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COMMUNITY AFFAIRS REFERENCES COMMITTEE

The extent and nature of poverty in Australia

Public

TUESDAY, 15 AUGUST 2023

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COMMUNITY AFFAIRS REFERENCES COMMITTEE

Tuesday, 15 August 2023

Members in attendance: Senators Kovacic [by video link], Liddle [by video link], Pratt [by video link] and Rice

Terms of Reference for the Inquiry:

The extent and nature of poverty in Australia with particular reference to:

(a) the rates and drivers of poverty in Australia;

(b) the relationship between economic conditions (including fiscal policy, rising inflation and cost of living pressures) and poverty;

(c) the impact of poverty on individuals in relation to:

(i) employment outcomes,

(ii) housing security,

(iii) health outcomes, and

(iv) education outcomes;

(d) the impacts of poverty amongst different demographics and communities;

(e) the relationship between income support payments and poverty;

(f) mechanisms to address and reduce poverty; and

(g) any related matters.

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Committee met at 09:18

CHAIR (Senator Rice): I declare open this hearing of the Senate Community Affairs References Committee's inquiry into the extent and nature of poverty in Australia. I begin by acknowledging the traditional custodians of the land which we're on today, the Ngunnawal and Ngambri peoples, and pay my respects to their elders past and present and all First Nations people who are here and who join us today.

Joining me by video conference are Senators Pratt, Kovacic and Liddle, so there's a good selection of senators that you will be appearing before today. These are public proceedings and are being streamed live by the parliament's website, and a Hansard transcript is being made.

I remind all witnesses that in giving evidence to the committee they are protected by parliamentary privilege. It's unlawful for anyone to threaten or disadvantage a witness on account of evidence given to a committee, and such action may be treated by the Senate as a contempt. It is also a contempt to give false or misleading evidence. Witnesses also have the right to request to be heard in camera.

I now welcome witnesses from the Brotherhood of St Laurence, the Salvation Army and Lifeline Australia. I understand that information on parliamentary privilege and the protection of witnesses giving evidence to Senate committees has been provided to you. I now invite each organisation to make a brief opening statement, and then we will ask you some questions.

Dr McLeod: Thank you, Chair, and thank you, committee members, for the opportunity to speak with you this morning. I'm joined, virtually, by two colleagues from our social policy and research team at the Brotherhood of St Laurence, Dr Emily Porter and Kelly Bowey. We would like to start by acknowledging the traditional custodians, the Ngunnawal people here in Canberra and, in my colleagues' case, the Wurundjeri people in Melbourne. We pay our respects to elders past and present, and to Aboriginal and Torres Strait Islander people here or watching online. The Brotherhood of St Laurence was an early backer of the Uluru Statement from the Heart and has proudly affirmed the importance of a 'yes' vote in the forthcoming referendum.

Committee members will have our written submission; we were pleased to see parts of that submission cited in the committee's interim report. We'd like to make three points in this opening statement. The first is to remind committee members that poverty is a policy choice. The pandemic showed us this. Overnight we lifted almost half a million Australians out of poverty with additional coronavirus payments and suspension of the worst conditions of our service systems. Research has shown the positive impacts to health and wellbeing of some of these choices. Australia is the richest land on the planet. We have the highest median wealth per person of any country, yet one in eight Australians live in poverty. Over three million Australians face impossible choices every day, between food, medicine or heating their homes.

At the Brotherhood of St Laurence, we have 2,500 staff and volunteers working across the life course to build capability and confidence. The people and communities we serve were doing it tough before the current cost-of-living challenges and, sadly, have been pushed deeper into poverty as a result of these challenges. In our submission we outline some of the broader drivers of poverty in Australia and detail some of the experiences and impacts of poverty and insecurity on the ground, in the households and communities we serve.

The second point we would like to make is to commend the strategic shift in the May federal budget towards improving the lives of Australians facing poverty and disadvantage. The combination of many budget measures, although modest, such as lifting JobSeeker and related payments, increasing rent assistance, providing energy price relief, reducing the cost of medicines, extending the parenting payment single, extending the ParentsNext program and investing in local responses to intergenerational disadvantage are steps in the right direction to providing essential relief to those in our community doing it toughest.

The third point is to reinforce the reality that these measures can only be the start if Australia is serious about making poverty reduction a much greater national priority. A clear time frame to address the adequacy of income

support payments should be set. We have a choice about how ambitious Australia wants to be, and about how ambitious people in this place want to be, in preventing and eliminating poverty in this country. One of the ways we can do this is to introduce legislated measures for economic inclusion and poverty reduction, with the responsibility for setting targets and reporting on their achievement to sit with the Treasurer. This was one of the main recommendations of the Economic Inclusion Advisory Committee, of which I am a member. There are very important lessons from our friends in New Zealand and Canada on the impact this can have.

BSL welcomes the deeper dives being taken into our employment services system, our early years system, the future of the NDIS and community aged care. But if Australia is serious about poverty reduction it would commit to legislative measures and genuine targets for 2030. These targets need not be partisan; we're willing to believe every person in this place wants to build human flourishing and reduce the number of Australians experiencing poverty and disadvantage. We hope this committee will strongly reinforce the need for national measures on poverty enshrined in legislation and a set of targets that we can align our social security system and human services around. This is why we've recommended a multidimensional approach to poverty reduction and economic inclusion, consistent with the Measuring What Matters framework. Introducing legislated measures for poverty reduction and raising the adequacy of social security payments must sit alongside other structural approaches to reduce poverty such as a commitment to improving the quality and security of work, significant investments in social housing and proper funding indexation for contracted services to align with CPI to ensure critical support is there when people need it, especially at a time of growing demand.

Ms Kirkaldy: I would like to begin by acknowledging the Ngunnawal and Ngambri people and the Muwinina people, the traditional owners of the lands that Stuart and I are joining you from. We pay our respects to elders past, present and future. Thank you for the opportunity to appear today. We've had the benefit of reading your excellent interim report; thank you very much to the committee for the thorough and very compassionate work that has already been done on this.

At the Salvation Army we try not to talk about people being vulnerable to poverty. There is not, in our experience, some inherent risk and certainly not some personal failing that leads to people being in poverty. Instead, there are systemic and structural failings that have led to a space where so many Australians find themselves in hardship and injustice. The primary systemic failure, as we see it, is our welfare system, and our housing system is not too far behind.

Recent research by the Salvation Army has found that of the people who access our emergency relief services around 77 per cent fear they will not have enough money to feed their family. About three-quarters of all respondents were experiencing housing stress. When we asked people how they were spending their limited income, we got a very clear picture of financial hardship. After paying for the absolute necessities of life—housing, transport, groceries and utilities—the average community member that we work with is left with just $39 a week to pay for everything else. People who are on JobSeeker actually went backwards; after paying for just the essentials needed to live, they had minus $1 a week.

It's obvious that poverty costs the people who are in it, but our experience is that poverty costs us all. Poverty in Australia robs our nation of the contribution people would make if only they could. In an economic sense, poorer health outcomes, educational outcomes and employment outcomes due to poverty must be having an impact on our GDP. In social terms, the fact that we have Australians choosing between food and rent or between medication and their child's school expenses must be diminishing us all.

