recorded improved standards of living. We raise this not to question issues that are being tackled by the committee but rather to provide a context for understanding some of the claims that are being made around poverty which rely upon relative income measures. Secondly, employment, wherever this is possible, provides the best means for Australians and their families to achieve good economic and social outcomes while recognising there is a need for effective income support for those who cannot realistically expect market based employment. Thirdly, there are clearly many Australians experiencing hardship or disadvantage through a range of underlying causes. Poverty measures, though, have proven to be a poor guide to who these people are and how many of them there are. The policy response is increasingly focused on directly addressing the underlying causes rather than the financial symptoms being faced by these people.

I will address the first of these issues in more detail. In recent years Australians have continued to experience improved material standards of living. Some key indicators suggest that the benefits have been shared quite widely. People at all levels of income have experienced gains in real terms. Over the past seven years employment has grown by 1.2 million jobs. It is balanced across full-time and part-time positions, it is shared between men and women, and it is evident in all sectors—including manufacturing—as well as across regions.

The real value of average earnings and minimum wages has grown. Income support has also increased: pensions have increased through the indexation linked to male total average weekly

earnings; allowances have increased through indexation to the CPI; and increases in assistance to families have been made through the family tax benefit, worth, on average, around \$40 per week. These benefits have also flowed to many working families. If we consider for a moment a family with two children under five whose sole source of income is the minimum wage, their job would provide earnings of \$448.40 per week, on which \$64.03 income tax would be paid. At the same time they would be eligible for \$58.77 parenting payment and \$228.32 in family tax benefit, including rent assistance. As a result, their net income would be \$671.46 per week. If it was a sole parent family on the same wage, the net income would be \$684.91 per week. To achieve that sort of after tax and after benefit income level, a single person would need to be earning around \$45,000 per annum. In addition to these benefits, child-care assistance has also increased, resulting in more families accessing formal child care.

Turning to the second point, I note that employment is critical. Mr Jackson has pointed out the importance of this issue and the McClure report pointed to the importance of employment as a key route to better outcomes for many people. The benefits apply across a range of dimensions, including social inclusion, financial coping, intergenerational effects and the impact on retirement incomes, quite apart from any immediate gains in income. McClure identified that:

The challenge of welfare reform is to reorient the social support system in a positive way to encourage and enable the most marginalised people to participate more fully in society and in the economy.

McClure also said:

We need to ensure that income support recipients are ready and able to take advantage of employment opportunities as they arise ...

In Australia, employment and support for working Australians with the cost of their families provides a good outcome. Analysis of hardship data shows a strong association between employment and good outcomes which goes beyond just the effect on their income. The focus needs to be on the lifetime outcomes achieved by people. In this context it is very important to get people into employment wherever possible. With demographic change, employment and superannuation will play an increasingly important role in ensuring long-term outcomes. A lack of employment now can be a double disadvantage through loss not just of current income but also of future income.

I will move to the third issue in terms of the policy response to people experiencing hardship or disadvantage. The Australian system of income support, on a number of measures, can be considered to be relatively generous, yet there are clearly people experiencing significant levels of hardship. There is also evidence to suggest that, on balance, the majority of those at the low end of the income scale cope adequately. A range of underlying causes make life difficult for people, and policies are increasingly attempting to tackle these underlying issues. Our department is involved in a range of service responses and FaCS works in partnership with states, the community and other providers to improve the delivery of services. Some examples include: homelessness and housing quality, through the Commonwealth-state housing agreement; disability services, through both the Commonwealth, state and territory disability agreement and direct links with services. We also deal with family breakdown through couple relationship assistance and services such as Reconnect, where FaCS works through community based organisations, and through policy measures such as the Stronger Families and

Communities Strategy. This involves many different approaches, including an experimental approach, but with a strong focus on working with communities. The development of early childhood measures shows an understanding of the importance of the start children get in life. Support is built into available mechanisms like child care. There is more personalised support for those with a range of complex problems, through measures such as the Personal Support Program.

These are all issues relevant to a broad view of poverty. Poverty seen in this way is a complex issue. Responses also need to consider influences such as low income levels, low education levels, poor currency in the labour market, inadequate money management, poor life skills and mental health problems. Poverty is often discussed in an emotive way. While this is understandable, the department's submission has attempted to clarify the confusion which often exists between how poverty is usually measured and the forms of disadvantage we believe need to be addressed. As indicated by Mr Jackson in his opening comments, traditional income poverty measurement has not proved all that useful in this regard. It poorly identifies those with particularly poor outcomes. It reports on current status, not lifetime outcomes or the degree of risk and need for early intervention.

There is no conceptually sound measure of poverty in the broad sense. A bewildering range of measures can be used to show different trends and different numbers of people affected. The data quality itself is generally poor, especially at the bottom end of the income distribution where it counts most for poverty measurement. In application too, measures can be particularly perverse. For example, do we really consider that the compression of income relativities that can occur during a recession represents an improvement in poverty outcomes? Chapter 5 of our submission provides a very detailed critique of poverty measures.

In conclusion, the department's submission attempts to point to some of the complexities of issues around poverty and some of the measures being taken to engage with the complex needs people have. Those responses necessarily involve multiple approaches and all levels of government. Policies are increasingly taking note of the intergenerational and life cycle nature of many aspects of hardship and disadvantage. We continue to try to design program responses that will deal effectively with the range of underlying problems that are relevant to broad concepts of poverty. Thank you.

Senator HUMPHRIES—Is there anybody else at the table to make a comment before we ask questions?

Mr Jackson—No, Senator.

Senator HUMPHRIES—Could I kick off by just asking about breaching policy. We have had a large number of submissions or comments from people at the table about breaching policy and strong suggestions that breaching policy is overly harsh, that it leads to a culture of avoidance or a problem with people not being able to cope and falling out of the system, and that other measures of poverty increase because breaching is occurring. What is the department's position at the moment with respect to reform of the breaching regime? What is your view generally about the effectiveness of present breaching policies?

Mr Jackson—There are a number of changes in that area, Senator, that have been made and are about to be made. Perhaps I can ask Ms Peta Winzar to address those issues you have raised in your question.

Ms Winzar—This is an area of continual attention for the department and Centrelink. The balance we are trying to strike is to have a system which protects those who genuinely need protection but at the same time provides reasonably strong incentives for people to do the right thing and pursue all the opportunities that might be available to them in finding employment. We have finessed the system continually over the last three years. I feel much more confident now in saying we have much better protections in place for those who are the most vulnerable. At the same time I am reasonably confident we are sending strong messages to all job seekers that we do expect them to do their best to find work.

Senator HUMPHRIES—Are there no immediate plans for further reforms of the breaching policy?

Ms Winzar—Perhaps in the sense that from September the Australians Working Together measures for parents and older allowees will take place. There are some changes in that regard which are forthcoming. Over the last 12 to 18 months the sort of initiatives that have been put in place include things like Centrelink identifying people who have had a second breach and referring them to a social worker to see if there are any particular issues preventing a person from complying with the expectation of government that they look for work. There are also quite a few other measures. The most recent one is a policy of suspending people who cannot be contacted, trying to get them to come into the Centrelink office to sort out the issues rather than applying a breach in the absence of any input from the customer and then later having to restore their payment. That seems to be working quite well.

Senator HUMPHRIES—Has FaCS done any work to benchmark its breaching policies with those of other countries?

Ms Winzar—We continually look at what other countries are doing, but our system is somewhat different to those of most other countries. The expectations of a system which is not a contributory system are somewhat different from those you would classically find in Europe, for example. Some of the evidence from the OECD that might be useful for you is that active participation strategies are generally thought to have about a 10 per cent impact on the job seeker population. What I mean by that is that they generally are able to reduce unemployment levels by about 10 per cent. With a more passive approach people do get discouraged, particularly after long periods of unemployment. They tend to see their job search efforts erode, their self-esteem goes down and they tend to give up. Part of the active participation strategy is clearly focused on keeping people engaged.

Senator KNOWLES—There are more officers going out into the field now, aren't there? Maybe I should be asking Centrelink; I am not sure.

Ms Winzar—Centrelink could tell you what strategies they have in terms of outreach and some of the things they are particularly doing around customers at risk of homelessness.

Mr Bashford—Senator, we certainly are putting a lot of emphasis on the outreach process for homeless people, Indigenous people and even youth these days. It is much better to deal with them on their own turf. We are limited by the total amount of dollars we have to play with, but increasingly we are finding that that is a more effective way of dealing with those disadvantaged customers. We have found, incidentally, that the suspension of payments is a very good thing for us because we have always had difficulty in contacting people. When people have their money suspended they do come and contact us. That means we can try and encourage them back into a participation process. We are finding some who do not contact us at all, which probably means they have already left and are happy to leave the system; they have a job or something like that.

Senator KNOWLES—Or it could be that self-perpetuating poverty is the reason they have left the system. We had evidence this morning, from the Uniting Church in particular, about people who just do not know how to deal with the system. They are aggressive towards the system and quite often get cut out of the system. How does Centrelink try and deal with people in that special category?

Mr Bashford—We have an army of people who are social workers and occupational psychologists. If a normal officer detects some sort of issue, then we can bring in those people at very short notice. That is generally the way we try and deal with those situations. Of course the personal advisers these days have the opportunity to get into much more in-depth questions and discussions with customers. We are finding that is very beneficial in discovering what the issues are and making more appropriate referrals for those customers.

Senator MOORE—How long have they been there?

Mr Bashford—September last year is when the first advisers came in, and we are about to put another tranche in very shortly.

Senator MOORE—And has there been any view of how they have been operating?

Mr Bashford—We are going through a number of reviews with FaCS right now. We did a number of value creation workshops with the customers themselves. It is clear that the customers find that personal advice a very positive thing. The proof of the pudding of course is in looking at the government's objectives et cetera, and that is what we are currently in the process of right now.

Senator DENMAN—Could I just follow up on that, please. From UnitingCare this morning we heard, as you probably know, that they have identified lots of these problems and they have a Centrelink person going into one of their offices, working with some of these people, and that is great, but we also heard from them that a lot of people are being breached because they are illiterate. How are you detecting the illiterate people way out in rural areas?

Mr Bashford—I think it is a problem generally, Senator, that we are having a look at right now: how do we identify people who are illiterate? At the moment the rules say we ask them and that is probably not a very satisfactory way of determining it. Right now, we are in the midst of looking at some better assessment tools that we would want to talk to our clients about when we have done the work, to try and get us better information generally so that we can make much better referrals.

Senator DENMAN—If someone has been breached a couple of times and they are not even close to an agency like, say, St Vincent de Paul or Uniting Care and they are way out—because I grew up in an area like this; I know what it is like to be isolated—then would you start to suspect that maybe they are not getting their correspondence or they cannot read it, and send someone out?

Mr Bashford—Either invite them in or send someone out.

Senator DENMAN—Yes, but do you realise that a lot of these people do not have transport?

Mr Bashford—Yes, and that is sometimes a difficulty. After a second breach, if it looks like there might be a third breach, we have a process whereby we certainly get the social workers and the on site centre—whoever is an appropriate specialist person—to at least contact and talk to the customer, to try and find out what the problems are. That came about as a result of the review of our practices in 2001. We put extra emphasis on looking at anyone who had a second breach, but I think that has actually, informally, gone back even to the first breach. I think you will find there is a lot more effort going into trying to prevent the breaches, trying to get people back into participation rather than breach.

Senator DENMAN—Thank you.

Ms Winzar—Senator, I think it is important to keep in mind that our objective around the breaching policy is not to punish people.

Senator DENMAN—Yes, I am sorry.

Ms Winzar—It is to make sure that we do whatever we can with them to make sure that the outcome for them is good—and preferably that is employment. The suspension policy is particularly important for that group that you mentioned that are illiterate, because often if they get a notice from a Job Network member or a letter to turn up to a Work for the Dole engagement and they cannot read it and they have missed the appointment, they are also likely not to respond to a letter from Centrelink following them up. In that case, what will happen is that their payment will be suspended and eventually they will go into the Centrelink office or ring the Centrelink call centre, and once contact is made we can sort out some of those issues.

Senator DENMAN—I still think there are probably people you are missing right out there in remote areas.

Ms Winzar—Senator, I think it is inevitable that we will miss some. We have to also remember here that, as Mr Bashford said, we do ask people about literacy and we do ask them about other barriers that might prevent their participation, ranging from all sorts of issues around incapacity or disability or stresses at home et cetera. All those things are able to be brought out at the initial grant interview with the person, but it does require the customer themselves to be prepared to talk to Centrelink about those issues, and in many cases they prefer not to say anything.

Senator DENMAN—Having taught children whose parents were illiterate, you will find they do not want to tell you, and so getting to them is a difficulty, I realise that. I was just interested in how you did it. Thank you.

Senator MOORE—Thank you for the paper. It is one of the best annotated ones we have had, so at least we can see what the other bodies of research have been. That leads me to a question about the role of FaCS in the whole issue of communication and information in the community. Reading the vision statement of the department, it provides advice and information. One of the things that has been increasingly frustrating through the process of this inquiry has been the fact that there has obviously been a great deal of study on the issue but there still does not seem to be any central repository where people are learning and taking action. It is a direct question to the department: is that a role that FaCS could have?

Mr Nott—We certainly prosecute research across a range of different areas, and I guess it is as much of a challenge for the department as for many other departments and parts of the community to get across the messages that come out of that research. All I can say really is that we put some significant effort into trying to promote awareness of the research projects that we have put out there. We have several publication series, and some issues relevant to the issues that the committee is tackling have certainly come up on that agenda over the years and are on the research projects.

Senator MOORE—All issues, Mr Nott, everything that we have covered—if you look through your research papers. You would have been aware of the number of submissions we have received from key agencies recommending that there be some form of national summit, some kind of ongoing implementation process across all of government with all the community in partnership. In fact there has been great acceptance of that process. I am interested to hear the department's response to that kind of process, and also what, if any, role FaCS would play if there were to be some recommendation that there should be a national poverty summit, followed up by a process of structured implementation of a scheme of benchmarking over a period, looking specifically at the issue of poverty.

Mr Jackson—Senator, as Mr Nott was saying, we take very seriously this issue of helping inform debate and discussion along the lines that you are indicating. For that purpose, we not only publish research but we engage other parties in determining what a research agenda might be, and we publish that research agenda. We have very active arrangements with several of the academic institutions on contract to undertake work, part of the objective of which is to help them develop the capacity to become more sophisticated in the more sophisticated analysis that we now need to do, particularly occasioned by the development of the longitudinal data sets, which will over time provide a very rich source of understanding pathways and issues that drive issues like financial hardship in a way that we have not been able to do before. That requires new ways of looking at issues, new expertise and analysis of data and so on. So we are very active in engaging the sectors around how to get a handle on issues of poverty and financial hardship and to then uncover with them productive lines of further inquiry, to find ways of intervening and appropriate means of early intervention and that sort of thing. That is a new way of going about things, in terms of the longitudinal perspective, and it will take time to really develop a substantial data set to enable us to make the progress that we ultimately need to make.

Certainly, in terms of getting parties together to talk about these issues, what I am trying to say is that we do that in different ways all the time, with different groupings around issues such as that. If there were to be a more substantial gathering of people, I think it would be very important to agree on what we meant by some of the concepts, because—as you yourself have been indicating in the questioning of other parties today—I think there can be a lot of disagreement about what it is appropriate to be focusing on. Our submission is trying to indicate the importance of looking at those issues which drive long-term disadvantage and policy approaches which would seek to support people in becoming as self-reliant as possible, in addition, of course, to meeting need in the short term.

Senator MOORE—You see, one of the things we have heard is that there continues to be massive confusion in the community about exactly what support is available. The first acceptance is that there are people in the community who are doing it tough. How you measure that—how many there are—seems to create a great deal of angst and very strongly held views about what is the appropriate way of doing it but, once there is agreement that there are people who are in disadvantage, the next level is finding out what support is available to help them. That has come out as a problem.

I will use the ACT example from last evening. They now have an implementation process within the community of putting things in place to address the disadvantage that they have identified. They have done a mapping process, where they have been able to identify all ACT government funded agencies within a relatively small regional area, which is the ACT. What they have not been able to do—and they have said that it is an increasingly difficult task—is identify all federal government agencies within the ACT that have some role in providing support to people with disadvantage. To me, that is a really core gap in the whole modelling process. I would have thought that the Department of Family and Community Services, with its overreaching role in terms of looking at what is going on in the community, could have been a source of providing that information. This is a specific question I was wanting to ask the department this morning. It only came out last night.

Mr Jackson—We would need to see exactly what it was that people were identifying as being the deficiency, of course, Senator, because it may well be that there are improvements that can be made in information provision. Of course, in terms of financial hardship, it is the case that it is a very complex issue and everything is connected to everything else, so that issues of health, income support, services—

Senator MOORE—At least 15 departments just came to mind straightaway.

Mr Jackson—Indeed, and I think the important thing to note is, at the Commonwealth level, recognising—for example, in early childhood—that the start a child gets in life has much to do with their later welfare needs, health needs, intersection with the criminal justice system and educational outcomes, departments are working together around those issues in ways that they have not worked together before, to find shared objectives in investing more effectively in early childhood development.

I think that is an indication of a recognition that the issues need to be looked at in a way—and in a whole of government way—that has not been done before, but it still paints a very broad canvas of influences on early childhood development. I think the process of discussion that the

government has initiated, with very wide buy-in not only across Commonwealth departments but also across state governments, will be important in revealing some of these issues and helping us move forward. I do not know whether any of my colleagues has an elaboration they wish to make on what you have raised.

Ms Winzar—Perhaps just one. I would like to talk to you about the Community Connect initiative that Centrelink is developing, which again takes that local perspective and—perhaps in a more helpful way for those who are in hardship in a particular community—will allow much better linkages of programs available in that community.

Mr Bashford—There is no doubt in our minds that one of the most effective ways of dealing with individuals is to try and get state and Commonwealth government organisations together. We are increasingly trying to do that in our own small way. We only play a very small part, but certainly Centrelink is trying to present itself as being part of the community and facilitate in some instances the getting together of a number of community organisations to look at individual cases, particularly with youth. We find that particularly effective. It is a small step for us so far, and it does not happen everywhere, but it is certainly an effective step. I will ask Ms Williams to talk about Community Connect.

Ms Williams—Part of my role over the last year has been talking to a lot of community sector organisations about their relationships with us. Included among the things that we have been talking about is a more cooperative approach to sharing information about services that are out there, including for us. As part of the implementation of Australians Working Together, we provided some support to our staff, including our personal advisers, that created a service directory of the services in locations. What we have been working with the community sector over the last year to do is to look at how we might be able to share that with them, in terms of giving a wide range of organisations access to a site that has a lot of detail on all those sorts of services in small locations, large locations, state funded community organisations and non-government organisations. We have trials under way at the moment with some key organisations, some of whom have presented evidence here—including the Smith Family, the Benevolent Society and the Brotherhood of St Laurence—to look at how we might also use that site in a more cooperative way for sharing other information and for giving them access to more information that we hold.

Senator MOORE—Hasn't that been an element of the work you do for at least 20 years?

Ms Williams—Yes.

Senator MOORE—Hasn't there been an expectation that the Centrelink office—and, previous to that, the Social Security office—had those community directories, so that if a person in need attended one of your offices for their necessary interview, even after suspension, they would then be able to have some information or a referral to anything else that was available in their community?

Ms Williams—Yes, definitely. That is nothing new in terms of the Centrelink role with connecting our customers to other referral agencies. What we are talking about with Community Connect is giving those agencies access to that information too, because what we found in talking to them is that they often have customers in their sites as well. If we can go back to those

customers that do not fare particularly well in being transferred and handed over to a wide range of organisations, in sharing that information, we connect the system even more.

Senator MOORE—One of the things that came out in a number of our meetings was evidence from people like those you mentioned—the Brotherhood of St Laurence and State Vincent de Paul—about the frustration they have when they are dealing with a person who is in trouble who, for whatever reason, has difficulty with your services, regardless of all the things you put in place. Because of the quite justifiable privacy issues, they cannot talk to you about the client and they build up frustration and it delays some kind of result. Is Centrelink working to look at those issues with FaCS, because of the policy implications, but specifically in the program delivery aspect? That has come up, I think, in every place we have been as a particular frustration.

Ms Williams—Our previous role had been mainly connected with income support, but we have recognised over the past year, with the implementation of Australians Working Together, that we need to start working a lot more with those organisations than we have been, and we are continuing to do so at a local level. Mr Bashford mentioned examples of the sorts of things we are doing, and we could provide more, but really it is about looking at the local situation with the local providers and the particular issues in those communities. We have a range of things that we can do with them, and there are good examples of them. Co-location is one thing we do. We have people co-locating in our offices: in Sutherland, for example, there are issues around tenancy rates there, so a housing officer spends a day a week in location with us and that arrangement manages to provide that coordinated service. In terms of outsourcing, there are a lot of examples of where we actually have customer service officers on the ground, again around the particular issues and the particular problems that the organisations that we work with are finding. They are, for example, visiting local juvenile justice centres, boarding houses and alcohol and drug services, because, again, we find that if you can actually locate those services with those providers you are less likely to get those issues and you are more likely to do the joint referrals.

Senator MOORE—We saw that in Newcastle, where we visited one of the community places. Your office was outsourcing three or four days a week there.

Ms Williams—That was probably that mental health one.

Senator MOORE—That was very positive.

Ms Williams—Yes, and there is much more of that around Australia now than ever before—but particularly targeted at locations and particular locational issues. We have been doing quite a bit of work around another disadvantaged area, working with released prisoners. Again, they are one of the key groups that find it intimidating to have to come into our office. They are very hard to engage with the system. We have been working with the correctional departments in all the states and territories, looking at arrangements where we have people located in the prisons themselves before the prisoners are released so that we can connect them with their parole officers, with the courts, so that we are getting that more seamless integration and we understand what referrals are out there for them. There is quite a range of different things going on on that front.

Mr Jackson—Senator, the McClure report did identify the desirability of developing a more integrated approach to the whole social support system. One of the elements of *Australians Working Together* was to look at what might be involved in organisations being able to share some information, with client agreement, to avoid people having to retell their story each time, to enable the next person in the support chain to benefit from the understanding about what did and did not work previously, and, of course, many of these people have multiple needs, which would suggest that they might be seeing multiple providers. There is some exploratory work that is being undertaken on that. I am sorry I am not in a position to really give you an update here and now about that, but certainly the concept of what you have raised and what you say others are raising was recognised in the McClure report and in *Australians Working Together*, and it is an area that we want to try and move forward on.

Senator MOORE—One of the other things that came out in this inquiry and previous ones was the impact of breaching, which, of course, Senator Humphries has explored. A lot of the agencies you rely on to be cooperative and to provide this seamless support in the community have felt some concern. They feel that they have been picking up a lot of the results of decisions that have been made by the department in terms of people who have been breached or have been disadvantaged in whatever way with their relationships in Centrelink. These people are now turning in greater numbers to the welfare support of the Uniting Church, the brotherhoods and all the others that you know, and that actually creates that kind of dynamic tension. At the same time as you are wanting to work together cooperatively to progress, there is a view that has been expressed to the committee that there is an increased workload going to those agencies as a result of decisions being made by the department. I am interested to know whether you accept that, and, if you do, what are you doing to adjust to it?

Ms Winzar—Perhaps I can pick that one up, at least to begin with. Frankly, the data on emergency relief particularly is not particularly good. I do know that there have been a couple of surveys from community organisations of their customer demand, and I think it was one from the Salvation Army, within the last 12 to 18 months, which suggested that 25 per cent, I think, of the people who were presenting to get some emergency relief assistance had been breached. That is looking at it through one end of the telescope. From our perspective, we have not seen any data that would allow us to map changes in demand for emergency relief against changes in the numbers of people being breached, and, particularly over the last 12 months, the number of people being breached has fallen by 30 per cent. I am not hearing that being reflected back from the community organisations that run emergency relief programs—that, yes, the demand for their services has eased at all. That is the first issue.

I could share with you some results of a small survey that we did in mid-1997 which asked people who were coming onto Newstart whether or not they had had their payments cancelled in the past, and it asked those who had how they had supported themselves in between. Of the people who said, yes, they had had their payments cancelled, a third of them said they had relied on family and friends to support them, about a quarter said they had supported themselves through work and about one per cent said that they had gone to charity services. Things may well have changed in the last five years, but again, in terms of empirical evidence, we do not have anything that would suggest that breaching decisions are having the sort of dramatic impact on emergency relief programs which some of the services themselves are reporting.

Senator MOORE—One of the things that comes up constantly—and we have all asked questions at different times about it—is the reliability of any of the data that is currently around. It does not matter what data and it does not matter on what issue it is, there are questions about the way it is collected and the validity of the responses received. Certainly—without being too directional about that particular survey; I think in a previous committee I was very directional about that particular survey in terms of what you got from it—in terms of the data process, we are all sharing enormous frustration about how you measure anything, let alone specifically this problem.

One of the things I know Senator Denman and I have talked about is that you can measure the people that come to your department, and I would accept that data as absolutely accurate. You can measure how many people are receiving payments from Centrelink on a daily basis and how many drop off. I have no doubt about that. What I do question is whether you have any way of measuring the people who are rejected by the system and drop out—the people who are the unknown. We hear from other agencies anecdotal advice about that—how you quantify the numbers of persons who are lost and are not reflected in the Centrelink data. I also question how we balance the quite serious disagreements about all kinds of data, in terms of the unemployment data that you have used extensively in this particular submission, Mr Nott, in terms of numbers of unemployed and unemployment trends. Other people have different views there. How do we as a community, as opposed to particular departments, come up with some figures, in terms of measurement, which we can effectively, with validity, use when we are talking about the serious issue of people with disadvantage? I do not know who that question is to. You can decide which one on the team it belongs to.

Mr Nott—There are a lot of different issues there. Picking up the first one, no single source of data on any given issue is absolutely correct. The position we find ourselves in in trying to advise on policy is almost inevitably balancing the weight of sometimes competing pieces of data. The conclusions that we have reached around the poverty data and the conclusions around the weight of the data are the ones that you see reflected in our submission, and they are fundamentally in the nature of a critique of both the conceptual basis for poverty and the specific ways it has been measured. Anything broader than the broadest concepts of poverty seem very quickly to become misleading. For that reason, we do not see a large role for any specific data source as a way of saying to the community or to the committee that a certain number of people are suffering poverty in the broad sense.

What we do see, though, as a department is the need to address a series of specific issues that we know underlie these areas of hardship, and in each of these areas we then go looking for data. But it does make it difficult to actually bring that together in a summary measure, and in a sense the problems with the recent debates around poverty in Australia lie with the urge to bring things down to a summary measure.

Senator MOORE—Just before Mr Bray comes in—because I know you are bursting to come into this, Mr Bray—Mr Nott, you just said that you cannot feel very secure about the overall data, so then you have to go to the next level and look at finding data that meets specific needs, which your paper does clearly identify in terms of education and childhood and all those things. How then can you be secure? If you are rejecting the overall data collection, how can you then have faith in your segmented databases, which you are looking at in a more refined way?

Mr Nott—Again I think it is the weight of data from, hopefully, different sources. You pointed before to the employment data and the long-term employment data. I know ACOSS has highlighted different data sets to talk about the issue from those we have highlighted.

Senator MOORE—On the same issue.

Mr Nott—Yes. I guess the way we have used that particular piece of information in our submission is just as one piece of information amongst many that suggest that, overall, living standards across most of the Australian community have been improving in recent years. As you say, any single data source could be criticised, and there are critiques of any single data set. But the weight of evidence seems to us to support that proposition. That leads us again to doubt some of the statements that have been made suggesting that poverty is a substantially worsening problem in an aggregate sense.

Mr Bray—You have highlighted an exceptionally difficult problem. We were talking earlier about the number of contacts with agencies, and the magnitude of the problems is quite massive. ACOSS have estimated about 2.3 million people are using welfare agencies, whereas the ABS in the 1998-99 HES identified 250,000, so there is a massive discrepancy there. Obviously, the ABS data has the advantage, in that you know each household is only being asked once, and you know that when you have multiple people attending an agency you will end up with multiple counting. At the same time you know that some people living in non-private dwellings, who might be greater users of some of the welfare agencies, will not necessarily be picked up in those ABS figures. This issue of having to use—

CHAIR—Mr Bray, before you go on, I know there are discrepancies, but we had witnesses from the Matthew Talbot Hostel in Sydney who said that in 1998 they helped out 23,000 homeless men and in 2002 they helped out 43,000 men. Those are their statistics. They are not drawn or calculated on an hour each day or week or whatever. They are their statistics. I would like you to continue on now, if you would not mind. That is one agency.

Mr Bray—Yes. If you get single agencies, there is then a difficulty in aggregating that data across agencies, when you know people will use a number of agencies. It is not mentioned that for a lot of other exercises you really do need to use multiple sources and you need to use reality checks. That is particularly important—

Senator MOORE—Is that a technical term, Mr Bray?

Mr Bray—No, it is a very simple question of saying, ‘Does it make sense?’ When we have households reporting they have a negative income, do we take that at face value and say a household with negative income is in a situation that is far worse than a household with no income—which is the situation when someone has \$20 in income—when we actually know there is an income support system which, for most people, provides particular levels of income? A lot of it is using that sort of reality check and recognising why people may be reporting particular issues. In the case of income, if you are reporting your taxable income, that is quite different often from the resources you may have. So you do need to use these multiple sources in bringing them together—using one reality check against another and trying to find a reasonable balance in the middle. For that very reason, it is exceptionally difficult to come to agreement. Each person will do that themselves; each agency will do that themselves.

Mr Jackson—Senator, in terms of finding agreed single data points that can be used by everybody, which they all accept, so many of these issues have different concepts you can bring to what you mean by some of these issues—certainly different data definitions, which can be critical in terms of the interpretation that ends up being put on the data—and often that goes to what use you want to put it to at the end of the day, which of course is part of what is often debated in itself. It is unlikely to be the case in many of these areas that there would be a single definition, even of the same concept—if we could agree on it—because there is a richness in variations on that. I think the long-term unemployment definition that you were discussing with ACOSS earlier is a case in point. It very much depends on the purpose to which it is to be put, as to which particular subdefinition might be the most valuable.

Senator MOORE—Senator Knowles has particular concern with that issue and has been raising it. It is absolutely valid. First of all, how do you measure it? Then, once you have got through that, to what use are you going to put what you come up with?

Mr Jackson—Indeed. Unemployment itself, of course, is a very particular definition, but so much of the public dialogue is about a slightly different concept of what unemployment or underemployment actually means. For various purposes each of those concepts, as I think the statistician himself has identified, may be useful for public debate. But no one of those definitions proves—

Senator MOORE—Anything.

Mr Jackson—Well, proves many things, yes. You need certainly—

CHAIR—Are you comparing that to the 1980s?

Mr Jackson—Sorry?

CHAIR—Are you comparing that to the 1980s, what it was then?

Mr Jackson—It certainly can give you time series, so that you can see on the basis of a certain definition how figures have moved. You may draw certain interpretations, but so often it is the case that there are things happening within that aggregate concept which are also highly policy relevant. That is one of the issues we have been raising. Single, narrow definitions of poverty actually disguise all of the richness underneath about what causes people to be in financial hardship, and until you know that it is very hard to know what sort of policy interventions you should develop (a) to deal with their circumstances at a point in time and (b) to get in front of that issue by being able to target prevention and early intervention activity to help people stop getting into that financial hardship as far as you can, in the first place.

CHAIR—Mr Nott, when he made his opening statement, said there have been improved standards of living. I cannot remember the exact terms he used. Every agency and non-government agency we have had before us has said that there are more demands on their services. What is going on out there? Maybe this is not a question we should direct at you. In a way they are saying they are having to come up with more money to help people out. I just gave the example of the Matthew Talbot Hostel. They are their facts and figures. They are not plucked out of the air or anecdotal. Why, if there are these improved standards of living, the nirvana

around the corner that you are indicating to us, are these non-government agencies saying that is not the case, statistically?

Mr Nott—I think I had an answer before you said ‘statistically’.

CHAIR—I assumed you were only acting on statistics, Mr Nott.

Mr Nott—I presented a series of pieces of data which suggested that living standards across the community were improving. No-one here is disputing that there are people who are living in hardship and need help across a range of issues. The question about why the non-government sector is pointing to increased demand is a pretty important one. At this stage, we are in the same position as the committee in some ways, in terms of trying to work out what might be driving that. It could be an issue like the increased complexity of the problems faced by clients. It could be that over time we are seeing children of previous generations of people in need. Essentially, all of these are hypotheses that we are experimenting with. What we are clear on is that the service responses to those issues require a capacity to deal more with the individual circumstances of the client and a capacity to more closely monitor the results of those service interventions. An increased understanding of individual circumstances is really what has driven some of the more recent policy developments, like the development of personal advisers within the Australians Working Together package, the Personal Support Program and the way we run programs in cooperation and collaboration with the non-government sector.

Mr Jackson—I might just ask Mr Bray to address the specific issue you raised, Chairman, about living standards.

Mr Bray—I think the data on living standards, taken from virtually any source, will say that the living standards of Australians has improved. If you look at any of the sources of income data, they point to rising incomes. If you look at earnings data—

CHAIR—Is this the Gini Coefficient, or whatever?

Mr Bray—No, the Gini Coefficient is simply one of many measures you can use to talk about income distribution and the pattern of distribution, whilst in fact it does not ever inform us about what is actually happening to the level of income as a whole. The Gini is another one of these measures that says that if everyone gets twice as well off it does not change at all. All this informs about is the relativity and the pattern of distribution and, in particular, the pattern of distribution around the middle and not even so much at the extremes. But, if you look at the substantive data on what is happening to living standards, if you look at all of the earnings data, it points to the fact that Australians are richer than ever before. If you look at patterns of people’s consumption, people are better off than before.

CHAIR—Before what?

Mr Bray—At an historical point.

CHAIR—I am certainly better off than my grandparents. Probably you are too.

Mr Bray—I definitely am.

CHAIR—And I suppose everybody's grandparents, except the Queen's.

Mr Bray—Yes, but this is, I think—

CHAIR—You tell me when you are better off from—from 20 years ago, from 10 years ago?

Mr Bray—All of the data, sir, shows that over the last few decades, Australian living standards have continued to increase.

CHAIR—It is not fair, Mr Bray, to ask you to answer that now. You may wish to reply to the committee on the question of what you base your comment on: better than when?

Mr Jackson—Could I just add, Chairman, that certainly if you used to be in employment and you are now in unemployment you are unlikely to be better off than you were at the time when you were employed. It is very much the experience people have that will determine whether they personally are better off than at some previous point, but if you are on unemployment benefits they are indexed by the cost of living. If you are on a pension they are indexed by male total average weekly earnings, so the real value of the benefits, at the very least, is being maintained and has been for many years. The real value of pensions has actually been increasing, and I think they are relevant considerations.