The extent and nature of poverty in Australia, as the Salvation Army sees it every day, is that it is very real. It is widespread and it is devastating. But it is not hopeless. Thank you again for the work you are doing to drive solutions. We really hope we can be of assistance.

Mr Siorokos: I, too, would like to pay my respects to the traditional owners of the land upon which we meet, the Ngunnawal people, and pay my respects to elders past, present and emerging. I'd also like to acknowledge the lives lost to suicide and those with lived and living experience of suicide. Our submission focused on the relationship between poverty and suicide. Before I speak specifically to poverty and suicide, I would like to take a bit of time to let the committee know what we're seeing and hearing right now in relation to financial distress.

Lifeline has 18 members across the country, and between those members we have 41 centres spread across the country as well. We're hearing from those centres anecdotally that there has been a significant uptick in people coming to those centres wanting support and advice in relation to financial distress. The centres are seeing a very different cohort to what they're used to. This cohort is younger—people who are in employment but are finding it incredibly difficult to make ends meet.

As well as the anecdotal information we're receiving from our centres, our call data also backs up this increase. Calls in relation to financial management and employment reached a peak during COVID as a result of lockdowns, with people not being able to go to work, restrictions and the impact that had on people's businesses and livelihoods. As we would have expected, when those restrictions eased the number of calls reduced. But from the beginning of this year we saw upticks again, and the number of people reaching out to us in relation to matters to do with employment and financial management is back where it was at the height of COVID. Our evidence suggests there is a degree of financial distress in the community that is higher than it was in the past.

Turning to the relationship between suicide and poverty: as Australia's largest suicide prevention organisation, Lifeline submits that any comprehensive consideration of poverty and its impact must include an in-depth discussion of suicide. A number of psychosocial risk factors are reliably identified in Australian suicide data, and, importantly, those risk factors can overlap to impact the risk of death by suicide. One of these factors is socio-economic status. Over the past 10 years in Australia, age standardised suicide rates were highest for those living in the lowest socio-economic areas. In 2020 the overall suicide rate for people living in the lowest socio-economic areas was twice that of those living in the highest socio-economic areas. In a recent report, financial hardship was shown to be associated with an increased risk of suicidal behaviour and ideation.

Lifeline Australia submits that, whilst intervention and support during crisis periods is vitally important, the potential gains from proactively addressing upstream factors are a vital element if we are to meaningfully reduce the rates of suicide. Lifeline Australia stands ready to work with the committee and the government both to better understand and design approaches to circumvent the impacts on suicide risk of socio-economic disadvantage. In concluding, I'd like to thank my colleagues Dr Brooks and Lifeline Australia's deputy chief research officer, Dr Tara Hunt, for the work they've done on Lifeline's submission to this inquiry.

CHAIR: Thank you. I will kick off with some questions, and I'm sure my colleagues will have some as well. Starting with the Brotherhood of St Laurence: you mentioned in your submission that you welcome the strategic shift towards lifting government support. You said it was a step in the right direction but only a start. I'd like you to expand on that and what more you feel needs to be done, and whether you feel those increases were in fact enough, given the stress you're feeling in the community.

Dr McLeod: I mentioned I'm a member of the Interim Economic Inclusion Advisory Committee. That committee's first report found that payments would need to grow to about 90 per cent of the age pension in order to be considered adequate. I support that finding. The committee recommended a substantial increase immediately and a time frame to be set for payments to reach a standard regarded as adequate. I note the robodebt royal commissioner, Commissioner Holmes, also spoke about this in that report and, instead of a compensation scheme, suggested a better use of the money would be to lift the rate at which social security benefits are paid to help recipients achieve some semblance of the security element of that term, because with financial security comes the dignity to which they're entitled.

I don't think we can underestimate the significance of lifting those base rates to a more adequate standard. Our research into energy stress, which was released last year and called *Power pain*, found that energy stress fell by 15 per cent in 2020, when the coronavirus supplement was introduced. Generally, households with someone relying on income support have double the rates of energy stress. That's why we said it was a welcome increase but that more would need to be done and a time frame needed to be set for those payments to reach an adequate level.

CHAIR: Salvation Army, do you have a view on the level of increase that was in the May budget—the $40 a fortnight and the 2.2 per cent indexation, which is about $4 a day in total for people on JobSeeker?

Ms Kirkaldy: Yes. When people are living on so little, literally every dollar counts. So, in that sense, any increase is going to be welcome. But $56 a fortnight—which doesn't even come in until 20 September—will very quickly, in our experience of looking at the budgets of people who come to us, get swallowed up by the increases to the cost of living that we've experienced so far and also the fact that people have been living on such a low level of income that they've had to go into debt. So, like I said, every dollar is welcome, but, no, the increase that we've seen is not actually going to be enough to lift people out of poverty and allow them to live with dignity.

CHAIR: In fact, your statement before, which was very telling, of people on JobSeeker who, after essentials, are living on minus $1 a day—

Ms Kirkaldy: Yes.

CHAIR: They're going into debt, or they're relying on charity to get by. And so a $4-a-day increase will give them $3 a week of discretionary income!

Ms Kirkaldy: Maybe. Actually, when we go into the greater detail of how much people are spending and we compare how much people are spending on JobSeeker versus other payments, they're actually spending less on groceries and less on everything—all of those essentials—than people on any other payment. The reality is that they are already cutting corners, even on those essentials, and still going backwards. The $4 a day that they're talking about isn't going to go to anything other than essentials and servicing debt. That would be our experience.

CHAIR: Yes. In fact, sorry, it was minus $1 for the week, which means that if they were getting an extra $28 a week then they'd have maybe $27 a week.

Ms Kirkaldy: Maybe—yes.

CHAIR: Mr Siorokos or Dr Brooks, do you have a view on the adequacy of the increases in the May budget to address the issues that you are talking about?

Dr Brooks: We would point to the data that my colleague spoke to. Our centres and digital support services have seen an increase in people reaching out for support around financial distress at levels we have not seen before. At the moment, that's what we're observing. Any increase in support is welcome, noting the relationship between financial distress and risk of suicidality. But, again, the magnitude of that increase is key because, while an increase is good, if it's not enough to materially change the distress that people are experiencing and if that material shift is not observed, then those risks remain in terms of the relationship between people's financial situation and their potential suicidality.

Dr McLeod: One other point to make—and I might ask my colleague Kelly Bowey to say something here—is that it's about not just the level of payments or their combination but the conditionality of those payments and how some of the requirements interact with the entitlement to access services or payments in a particularly timely way. Kelly and the team have been doing work on our *Making ends meet in tough times* study, so they might have some material to share.

Ms Bowey: It was great to see an increase to the age of eligibility for parenting payment single. But, still, with changes to the disability support pension, for example, there are many people with partial capacity to work on JobSeeker payments and there are various different conditions, like the liquid assets waiting period, that mean people need to spend much of their savings before they can access support. We think it's really important to look at the system as a whole and how these different eligibility criteria and conditions of payments interact to hold people in poverty as well. Do you want to add anything there, Emily?

Dr Porter: I'll just add that through our *Making ends meet* study we've been talking to a lot of people on JobSeeker and similar payments, and they've really been talking about how food and other essentials are becoming discretionary expenditure. As rent and bills take up the whole of their payment, they start only eating what they can get from food banks. Therefore a lot of the costs of a low JobSeeker payment are actually being pushed onto social service organisations.

CHAIR: Yes. And there is also the impact on their wellbeing from what they can get from food banks. What reporting is there on that issue of food being discretionary and being forced to rely on charity and food banks for food?

Dr Porter: For the study we did, we interviewed about 45 people, and a lot of them—particularly those who had been on payments for a long time—had used up all their savings. They maybe didn't have family that were able to support them. They would be spending, say, 60 and up to 80 per cent of their income on rent. We know that, since we did that data collection, rents have increased quite substantially, so that's likely to have placed further pressure on these households. They just didn't have the money; once they'd paid for essentials, they were like, 'Well, we eat when we can.' One person said: 'I eat sleep for breakfast. I try to sleep until the afternoon so that I can survive on one meal a day.'

We know that this is going to have long-term health implications. We know that 43 per cent of JobSeeker recipients do have partial capacity to work, so they have quite severe health barriers that stop them from working. They're assessed as being able to work fewer than 30 hours a week, so we know that these are people whose health issues we're likely seeing exacerbate because of the low payments.

CHAIR: Thank you. I now want to go to the national wellbeing framework, which was published by the government in July this year. What input did your three organisations have into that wellbeing framework? Do you have views on the wellbeing framework? Perhaps we will start with the brotherhood.

Dr McLeod: We think it's an enormously positive step. We at BSL have always been trying to be the fence at the top of the cliff, I suppose, and have been motivated by Amartya Sen and Martha Nussbaum's capabilities approach for some time. Our services attempt to follow an impact framework, which is very much modelled on the capabilities approach, and we know that that thinking was very much behind the first attempt in Australia to

have a wellbeing approach into the *Measuring what matters* framework too. I think the Treasurer has spoken about a national conversation about what these measures and framework mean for Australians, and so we're looking forward to being part of the next steps with the implementation of the framework.

We believe it's critical that we don't just have an overarching framework but take the time to embed that framework and indicators into our policies, our programs and our services. We do think—and I said this in our opening statement—that, as a country, we should have legislated measures on poverty reduction and economic inclusion. I don't think we need to make the perfect the enemy of the good on multidimensional poverty measures. New Zealand have done this very effectively with their four legislated measures for child poverty reduction and the indicators that they follow to support those measures. It's enabled not just a reduction in the first wave of reporting but a more sophisticated data and evaluation strategy so they can track how they're going as a country in reducing child poverty. We think that's a natural next step from the *Measuring what matters* framework.

CHAIR: Okay, so that is a next step for the wellbeing framework. Do you think that there should be a poverty measure in the overarching wellbeing framework?

Dr McLeod: Yes.

CHAIR: But there's not one there in this first iteration?

Dr McLeod: There's not one there in the first instance. New Zealand has four. They have two income measures, one that takes into account housing costs and one which does not. They have a measure of material hardship and they have a measure of poverty persistence—so intergenerational poverty—which has been developed by their authorities and will come into effect in 2025-2026. We're very comfortable with a multidimensional set of measures, but we do think that's a natural next step from the framework.

CHAIR: Thank you. Salvation Army or Lifeline, did you have any involvement in the development of the wellbeing framework? Do you have any views as to how poverty should be reflected in that framework?

Mr Siorokos: Lifeline is basically a crisis support and suicide prevention charity. We haven't had any direct impact on the national wellbeing framework. Having said that, we do think it is a good thing and an important thing for the government to be working on. I might hand over to Anna, who may have some views about the importance of it.

Dr Brooks: One of the observations I'd make is that—again, noting the associated risk of suicidality based on financial hardship, which can take the form of a low income or, in addition, uncertainty about income—within the *Measuring what matters* framework, the metrics around the healthy element of that are incredibly important, but the medical health aspect focuses particularly on one particular instrument: the Kessler 10. Whilst that's a really useful tool, there's possibly the opportunity to use different tools to try to capture the suicidality aspect as well as mental health more broadly.

Suicidality can but does not always involve a mental illness component. As a charity that's focused on suicide prevention, to have better metrics around suicidality in particular is something we'd be very interested in seeing and be very supportive of.

CHAIR: Salvation Army?

Ms Kirkaldy: We provided a very detailed submission for *Measuring what matters* that we would be happy to provide if that would be helpful to the committee. We absolutely support what the Brotherhood of St Laurence was saying about the need for it to go beyond just having those measures, that we actually do need legislated targets so that we can introduce some really strong accountability that leads to better outcomes. The other thing I'd love to say on the poverty point is that we know that poverty has a productivity cost for every nation. In other countries there has been work done on what the productivity cost of poverty actually is. We would definitely be very interested in there being an exploration. If we have to think about poverty as an economic prospect instead of just as a human condition then we actually should be making sure that we're all operating from the same basis and the same set of data.

We would love there to be a real exploration of what the genuine cost is, because we know that those poor outcomes—Salvation Army sees every day that those poorer outcomes are impacting on individuals, families and communities, but in Australia we don't have a really good measure of what those poorer outcomes are actually costing our economy. So, while we would prefer to think of poverty as a human condition and something that just because of the inherent worth of people we should be addressing, if we have to think about it in an economic sense then we should be looking at it in the full sense and with actual data of what poverty costs our country instead of in a piecemeal way.

CHAIR: So there are the two elements. I first go to actually measuring poverty and take up your point about the economic impact of that. In your submission, you recommended that the Commonwealth government establish a clear body or cabinet vision with accountability for progress towards ending poverty. Obviously, if you're measuring progress, you've got to have some clear data as to what you are measuring. Do you see the Economic Inclusion Advisory Committee fulfilling this role?

Ms Kirkaldy: I think that's a matter for government, but it's definitely got great people on it. It has a good mandate. Like we said in our submission, if we could have a cabinet position that has a very clear political obligation to address poverty, that would have a great impact, but the Economic Inclusion Advisory Committee is a really great group of people, and they certainly move us closer to being able to both measure and actually have some accountability about addressing poverty. Our preference would be that there is actually a minister and a commitment by government that we are moving to eradicate poverty, but I've got nothing bad to say about the EIAC.

CHAIR: Do you think that that body should include people with lived experience of living in poverty?

Ms Kirkaldy: it's very important for the Salvation Army that we are amplifying the voice of lived experience. I don't want to get too much into the configuration, especially given we have a member of the committee right here.

CHAIR: I'm about to ask him the same question, so don't worry!

Ms Kirkaldy: Absolutely. We would really like the concept of 'nothing about us without us' for every disadvantaged cohort in Australia. We really would like lived experience to be involved in every policy process that we're going through. The actual form of that, I don't want to get bogged down in details about, but in answer to your question, yes, we would like there to be representation of lived experience in every forum. And, yes, we would like it in the EIAC as well.

Dr McLeod: I think the committee would benefit and is benefiting from the perspectives of people with lived experience. One of the priorities, which is documented in the report, was to consult widely and receive input from people with lived experience of being on income support. I think it was that testimony and those perspectives within the report that made it a more powerful report and committee members participated in as listening to those round tables.

On the question about measures, the last chapter of the report talks about the importance of legislated measures on economic inclusion and poverty reduction. It points to overseas examples where this has been done very well. It suggests that should follow the Measuring What Matters framework. It also suggests that the appropriate minister, with responsibility for reporting progress against those measures and setting targets, would be the Treasurer and the Treasury portfolio. That's the view the committee took, and I support that recommendation very much.