Mr Bray—I think the issue, for example, of the real value of income support in Australia over the last decade is given in figure 9 on page 37. One can see there that the real rates of income support are significantly higher than they were a decade earlier.

Mr Nott—Could I say that there are a number of charts through our submission which cover issues of relevance here, and in most of them we have been able to give at least a decade's worth of data. We have tried, where possible, to give the committee as long a time series as is sensible, given the data constraints. For most of them you have at least a decade, and they are all consistent with the story that Mr Bray is presenting.

CHAIR—Can I ask Centrelink a question. I am not sure if it has been asked. In Tasmania, we were advised that 42 per cent of the adult population held a concession card. Would you be able to provide us with comparative details of the proportion of concession cardholders on a state by state basis? You do not need to answer that now.

Ms Flanagan—Yes, certainly, we can provide that data.

CHAIR—And I will put these questions on notice to you now, I am not sure to whom. Centrelink provides financial information service officers. Could you outline the service they provide, the distribution and number of FIS officers around the states and the number of clients that they assist. Is it usually a one-off consultation or does it involve ongoing assistance? How do people come to know of this service? Are they referred to it by other agencies? And why choose a Centrelink FIS officer ahead of, for example, a St Vincent de Paul financial adviser or another financial consultant? You may be able to answer some of those now or it might be that you wish to take them on notice and reply to the committee.

Mr Bashford—I can certainly answer some of those. We advertise the fact that we do have these officers in our offices, and it is by choice that people come to us. We do not charge fees. We are independent and do not recommend certain financial ways to go or particular schemes or anything like that. I think they feel that it is a service they can avail themselves of which is an independent service which tries, in broad terms, to give them some advice about their financial circumstances.

CHAIR—The other ones you can come back to us on.

Mr Bashford—Yes, sure.

Senator DENMAN—What is the current state of the Commonwealth-state disability agreement?

Ms Winzar—Senator, two states have signed the agreement and several others have made offers which are currently being considered and discussed with them.

Senator DENMAN—Which two states? Can you tell us?

Ms Winzar—From memory, I think it is Western Australia and Victoria.

Senator DENMAN—And which two have made offers?

Ms Winzar—I would have to double-check that for you.

Senator DENMAN—Thank you.

CHAIR—We may have some more questions: could we write to the department with those?

Mr Jackson—We would be happy to help the committee with any further information it finds useful, Senator.

CHAIR—Any further questions?

Senator MOORE—Can I just find out when your paper will be public? In the letter you wrote to us when you brought your submission, you talked about publicising this paper.

Mr Nott—In one sense it is public now, of course, but we are publishing it in our policy paper series, I think. It is on the web site and—

Mr Bray—I think the final typesetting was finished earlier this week.

Senator MOORE—Good.

CHAIR—I thank you very much, ladies and gentlemen, for coming along. The committee stands adjourned till 1 p.m.

Proceedings suspended from 12.26 p.m. to 1.04 p.m.

CADDY, Father Joe, Acting Chair, Catholic Welfare Australia Board, Catholic Welfare Australia

DEERAIN, Ms Margaret Louise, Senior Policy and Research Officer, Catholic Welfare Australia

LONG, Mr Brendan, Team Leader, Social Policy and Research, Catholic Welfare Australia

ACTING CHAIR (Senator Knowles)—I welcome representatives of Catholic Welfare Australia. I understand information on parliamentary privilege and the protection of witnesses and evidence has been provided to you. The committee prefers all evidence to be given in public. However, evidence may also be given in camera if such evidence is considered by you to be of a confidential nature. We have before us your submission. Would you like to make any opening comments?

Father Caddy—If we may, thank you. I would like to thank you for the opportunity and thank the Senate for the opportunity.

ACTING CHAIR—Before you go on, thank you for coming in early. It was accommodating some travel plans of someone else.

Father Caddy—Yes, I am sure. From time to time we hear in Australia calls from governments—governments of all persuasions—for the church to keep out of politics and to keep to its business and to let the elected governments do their work. If that call is understood simply as a warning for the church to keep out of party politics, then fair enough. However, sometimes the way that call comes out it seems that it is in the midst of broad debate on matters of national importance, where the church has a view and a view that might be different to whatever the government is of the day.

I would like to take a moment now to put on record a generic case for the involvement of the church and for the involvement of Catholic Welfare Australia in particular, to be involved in political and public discourse on matters of social welfare and social order. After I have done that I will hand over to our research team, Brendan and Margaret, who will put more specifically our views on how best to tackle the evil of poverty in Australian society. They will speak to our written submission.

Representative democracy is about more than three-yearly election cycles; it is about broad participation. The Catholic Church, along with other faith and community based organisations, has a right to enter into the political realm and to public discourse. Churches, as communities of spiritual discernment and moral reflection, can begin conversations about the common good. They can inject into social discourse visions perhaps richer and wider than those of bureaucrats or political interest groups. These visions are rooted in a deep understanding of the human person and rich biblical and social justice traditions.

Church commentary on political issues provides a moral counter to policy discussions that are based on mere cost-benefit analysis and public opinion polls. The Catholic view of the human

person is that each one of us is created in the image of God, created with freedom and created with a high destiny. From that notion is derived the principle at the heart of Catholic social teaching: that each person has an inviolable dignity. Thus we are called to live together in communities of mutual respect, support and understanding.

That gives rise to a second principle, that of common good. The principle of common good insists that we do not simply order society in the interests of the strong, or the loudest, or even the greatest number, but that we are called to be in a relationship of solidarity within our communities, especially with the weakest and the most vulnerable. Christian discipleship also calls followers of Christ to that service. As Pope John Paul II put it in his apostolic letter at the beginning of the new millennium, ‘If we have started truly out anew from the contemplation of Christ, we must learn to see him especially in the faces of those with whom He himself wished to be identified. I was hungry and you gave me food. I was thirsty and you gave me drink. I was a stranger and you welcomed me. I was naked and you clothed me. I was sick and you visited me. I was in prison and you came to see me.’

The Pope goes on to say that this gospel text is not a simple invitation to charity. It is a page of Christology which sheds a ray of light on the mystery of Christ. It is by these words no less than by the orthodoxy of her doctrine that the church measures her fidelity as a bride of Christ, which is an image of the church. So when the church enters into public discourse on social issues, it does so not in a self-interested way, not with a view merely to looking after the interests of Catholics. Nor does it wish to impose on nonbelievers a vision based on faith. Rather, the church aims to enter the debate humbly—it does not always do so but it aims to enter the debate humbly and in a spirit of service to broader society, helping to interpret and defend the values rooted in the very nature of the human person and with a view to what is truly good for all humanity.

The church wishes, alongside others, to promote a social order that is good for full human flourishing. Obviously when applying the principles and values of the church tradition to complex social realities a number of positions could be struck in responding to particular social concerns. Indeed, many Catholics and other honest brokers could conscientiously arrive at views different to those of Catholic Welfare Australia. That is fair enough. However, it is also fair to say that within the church Catholic Welfare Australia claims some authority and primacy for the position that it presents on matters of social policy. That status arises from the fact that Catholic Welfare Australia is closely associated with the Australian Conference of Bishops and has an explicit responsibility to speak on behalf of the church on matters of social welfare. Indeed, Catholic Welfare Australia devotes considerable resources to social research so that it may exercise that function responsibly.

Secondly, our research and advocacy is based on the immediate experience of our 53-member organisations who work from some 250 locations across Australia providing service, regardless of creed, to people with disabilities, struggling families, long-term unemployed, those who are homeless and friendless. We work with and alongside some of the poorest and most deprived individuals, families and communities in Australia. Not only do we have a right to enter political processes and public discourse on matters of social concern, our faith and our experience obliges us to do so.

So we enter this particular public discourse on the issue of poverty in Australia and we thank the Senate for the opportunity to do so at such a highly respected and influential level. We speak

conscientiously out of established principles and values. We do not push any partisan barrow. We do not care which political party is in power, but we are committed to helping find the best solution to this matter of great concern and social injustice that confronts us as a nation.

CHAIR—Thank you, Father Caddy. Mr Long?

Mr Long—Senator, I would now like to speak to the submission and the issues presented in the order they are presented in the submission: namely, to give some flavour of the moral and ethical background of the content of our submission; the strategy for poverty alleviation that we present to this body; and our attitudes on welfare reform and associated macroeconomic benefits that would flow from that. Then I will hand over to my colleague, Margaret Deearin, who will discuss our particular proposals relating to the question of unemployment and employment initiatives. Then, if it please the committee, I can return and talk about our issues for regional Australia very briefly.

The overall theme of the submission is, in policy terms, that we are falling behind OECD nations in terms of our anti-poverty strategy. But we do have the ability to make a policy option to make positive policy initiatives and bring them into place at this stage. The subthemes are that we could seriously consider adoption of the national strategy approach that has been successfully employed in the UK and Ireland in particular, which includes the application of targets for poverty reduction, particularly in the case of child poverty, a holistic approach to the benchmarking of poverty, and institutionalising anti-poverty measures and research in a commission of some type. If we do not act now there will be an effect on the average living standards of all Australians, and to fail to act now would, we claim, be a failure of policy.

If I could elaborate on the moral and ethical foundation of the position here, it is simply the well-known Catholic position in favour of the common good. The common good is really seen as consisting in the conditions of social living—economic, political and cultural—that respect, defend and enhance a person's essential dignity, their wellbeing and fulfilment. It is clearly not an individualist ethic; rather this viewpoint emphasises our essential interdependence in society. Governments who seek to follow the principle of the common good can adopt economic policies and cultural policies that reflect the interdependence of each other in social life. This is usually described under what the Catholic social teaching describes as the principle of solidarity.

An essential part of our application of this general principle is the preferential option for the poor. This has been a consistent theme of this papacy. In defining poverty and economic disadvantage, we make use of the notion of capacity deprivation. The preferential option for the poor and the disadvantaged consists in, given their situation, placing them at the very centre of policy consideration. Their plight requires a certain pre-eminence in the fiscal policies and government policies that are structured in budgetary policies and general government policy initiatives. So it is really an option to place them and their plight at the very centre and very heart and the very soul of government analysis and legislation.

I should also add that it is an important part of the Catholic moral and ethical perspective that there is capacity to change and renew the temporal order. The Catholic message, the Christian message, is a message of hope. We do have significant hope, notwithstanding the problems that exist in dealing with poverty, that serious inroads can be made if the appropriate policy initiatives are adopted. Those initiatives which we emphasise tend to focus on the adoption of a

national strategy. We have called for a summit to be able to bring together stakeholders to discuss the national strategy; but this is not seen as leading to a gabfest, but rather simply to try to build consensus for the adoption of such a strategy.

The strategy would seek to coordinate all elements of government policy initiatives and coordinate different spending and taxation elements so that it would be one coordinated and mutually consistent and mutually reinforcing strategy. A central part of the strategy would be the use of targets. Targets can be under the short-term model of reducing child poverty by a certain amount within a certain period of time—two or three years—and the shorter targets have proved quite successful in Ireland. Or perhaps longer term targets, as apply particularly in the case of the UK, which has claimed to eliminate child poverty within a generation. We have specified certain targets in the submission, but it is possible to draw the targets at different points. The issue for us is that a targeting strategy places an important discipline on government and makes it measurable and accountable about its achievements in poverty reduction strategies against the national strategy.

The use of benchmarking is also important in terms of trying to be able to measure performance against these targets. We would put it to the Senate that the appropriate way to consider benchmarking is not with regard to simply assessing income levels, or expenditure levels even, but to take a suite of indicators that include social factors, social measures of disadvantage. This is very much the Irish approach. That tends to produce perhaps not a single poverty measure but rather a holistic appreciation of whether a person may or may not be in a region, or in a situation of disadvantage, which is probably more realistic given the complexity of the problem.

We have emphasised in our strategy the establishment of an independent poverty reduction commission. I suppose in our minds we have a little bit of the success of the Productivity Commission in terms of microeconomic reform—its statutory independence, its capacity to conduct inquiries and to measure effects of assistance have proved a very powerful influence in building consensus for change in this country. We would see that their emphasis could perhaps be balanced by a similar commission whose prime focus was in considerations of poverty reduction. Such a commission could be resourced to conduct research on measurement issues. This would have the ability of taking the whole question of the measurement of poverty out of the debate on the back page of the *Financial Review* and on to a serious level of policy analysis.

The independence of this body is also very important because this body would report to the people via the parliament and therefore there would be an independent analysis of the government's performance against the national strategy to reduce poverty. Furthermore, such an institution could conduct inquiries on particular matters. For example, there is concern about whether rent assistance at the moment is adequate to cater for people where housing costs are different in different regions. An issue like that could be referred to an organisation like this for independent research on the question of how to deal with the problem. Briefly put, adoption of a national strategy would in fact have a macroeconomic benefit to this nation.

The Treasury department emphasises, quite rightly, the challenges to the medium-term fiscal strategy associated with an ageing population. There is a declining pool of taxpayers. We would say that in fact there is also an argument to be made for consideration of the issue at the other end of the age spectrum. There is evidence of declining emotional wellbeing amongst young

persons, and by adoption of a national anti-poverty strategy we would have the capacity to be able to increase the attachment of people to the labour market at younger ages, to increase by that mechanism, and by an associated range of policies that would go with the national strategy, increased labour market participation of younger persons.

As we know, participation, productivity and population are the drivers of economic growth in contemporary economic analysis. Perhaps if participation is the easier one of these to change, we should be placing just as much focus on trying to increase labour market attachment of younger persons as we do on the ageing population. That would then lead to greater GDP and GDP per capita over time. This would raise living standards for all Australians. The argument is, from the macroeconomic framework, that the adoption of a national anti-poverty strategy will increase the living standards for the average Australian.

I will briefly just continue with our approach to welfare reform. We are separately responding to the government's inquiry in welfare reform and writing our submission at this time. But we do favour the maximal approach to welfare reform initiatives, which includes integration as far as possible of different elements of the social security and tax system, recognising the poverty traps associated with effective high marginal tax rates. We would say that as an architectonic principle to be applied in this process it would be worth considering whether the top effective marginal tax rate that applies to a beneficiary be set at no more than the top marginal tax rate facing an individual under the tax system.

I will finish my presentation with a quote from the submission before handing over to Margaret Deerain. The submission asserts that we have a choice about the level of poverty as exists in Australia:

In moral terms, however, we do not have the luxury of choosing whether or not to take up the war against poverty. Our shared responsibility for the society which privileges most but cripples some calls us to act. Social justice is a moral imperative. We must choose the poor, express solidarity with them, fight for them, and treat their urgent needs as if they were our own. To fail to do this, to fail them, is to lessen Australia, to weaken her, to devalue her, to impoverish her. This is something that should not be.

CHAIR—Thank you, Mr Long. Ms Deerain.

Ms Deerain—Thank you. As we have stated, our submission is based on the belief that we as a nation should be working towards the common good, that in addressing poverty our consideration must recognise that we are all interdependent in society and if we have people living in poverty and financial hardship then we, as a whole nation, suffer. Our submission actively calls on policy makers to make a preferential option for the poor, and a truly ethical framework to policy would elevate the claims of the poor above those of others of less need.

We would like to emphasise, as others have in the course of these hearings, the importance of employment in reducing poverty, and we have made some recommendations around this issue. Employment is important for a number of reasons. It is the means by which many people express their inherent human dignity, and we believe that governments have an obligation to ensure that all measures possible are adopted to maximise opportunities for all who seek paid employment; not only that they find paid employment but they find a just remuneration. In this respect, we

have highlighted our concern about unemployment—particularly long-term unemployment—and we have highlighted a concern about the current distribution of work in Australia.

The Senate has heard evidence from others, including Peter Saunders from the Social Policy Research Centre at the University of New South Wales, that it is full-time work which is the key to reducing poverty, yet we know that many of the jobs that have been created are part time and casual. Of course, this is not bad in itself, because many people prefer part-time or casual jobs. However, there is evidence from the ABS that many people in part-time and casual jobs want more hours of work. Further, the risk with a growing number of casual jobs is that they have inherent poverty traps such as no sick leave, no recreation leave and no superannuation.

On the other end of the spectrum, we know that many people in full-time work are working longer and harder and want to work less. One task of a poverty alleviation strategy and the independent commission for poverty reduction could be to develop strategies to balance this obvious discrepancy between those desperate for more work and those desperate to be working less.

We support active labour market assistance and recognise the benefits of the Job Network system. We also recognise that, while the Job Network is not perfect, there have been some improvements over the successive contracts. However, there remains a problem with the level of incentives that are built into the system to support job seekers into training. For this reason, we have included a couple of recommendations for the Job Network to provide incentives for job seekers to enter training. The Job Network system actually discourages Job Network providers from referring job seekers to training, because of the outcome payment structure, and that is why we propose some recommendations in that area.

This view has been supported by others in the sector. Laura Tingle in the *Australian Financial Review* recently reported about the Senate inquiry into current and future skills shortages. The article reported on the submission from the National Employment Services Association that the payment and incentive structures involved in the Job Network work against them providing any hard skills training to the unemployed that they are trying to help or against them working proactively to identify and fill skills shortages. They also stated that there is no significant assistance provided to job seekers to pursue vocational training to meet skills demands in the local labour market under the current model.