CHAIR: On the lived experience, when you say the committee benefited from hearing from people, do you think there should be people on the committee who have that lived experience?

Dr McLeod: Committees always benefit when there are the most broad range of perspectives as possible, including lived experience of being in the system.

CHAIR: This question is to Lifeline. In terms of your very powerful evidence, about the link between financial stress and suicide and suicidality, is there any data on links, specifically, on the risk of suicide for people on income support payments, like JobSeeker, compared with other people?

Dr Brooks: Socio-economic status is a factor, in terms of predicting risk of suicide. Typically, and this is a robust finding, people who live in low socio-economic areas are at greater risk of taking their lives. There are a range of factors that contribute to that. But at the individual level, in terms of the mechanisms that can contribute, our colleagues in the UK, the Samaritans, have released a paper indicating that, for people who do have low income, some of the typical experiences of what that feels like at a very personal level are feelings like defeat, entrapment and humiliation.

The thing about those types of feelings and perspectives on your life are that those types are known contributors to risk of suicidality. So the relationship between low income and risk of suicidality is well documented within the literature. Yes, is the answer.

CHAIR: It would follow from that, then, that a key step the government could take, to be reducing suicide risk—could you expand on what the government could do, in terms of income?

Dr Brooks: Putting it really simply, if we were able to reduce the financial distress that people experience, we reduce one of those stressors that contribute to suicidality. We would expect to see that people's risk of experiencing suicidality would reduce at the population level if we were able to address rates of financial distress.

CHAIR: Obviously COVID was a tricky time, because of the other stressors that were on people. With the doubling of JobSeeker, was there any evidence that that in itself reduced the risk of suicide during that time?

Dr Brooks: During COVID-19, in terms of the rates of suicide there was a significant decrease in some jurisdictions on the east coast. Across the board we saw—the exception here is that some priority groups, the data, in terms of rates of suicide, did not reflect this trend. But overall what was observed was that during that period the rate of suicide dipped. Of course, we can't speak definitively about the causal factors, but typically within the sector one thing that is largely pointed to is that people's financial distress—their uncertainty about their income and their ability to pay the bills and have the electricity on—was reduced because there were those measures in place to support them during that time.

Mr Foster: I just wonder if I could add something to that point around mental health and financial stress.

CHAIR: Yes.

Mr Foster: We have an outcomes measurement process that we utilise in both our financial counselling and emergency related case management. One thing that we find quite clear is that engagement in support with organisations such as ours actually improves people's mental health and can improve it quite significantly. I wanted to make that point that, where there's that support available, we do see vast improvement in people's ability to cope with not only their financial situation but their mental health as well. We measure that under the Kessler 6 system of measurement.

CHAIR: Thanks, Mr Foster. Senator Kovacic.

Senator KOVACIC: My question is for the Salvation Army. I note in your written submission your reference to the 'poor tax' and also Moneycare's insights into how low amounts of debt can actually spiral out of control. I'm particularly interested in the BNPL—buy-now pay-later—and rent-to-buy schemes and whether you have some insights into the prevalence of this as an issue and whether it's a growing issue. Is it impacting a particular cohort? What is the starting off dollar amount—the entry level amount that then grows—and what is being purchased? Are people buying food, clothes or essentials, or are there other items that are being purchased? Are you able to give me some insights on that?

Mr Foster: I can bear witness to this—the buy-now pay-later system, as it currently stands. We welcome that there are some changes that are coming. One clear example that I can relate is one community member who came through our microfinance process and then into our financial counselling. It was one of the worst BNPLs we've ever seen. The bank statements were filled with BNPLs. It started off small. It spiralled, and, at the end of the day, there were more buy-now pay-laters to actually pay for the buy-now pay-laters that were already in place. It's very easy to witness and see that occurring in our communities, because they just don't have the financial ability to continue to pay for those basic items. The ease of getting that sort of credit and the process make it very easy for them. I'm not sure that's answered all of your questions. Ms Kirkaldy may like to add to that.

Ms Kirkaldy: Buy-now pay-later is the fastest-growing form of debt that we're seeing in our financial counselling services. We can come back to you if it's okay to provide on notice some of those details about exactly what proportion it is and what the dollar figure is. In terms of what people are using buy-now pay-later for, we are seeing, really, that it is for essentials. We are seeing people beginning to use buy-now pay-later for groceries and certainly for essential repairs. We can get you some more information on that, but we are definitely seeing it being used for what we would consider to be absolutely essential purchases.

Senator KOVACIC: Would you have any particular recommendations in relation to the BNPL?

Ms Kirkaldy: As Stuart said, we are very glad to see that there are some reforms being put in place. One thing I will say is that it is important that people can access safe credit. We're not in a situation of wanting to get rid of these credit products completely, because it is really important that people can access credit. We would like to see greater safeguards in place, and there is some move towards that, but we're more around increasing financial counselling, increasing financial literacy and—I know I'm a broken record—increasing our welfare payments, JobSeeker and youth allowance, so that people have enough money and they don't have to rely on forms of credit just to be able to afford the essentials.

Senator KOVACIC: So the financial participation piece is key, but there has to be education around that and protective mechanisms within the BNPL and rent-to-buy schemes so that participation is safe.

Ms Kirkaldy: Yes, absolutely. Coming out of our financial counselling we see that sometimes—and this does fit in with the mental health point that Stuart was making as well—engaging with financial counselling can be quite transformative. It means that, yes, the financial problems are still there, but people are not alone and they can be equipped and given support to work through it. Nothing will do if you simply do not have enough money to live, but certainly financial counselling, financial literacy courses and no-interest loans can, on an individual level, be transformative. We would definitely be supportive of more financial counselling and more work to really help people to deal with their financial issues.

Senator KOVACIC: Thank you. On one sidenote on that, with the microfinance piece, the NILS, no interest loans scheme, how many of the clients—and this is obviously anecdotal, I would assume—that come in to Moneycare or that you guys see actually have an understanding that this type of option is available to them rather than going down the BNPL or payday later or rent-to-buy scheme first? Do you guys have any insights into that? If it is a low level of awareness, what are your views as to why that is the case?

Mr Foster: I would say the awareness component of that is that it's not well known in the community, that it's available, apart from in the community services organisations themselves. NILS loans are an essential part of our work with people around helping them with education but also them getting experience with dealing with credit products. Whilst it's not a credit product, it is a learning and financial literacy thing as well. They learn how to manage repayments. No-interest loans are a really important part of our service design. But, yes, they do need to be made more widely available. I don't know, Jen, if you've got any other comments on NILS?

Ms Kirkaldy: A lot of the referrals to NILS come from our financial counselling. As a general observation we would say that awareness, that there are these products out there, is quite low. But also organisations are doing a lot to try and make sure that when people come, and this could be something that—I don't want to suggest to you where you should throw it next, but Lifeline has lots of people coming in because of financial distress. That's actually a warm referral over to people like the Salvos, and it definitely goes both ways.

I think if people can make contact with any service in the community services, then what we're aiming for is that there are warm referrals out to whatever it is that they need. As a sector we try and do wraparound supports. While I think there's not a good awareness of things like no-interest loans in the general populace, once people access any part of the service system there's a good chance that they're going to be referred to places where they can access things like this.