If we are going to reduce unemployment and have people move into long-term jobs with a future, we need to skill up our potential work force, and these disincentives to training should be removed. Further, we need to be more proactive about creating jobs; real jobs and long-term jobs. This will require a concerted level of effort by government, business and the community, yet in many ways the jobs we should be creating in themselves reduce poverty. If we can create jobs in the areas of infrastructure and social development, this builds capacity and support within the community. Poverty is not just about access to financial income but access to infrastructure and services.

St Vincent de Paul yesterday provided their views about the identified need for extra teachers, nurses, aged care workers and child-care workers. We know there is also a need for improving our public transport systems and repairing Australia's river systems and other environmental projects. If we are serious about reducing poverty, we must be serious about getting people into

work, and this will mean creating new jobs. We need people in skilled jobs and we have people who need work. We have to be more proactive to make the investment to marry these two needs.

CHAIR—Thank you, Ms Deerain. You argue on page 12 for a national approach to poverty alleviation. Do you consider that your proposal for an independent poverty commission would merely add another layer of bureaucracy?

Mr Long—There is always the risk that bureaucracies may not achieve the objectives sought, and that could be a source of criticism. I suppose the model that we are presenting is one that provides a mechanism for coordinating independent research to the government as part of an independent government analysis, along the lines of the Productivity Commission. I have never heard anybody call the Productivity Commission an additional or excessive layer of bureaucracy, because it has been successful in building consensus for social change.

CHAIR—People might not argue that it is independent either.

Mr Long—That is right, but the independence at least is put into the statute. We would be seeking that for an organisation of this nature. It does not have to be as big as that other organisation. It could be a small, tightly focused organisation of some 30 or 40 people.

CHAIR—On page 5 of your submission, at point 6 of what I think might be a list of recommendations, you say:

Substantially increase zone rebates in regional areas of greatest disadvantage to stimulate economic activity.

Would you like to expand on that for us, please?

Mr Long—Yes. We decided not to discuss the issue of our proposals for regional Australia in our presentation, but I think it is admitted generally that the zone rebates are extremely low in this country. That is the rebate provided through the taxation system for areas of regional disadvantage. The definition of the zones under that scheme is sometimes described as somewhat problematic. We just present this as an option, and no options are perfect panaceas for problems, but part of the strategy for dealing with regional disadvantage is identifying zones of disadvantage. This has taken place overseas as well. When you have identified that zone, the tax system is a good mechanism for providing a rebate.

Simply expand the current levels of rebate, but review the zone structure of those rebates to make sure that they are more targeted to areas where regional disadvantage can be measured. The advantage of this, from an economic perspective, is that it involves no distortions in the price mechanism. It is just a tax rebate. It is an economically efficient way of stimulating economic activity in areas of disadvantage, with the consequent economic benefits that would flow from that.

Senator KNOWLES—I would like you to help me clarify something. On the statistical comparisons between the UK, Ireland and Australia, on every bit of evidence that we have been given that I have seen—and I should qualify that, that I have seen—Australia is much better off than the UK and Ireland. Let me give you two examples, one that we have been given this morning. In relation to child poverty in jobless families, the UK is 20 per cent, Ireland is

18 per cent and Australia is 13 per cent. In relation to child poverty in low paid families, the UK is 20 per cent, Ireland is 17 per cent and Australia is 13 per cent. Why would you want to go and look at their models vis-a-vis ours? What is different about their models than what we are doing here? In your submission at page 37 you say:

The UK's approach to tackling unemployment has three complementary strands: maintaining a strong and stable economy—

Australia is doing that—

providing an active welfare system which provides an all-important safety net—

Australia is doing that—

targeting help in particular areas—

Australia is doing that—

making work pay, with extra financial assistance for people moving from benefits to work—

Australia is doing that—

making work skilled and providing skill opportunities—

Australia is doing that. The same applies to the list of measures that you have quoted here for the Republic of Ireland. I am a little confused. Their figures are worse and the criteria that you wish to see established are already present in Australia. What am I missing?

Mr Long—The analysis that I would focus on in terms of comparing Australia, the UK and Ireland would probably use one of the leading international indicators, which is the Luxembourg income survey. Under that basis, over a considerable period of time there is a relative similarity in terms of Gini coefficients and distribution between the three countries you mentioned.

The question about favouring the strategy is not based upon a comparison of the relative income and equality in the nations but looking at the institutional model that has been in place. Certainly there is no contention in this submission that nothing is taking place or the governments are doing nothing to alleviate poverty. The contention in this submission is that such an approach could be better coordinated into a national strategy and then targets could be set that give a measure of performance against that strategy.

Senator KNOWLES—Mr Long, can I interrupt there, because I think we are getting a little bit away from where I am trying to get an answer. That is, the frameworks that you have quoted in this submission for both the Irish model and the UK model are almost identical to what Australia is doing now, if not identical. I have gone through all of that and just gone, 'Tick, tick, tick, tick; fait accompli. That is what we're doing.' What I would like to know is: how is it different? Why are you recommending those two models?

Mr Long—I might make two points in response, if you do not mind. One is simply that there is, as a key feature of both those strategies, the imposition of targets and the measurement of performance against those targets. That has the consequent effect of benchmarking levels of disadvantage and therefore coming to some collective agreed objective sense or measure—not a hard and fast number—of what ‘disadvantage’ means to be measured against these targets. The benchmarking and the targeting are essential elements of both those strategies which we would put to the government as elements that it might like to consider.

Senator KNOWLES—It is not a bad suggestion, but I would say that it is a bit preposterous to suggest that Australia does not have targets. We do not have a target of saying that by 1990 no child will live in poverty—whistling Dixie in a west wind—because there is a lot that we just simply cannot solve. But the thing that concerns me is what you said there about the measurement of performance against those targets. The measurements that we have had presented to us by way of evidence show that the outcomes for both those countries are in fact worse than Australia’s achievements.

Mr Long—It is early days to be able to assess in a serious way these strategies that have not been in place for that long in the UK and Ireland. The assessment here is based upon their institutional structure rather than on their actual reduction commitments. There are some positive signs, against the Irish model in particular, but again the argument here is not that there is hard evidence to suggest in terms of poverty reduction that these models are producing a situation that is better than it is in Australia. It is just that the systemic nature of the mechanisms that they apply to the poverty reduction task seem superior, better coordinated and more objective than what we have operating in this country at present.

CHAIR—One would assume that those figures that Senator Knowles was quoting have been compared to some other period.

Senator KNOWLES—No. They have not, actually, because they were figures provided by ACOSS and I notice in the—

CHAIR—No. What I am saying is that the figures that were supplied by ACOSS might be comparing 2002, now, in Australia. What I was querying was what it might have been in 1992 in Ireland and England. It may have gone down as a result of this strategy. That is where I was coming from.

Senator KNOWLES—I understand that.

CHAIR—It might have been 25 per cent rather than what it is now, 20 per cent. That is what I would like to find out.

Senator KNOWLES—That is true, and I certainly do not dispute that. I am seeking clarification on it. Mr Long, in your submission you say:

It is also worth noting that the UK Government is held publicly accountable for a range of measures to tackle poverty and have set comprehensive performance indicators which are publicly reported and which track performance since 1985 to the present.

Many of the figures that I have are from roughly the same period, and that is why I am somewhat confused, because I do not think we would want to take on models—even though I do not see any difference in them—that have a worse outcome than a strategy that is currently being undertaken.

Mr Long—If I might clarify, my response is that the strategies are extremely new in the UK and Ireland. In the UK, it was 1999 when the *Opportunity for all* statement came out, and that is the first key statement. In 2002 there was another major statement, adding more elements to their working tax credit, family tax credit models. It is a very new-day strategy in England. The Irish strategy has been around a little bit longer but not that much longer. It is too short a time, I would put to the committee, to be able to assess the effect of the strategy, particularly in terms of income disparities or Gini Coefficients, or even against measures of how many people might or might not exist in a situation of disadvantage.

The theme of our submission is: rather than getting into a debate about which system has achieved the best numbers, look at the systems systemically and see whether the systemic elements of those systems are more coordinated, more accountable, more objective in their measurement than current situations that we would put are not that well coordinated—not coordinated nationally, anyway.

Ms Deerain—It is important to say that we are not suggesting that a strategy would follow exactly the UK or Irish model. Any strategy for Australia would have to be Australia specific, and we have already briefly touched on some rural and regional issues that of course would not be the same in the UK and Ireland. While we are looking to the UK and Ireland as possible models, we are certainly not suggesting that the indicators that they use or the exact model structure that they use would be applicable to us. They probably would not, and all the issues coming out of these hearings would demonstrate the various Australia specific factors related to poverty which are unique to us.

Senator KNOWLES—Finally, could I just comment on Father Caddy's contribution. It was very refreshing. If that is the new definition of Catholic Welfare Australia's contribution to discussion on issues in Australia, I am delighted, because as a Catholic I have to say that I have been completely browned off—I cannot say moderately browned off—with the Catholic Church's contribution over recent years, which has been so political. If your definition is the new one, terrific. Thank you.

Father Caddy—Thank you very much, Senator. It is our hope that we would be included more in the social debates and in some of the key positions. We are not well represented at the moment, so it would be our hope that we can become better represented in some of the key discussion places on social policy within the government and in the nation. Thank you.

Senator MOORE—Mr Long, trying to find some common ground has been one of the frustrating parts of this process. There seems to almost be a contest as to whether there is a problem and, if there is, how you define the problem. Certainly my understanding of your proposal is that the reason you are promoting the kinds of modelling that have occurred at the UK and the Irish government level is that there has been an agreed cooperative approach where the movement forward can then be openly assessed. Senator Knowles's figures about the process in the UK and Ireland did start from a lower base. That is a given. Their issues were more highly

defined. My understanding is that the modelling that you are proposing is clearly linked to the summit and then the independent commission, so that once the work starts there is an agreement about what you are hoping to achieve and that the partnerships are already put in place. Is that accurate?

Mr Long—That is a reasonable reflection, Senator.

Senator MOORE—So that the concerns about whether it is 20 or 13 or whatever are out of the way by the time the grouping begins to implement programs.

Mr Long—The idea of the independent commission for poverty reduction would be to sanitise that debate, to make it a consensus approach to the question of the measurement of disadvantage that is accountable, credible and understood by all Australians.

Senator MOORE—And that there is at least some independence at that stage and maintained throughout from then on.

Mr Long—And to report through that on the government's performances.

Senator MOORE—I think that addresses the issue about why we would be following a model. It is that first point about where you start that needs to be agreed.

Mr Long—Yes. That is a central part of the UK model.

Senator MOORE—I have some real problems with the issue of tax credits. I have no particular clear position on it. It is something I am throwing around in my own mind at the moment. Your paper is one of the ones that clearly says that a system of tax credits is one we should be considering. I would really appreciate you having a chat about why you have gone down that road and why that is one of the things you recommend. It has not been recommended in quite so clear a way in other submissions, although the term is thrown around a lot. I would like to have some evidence about tax credits.

CHAIR—Particularly, Mr Long, one of the national unions representing a lot of people who are underemployed—the Liquor, Hospitality and Miscellaneous Workers Union—is very much opposed to tax credits.

Mr Long—It is important to clarify that tax credits can be considered in different ways and in different contexts. As part of our submission to the welfare reform inquiry we enter into that debate about the 'five economists' plan' and the question of tax credits as a low-wage subsidy to deal with the problem of effectively, as part of a welfare reform, subsidising low-wage work. I can understand why some unions might have problems with that. We will leave our debate to that forum because in the context of this inquiry tax credits relate to questions of regional disadvantage. It is completely separate from the question of the interaction of tax and the social security system, at least in terms of the detail of the submission.

Really what we have done is taken a look at what some of the US states are doing. The US states have run job creation programs through the use of tax credits, whereby an employer who agrees and meets certain other standards of good corporate governance, environmental standards

and so forth and who takes on new staff will get effectively a credit or an exemption from a whole raft of US federal and state taxes—mostly state taxes—that can be applied. They are very significant. It is a wage subsidy, really, through a tax credit, but in this context it would be targeted at areas of regional disadvantage. Of course, we would have to have a mechanism of assessing those.

None of these models are without costs and without uncertainties. But we do have a unique problem of disadvantage in Australia, different from the UK and Ireland really, in that regional disadvantage is a major factor. This presents a model that has been applied reasonably successfully in the US to stimulate job creation and to stimulate economic activity in regional Australia. It is really the US approach in that context. It could be adapted to the Australian system, so the tax credit would take effect from Commonwealth taxes. It would not have to be a state based scheme; it could be a federally funded scheme.

Senator MOORE—I note that is in your submission. I was much more interested in how you saw the tax credit and social welfare system working together, as in recommendation 6 on page 20, which is the other form of tax credit. The one you have described I see as simply another version of a wage subsidy, where various schemes have operated in the past—just this nexus between the tax credit and the welfare scheme.

Mr Long—Sure. That is in the context of welfare reform.

Senator MOORE—Yes.

Mr Long—We do not support the ‘five economists’ plan’ that links a reduction or a pause in real wages to the provision of a tax credit. You will notice that even though it is listed in the options it is not included in the recommendations.

Senator MOORE—Yes, I did notice that.

Mr Long—There are a number of other proposals—the US EITC scheme and the Keating/Lambert proposal—and other ones have just been noted as possibles. What we are attracted to is trying to apply a moral, ethical principle to the way in which we might integrate the systems, and that is that the effective marginal tax rate should be set at the top marginal tax rate; in other words, about 50 per cent. How do you get there? There are significant modelling challenges associated with the design features of the tax and social security systems that would have to be met. I am not pretending that we could just come out with outcomes where it is difficult to identify winners and losers and additional expenditure.

There is one proposal that we will put in the welfare reform submission, and that is that there are precedents in the tax system for considering the use of a special rebate. This has been applied in the past in the context of superannuation, whereby if a person’s effective marginal tax rate simply gets above an agreed threshold, as specified by legislation, then for that individual the effective marginal tax rate—in other words, the taper rate of their benefits—is not applied until it is smooth, it is reduced, so that it meets the test, the 50 per cent limit. The advantage of that is there are no losers. It is an administrative lesson. None of these problems are easy, but it could be done automatically through the Centrelink database. Obviously there would have to be interaction between the tax and Centrelink databases, which has been a bit of an issue.

Senator MOORE—Not when it comes to data matching, Mr Long. They seem to be able to get that to work pretty well.

Mr Long—Some parts of the computer systems work better than others.

Senator MOORE—Yes.

Mr Long—As a principle, it seems that is ethically just—namely, the effective marginal tax rate linked to the top marginal tax rate and the provision of a rebate, rather than a tax credit per se, might be able to ameliorate the problem. The problem with a tax credit is that it is very difficult to devise a system where you will not get any losers and winners who should not be winners. It is very tough.

Senator MOORE—Can you also provide to us the work you are doing for the other inquiry?

Mr Long—Certainly. It is included in rudimentary form in the submission to the Senate inquiry into taxation, but I would prefer to provide it to the committee in the context of the welfare reform submission, which was due today actually but we have an extension for a little while. We would be happy to table that, if you would like, and we will enter into any discussions that you might have about that.

Senator MOORE—That would be very useful.

CHAIR—Thank you, Father Caddy, Mr Long and Ms Deerain.

[1.53 p.m.]

AUSTIN, Ms Julie, Policy Adviser, Carers Australia

GILMORE, Mrs Louise, President, Carers Australia

CHAIR—I welcome representatives from Carers Australia. Information on parliamentary privilege and the protection of witnesses and evidence has been provided to you. The committee prefers evidence to be heard in public, but evidence may also be taken in camera if such evidence is considered by you to be of a confidential nature. The committee has before it your submission. I now invite you to make an opening presentation, to be followed by questions from the committee.

Mrs Gilmore—Thank you. I am in this role as President of Carers Australia because I am a carer, basically, so I am your walking, talking case history today. Carers are a crucial component of the system of care in our community in this country. Seventy-one per cent of care in the community is provided by family members and friends—people like me, in fact. According to figures from the Australian Bureau of Statistics, there are at least 2.3 million people in Australia with some level of caring responsibility. Those figures are also quite out of date and we are expecting new figures next year.

Carers are a unique and vulnerable group, although we are so numerous. Around 50 per cent of primary carers of work force age depend on the government for their main source of income. Some are eligible for the carers payment, which is equivalent to the age pension. Others are more likely to be getting some other form of welfare payment which may not even be as high as the age pension. Carers are unique in the sense that they already do many hours of work for the payments they receive—that is, work in the home caring for someone. They are vulnerable because by taking on the care of someone else there is evidence that they are predisposed to be sicker and poorer than their peers who do not have caring responsibilities.

For most carers life is somewhat of a daily struggle of competing demands, but for those living on low incomes everyday living can be particularly difficult. The majority of carers are in fact of work force age and many would like to work, but their caring responsibilities are significant barriers to full-time work and to having careers. Many have to be content with low-paid and insecure jobs, if they can get work at all.

Just as an example, around 30 years ago I was working as a young journalist. I had, in very quick succession, demands to look after three members of my family—my husband, my little newborn baby and my mother-in-law. In the course of this process I asked my employer if I could become a permanent casual worker so that I could somehow balance the caring with the work. That was permitted for a short time and then I was told that this was evidence that I was not serious about my career and I was sacked.