Mr Foster: The challenge for no-interest loans is often around competing with the immediacy of some of the BNPLs. It takes a little bit longer to go through an application process for a NILS loan, whereas you can get a BNPL in a matter of minutes. So that's what we're competing with, in terms of money being readily available.

Senator KOVACIC: Thank you both. Just finally, what is the rough turnaround time? I know it can depend on information coming through and all the rest on a NILS loan. Is it a day, a few days or a week? What sort of time frame is it, generally, as a rule of thumb?

Mr Foster: It can be from three to five days, at times, depending on the workload that the NILS process has on it at the time too. So it can be three to five days.

Senator KOVACIC: So okay if you need to pay rego or get some shoes or pay for something for kids at school, but very different if you need food.

Mr Foster: And a NIL wouldn't actually be available for people to pay for food.

Senator KOVACIC: That's right. Thank you.

Senator LIDDLE: I apologise for not being available on video and thank you for making representation today. I want to focus on a specific aspect of this inquiry, and that is those who are able to move to employment, recognising that we are in a period of historically low levels of unemployment but also very high levels of unmanaged inflation. It's one thing to offer a job to somebody, but it's quite another thing to be able to transition to employment and then sustain employment. I'm interested to hear from, perhaps, the Brotherhood of St Laurence, but I'm happy for anybody to jump in on this question: what is missing from the service response for those people who are wanting to transition to employment but are coming from a basis of significant challenges to move to employment and then sustain employment?

Dr McLeod: That's a very good question. The simple answer to that question is that our employment services system nationally doesn't work for disadvantaged jobseekers in the places and situations they find themselves in. There's a once-in-a-generation opportunity with unemployment nationally at 3½ per cent to reform that employment services system so that it works better in those communities and much more effectively with employers. I note that there's a substantial inquiry by a House of Representatives select committee at the moment into the Workforce Australia employment services system and there's also the Treasury white paper process. We

would be very happy to send BSL's written submissions and materials that we've made to both of those processes if that would be helpful. But we agree fundamentally with the assumption in your question, which is that we can't boost pathways for economic or social participation without fundamentally reforming our employment services system and how it supports those who have historically been marginalised in the labour market.

CHAIR: Could you just expand—sorry for butting in, Senator Liddle—on what are the key things that need to change?

Dr McLeod: Well, it's not actually an employment services system; it's really a system that polices the payment system and does so through a fairly punitive mutual-obligation requirement, which is not about mutual investment or investment in capabilities and confidence. I think the last review that was done found that it interacted with four per cent of the nation's employers, so it doesn't build pathways with industry and employers in the way that it best can. We would argue that it doesn't have the role of government properly positioned in the way that it should be for an employment services system to work. At the moment, the government, federally, is entirely behind the contract gate, which means that government at the federal level has lost sight of what works in successful employment pathways. There are subnational schemes, particularly in Victoria and Tasmania, that have much better outcomes, and there are lots of approaches, backed by philanthropy or by industry, that are operated outside of the system and that are much more effective. We're hoping that the Workforce Australia review does take a first-principles approach and recommends fundamental reforms.

Senator LIDDLE: I want to move to a question around the increase in poverty. People I've spoken to have talked about an increase in the number of people who have not ever experienced poverty before and the additional stressor of trying to navigate a service system that is quite foreign to them. I want to take the next step in that and talk about the connection between poverty, stress and exposures to domestic and family violence and exposure to the child protection system, and particularly where we're at with an understanding of and response to the connection between poverty and neglect, and the differentiation between those two things. Where are we at? What are we seeing in terms of trends for people who are experiencing poverty and therefore cannot provide as much for their children and loved ones as they might want to, and definitions of neglect that put people in contact with a service system?

Dr McLeod: Is that question for the Brotherhood of St Laurence?

Senator LIDDLE: You can answer that one if you like.

Dr McLeod: I might ask my colleague Dr Porter to answer that in the first instance.

Dr Porter: I probably can't speak to the neglect element, but we definitely hear a lot, particularly from women we speak to through our research and our programs, that people, particularly parents—particularly single mothers, who are more likely to be in poverty—spend a lot of time and effort trying to shield their children from the poverty they're experiencing. We know that women may go without eating properly for years to ensure that their kids eat. We know that a lot of parents feel a lot of guilt and shame because their kids aren't able to participate in extracurricular activities. They may not have adequate shoes or clothes for their kids to go to school. We know that that has an impact on kids. Kids growing up in poverty are likely to underperform and not likely to get the nutrition that they need, and we know that those pressures are increasing with the cost-of-living crisis. I probably don't have much more to add on that.

Mr Foster: What I can add to that conversation is not a great deal, but certainly—I see reports of this every week in terms of our reporting through our safety system—there are quite a few people now coming in that are requiring emergency relief but are also disclosing child safety issues to us in that conversation. That then puts the Salvation Army in the very difficult position of being a mandatory reporter and still having to report and work with people that are coming to us for emergency relief. So we're often finding ourselves making mandatory reports, as we should, but having children living in cars with parents or living in tents—those sorts of things are extremely distressful both for the community members and for our staff as well. I'm just saying that we are seeing that in our safety reports.

Senator LIDDLE: Thank you.

Senator PRATT: In terms of the contracts that you have as organisations, how easy is it to adapt them to local needs that address poverty? Do you feel like you are locked into administration and systems that don't enable you to be flexible and responsive on the ground? What can governments do to improve that?

Dr McLeod: I'm sure we've all got views on that. I'll go first. I think the community sector is a bit of a broken record in talking about longer lived funding and more flexible funding. I know that's part of the intergenerational framework that's being developed about that flexibility in place at the community level—less tightly regimented

contractual obligations and letting go a little bit so those on the ground are able to direct the funding and think about outcomes in a way that best supports those community networks.

The other thing that is really impacting service organisations at the moment is indexation. The lack of uniform, consistent indexation arrangements across the service funding agreements does make it difficult for organisations. At the Brotherhood of St Laurence, we see that because our services are across the life course, and so we see the differences in those that aren't indexed or aren't indexed at a level that matches CPI and the additional pressure that places on organisations like us and smaller organisations as well. So longer lived contracts, more flexibility around contractual expectations and to work at the community level, and coherent, consistent, adequate indexation would be three things that we think are necessary.

Senator PRATT: I'm happy for someone else to pick up on that.

Ms Kirkaldy: I endorse everything that the Brotherhood of St Laurence has just said. I'll add that every grant that we have is actually quite different. There's a lot of variation between different programs and different states and territories, so I don't want to make a blanket statement about every grant we have. We certainly do have some grants where we are able to do quite a lot of innovation and respond in a really effective way at a local level, endorsing everything that the Brotherhood of St Laurence has just said about indexation and longer contracts and flexibility. But the extra thing I would say is that the more the people who are doing the grants and the grant recipients, or the more that government and service providers can work together, essentially, the more that grants programs can be co-designed by the people who are actually delivering them and the people who are actually utilising the services—because lived experience is critical—and the more effectively that government can work with people on the ground, the better outcomes we're going to have. A certain level of compliance and reporting is always going to be necessary because of accountability of government—that's perfectly fair enough—but the more that we can work to make sure that the services are going be fit for purpose and that the person who receives the services is the centre and the grants follow from that, rather than the other way around, the better the outcomes we'll see.

Mr Siorokos: I just want to say very quickly that most of the support Lifeline receives from government is to fund our telephone crisis service and our text and webchat service, so the sorts of issues you have raise don't apply to us. Having said that, we do have a very good relationship with the federal department of health, who are very supportive of what we do.

Senator PRATT: My question is regarding state and Commonwealth levers and how we could or should better coordinate those. I would note examples where parents have lost care of their children to the child protection system, but, in doing, they've lost their family payments, which, again, has made it difficult to get themselves out of poverty, to afford housing and to reconnect—and that's occurred because income payments are a Commonwealth issue and child protection is a state issue. What can we do to better coordinate those levers to support families, whether they be through homelessness services, housing services, income or financial counselling services or through some of the Commonwealth levers, through the social security system?

Dr McLeod: I will go first, very briefly, on this. One of the ways the Commonwealth can take really proactive steps here is to think about how the service systems for which the Commonwealth is responsible can be gateway service systems. I think of the earlier system and the employment services system. I spoke about the employment services system beforehand. Because at the federal level, it's largely been a set of contract management with providers to police the payment system, it hasn't been engineered in a way that allows it to be that gateway human service that bolts on those other state funded and run or commissioned services that really make a difference to overcoming barriers to employment. The same is true in the earlier system, where it might be that early childhood education and care or preschool is a gateway service for other allied health supports, be they housing or mental health, that children and families might need. I know these are areas of great interest for the earlier strategy, for the NDIS review and for the employment white paper, but that is a big fault line for the success of those service systems, where they break down along federal-state lines. It does leave organisations that are trying to deliver services often contorting themselves against different expectations and contractual requirements, be they state, federal or philanthropic.

Senator PRATT: What do you think would be key to making progress on those issues in terms of bringing state governments, communities, Commonwealth and service providers together? I note what you have said about the early years and employment and housing. But the social security system and the large human services data systems that people report to are not part of that conversation necessarily. How do we address that and create trust and confidence at the same time, without making people feel more anxious about the oversight of government?

Dr McLeod: It is that starting point around trust and trusting people, and the robodebt royal commission spoke about this. There is a beautiful metaphor that Ben Chifley used in 1945 to talk about the trapeze artist and

how when the artist misses his hold, he knows the peace of mind that the presence of the net—the social security safety net—has for performers and the audience alike. He talked about the modern ideal is that there should be social security provisions to protect every citizen in his or her emergencies from the cradle to the grave.

Our Social Services system doesn't offer that peace of mind. It doesn't bounce people back into participation. It has elements of distrust, right? I think untangling the mutual obligation requirements in a way that is empowering and builds capability and confidence and that proactively links and other services and supports at the state and local level is the answer, as is co-commissioning, co-stewarding the big service platforms on which every Australian relies—early years, housing, employment. It is probably a longer conversation, though, but we're happy to send across some material where we have looked at this question in the context of both employment and the early years system, if that is useful.

Senator PRATT: In the context of what you said about regional and postcode poverty and what that means for services like yours, where there might be long distances from adequate transport, how do we target programs so they are better and more regionally responsive?

Dr McLeod: There are efforts underway to do that through this intergenerational framework on disadvantage which has been developed by Treasury. At BSL, we are the enabling organisation for the national youth employment body, which looks at seven community investment committees around the country using that wraparound place based collective impact approach. There are other examples across our service systems. What we have noticed is that often federal and state funding is not properly geared towards the geographic level within which it can make the most difference and devolves responsibility and flexibility of deploying those funding sources in an integrated way that can best support those households and communities. I think the intent is there at state and federal level but we have a long way to rewire our service funding agreements and service systems from where they are now to that desired destination.

Senator PRATT: In terms of getting to that desired destination, or you have overlaying community organisations who are all doing important work, but, in order to consolidate and co-ordinate, there might be a perception of risk about the loss of service rather than the gain of service. How do we mitigate against that?

Dr McLeod: We have to be much more effective at collaborating and working with each other and being very wary of not adding to the confetti of services within a particular location, and that is incumbent on service organisations outside of government, just as it is upon government.

Ms Kirkaldy: The Salvation Army provides services across every state and territory. We are in more communities than McDonald's, we recently learned. There are two parts to it. One is you need to have the national infrastructure right. One thing we have pushed for is a national housing and homelessness strategy that brings everybody the table so we can actually have a national view of where demands are going to be, where the barriers are. The reality is that Wollongong has more in common with Geelong than either have in common with Sydney, for example. But the other part of that is, within that national infrastructure, we are having great success with place based initiatives. So things like Communities for Children program, which really brings about the collaboration that Brotherhood of St Laurence was talking about, are having some fantastic outcomes, not just for individuals who access the service but for their families, their connections and their whole community. So that combination of having a national infrastructure with that very locally focused solution is already showing some great outcomes and is a model that we could replicate with other services.

CHAIR: Thank you, Ms Kirkaldy. Thank you for your evidence today. There was some information to be provided, particularly by Brotherhood of St Laurence. If there was any information that you need to return, please return it to the secretariat by the close of business 31 August; that would be really helpful. We will report to the Senate on 31 October.

HARDHAM, Ms Melissa, Chief Executive Officer, Westjustice [by video link]

JONES, Ms Jennifer, Legal Director, Westjustice [by video link]

NUNWEEK, Mr Joseph, Legal Director, Westjustice [by video link]

PIETROPICCOLO, Mr Tony, AM, Director, Centrecare [by video link]

ROBSON, Ms Kirsty, Financial Counsellor, Consumer Action Law Centre [by video link]

TONKIN, Ms Stephanie, Chief Executive Officer, Consumer Action Law Centre [by video link]

[10:25]

CHAIR: I invite each organisation to make an opening statement. I should apologise for running late, but we should be able to go to 11.15. Westjustice, do you have an opening statement?

Ms Hardham: Yes, I do. Westjustice is pleased and privileged to attend today to provide oral testimony and we thank you, Chair, and the committee for this opportunity. We also rely on our written submissions which we have already provided. We acknowledge the traditional owners of the lands we are on. I am on the lands of the Wurundjeri people of the Kulin nation, and I pay my respect to elders past and present. I also acknowledge the traditional lands my colleagues are on today. All of these lands were stolen and never ceded, so we are and always will be on Aboriginal land. We also acknowledge the First Peoples elders and leaders involved in these proceedings.

I am joined by Joseph Nunweek, the legal director of our economic justice program, which provides a range of comprehensive legal, financial and social services to people experiencing economic injustice and the impacts of postcode poverty. This includes a highly skilled team of 12 lawyers, financial counsellors, social workers and community development workers who are employed across a range of subject matters including consumer law, tenancy law, legal and financial redress, restore financial safety of family violence victims, targeted legal support for newly arrived families through settlement services, claims debt, family violence, misidentification of victims-survivors and criminalisation of poverty through crime and related systems. I am also joined by Jennifer Jones, who heads up our employment equality law program, which focuses on the unfairness and injustice resulting from insecure work and the exploitation of people who struggle to access information, education and support to advocate for their workplace rights.