You might think this is just a horror story from the bad old days, but in fact just this year I have met—through Carers New South Wales, where I live—two senior journalists. I am not going to mention their names. If I did, I would not be surprised if you recognised them, because

they write for the quality press. They have quite suddenly had caring responsibilities for children and, although they have not been sacked, what they have found is that the point of view of the employers is the same: it is considered that, if they cannot meet deadlines, they are not serious about their careers. Both of these people have put their careers on hold for the sake of their children at the moment.

In many ways things have not changed in the last 30 years. The situation for those two people I have just referred to is bad enough, but at least they are well into their 30s, they do have careers, they do have reputations and they do have some level of financial stability. They also possibly have the opportunity of going back into their careers at some time in the future. But imagine what it would be like to be a single parent with one or more children with disabilities, with no career training and no close family support; or what it might be like to be a 75-year-old still caring for a 50-year-old disabled child. In fact, I am approaching 60 and I have a 30-year-old disabled child who has acute health problems that have come up just recently, so I know exactly what we are talking about when we say this. Or imagine what it might be like to be a 12-year-old with sole responsibility for a parent with a mental or physical illness, or a low-income worker who has to work long hours but still has to balance caring responsibilities at home. All of these neglected groups are highlighted in the submission we have made.

How do these kinds of carers, who are making a lifelong commitment to the people they care about—and, by the way, to the community as well—find a way of going to work, of saving money, of amassing superannuation? In the case of the children whose whole attention is very often taken up with worry and concern about the parent they are looking after, how are they to get an adequate education so they can move on in their lives—not to mention how are these people going to find time to care for their own health or have a bit of a life? They often have very little control over their lives. They have little control over whether or not they take up the caring role.

Coupled with low income, these people very often have to cover extra financial costs that come about from being a carer, from having someone to care for. These include costs such as extra electricity, gas, water, maybe equipment for caring for someone at home, housing modifications, medication, telephone—all that sort of stuff that multiplies when there is somebody in the home that needs care. These kinds of costs can be a huge drain on anyone, but for someone on a very low income, it is very challenging indeed. Carers South Australia did a recent survey on electricity usage and costs. They found that electricity alone can consume up to 12 per cent of the carers payment.

That is all I have to say up-front. I refer you to the recommendations in our submission, which we have put together with the idea of assisting carers on low incomes who are poor. We hope the implementation of these would go some way to helping people who we feel are already doing their share for the community.

CHAIR—Thank you, Mrs Gilmore. Ms Austin, would you like to say anything?

Ms Austin—No. I will just support what Louise has said.

Senator KNOWLES—There is a real problem, isn't there, with carers of disabled people and how they balance work and care. I never cease to be amazed. I am in an unusual circumstance. I

have been adopted by a family where the mother and father are both lovely people who have unfortunately separated. They have four children under the age of 11, three of whom are autistic—two are nonverbal autistic—and the mother has lupus. She is studying full time to be a special ed teacher. Why? Because she believes she has a contribution to make and she believes that she wants to provide some safety and security in the future for her children. She is the most remarkable lady. That is not to diminish her role also as a carer. From your experience, how do we provide the opportunity for people to make that balance between caring and going out and getting work that can ultimately provide greater long-term security?

Mrs Gilmore—The major barrier to carers who want to work is the lack of alternative care arrangements for the person they are looking after. Really, what we are talking about here is a range of forms of respite.

Senator KNOWLES—But how do we do that in a practical sense? I am not disagreeing with what you are saying. If we could have respite care in abundance everywhere, we would not have a problem. How do we do that, though? How do we, in a practical sense, provide all the respite care that is needed for all the different categories of people—from the aged to the disabled to the young to the babies? How is that achievable?

Ms Austin—The respite out there at the moment is largely supplier driven rather than demand driven, so the carer has to fit in with what is available rather than the other way round. We need a big change in attitude from the supplier point of view to make it that much more flexible. On the other side of things, from the employer perspective, we need flexible workplace arrangements to allow people to have the time off that they need to maintain their caring responsibilities as well. There is a dual front there to try and accommodate people with caring responsibilities.

All the emphasis at the moment, in terms of work force and caring responsibilities, seems to be on people with young families—normal children who do not have any special needs. We are talking about family and caring responsibilities, so it is a bit broader than just preschool age children too. It will become more and more a feature of our society as the population ages and we will need to accommodate that. We need more flexible services, more of an accommodating attitude from employers and more general community awareness that we are not just focused on young children; we are focused on a more holistic view of what family is and what caring responsibilities are.

CHAIR—In relation to the advent of carers and more involvement, would you say that there is far more involvement now by families and friends than there was 50 years ago? Is this something that we have not really got our minds around yet—how involved it is now, and that these people are actually living, when they once did not live so long?

Mrs Gilmore—That is part of it. Medical technology has reached a point where people are living who did not live. People who have had traumatic accidents, for instance, are surviving, babies that are incredibly premature are surviving and people are living to be older, so there are more years in which to become frail and more dependent. That is a major factor, and what that actually means is that the things that people are being asked to do at home are becoming more and more quasi-medical, because the people who are surviving have much higher needs.

This is not across the board, of course. Many people are caring for someone at a much lower level. We do not want to talk only about horror stories of multiple problems. There are many people who will go on, year in and year out, caring for their partner or their child or their parent, and they too need support. But there does seem to be a growth in this high end support. This is where carers find that it is almost at a level of nursing home care. I do not know whether you saw in the news yesterday in New South Wales that hospital beds are being clogged up with elderly people who should be in nursing homes, and there is a bit of a fight going on about that. But I think what that says about carers is that people are getting desperate, because they are being asked to supply care which one little family or one person in the suburbs simply cannot supply. One person cannot give that level of care.

This also applies to children. Society has changed over recent times, with the growth of single parent families and with families being much more scattered. Children were never expected to take on the demands of caring for an adult. There was always somebody in the community or the neighbourhood or in the broader family who would take that on, and the child would be looked after, along with the parent. But nowadays there is this growing problem of children who are the only people there to do the caring. It is a matter of considerable concern, and it is a new development in society. This has not happened before.

Ms Austin—It has probably become more of an issue as time has gone on, in that up until the 1980s people were cared for more in institutions than they are now. As the institutions have closed, the responsibility has been placed back on the families. The data that AIHW produces each year clearly shows that trend. As well as that, women's role in society has changed, in that most of them work these days, whereas previously they would have stayed home and taken on these responsibilities. Nobody talked about it: it was just their responsibility, and that is what happened. Coupled with that, people are having fewer children, so you cannot spread the responsibility across the family in the way that you did previously. There are fewer people to spread it amongst, so it has become very much an issue based around smaller families in the community.

CHAIR—Employment opportunities are something now that we have not got our heads around yet.

Ms Austin—That is right. Nobody worried about it 20 or 30 years ago: there was a woman at home to take care of grandma or the child or whoever needed the care.

Senator MOORE—I am interested in your recommendations, because they cover so many things, specifically in terms of linkages to payments. One of the things I want to ask about is the recommendation that people with full-time caring responsibilities be excluded from participation requirements under the various return to work programs that we have. I was unaware that people with full-time caring responsibilities were caught up in the participation requirements. Was there any particular group of people you were referring to in that recommendation?

Ms Austin—If they are on carers payment, they would be excluded, but not all carers are on carers payment.

Senator MOORE—No.

Ms Austin—You might find somebody on Newstart allowance and that sort of thing, where the care needs might not be high, but they still have a caring responsibility, so they might still have to meet the obligations.

Senator MOORE—From your point of view, would they still be full time?

Ms Austin—Yes. It is a bit murky.

Senator MOORE—It is a very confused area, in terms of defining the care requirements and also the location of the care, which is another issue.

Ms Austin—It is hard to set rules around, because there are so many different cases.

Senator MOORE—Is your organisation involved with developing policy? Do the departments—FaCS, Centrelink, and Health and Ageing—engage your organisation when they are looking at policy development in these areas?

Ms Austin—We have a good relationship with all of those departments. The extent of our involvement varies. Part of our usual routine every year is to put in a budget submission. We know they look at that. Like everybody else, we have to wait for budget night to see whether anyone has taken any notice of us. At the moment, there is the community care consultation process going on. We are very much involved in that.

Senator MOORE—Was the recommendation that you double the allowance based on anything apart from the fact that it is not high enough? What was the rationale behind the recommendation for doubling it?

Ms Austin—It was originally put in place, we understand, as a recognition of carers. At that time, it was not intended to cover the costs of caring, but there are costs of caring which people find difficult to cope with, obviously. Those need to be more than just recognised; they need to be compensated for those. Attaching that to the carers payment would probably be the easiest way to do it. Where the carers payment and the carers allowance might fit within a new welfare reform package is uncertain at this stage. That is on the table, too. We have put it in there in this way: that it is on notice that this needs to be addressed, increased and also that it needs to continue to be included as part of the payment system to carers.

Senator MOORE—Do you find that the people who become members of your organisation have any real understanding of who provides what in terms of support? For someone who becomes a carer—for any number of reasons, because of their family circumstances or whatever—there are various support mechanisms available, from federal, state and local governments. Is there good information out there so that they understand exactly what help is available?

Mrs Gilmore—Carers Australia is an organisation whose members are the state and territory carer associations, so it is at the state and territory level that we get in direct contact with carers themselves. Yes, at that level there is an absolute plethora of information which goes out through the carer resource centres. The state associations are part of their business. In terms of who pays for what, the information is there, but, to be quite honest, I do not think carers give a damn. The

feedback that I get—because I am president of New South Wales as well, so I have that much more direct contact—is that carers get very impatient at being told who is paying for what. They do not want to know that. They just want to know, ‘When can I get respite? Will it suit my needs? What demands are made on me and how can I survive this?’ Certainly, everything is branded, and finding out who pays for what is not that hard.

Senator MOORE—Is there a one-stop shop?

Mrs Gilmore—Yes. That is the carers association in each state and territory.

Senator MOORE—Which is your organisation?

Mrs Gilmore—Yes.

Senator MOORE—It is not a government organisation?

Mrs Gilmore—They are government funded.

Senator MOORE—But, in terms of a spot where someone can go to say, ‘Help, what can I get?’ you would expect that it is your organisation, as opposed to somewhere else.

Mrs Gilmore—Yes. Through these resource centres, we have a major contact with people by telephone. There is counselling, which has just been set into place, but information has been part of what we do for many years.

CHAIR—Does the information depend on the type of caring that the carer is providing?

Mrs Gilmore—Yes.

CHAIR—How does that impact on, say, a young person, such as you have mentioned in your submission? Do they get to know what assistance is available to them?

Mrs Gilmore—I think they are one of the major groups that tend to miss out. Clearly, the information to children has to come through their parents and maybe through social workers and other workers. Young carers as an issue has really only been defined in the last three to four years, at which point it was taken to governments at the state level—certainly in New South Wales. Finding ways to reach children with caring responsibilities is a major part of what we are attempting to do. We are doing that through the education department. We also run camps for children with caring responsibilities. We organise respite so that they can get away and come to camp with other children with caring responsibilities, and we do that in partnership with Rotary. We have a range of other things that we do, and we seek funding specifically for projects like that. But those things that we do at Carers New South Wales, for instance, are just individually funded projects that do not reach many people. There are many young children out there that are not being reached.

CHAIR—Thank you very much, Mrs Gilmore and Ms Austin.

[2.18 p.m.]

CRESSWELL, Ms Ara, Executive Officer, Australian Federation of Homelessness Organisations

MULLER, Mr Thomas, Policy and Networking Officer, Australian Federation of Homelessness Organisations

CHAIR—I welcome representatives from the Australian Federation of Homelessness Organisations. Information on parliamentary privilege and the protection of witnesses and evidence has been provided to you. The committee prefers evidence to be heard in public, but evidence may also be taken in camera, if such evidence is considered by you to be of a confidential nature. The committee has before it your submission. I now invite you to make an opening presentation, to be followed by questions from the committee.

Ms Cresswell—AFHO, the Australian Federation of Homelessness Organisations, is the peak body for homelessness in Australia. We federate the National Youth Coalition for Housing, which is called NYCH; WESNET, the Women's Services Network; and CHPA, the Council for Homeless Persons Australia. We also have a broad membership of homeless service providers, government agencies, individuals, homeless people themselves, academics—a very broad membership. There are around 1,300 homeless people's services in the country and the majority of those are in our membership. We work around issues of policy, and we ran the National Homelessness Conference in Queensland a couple of months ago, which brought together people from all of those sectors, and certainly the service users themselves.

We know that in Australia, homelessness is a growing problem. The 1996 census estimated that there were 105,000 homeless people in the country. We have since had the year 2000 census. The stats from that are not at this point available, but we do know that that census went out specifically to access homeless people, so they worked with our service providers, saying, 'What we want to do is measure how many people are sleeping rough and how many people are in homeless people's services every night.'

In relation to how many people are sleeping rough, they actually went out under the bridges, to the places the homeless people gather, to attempt to measure that. We know that they will not have measured all of it. We know that there are a whole lot of people who do sleep rough that will not have been counted. We also know that there is an under-enumeration around Indigenous homelessness and that the statistics we have for the homeless people's services do not count many of the Indigenous services, because the data is currently not culturally appropriate. That is being worked on at this point in time. We do know that we will not have captured people, but we expect that there will be a vast rise on that figure of 105,000 from 1996. We expect those statistics to be out in November.

The majority of our service providers are funded under the Supported Accommodation Assistance Program, SAAP, which was the program instituted in 1985 to bring together the homeless people's sector. SAAP is known as a safety net around these issues. It aims to provide housing and support services to homeless people. We are currently in the fourth incarnation of

SAAP—SAAP 4. We are about to undergo a national evaluation of that program, and to date we do not have a commitment to there being a SAAP 5. We hope that that national evaluation shows us that there will be a SAAP 5, and we would certainly be saying to you that it is something that is crucial, because homeless people are perhaps those most affected by poverty and they are among the most marginalised and most disenfranchised of all the citizens in this country. Homeless people live without many of their basic rights, and certainly the right to housing is one that they miss out on on a daily basis.

SAAP as a crisis program interfaces with a whole lot of other mainstream programs, and we believe it is crucial that that is linked up at a national level. Where SAAP links with programs like mental health, where it links with alcohol and drug, where it links with the legal system, all those links need to be made at a national level as well as at a state and territory level. We think SAAP is a world-class program but we think we need to keep working on it and we do not want to become complacent. We also believe that the value of SAAP is that it is a joint Commonwealth-state program and it is a special purpose payment. We would certainly like to see SAAP remain that way. The people who come through SAAP move from state to state and through the territories. We do believe that homelessness is a national issue and we see that one of the values of SAAP has been the working together of the Commonwealth and the states and territories. It has been very valuable. We are certainly hoping to see a commitment around SAAP 5 and a commitment from the government to ensure that there is one.

In terms of homeless people in the country, the number that enter SAAP services is increasing. Our data is showing that there is an increase every year. Forty-four per cent of the clients are male and 56 per cent are female. The highest rate of service usage is by 18- to 19-year-olds. That is by far the highest use. However, 33 per cent of all support periods—a support period can mean not just one use; a support period is a use by a client, and many of those come back—is by men aged over 25, who generally present alone. People from Aboriginal and Torres Strait Islander backgrounds make up 17 per cent of the clients in homeless people's services every night. In other words, two per cent of the population make up 17 per cent of the clients in homeless people's services, which we consider an alarming statistic, particularly since we know that that is an under-enumeration. We know that the statistics we do not get for this sector are from the remote areas and particularly from the Indigenous services, so whenever we do get those statistics we can guarantee that that figure will be a lot higher. There has been an active effort to reach those services, and we are seeing that the figures are going up.

The most common reason for accessing homeless people's services is cited as domestic and family violence. That relates particularly to women and children and young people escaping violence in the home. That is the most common reason cited. The second most common reason is eviction or the ending of a previous accommodation arrangement. There is a range of reasons why people access homeless people's services, but those are the big ones—and relationship and family breakdown. Most clients have received a government pension or benefit before entering a service. Certainly after leaving homeless people's services, there is an increase in that. Some come with no money. Services are certainly seeing people who do not qualify for any payment—those with the two-year waiting period. There are a number of those, so services are struggling to maintain a service for many of the people who have no income.

Interestingly, the most common form of accommodation before support within the SAAP sector is also the SAAP sector or other forms of emergency housing. What we are seeing are

people leaving homeless people's services and going on to homeless people's services. They are actually moving through the system. What we are finding is that, because of the lack of affordable accommodation, there is not the range of options we need, in terms of a base for people to move through. Most of the clients that come through our services do not have employment—either before or after they leave the SAAP sector. Of the people who entered the SAAP sector in the year 2000-01, 50,800 were children accompanying a mother usually but sometimes both parents and sometimes a father. But in the main, 86 per cent of them were with a mother. Ninety per cent of those 51,000 children were under the age of 12. We are beginning to see in homeless persons services, second, third and fourth generation clients of the services. We are seeing intergenerational homelessness. We are seeing families where the refuge experience and the experience of poverty is not new, where they almost consider it to be normal. We consider that work needs to be done in this area urgently.

We are also seeing people who live in after-housing poverty. These are people paying so much for their housing that they are not able to survive. They end up losing their housing, because they cannot maintain it. We are particularly concerned about young people and their access to inadequate income, which leads to an inability to sustain housing, certainly in the private rental market—and this is highlighted by the fact that the age group with the largest number of people in our services is the 18- to 19-year-old age group. It is a concern for us.

You have a submission from us with quite a few recommendations, but we would like to draw your attention to the first two of those recommendations. The first one is that AFHO calls on the government to screen all social and economic policies for their poverty effect, with a view to ensuring that no policies act to increase poverty levels in Australia. The second one is that AFHO recommends that the Commonwealth government develops and implements a national poverty alleviation strategy as a matter of priority, with a focus on homelessness as a central element of the strategy. There is much more I could say but it would be good to be able to know what it is that you would like to hear from us. I would reiterate that homeless people often live in abject poverty. Some of the people we see coming through are in a state of very, very poor health. Many have serious mental health problems. Many of them have not accessed services or do not know about services and the homeless people sector works very hard to ensure that a range of links are made, to try to help people break that cycle of poverty.

CHAIR—Thank you, Ms Cresswell. Mr Muller, would you like to add anything?

Mr Muller—No, thank you.

CHAIR—Ms Cresswell, you have given us a general profile of homelessness in Australia at present. Do you think that has changed over recent years? We had evidence in Adelaide of people starting to live in cars more regularly. That is as I recall the evidence we were given. There were things like that. I wonder if you could comment on that.

Ms Cresswell—Absolutely. There is no question, Senator, that there is a change in the nature of homelessness. It is so much more common. The beauty is that we are talking about it now and we never used to. When I commenced working in this sector some 20 years ago, there were beds available. Someone would ring up for a bed and they would be given a bed. Nowadays they ring up for a bed and they go on a waiting list.

Senator LEES—Where do they go?

Ms Cresswell—Many of them go to the street. Some of them stay in unsafe situations. I have known women and children escaping domestic violence who stay at home and in fear of their lives because there are no beds available. Some of them go to the street. Many young women turn to prostitution. Many young women who come through our services find men to stay with for a night because they keep warm that way. They will go anywhere and everywhere to find somewhere to sleep, because there are waiting lists across the country. In many areas, such as remote areas, there are no SAAP funded services. The majority of our services—31 per cent of them—are located in New South Wales and yet only 7 per cent are located in remote areas. Sixty-two per cent of all agencies are located in capital cities. Of course, homeless people gravitate to the capital cities, but there is no question that homelessness is becoming more rife. People do not even identify as homeless. If they live on someone else's couch, they do not see themselves as homeless. That is particularly true around domestic and family violence. People who have had to leave home and no longer have the safety of a home do not think that that constitutes homelessness. They think that the house out there that they have left is still their home. Often they can never access that house again.

Things are definitely changing. More people are in cars, more people are in parks. We are seeing around the country local governments doing things like putting up shower blocks and putting up structures where homeless people can leave their sleeping bags and bringing down vans with doughnuts and coffee. We applaud those measures, but we do not want to create that as an alternative.

CHAIR—Just as an observation from some of our submissions, would there be more mentally ill people now on the streets than before? Secondly, going back once again to Adelaide, we are told that as a result of remote or regional areas losing work families come in to the city. That is what was said in Adelaide—is that also your observation?

Ms Cresswell—There is no question that that is correct. We are seeing more homeless families than ever at this point in time. In the very beginnings of SAAP there were very few family services, because there was not that much family homelessness. There is a lot of family homelessness now, particularly with the escalation in rents. Often people cannot afford to live in the places they do live in. There are rising rates of evictions.

The question around the mentally ill is a huge one. We do not accurately measure the number of people in our services that do have mental illnesses. We have questions in our data that says, 'Have you come from a psychiatric institution?' but it is a very difficult one to measure. We know when someone presents that there might be something wrong. It is quite easy to pick some of those problems. We know that it is huge. We know that mental health services discharge people from residential care to homeless people's services, effectively saying, 'You leave our hospital. You are now homeless.' It ought to be a requirement that nobody is discharged from a mental health facility without a housing plan that says, 'You are not being sent onto the street.' We see too many people on the street.

The SAAP sector is also doing something we call relapse prevention, when people come back to homeless people's services, when they know they are about to have a psychotic episode or when they know they are about to relapse onto alcohol and drugs. Some people come into the

sector and they might go to detox and get themselves off alcohol and drugs. They might go to the psychiatric hospital and get their medication up to scratch and then be in the SAAP sector a little longer and be found housing but, if they find they are about to relapse and something is about to go terribly wrong, they may go back to that service and say, 'This is really bad. Can I please have a bed.'

They are not actually homeless in that they do often have somewhere to go, but they know they will lose that 'somewhere' if they do not get help. The help in hospitals is much more expensive to the government than the help in homeless people's services. But the role for the homeless people's services is quite clear: help this person or else they will end up losing their house. We need to find other alternatives around this; we need to do a whole lot more around things like outreach, we need to be going in to homes and helping people, asking, 'How is your medication? Are you staying on it? Are you getting unwell? Do you need to see somebody? What are the things we can do to help you to get through this rough patch, so that you do not end up losing your housing?'

Senator LEES—Can I just ask about hostels. The pressure is on, I know, in Adelaide to remodel and, in some cases, because of the way the housing market has gone, to demolish. A lot of them are older buildings and investors can make a fortune if they completely remodel some of these old buildings and turn them into apartments. It looks from the statistics I have seen as if Adelaide is in the process of losing hostels and pushing even more people out. Do you have a national picture of hostels generally? How many people do they accommodate and what are some of the risks that we are now facing? In virtually every capital city, housing prices and land prices are escalating, so leaving an old home in a situation where they have, effectively, very low paying tenants is something that people are not prepared to do any more.

Ms Cresswell—What we have seen around the country is that we have lost a lot of hostels already. There was certainly the push to say, 'These aren't appropriate,' but they are more appropriate than the park. We are seeing this picture everywhere. Some of the land is worth a vast fortune and so it is much easier to sell and refurbish and bring in the money from people with a lot of it than to provide services for people who are really often in the too-hard basket—and the hostels' clientele have often been in the too-hard basket. They are frequently people with perhaps alcohol dependencies, drug dependencies or mental illnesses. We do not know the numbers of people, but we do know that there are a lot of people who have become homeless as a result of hostels closing down. We do know that those older buildings, as they have had fires or as they have been refurbished, have not been replaced by any other low-cost housing.

Senator LEES—Perhaps that is an area we could best describe as having 'at risk of homelessness' people?

Ms Cresswell—Absolutely.

Senator LEES—Is there a role for government to step in there? When we look at the aged care sector, there are the formal processes of a nursing home or a hostel. These particular hostels—the ones around the beach in Adelaide—often have, from my experience, very elderly people who either do not have the money for or do not fit into existing aged care services, but they are very much at risk, at least, of homelessness—as well as now, I think, in some cases, being at risk of not getting adequate care. Where do we go to try and prevent further closures and

to look at quality issues? It has been raised at the state level in South Australia. As you say, almost no matter what the quality of the hostel is, it is better than down on the beach.

Ms Cresswell—There is certainly a role for the aged care sector and it is something that the SAAP sector is seeing more and more of. They are seeing many more elderly people entering homeless people's services and it is really alarming. The rate of abuse of the elderly is becoming quite frightening, and in terms of the hostels I think the psychogeriatric system needs to be looking at it, because many of the aged care facilities cannot deal with the problems that we see in the boarding houses. It is certainly an area that the government needs to be looking at. Homelessness among older people is definitely on the increase. We have made efforts to look at youth homelessness, and it is clearly our big area, but there is no question that there is an increase in homelessness among older people.

We need to create the link with the SAAP sector, but the SAAP sector is at bursting point. It really cannot do anything else. The worry is that we might try and change SAAP to be something different. We need the crisis accommodation. We certainly need to also be looking at an early intervention program that deals with many of these people. If we did some work around early intervention, we might see a shift. Instead of in 15 years time sitting here, saying, 'Well, there's this huge increase now in older homelessness and in those people who would be in boarding houses,' we might say, 'We've made an impact.' But we need to be looking at early intervention strategies, and that has never been done for the people you are talking about. They have been in those boarding houses for a long time.

Senator LEES—Many of them, yes.

Senator HUMPHRIES—I have seen your recommendations about better income support for young people and better access to housing. I worry that if we were to take up those suggestions and provide high levels of support—for example, not linking the status of a person who is 18 or over to their parents' income and so forth—it might have the effect of sucking a lot of young people out of quite appropriate alternative accommodation choices, such as living at home. If an extensive government income support regime is there, you may actually encourage some people to take up the option of leaving home because of the extensiveness of the availability of that kind of income support. How do you balance those considerations? How do you make sure you are not creating a problem in getting young people out of those situations?

Ms Cresswell—It is something we see already. People say, 'In order to access an income, young people can get it if they're homeless, so therefore they're leaving home.' That is not true. Young people go to a refuge as an absolute last resort. The refuges are not nice. I do not know if you have been to have a look at the refuges; I imagine that you probably have. They are not exciting places to live. They are really tough. You have to be really prepared to stand up for yourself to stay there. Young women have to work really hard to remain safe. We work hard to make sure that the services are as good as we can ever possibly imagine, but we do not purpose-build them.

Senator HUMPHRIES—I think the recommendations I am referring to, recommendations 14 to 18, are really going beyond the idea of access to refuges. They are talking about giving young people the capacity to make choices about accommodation, which presumably could be things like shared accommodation and accommodation in a situation which is private sector based. The

flavour of what you seem to be saying is that they should be allowed a measure of independence through income support to be able to make those choices as they see fit. I do not begrudge them that choice at all, but again how do you avoid the problem of young people reaching the age of 18 and saying, 'The government will now support me if I choose to leave home and say that I no longer have a home to go to?' What if you end up with that kind of election being made and the cost being borne by the system?

Ms Cresswell—We would like to see that young people do have some economic choice. The reason why we would like to see that is that we believe many of them exist in unsafe environments. In the 20 years I have worked in the sector, I have rarely seen a person leave a good, nice home, especially where mum and dad provide the meals, where they provide warmth, where they provide security. They simply do not want to leave the homes that are safe and that allow them flexibility and that allow them a decent quality of life. It is not something that we see. It is not our experience. We do see that many young people stay because they cannot get access to income and they cannot get housing.

Senator LEES—Can I just make a comment there. I think you will find that the statistics show that a percentage of young people getting Youth Allowance are in fact getting it at home. I had that confirmed by the vice-chancellors yesterday when I was in some discussions. The system has changed a lot; alterations were made four to five years ago. They only need to show independence by earning a certain amount—I cannot remember how much it is—and then they are classed as in need of Youth Allowance, regardless of parent income.

Senator HUMPHRIES—Is this recommendation about assessing young people over the age of 18 independently of their parents' income not the case at the moment?

Senator LEES—It is not the case at the moment, no. For example, if a young person aged 17 decides to have a year off before going to uni and then continues working part time in that first year at uni, by June they have notched up 18 months. If they have earned about \$10,000, \$12,000, in that time—

Ms Cresswell—\$16,000, I think.

Senator LEES—\$16,000, is it? If they can prove they have earned that much, they can then be classed as independent, even though they are physically living at home. The universities' concern is the ones they are trying to target with scholarships—if they just give scholarships to kids who are on Youth Allowance, it has nothing to do with income, because they are no longer assessed on parental income.

Senator MOORE—Certainly the industry has been speaking with us—people involved with working with the homeless in various states. It has been one area where people have come and talked to the inquiry. We heard earlier from the Department of Family and Community Services and Centrelink about concerns we had raised with them regarding people accessing the appropriate payments, whether Youth Allowance or any payment, and people who get lost in the system and do not know how to operate their Centrelink claims and so on. Is that a role that the people on the SAAP program provide for someone who is homeless and who may or may not have trouble with their payments? Is that something you do as part of the job?

Ms Cresswell—It is something the SAAP sector does, but our view would be that it is a cost-shifting exercise. SAAP workers can spend many hours of every day in Centrelink offices trying to get income for the clients that come through their doors. It would be better if they were using that time to link those people into a range of programs, rather than spending all day sitting in a Centrelink office waiting for an appointment or hoping to see somebody.

I know Centrelink is about to do a lot of work on their IT system and that their Community Connect system will look at how community organisations can connect to Centrelink to lodge forms. That will make a huge difference. We are talking some years away for that to happen, though. The SAAP sector cannot know everything there is to know about payments. We have put in a submission in relation to welfare reform around building simpler systems because we would like to see people go to Centrelink and be able to say, ‘I need to lodge a claim,’ and not have to know what it is called. If they do not know what claim it is, they are often sent away. We would like to see the system refined such that any person, homeless or otherwise, can go to Centrelink and the system is simple at the front end; they fill in one form and then Centrelink takes the responsibility to get that sorted.

The SAAP sector spends too long doing Centrelink things. Workers can spend so much time trying to work out what needs to happen and trying to work out what all the different payments are so that they can say to this client, ‘Oh no, you should be eligible for such and such.’ Centrelink has a very good role model in the crisis payment, which is payment for people leaving jails or who have been forced out of home through domestic violence. A lot of areas have a system organised where a refuge contacts a social worker to say, ‘This woman and her children have arrived.’ They fill in some forms; they fax them to the social worker; the social worker rings in for verification; the payment is made. The client does not have to appear in a Centrelink office. That is incredibly important in relation to domestic violence because it means that women’s and children’s safety is preserved. Often, Centrelink is a place where their safety is breached. It makes the system so much easier. It means it is accessible and clients do not have to spend all day sitting in the Centrelink office and neither do the workers.

Senator MOORE—The other issue we have heard about, both in this inquiry and previous ones, is that to do with breaching and Centrelink. We have been told that people who are homeless are often subject to more of the punitive aspects of the breaching program. One of the issues is that they do not have an address. Do SAAP providers get lots of Centrelink mail, or do you deal often with that kind of issue in terms of matching people to the entitlements which should be available for them?

Ms Cresswell—Yes. SAAP certainly gets a lot of Centrelink mail. The problem with that, often, is that people have moved on. The mail goes back and then the person ends up being breached. Many of the people who come through SAAP are just naughty; they are naughty people. They do not mean to be naughty. I am fond of saying that nobody wakes up one day and says, ‘Should I be a journalist, a lawyer or drug dependent? Oh, I think I’ll be drug dependent.’

Senator MOORE—‘I’ll be homeless today.’

Ms Cresswell—Yes, or homeless. So many of these people have had a life where they had very little choice. Their life means they end up in homeless people’s services, they end up breaking the rules because they have been naughty, and it is just the way they have learnt. In

their lives they have often not had any strong role modelling. They leave the service. The service ends up saying, 'We've got all the Centrelink mail. What will we do with it? Will we send it back? We'll hang onto it and hope they come back.' The client goes back to Centrelink. Centrelink says, 'I sent you the letter. If you didn't get it, well, too bad.'

We have worked very closely with Centrelink and we are really impressed with how Centrelink has been prepared to take on the issues of homelessness. We have worked very hard to get them to understand all aspects of homelessness and we believe they are working in the best interests of people who are homeless, trying to look at things like addresses—'What does happen for people and how can we make the best effort for people who are homeless?'

We can look at things like post office boxes, but homeless people often do not stay in one place. They do not retain the keys to their postboxes. They cannot afford it. They get a postbox, then say, 'Oh, I can't afford that any more,' and get rid of it. There are huge issues in terms of maintaining payments and maintaining a relationship with Centrelink, but we are working to try and resolve those.

Senator MOORE—You said the SAAP program is now being reviewed. Who is doing that?

Ms Cresswell—Today the terms of reference will be finalised. Then there will be a tender process. The evaluation will commence over the next few months. It is only from today that we will get that.

Senator MOORE—We will follow up. There is something else we have been discussing. I have not got a clear view on this; I would just like to hear your opinion. Certainly over the last few years, in the process of encouraging people into public housing and rental payments, the federal approach has been to focus on the rental assistance component if someone is on a welfare payment. If they are in rental accommodation, they get a rental assistance payment which is linked to cost-of-living increases. That was a conscious move away from other forms of investment in public housing. It is all caught up in the fraught relationship between federal and state, as we know. I would be interested to hear what you, as a representative of a very large group of people, feel about the rent assistance program. Is it operating well? You probably do have a comment about the availability of and access to public housing across all states. It would be good for the record if you would give us your opinion on that issue.

CHAIR—What we have had is a number of people before us who say that every time the money goes up for the rental assistance program, so does their rent, whether it is in a house or a caravan park.

Ms Cresswell—Access to public housing is a huge issue for the people we are talking about. The waiting lists are monumental and the SAAP services that are meant to be for a crisis point are accommodating people for nine, 10 or 11 months. It used to be for a few weeks. That is a huge problem.

In relation to the rent assistance, there is a whole gamut of views within our sector. I probably would not like to represent those because they are really different, but we are really concerned to ensure that there is enough money for housing. We have made submissions about the CSHA and

how we would like to see the money utilised. We would certainly like to be looking at bricks and mortar rather than just putting all the money into rent assistance.

CHAIR—Could we be sent a copy of that, please?

Ms Cresswell—The Crisis Accommodation Program, CAP, we see as a crucial element in providing the bricks and mortar for the homeless people sector. It is still a tied program, but, because the states and territories have negotiated separately with the Commonwealth, the guidelines that we spent many years negotiating have fallen by the wayside. This is a concern for us because we are not convinced—and maybe we will be very soon—that this has worked in the best interests of people accessing housing. Today we are not convinced of that. We certainly want to see that the bricks and mortar are maintained, because if we do not have the buildings then there is no point giving people the rent assistance. We have to have enough bricks and mortar to house people and it has to be affordable. At this point in time it is not affordable.