During COVID-19 we witnessed some of the most appalling cases of workplace discrimination and exploitation, spotlighting the significant power imbalance between employees and employers, particularly among young people and migrant and refugee communities. Her team of seven specialist employment and human rights lawyers address these issues and advocate for reform across a range of areas. We regularly see the working poor in insecure and precarious jobs being underpaid wages and entitlements, using unsafe work environments, and sometimes not being paid at all. This places them at serious risk of falling below the poverty line, but many do not know what their workplace rights are or how to enforce them. As an example, imagine if every school student was educated on their rights and responsibilities before entering the workforce. Imagine if every newly arrived work-ready person was educated on their rights and responsibilities through our settlement services. Our research shows this would significantly improve people's safe workplace participation but would also save the government the costs associated with the damage caused when laws are breached.

Westjustice is a human rights and community legal centre in the western suburbs. We focus on young people, people experiencing gender based violence, culturally and linguistically diverse communities, and people experiencing economic injustice. Our clients are those who live in or are connected to the western suburbs. We're a team of just over 80 staff, and on any given day our lawyers, financial counsellors, social workers and community development officers are outreaching at place based settings including schools, hospitals, settlement services, libraries, women's housing services, maternal and child healthcare centres, and universities. We've learnt over the years that, to reduce referral merry-go-rounds and multiple storytelling, we need to be where our clients go to access other supports. It's through this multipartnering in multidisciplinary settings that we can identify the causes and the causes of the causes. It is the social determinants which impact on health and wellbeing and our clients' contact with civil and criminal legal systems.

We witnessed the impact of COVID on our western suburbs communities firsthand. Whilst many of us enjoyed financial, housing and job security, there were many people 20 or 30 minutes away in the west experiencing extreme poverty. While we were baking bread and growing avocados, there were children in the west presenting to the school nurse with hunger pains. In some cases, teenage children were acting as the sole breadwinners, due to mass unemployment or underemployment of their parents and lack of access to JobKeeper and JobSeeker.

Sadly, since we've all come out of lockdown, these issues have not resolved, particularly in Victoria's western suburbs.

Melbourne's west is thriving on many metrics. We have a strong and inspiring collective identity, rich in culture, linguistic and religious diversity, and industry. We are also home to the fastest growing First Peoples population in greater Melbourne, according to the 2021 census. However, this area is also in crisis on many other metrics. A large portion of western suburbs clients experience cyclic disadvantage and overrepresentation across many negative outcome measures, including interface with the criminal justice system; financial insecurity; housing insecurity; job insecurity; travel poverty; family violence; family breakdown; poor and chronic health issues, including the highest COVID numbers in 2021; mental unwellness; and heightened vulnerability to loans and scams.

Our approach is therefore to focus on the underlying causes of legal and related problems and create impactful, community centred solutions. Whilst we reported in the 2022-23 financial year a large volume of client contact, over 2,000 cases, we strive not to simply be transaction based. Instead, we turn the evidence from clients' interactions to inform prevention and early intervention strategies collectively with our partners. This approach has significant human benefit but also avoids significant cost to government.

Finally, we recognise that the recent complication of spending on consultancy services by governments highlights the disparity between the for-purpose and for-profit sectors. Organisations such as Westjustice are essentially disadvantage services, supporting disadvantaged and impoverished communities. Our funding is often year-to-year—practically speaking, hand-to-mouth—resulting in uncertainty both for communities we serve and for our workforce. Our funders demand high-volume case numbers and output-centric measurements, which leaves little to invest in corporate services, best-practice operating systems and high-performance teams. We're often forced to discontinue highly successful projects, with proven track records of human benefit and avoided cost to government, due to funding constraints and arbitrary time frames. It would be rare for the for-profit sector to remove a highly successful product from the shelf if it illustrated similar success and profitability. Therefore, we recommend more sustainable funding for the for-purpose community services sector so that we can continue to help government circumvent the impact of postcode poverty and cyclic disadvantage.

Our presence here today is therefore based on our practical experience in the west with people and their families, focusing on addressing the underlying causes of legal and related problems and their impacts. We thank you for allowing us the time for this opening statement. We rely on our written submissions and recommendations, and we'll also be relying on the oral evidence of Joe Nunweek and Jen Jones and their subject matter expertise for the purposes of today's hearing.

CHAIR: Thank you very much, Ms Hardham. The Consumer Action Law Centre?

Ms Tonkin: Thank you. The Consumer Action Law Centre is an independent not-for-profit consumer organisation based in Melbourne. Our goal is to make consumer markets fairer, particularly for the disadvantaged and vulnerable. We speak to many thousands of consumers through our statewide services, and this year has been marked by more people struggling under the cost-of-living crisis. Many callers to our helplines are experiencing poverty, and our frontline work provides insight into how a consumer market that includes essential services systematically disadvantages low-income individuals and households.

We call this the poverty premium. It both drives and exacerbates poverty by trapping people in financial difficulty and charging them more services they are struggling with or unable to afford. Examples from our frontline services include people stuck on poor offers and swiftly disconnected from essential services; credit products with eye-watering fees, interest or charges, often greater than the original loan or product, which are generally only accessed by people with poor credit histories; high default and overdraft fees penalising people in poverty, who naturally have less money in their accounts; and higher insurance premiums for people living in areas where housing is cheaper.

We have seen a 28 per cent growth in calls to the National Debt Helpline in the first six months of this year. For the first time in over a decade, mortgage arrears have eclipsed credit card debt as the No. 1 presenting issue on our front lines. We are talking to newer callers who haven't navigated support services before and who are slipping into a poverty spiral, with large numbers of outstanding debts and liabilities causing immense stress on them and their families. In this environment, to get by, our clients afford essentials and feed their families by maxing out credit cards and turning to high-interest loans and buy-now pay-later products with limited affordability checks. University of Sydney research and our own experience shows these products are harmful to the most vulnerable and entrench their hardship.

Low-income groups can often be on standing or poor energy offers. They are less likely to engage with the market or shop around for better offers. Research from St Vincent de Paul found that gas consumers in Victoria on the worst standing offer would be paying over $2,300 more than they would on the best offer. The Victorian Default Offer has guaranteed a fair price for electricity for Victorian customers. However, we continue our call for a similar default offer for gas. In 2022 the average energy debt for our callers was $2,459, an increase of $740 compared to the previous two years. Of our clients with energy debt, 52 per cent reported intersecting hardships, such as serious or mental illness and family or domestic violence. The solution is beyond just shopping around. Energy concessions must be overhauled. They need to be automatically applied and cater for the expanding scale of energy poverty and debt in our community.

Phone and internet connection is essential for work, education, family, connection and safety, but mobile phone plans can be unaffordable or unavailable for people experiencing poverty due to the financial commitment and credit checks required. Australia's largest provider and the only provider in many rural and remote areas of Australia has a higher unit cost for its prepaid data offering than for plan data. The ACMA recently reported that in 2021-22, 2.4 million telco customers struggled to pay their bills, but the telcos themselves identified just 4,388 customers in financial hardship. Regulation of the telco industry is out of step with other essential services, and we see this result in cutting off customers instead of offering hardship support. There was real progress last month, however, when Telecommunications Minister Rowland announced directly enforceable financial hardship rules for telco providers. Kirsty Robson has firsthand experience talking every day with people who call our National Debt Helpline. Over to you, Kirsty.