Senator MOORE—That is the kind of evidence we are hearing in most states. You do focus particular issues around Aboriginal and Torres Strait Islander people and you have a number of recommendations there. Has ATSIC had any role in terms of working with the various programs, to see whether ATSIC as a body would have a particular view or action along the issue of homelessness?

Ms Cresswell—I understand that ATSIC has started to look at the issue of homelessness. I understand that at the recent ATSIC meeting there were questions around the issue of homelessness. It is something they do want to take on and do some work with. Our board has an Aboriginal representative who was working with Indigenous communities at the National Homelessness Conference in April.

We had an Indigenous stream where we did a whole lot of work around Indigenous housing. For us it has to be a priority. With 17 per cent in our services compared to two per cent of the population, it absolutely has to be a priority. There is no question. That is the most vast overrepresentation of any particular group that we are seeing. We are certainly hoping to work more closely with ATSIC and with all of the Aboriginal housing bodies. I know the National Organisation for Aboriginal Housing does not have funding anymore but we have maintained links with some of those people. There was an Indigenous homelessness conference in March in Melbourne which we went to, to make those links within the Indigenous community. Our aim is to make sure that we put our effort there as well as asking the Indigenous communities to put their effort there, because it has to be an issue that is tackled from all sides.

Senator DENMAN—I am sorry I was not here for the commencement of your presentation. You may have answered this question. If you have, just say so. As we know, a lot of homelessness is amongst drug and alcohol users and the mentally ill. In my home state of Tasmania—and I am pretty sure it is almost the same everywhere—there are no places for these clients to go once they leave hospital or treatment, except into the streets or wherever. Is it possible for state and federal governments to fund a rehab home or a halfway house or something? It seems to me that a lot of them need to learn their daily living skills again and, from there, rather than go straight from hospital or rehab into the community, to have a transitional period. Would that help the homeless in the end? Would that help these people gain confidence to get into the work force?

Ms Cresswell—There is no question that the mental health sector and the alcohol and drug sector need to put some of their money into accommodation. There is just no question. We are seeing too many people being exited from specific services into the homelessness sector and we think that again that is just another cost-shifting, but it also provides no dignity for those human beings. Someone has been to hospital. They have tried to get well. They are getting on top of things and they are back in a refuge. We would say refuges are skid row, really. It is skid row. It is where you go when you have nothing and nobody else. What happens is you exit somebody from one of those and you send them backwards. We think those are sectors that need to be looking at the accommodation arms and need to be putting some thought and care into how people are exited and not taking away their dignity yet again. It sets them up to fail.

CHAIR—Thank you very much, Ms Cresswell and Mr Muller.

[2.59 p.m.]

TENNANT, Mr David, Director, Care Inc. Financial Counselling Service and the Consumer Law Centre of the Australian Capital Territory; and Chair, Consumers Federation of Australia

WOLTHUIZEN, Ms Catherine Nicole, Senior Policy Officer, Financial Services, Australian Consumers Association

CHAIR—I welcome the representatives of the Consumers Federation of Australia and Care Financial Counselling Service. Do you have any comments to make on the capacity in which you appear?

Ms Wolthuizen—I should probably stress that the capacity in which I appear is as Senior Policy Officer, Financial Services at the Australian Consumers Association, and not as a representative of Consumers Federation of Australia or Care Financial Services.

CHAIR—Mr Tennant has a lot of titles.

Mr Tennant—Lucky me!

CHAIR—It sounds like a lot of work. 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 Tennant—Thank you, Chair. We are very pleased to have the opportunity to speak to the committee today. I am also delighted that the Australian Consumers Association is able to join us in providing evidence to the committee. The ACA, as the producer of *Choice* magazine, is perhaps the most prominent consumer focused organisation in Australia today. The CFA works closely with ACA on a variety of different issues. We appreciate the attention that they have paid in recent years to issues of concern for low income and disadvantaged consumers.

Other submissions and commentators the committee has heard from have provided considerable detail about Centrelink payments and related support mechanisms. We support both the spirit and the detail of those submissions but thought it would be more useful in our oral submissions today to focus on some comments in relation to the limitations of competition in particular, and those are things that were taken up and introduced in our written submission. From my own perspective, the most important work the CFA is doing at the moment is challenging the limitations to competition, where the effects and benefits of competition stop, and where, as we have said in our written submission, we believe that social policy should take over.

Many consumers that would be clients of a service like Care do not actually have a choice. To the extent that they exercise any choice at all, it is the choice between being ripped off and not

participating in the market. Our written submission referred to some recent examples and, in particular, the attempt by the Australian Bankers Association and 10 member banks to obtain authorisation under the Trade Practices Act of a basic bank account product. We provided some details of the ACCC's draft determination. The commission determined that the authorisation would not be allowed, or was unlikely to be allowed—in its draft determination—and drew attention to four key issues of concern.

We thought collectively, having looked at those concerns, that in fact there was not a great distance for the banks to go to meet some of those and to deliver a product that had a basic level of fairness. In conjunction with the Consumers Association and the Financial Services Consumer Policy Centre in Sydney, we wrote to the Australian Bankers Association and asked to meet with them to discuss those concerns. Unfortunately, the application for authorisation was withdrawn just prior to Christmas last year. We pressed ahead with the request to meet because we still thought there were important issues for us to canvass with them. We received a reply on 12 May, which was after our written submission had been presented to the committee, from the ABA chair, David Murray. In that letter Mr Murray concludes:

I do not believe that the meeting you are seeking will serve a worthwhile purpose because the type of discussion you have proposed cannot provide an outcome without an ACCC authorisation. In light of the number and range of basic bank accounts currently in the marketplace that equal or exceed the basic bank account standard and the ACCC's finding, it is evident to me that the market has not failed.

I have provided copies of both our letter and the ABA's response for the committee's information. From the CFA perspective, the ABA response suggests two things: that we should accept less than optimum outcomes where there is some evidence of market activity; and that the only tools we have currently to solve problems of this type are those within the competition framework and using the language of competition. We think both of those suggestions are incorrect. We think there needs to be a greater injection of government involvement in making sure that the issues for low-income and disadvantaged consumers are driven differently and by the language of social policy.

We understand that there has been a call from other contributors to the committee's work for there to be that sort of broad-reaching discussion about social policy, and consumer groups broadly support that push.

CHAIR—Thank you, Mr Tennant.

Ms Wolthuizen—Because I provided a late submission to the committee, I might take you through some of the concerns we have at ACA, particularly with respect to credit and indebtedness among Australian households. I certainly echo all of David's statements about the limits of competition. That is very much our view at ACA as well. There are always going to be sectors of the community who are not perceived as attractive for a variety of industries, especially where essential services are concerned.

Moving on to credit and indebtedness, we have become increasingly alarmed at levels of debt among Australian households. While that is certainly spread across all income levels and encompasses a variety of sources of credit—not just credit cards but personal loans and, of course, mortgages—we are particularly concerned about the impact on low-income households

who have quite high debt to income ratios and their capacity to manage that debt, particularly in the case of illness or other unexpected life events such as unemployment, and to maintain their capacity to stay out of bankruptcy in particular.

While we see a very rapid rise in levels of credit card spending and credit card indebtedness among those households, we are very concerned that those people are least able to manage what is often very high cost credit. It is the experience of caseworkers and also more detailed analysis of outstanding levels of debt that show it is particularly low-income households who are most at risk of default and of overcommitment when it comes to their credit card usage.

One piece of research released last year by Visa used Roy Morgan research on consumer behaviour, purporting to show that there was not a problem in how Australians use their credit cards, but when we disaggregate the data and separate out people who are in a position to pay off their card every month—and we know there is a fairly hardcore 25 per cent of cardholders who do that—and look at the remaining 75 per cent of cardholders, as you will see from our submission, we can separate out those households who we would consider would have trouble managing credit in any case. Clearly, the statistics that are shown in the Roy Morgan data, and also a range of other studies—notably the University of Newcastle’s analysis of financial counselling case studies undertaken last year—show that it is generally single parents, renters and others on low incomes who exhibit the most difficulties in managing that credit. Our concern is that those people are continuing to be provided with access to credit on a basis that is clearly unsustainable, by an industry that claims there is absolutely no problem with how people are managing their levels of debt, when the case experience and the analysis show otherwise.

In terms of what risks that has for those people, it is not only that increasing numbers of them are presenting to financial counsellors with problems arising out of credit card use and inappropriate levels of lending by financial institutions, but in fact it is exacerbating the degree to which they can be caught in a poverty cycle through debt traps. Not only are these people going through the stress of being in a situation of being overcommitted when it comes to their debt levels and their credit card use, but they then become targets for refinancing and the churning that goes on by a variety of agencies wishing to charge them fees to put them into other credit products and further exacerbate the extent to which they are caught in that debt trap.

We believe there is a need to, first of all, get much more information as to why it is that those people are getting into such problems with their debt and why it is that banks are lending at such high levels of credit. There is a need to extend the legislation currently in operation in the ACT about assessment of capacity to repay, to ensure that when people are granted additional credit it is actually done with reference to their income levels and what other levels of debt they might already have and that appropriate support services are put in place to assist them to manage that debt further down the track if they do get into trouble.

CHAIR—Thank you. Ms Wolthuizen, I wonder if you could go through and explain for us that diagram on page 3 of your submission.

Ms Wolthuizen—That is the disaggregated data. If you look at credit card holders as a whole, then you will get a certain ratio of debt to household income. You can separate out those people who maintain an ongoing debt—and it is really the case that those people will pay off their debt perhaps once a year; often it is when they receive their income tax return or some other payment

that they will pay off their credit card—but other than that they do maintain it and are known as revolvers. They are fairly distinct groups. There is very little crossover between patterns of usage. There has been an extraordinary reversal over recent years, over about the past five years, in how people use their credit cards. It is the result of a variety of lending institution initiatives to encourage people to maintain an outstanding debt and pay high rates of interest on their credit card. Those people who get into that pattern of credit card usage often find it very difficult to get out.

CHAIR—Refinancing has been mentioned. What about people using one credit card to pay off another credit card? Is there a nickname for it?

Mr Tennant—It is called credit surfing. It is certainly a phenomenon that has grown in recent years. The irony is that it is those consumers who are most likely to behave in that way that have the most expensive set of products available on the market, simply because they are not made offers that involve other types of discounting, and that is not simply in terms of the fees and charges that are part of those products but also the interest rates that drive them. They are encouraged into levels of debt that they cannot manage and, in turn, use other forms of credit to pay off those debts.

I am sure the committee will be familiar with the recent phenomenon over the last 18 months to two years that in each of the daily newspapers you can find advertisements suggesting that people who are drowning in debt can phone toll-free numbers and be provided with mechanisms for getting out of debt, either by offering other forms of high-cost credit or, alternatively, a new product available under the bankruptcy system called a part IX agreement, which is in fact an act of bankruptcy. It involves speaking to yet another commercial provider who takes a fee for making arrangements with your creditors to pay off debts. Frequently those arrangements end up costing the person a great deal of money even if they are accepted. It has also been our experience that people are left with very little money to live on after they enter such arrangements.

CHAIR—I think we have had evidence of people putting their homes on the market.

Mr Tennant—Perhaps the most disturbing part of the Visa research is the conclusion that part of the reason why they consider there to be no particular problem is that there is a considerable asset base that people can fall back on to be able to back up their credit card borrowing. Credit card borrowing is not meant to be asset based lending. It is a high-cost form of revolving credit that is best suited to people who are able to pay it off within interest-free periods or shortly thereafter. The reason why it is not attached to any security is precisely because of the type of product that it is. For a major lender to reach the conclusion that all is well because people have homes that can later be sold off entirely misses the point. That is not why credit cards are structured in the way they are and they certainly should not be seen as safe because there is a home that could be sold to cover a credit card debt.

CHAIR—How long has that been going on, in your opinion? Are there any observations you would make? Is it the last two years, five years, 10 years?

Mr Tennant—I would make the observation that it is certainly the last five years where the explosion in the credit card debt level has really been dramatic in the statistics available. In fact,

I think it is around about a 10-year cycle that would see the overall level of credit card debt that we carry as a nation double. Visa Card also released an earlier report in 2001, I believe around June, just prior to a meeting of the Ministerial Council on Consumer Affairs, that suggested that, as a percentage of overall household debt, credit card borrowing had doubled in that same period of 10 years. It is a relatively small amount in terms of overall household debt—about five per cent—but the fact that it had doubled in the same 10-year period that the level of debt itself had doubled is quite disturbing.

CHAIR—In a number of suburbs in Western Sydney, where I come from, I have noticed the growth of a number of these shops where they lend you money on your pay packet—payday lenders or something like that. In places like St Marys, Fairfield and Parramatta, where there were none, there seem to be a few on the streets now. Would you like to comment on that? Are they owned by the banks, by the way, somewhere in the background?

Mr Tennant—Not that either of us would be able to confirm. The nature of that payday lending industry is, we think, right at the fringes of the credit industry anyway. It is often described in that way, as fringe lending. The manner in which those businesses were initially constructed was to step around the effect of consumer credit lending legislation. They were designed so that the protections available to consumers under the credit code would not apply. The way that was achieved was by making it short term—revolving credit. That was one of the exemptions under the legislation. Credit for fewer than 60 days was one of the forms of credit excluded from the action of the credit lending laws.

CHAIR—Is that still the case?

Mr Tennant—It is not. There has been action to close that loophole. But there is a need—and I think one that has been recognised by the states that administer that legislation—to close the loopholes even further. One of the mechanisms that apply in the jurisdictions that Catherine and I work in—the ACT and New South Wales—is percentage caps. The maximum amount of interest that can be charged is 48 per cent. In and of itself that will not solve the problem with payday lenders, because they say they do not apply interest, they apply fees. But we are moving to systems where there are truly comparative rates available and fees and charges cannot be used as a foil for being able to apply a comparison cap. You have to describe your product and its cost in terms of an interest percentage. The worst part of some of those payday lending products is that they apply interest rates of between 200 and 2,000 per cent.

Ms Wolthuizen—One of the other problems, too, in the growth in fringe lenders, such as payday lenders and a lot of the refinancing agents that have sprung up, is promoting it to consumers and particularly very vulnerable consumers who are looking for a short-term fix to a debt situation. Often there will be alternative assistance available, yet the fringe lenders are marketed specifically as, ‘Can’t afford to pay your electricity bill? Can’t afford to pay your water bill? Are you worried about getting cut off?’ While there may be genuine assistance available from other agencies, people are being told that the way to solve those problems is to go and get short-term, high-cost finance which, in most cases, will only make their debt situation worse.

CHAIR—Thank you.

Senator KNOWLES—You might think we have a hard job ahead of us doing this inquiry; I reckon you have a harder job trying to deal with some of the people you try to help get out of difficulty. I want to focus on those who are probably most at risk, and they are the most vulnerable people in getting the bait from the banks. It disturbs me to see constituents coming in who are in financial difficulty. They started out with maybe a \$2,000 credit and the banks have continually written to them and increased their credit—sometimes up to \$15,000 credit. What has your communication been with the banks, in trying to get them to say, ‘Whoa, we are not going to do that just on face value’? So often people have got themselves into that difficulty because they have been responsible at the outset and have regularly paid off their debt and, because they have been good payers, supposedly, the bank then says, ‘You can have more credit.’ At no stage has the bank investigated their capacity to pay.

This is probably going to be a fairly long question and you might like to sum it all up at the end in your answer. The same thing applies to store credit cards. People who have no sources of income whatsoever are being given store credit cards at high interest rates. There is interest-free purchasing: ‘Come and buy a houseful of furniture and you can get it interest free and you don’t have to pay anything for two years.’ That is pretty flash, too, isn’t it? Then, of course, there are those who build up a credit card debt and try to save at the same time. They forget they are paying a higher rate of interest on their debt than they are getting on their savings so they continue to build up the debt and build up the interest. While their savings might be increasing, they are nowhere near increasing at the same rate.

There are many questions there all wrapped up in one, but there are many concerns. I do not know how we can solve this without getting the banks and the stores in a headlock and saying, ‘Why don’t you investigate properly the person’s capacity to pay?’

Ms Wolthuizen—Firstly, I would certainly endorse those comments. That is where a lot of the problems are coming from. When it comes to lending institutions, often it is just straight-out denial that these sorts of practices are taking place. Yet you speak to any financial counsellor and they will tell you that they continually have in their offices people who have been granted credit who have no capacity to repay; be they pensioners, people on very low incomes or people who have other constraints on their ability to repay.

The fundamental problem is that those people are often the ideal customer for a credit card. If you are reconciling banks’ public statements with what they might put in annual reports about their initiatives to generate higher levels of outstandings in their credit card divisions, it shows that the whole business model of credit card lending is predicated on getting people to maintain a high debt and pay interest at the highest level possible—the tension being: at what point does it become unsustainable, managing that and the default rate?

It has been a fairly pitched battle between the consumer movement and banking representatives over this issue and one that has really come to a head in recent months over the adoption in the ACT of the Fair Trading Amendment Act, which does impose an obligation on banks to undertake an assessment of capacity to repay before granting additional credit, effectively striking at unsolicited offers of credit, and unsolicited credit limit increases in particular.

Senator KNOWLES—Is the ACT the only place that has done that?

Ms Wolthuizen—That is right.

Mr Tennant—It is. They are possibly introducing similar amendments in Victoria but, in fact, there have also been discussions about making amendments in the Consumer Credit Code. That is the correct place for it to be so that it applies universally. That is something we have pushed for. Our answer to your proposition that you get the lenders in a headlock is that, if you are able to do that and you could give us a call, we would be delighted to come over and have some involvement.

The simplest way to respond is to return, as we did in our submission, to the recommendation in Wallis, recommendation 96. It said, ‘Let’s turn our minds to how you apply affordable financial products for low-income people.’ That specifically dealt with transaction and savings accounts, but the same could be said of affordable credit products. The one thing that industry has not done is develop affordable, appropriate credit for low-income and disadvantaged consumers. The reality is that low-income people pay far more than anybody else in the market for that credit and they are far more reliant on it. The more reliant they get on it, the closer they get to financial crisis. We would suggest the way forward is to do as Mr Wallis recommended all those years ago and have some big picture policy discussions about affordable, appropriate financial services for low-income people.

Senator KNOWLES—Thank you. Ms Wolthuizen, I cut you off before by seeking clarification on the ACT. Do you want to add anything?

Ms Wolthuizen—One of the other great problems we face is the paucity of information about credit and debt in Australia. We have raw data from the Reserve Bank on credit card spending. We have some data from the ABS and we have the case study experience of financial counsellors. Occasionally we get industry reps such as Visa providing research which, on the face of it, is set up to deny that there is any problem in credit card use. But once you drill down further, it will often show that the opposite is the case. We have long argued there is a need for greater cooperation by industry to genuinely committing to provide information on credit card use. If that is backed up by government, that would also be appropriate.

It is clear that we do not have the information. At the end of our submission I have listed a number of questions that need to be answered. We do have anecdotal experience but we need to make sure we can appropriately quantify that experience and get a clearer picture of where people are getting into trouble and why.

Senator KNOWLES—Thank you.

CHAIR—I have a question from page 5 of your submission. There seems to be a problem particularly with students. Would you comment on that for us?

Ms Wolthuizen—That is of great concern. This table sets out quite starkly where the problems are arising. It does seem to be a very strong counter to claims that there is not inappropriate lending going on in Australia. When you see all those groups, just on the face of it, their level of debt, given their circumstances, would appear to be entirely inappropriate. One would query their capacity to manage that debt given the household income ratio. Students, as we know, are increasingly being targeted by lending institutions with various credit products,

notably credit cards. Of course, they are in a position where it is the view of lending institutions that, once they achieve their qualification and move into full-time paid employment, no matter what their level of debt is, they will be able to repay it. It is really, I suppose, a lending institution taking a long-term view that these people can afford the hardship now because further down the track they will be a more secure credit risk.

But, of course, the problem that can arise is that in the short term people do get into a situation of financial crisis and given that students, like a number of other groups, are often in very precarious financial circumstances, the consequences of them reaching that point and perhaps entering into a default and entering into a situation where they have an adverse listing with a credit rating agency will obviously put them in an extremely disadvantaged position once they do exit university or education and are looking perhaps to secure a mortgage or some other financing.

That is a real problem. You are setting people up at a young age for potentially very severe consequences of not managing their credit. They are at an age where we know, from the ANZ financial literacy survey released about a month ago, people have very low levels of understanding of how to manage financial affairs and often are not given the support they need to do so.

CHAIR—In your counselling services, do you have students coming in and saying, ‘We are in trouble’? If they do, do they tell you how they get out of trouble? Do they turn to crime? We have had evidence of people in trouble turning to prostitution to find money to get through.

Mr Tennant—In terms of the numbers of clients that use our services, young people are significantly underrepresented. We are not entirely certain what the reasons for that are. It is also the case that the most frequent problem that young people seek our assistance on is not so much the use of credit products but in fact the difficulties associated with mobile telephone contracts. It is more often the case these days that young people who do need assistance in that sort of situation do not have just one mobile telephone bill, but several. That might be the corollary of the changes to the portability of mobile phone contracts, but it is also the case that getting access to a fixed loan is now harder.

It is a circumstance where one can get a telephone contract without necessarily needing to do more than sign the page put in front of you and put a dollar down, or even in many instances pay no money at all. People have contracts they had no hope of affording from the start. When they are unable to meet that contract any more, they simply move on to the next provider and so it is not unusual for a young person to seek assistance from a financial counselling agency with as much as \$10,000 in debt in accumulated mobile telephone contracts.

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

Mr Tennant—Thank you.

[3.31 p.m.]

RENTSCH, Mr Ian Edmund, Chief Executive Officer, Australian Association of Social Workers

SCOTT, Ms Denise Rosemary, National Social Policy Officer, Australian Association of Social Workers

CHAIR—I welcome the Australian Association of Social Workers. 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 Rentsch—We wish to thank the Senate Community Affairs References Committee for conducting this inquiry into poverty and financial hardship. We wish to thank the committee for giving us the opportunity this afternoon to speak to our submission. I will provide some opening remarks and Denise Scott, who is largely the author of our submission, will be prepared to, hopefully, answer the questions.

As we speak to our submission, we acknowledge that there are other agencies that have provided the Senate committee with analyses of the extent and trends concerning poverty in Australia. We wish to highlight some value considerations regarding the acceptance of poverty in Australia and to consider the experience of poverty from a social work perspective.

We have taken the 1966 United Nations Covenant on Economic, Social and Cultural Rights, to which Australia is a signatory, as our template. The four categories of rights upon which we base our submission—I am not sure if you have seen it—are the right to work, the right to an adequate standard of living and to continuous improvement in living conditions, the right to free education and generally accessible secondary and higher education, and the right to social security.

Under each of these categories we believe that Australia is found wanting in relation to the extent and continuation of poverty in this country. Long-term unemployment and unemployment among particular groups, such as Aboriginal and Torres Strait Islander peoples, young and disabled people, is a major contributing factor to poverty. Secondly, the access to and cost of health services and housing are major contributors to child and family poverty. The costs of education prevent many low-income families from providing their children with an adequate level of education that would enable them to gain meaningful employment and so escape poverty. While Australia's social security system has and retains significant strengths, such as its coverage, there are problems with the system that do keep people in poverty. Some of these issues concern the adequacy of payments to some groups of disadvantaged people, the philosophy and practice of mutual obligations and the current range of penalties imposed for noncompliance.

We do support the call of ACOSS, the Australian Council of Social Service, for a national commitment by Commonwealth, state and territory governments to reduce poverty in this country. The AASW commends the initiative of the South Australian government in establishing the Social Inclusion Unit, with its power to bring government and non-government agencies together to focus on particular issues that prevent people from full participation in society. This gives real meaning to the notion of a whole of government, indeed a whole of community, approach to finding solutions to social and economic problems. We note the beginning of the process to simplify the income support system at Commonwealth level and we support this plank of welfare reform, provided this development overcomes some of the problems and gaps in the present system and provides positive support for people re-entering the work force, as well as continuing to support those who cannot. We support calls for accessible and affordable health care, housing and education that can alleviate poverty for vulnerable groups of people.

The AASW also believes there should be a national strategy for the development of community care services across Australia. This would have the potential to save money and reduce stress on other elements of the health and community service systems and intervene in more timely ways for people and families who are experiencing stress in their lives.

Finally, I wish to refer to the final paragraph in our submission as a way of summing up. We state:

Achieving the goal of a cohesive, inclusive self reliant society will take a great deal of collective will and will mean that a comprehensive range of strategies, both at the macro and local levels, will be implemented. There will be no simple solutions and means must be found to include in the solution the very people who are caught in poverty. The emphasis will be on a 'whole of society' approach to finding solutions, which is broader even than a 'whole of government' methodology. Social workers stand ready to assist in this process. Their professional frame of reference which is systemic and based on strong notions of social justice, the well-being of the individual, family, neighbourhood and community make them a most valuable resource in the 'whole of society' approach to the eradication of poverty.'

CHAIR—Thank you.

Senator KNOWLES—I am very happy with your submission. Thank you very much for taking the time.

CHAIR—We have had one or two submissions that said the poor should be writing the submissions, and you are saying here that there will be no simple solutions and means must be found to include in the solution the very people who are caught in poverty. How practical is that?

Ms Scott—In the ACT there was a Poverty Task Group formed that did involve very consultative processes with people living in poverty, to directly get their experience of that. That was included in a report that went back to those participants. Consultative processes that engage people in that way mean they are involved in the process.

Senator LEES—Chair, do we have a copy of that report? We did hear from the ACT yesterday.

CHAIR—We have got it.

Mr Rentsch—You will find at local and regional levels that certainly some non-government agencies using a community development process will engage with people at the local levels and bring them into the process of trying to find solutions for issues at their own local level. It goes from the macro down to the local levels in engaging people in this process.

Ms Scott—Many community organisations and NGOs put out surveys to their clients and try to gather data in that way, so that when they are involved in forums they can present that information. It is second-hand, but it comes directly from the people, in their words.

CHAIR—This has happened in the ACT. People who live under bridges, single parents, people in difficulty, were involved in the preparation of that report.

Ms Scott—This involved people who were experiencing homelessness, who lived in public housing, who lived in private rental accommodation but were experiencing disadvantage or who were sole-parent families. It covered quite a broad range of people.

Senator FORSHAW—I have come into contact with a number of local financial counselling services throughout New South Wales, particularly in rural or regional areas. I do not want to name them at this stage. In a couple of cases, they told me their workload was increasing dramatically. For instance, in one case people might be waiting four to six weeks just to get an appointment to see a financial counsellor. I appreciate that these are not always nine to five full-time services, but that suggests a very large demand. Would you like to comment on that?

Ms Scott—It also extends to other types of counselling services—such as relationship and family counselling. A whole range of different services can experience long waiting lists, six to eight weeks sometimes. They have a limited amount of resources. They employ a certain number of counsellors. Those counsellors work, theoretically, nine to five. I was one of them for quite a time, and I know it often went beyond that. The demand certainly outweighs the supply.

Mr Rentsch—It does bring into question, too, the broader work force issue that we have alluded to in our submission 2, relating to not only financial counsellors but allied health professionals in regional and rural areas across Australia. There are really significant issues. While the Commonwealth government has been right in focusing on issues relating to medical practitioners and nurses, the same applies to other allied health professional groups, including social workers. Trying to recruit and retain people in regional areas is something they have not turned their minds to yet.

The Department of Community Services in New South Wales is at this very moment attempting to recruit social workers from Canada to fill regional and rural placements across New South Wales. Large numbers of social workers and other allied health professionals are going overseas to work in England, Ireland and so on, but we are facing quite severe shortages in those professions in our country. We believe social workers can mediate in some of the situations of stress and financial hardship that people find themselves in.

Senator LEES—Do we not have enough social workers, or are they out there and do not feel that conditions of employment are adequate?

Ms Scott—There is often no security in positions. There are a lot of contract positions available, but it is hard to attract a professional to go to work in a rural or remote area for a three-month or a six-month contract. They are not going to give up perhaps a lifestyle or their own family or friendship networks when there may not be long-term security. The reason those positions are contract positions is that the funding is so tenuous.

Senator LEES—Is this because the organisations would often have to tender again for more funding for the next round?

Ms Scott—That is exactly right.

Senator LEES—You are looking at cyclical funding, so would they get 12 months funding or three-year funding? What is the normal system of funding?

Ms Scott—A lot of contracts can be up to three years but sometimes they might be reviewed 12-monthly. There are reporting requirements that, for small agencies, become a huge burden because they are putting time into those administrative tasks instead of into service delivery.

Senator LEES—You talk of the New South Wales government recruiting, but are these positions in the private sector or are they in the public sector?

Ms Scott—There is government. In the Department of Community Services in New South Wales, which is government, they are trying to recruit 800 social workers.

Senator LEES—Would that be long-term tenure?

Ms Scott—They would be long term.

Mr Rentsch—The government agencies clearly are looking for longer term tenure. Part of the difficulty in retaining professionals in regional and rural areas is providing adequate support for them. They are often going into very stressful positions—child protection areas—and into stressful locations. The agencies have often not provided adequate mentoring and support for them, so they are working in isolation. In that situation, it is very hard to retain professional people. There is an issue around how government agencies support people in those locations. Denise is referring to people in community and non-government agencies. There the issue is quite rightly around tenure and contracting of services.

Ms Scott—As well as those issues, they can be working with domestic violence issues and even compromising their own safety as workers. They are unsupported in that.

Senator DENMAN—Some of these organisations are just auspicing services for social workers, aren't they? I know of one in Tasmania, where I live, where the funding has been given to a particular body which then auspices the service. It is for a dementia service. That sort of thing is happening. Is that happening in the country areas elsewhere?

Ms Scott—I am certainly familiar with something similar to what you are talking about. I think Veterans' Affairs pays particular organisations, who then contract social workers to provide the service.

Senator DENMAN—Yes, that is right.

Ms Scott—I am aware of that. In the last few days I have spoken to some social workers across Queensland in that situation, who talk about the isolation and not being able to have any peer support or adequate supervision. They also talk about costs—for themselves, if they are working on contract, but if they are employed by agencies, rural and remote social workers talk about costs associated with travelling that just are not recognised when funds are allocated to an agency for the delivery of a particular service. I know, for example, one organisation, Centacare, has offices spread around in rural areas, and there is worker I know of in Canberra who travels to some rural areas in New South Wales. An incredible amount of time is taken up getting to these places. Often the expenses are coming out of that worker's own pocket because it ends up being just too tiresome to try and claim them back from an agency that really does not have the funds to pay them anyway.

Senator DENMAN—Sometimes those agencies get to the point where they will not auspice that body anymore anyway, so they have nowhere to go. That is why there is a shortage of social workers, too, in regional areas, because there is no-one to pick up the bookwork and those sorts of things that go with the funding.

Ms Scott—That is right.

Senator MOORE—Do we have enough places training social workers? I know that is one of the academic areas that are under threat in some of our universities—the school of social work is not one of the most money-spinning areas.

Mr Rentsch—That is an interesting question. We have 21 schools of social work accredited by the association across Australia.

Senator MOORE—Two in Queensland?

Mr Rentsch—Three in Queensland: James Cook, Central Queensland University and Queensland University itself.

Senator MOORE—There used to be an expectation in North Queensland that if you had trained at James Cook you would stay in the north, and we found out that that did not happen. It just does not happen.

Mr Rentsch—Yes.

Senator MOORE—That would be the same kind of thing, in terms of where you actually do get your next generation of people in your profession.

Mr Rentsch—It is an issue. People are highly mobile—they appear to be in this profession, anyway—so, yes, they might train in one university but then be employed in a completely different location. We have struggled to get a handle on what the future of the social work work force is. It would appear that there probably are enough schools. In Victoria it is probably overrepresented.

Senator MOORE—There is a bit of a history, isn't there, in Victoria?

Mr Rentsch—Yes. We have quite a number of schools of social work. I think there are six, from memory, in Victoria alone. They do not appear to be under imminent threat in academic institutions—a good number of them, anyway. There is strong demand for the course still. One of the issues is that many people go into social work as a second career, and large numbers of the student population are people in their 30s and 40s, rather than people starting out in life and seeing it as a longer term career.

Senator MOORE—And there is still the linkage between the TAFE system and the diplomas that people get there in social welfare and then moving through to the degree?

Ms Scott—There are usually some special places held available for people to access the degree stream from a welfare diploma, yes, but it is not the main means of entry to the degree.

Senator MOORE—A number of people who have made submissions to this committee have recommended that there be some form of summit and national approach to the issues surrounding poverty. They have linked their recommendations to the UK and the Irish models and have recommended that we consider such a strategy in Australia. Does your organisation have a view on that kind of proposal? I know you have referred to a couple of the issues in the UK and Ireland, but what about the concept of the summit, bringing together people from across the communities, levels of government, users, and then moving forward to a clearly benchmarked arrangement?

Ms Scott—I think it is a fantastic idea. I attended a presentation last year by someone from Ireland involved in poverty who presented their model and the good outcomes that have come from that, and I can only see benefits from getting a whole of community, whole of government approach to this. I think it has to be inclusive because what we are trying to work towards is an inclusive society and inclusive systems. We need to include everybody in the process to achieve those. Can I go back and mention one thing? You were asking about social workers and if there is enough training, and I want to mention Indigenous social workers.

Senator MOORE—Yes.

Ms Scott—There are, I think, a little over 200 Indigenous social workers in Australia, and more and more are trying to access higher education to get social work qualifications. One of the pressures that they face is that they are expected to stay in their community and service their community. We liaise quite strongly with our sister organisation of Aboriginal social workers and they say that that is a real struggle for them, because they are trying to get qualified to service all people, not just Aboriginal and Torres Strait Islander people, and to do that they have to move out into other areas. They might consider going back to their community, but they say the real issue is access to education and that what would help them are things like scholarships to help them get into social work degrees, and to help their colleagues in other health positions as well—for instance, instead of being nurses aides, actually getting into medicine and that sort of thing. A lot of Aboriginal people are held in lower paid, less professional positions because they do not have the resources. Their people are living in poverty and do not have the resources to access higher education that could help them move forward and then in turn help other communities.

Senator MOORE—Many generations ago when I was in the service, they used to have cadetships, but that process is no longer in place. A few of the people with whom I worked have moved into the industry that way. I do not think it is operating now.

Mr Rentsch—I am a living example of that, too, in South Australia.

Senator MOORE—Yes. We should be designated an endangered species!

Senator LEES—Maybe we need special treatment of HECS for social workers as we are now having for nurses and teachers, to get more people in.

Mr Rentsch—We would support that seriously.

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

Mr Rentsch—Thank you for your time, too.

CHAIR—The committee stands adjourned to Monday, 30 June in Ballarat.

Committee adjourned at 3.54 p.m.