Ms Robson: Thanks, Steph. Firstly, I'd like to say thank you for the opportunity to tell you what I'm hearing from the callers on the National Debt Helpline. As Steph mentioned, we're getting a lot more calls to the helpline this year. I'd like to share two stories from just last week.

The first person is a woman on the disability support pension who rents privately. Her washing machine broke. She didn't have the money to replace it, so she took out a payday loan. The high cost of this loan meant that she couldn't afford her essentials, so she took out another one. She's now in a debt trap and months behind, unable to pay for food or medical bills. Her pension is, instead, going to these high-cost loan providers. Since the cost-of-living increases, we've been seeing a newer demographic of caller reaching our service. The second person I spoke to is a single mother of four, who is working full time and who has a mortgage. Because of the interest rate rises, she has now found herself struggling to make ends meet, even though she hasn't had trouble before. To make it through a fortnight, she's been skipping meals to make sure her kids have enough to eat and putting essential living costs onto credit card and 'buy now, pay later' accounts. She's trying everything to make sure her mortgage gets paid because she feels like there are no alternatives available to her. The rental crisis means that it's either meet the repayments or face homelessness.

You need to know that these are just two of the cases I dealt with last week and that they are by no means extraordinary. We get calls like this every day from people on the cusp of poverty or well and truly in the middle of it. You need to understand that these people are already incredible money managers and that they're not in this situation because of a personal failing or reckless spending. It's systemic. It's a situation they're in, and it's just not enough money to live on.

Ms Tonkin: Competition alone doesn't protect consumers. Telecommunications is a good example of this fact, so we need strong government regulation and cross-sector responses to the issues we have outlined. The demand on our services is endless. We can't keep up. Dealing with everything individually is one part of the solution, but we must use our clients' experiences to inform our systemic change work. Since preparing our submission to this inquiry, we have seen a wave of significant reforms and proposed consumer protections driven by the federal government and certain businesses. They are most welcome and must be acknowledged, but there's a long way to go to achieve security and wellbeing for the most financially vulnerable in our country. People relying on JobSeeker and other Centrelink payments to support themselves and their families are struggling acutely with covering expenses for even their most basic needs, so we strongly recommend raising the rate and increasing funding to other crisis and support services that are providing direct financial assistance to people in poverty.

Thank you very much for the opportunity to present some of what we're seeing on the front line.

CHAIR: Thank you very much, Ms Tonkin and Ms Robson. I'll go to Centrecare.

Mr Pietropiccolo: Thank you for inviting me to this incredibly important inquiry. While it is integral to address poverty in Australia, one thing we must remember is that there are an estimated 770,000 to 1.2 million children in this country who live in poverty. Behind every one of those statistics is a child, each with their own hopes and dreams, their favourite TV show and their favourite ice cream. They have their best friends, and they love to play their favourite sport or dance to their favourite song. Each child wants to feel safe, loved and

accepted. How we value children is central to ending poverty, and this is why we must focus our efforts in regard to poverty on children and their wellbeing.

Children have a different view of the world. They don't understand that money is a driver of happiness, but they understand that having a best friend is. They don't understand how long they have been homeless for, but they understand that someone who loves them will do their very best to make them feel loved and safe. They don't keep an eye on inflation or unemployment, but they miss their friends when they have to move schools, sometimes many times, while a secure house to live in is found for them. Children who grow up in poverty will more than likely remain in poverty into adulthood. Children who grow up in poverty do less well at school and, therefore, less well in their work life. For children, it is the systems we have created that we need to fix to ensure equity and quality of access to education, health care and housing. For these to be available to all, they need to be free, affordable, effective and efficient, so that every child can thrive.

Due to poverty, many children have developed, and continue to develop, far from their full potential. As a result of child poverty, it is likely that we have foregone the benefits of many doctors, engineers, artists, leaders, inventors and individuals who could have solved climate change or cancer, and inspired generations of Australians if only they were given the opportunity to maximise their potential rather than being constrained by their experience of poverty. It has been refreshing to see this Labor government take a new approach to the economy, one that is underpinned by wellbeing through a framework and a budget. However, we must make this point very clearly: unless children are placed at the centre of a national wellbeing framework, budget or strategy, our society will be the poorer both now and into the future. Until we address child poverty, we will never end all poverty. The impact of child poverty is a lifelong journey that constrains achievement and very often condemns people to a life of poor health, social and relationship difficulties, and reduced employment prospects.

It was pleasing to see that in the recent economic inclusion committee report there was a chaptered dedicated to exploring legislated measures and formalising the role of the Treasury portfolio in leading economic inclusion and poverty reduction. We support recommendation 27, which says:

The Government commit that Measuring What Matters reporting includes legislated measures on economic inclusion and poverty, and an expansion of the Intergenerational Report to include forecasting, benchmarking, tracking and modelling of savings from the alleviation of disadvantage, with a specific focus on outcomes in places of persistent disadvantage

We also support recommendation 36, which says:

The Government establish a multidimensional poverty index to supplement legislated measures, to provide a more comprehensive picture of the nature and extent of poverty, and to enable monitoring of trends and targeting of effort by population and dimensions such as health, education and living standards.

We wholeheartedly agree with both of these recommendations.

Sharon Bessell, Director of the Children's Policy Centre and of the Poverty and Inequality Research Centre at ANU, has spoken to many children and says:

Of course, children—like adults—have a range of views, not all of which are focused on altruism or connection. Overwhelmingly, however, the children who have taken part in my research emphasis the need to make relationships central and to care for one another.

From this perspective, addressing poverty becomes not a matter of conditionality, mutual obligation, or instrumentalism, whereby the aim is to ensure people engage in paid employment. Rather, it becomes a matter of relationships and of care. These are the very principles that a wellbeing economy seeks to embrace. Taking children's experiences, views, and priorities seriously may not only help us to better understand how to respond to children's experiences of poverty—it may also help us to reflect seriously on what it is that really matters to society.

We also noted the consultation that the economic and inclusion committee did in exploring other legislated models to reduce poverty around the world. The committee included a report from the Canadian experience, and we wanted to provide some feedback into this model and why it is not best practice. Through the Valuing Children Initiative, a project I established through Centrecare, we have spoken to campaigners from Canada's Campaign 2000, who developed a report card for Canada each year. They were alarmed that Australia might adopt their government's model. They gave a number of reasons for their concern. Firstly, the Canadian government has spent a considerable amount of money to claw back $3 billion of social payments made to people during the pandemic. This is causing untold stress for families on low incomes and further entrenching poverty. Secondly, since the Trudeau government came into power they have done very little to address child poverty, apart from introducing a child benefit tax scheme. Thirdly, the measures used to count poverty in Canada do not include Indigenous communities, when rates of child poverty are above 50 per cent and have never changed. They also have very complicated market basket measures which exclude many of the people living in the deepest

poverty, including those in the territories and living on reserves. And only 75,000 people are surveyed out of 29 million Canadians.

The economic inclusion committee also spoke to experts in New Zealand. We have also spoken to representatives from the Child Wellbeing and Poverty Reduction Group in the Department of the Prime Minister and Cabinet in New Zealand and participated in a webinar that the Valuing Children Initiative held into various child poverty reduction acts around the world, including New York, the US and New Zealand. We would be happy to send committee members a recording of the webinar if that would help.

The New Zealand Child Poverty Reduction Act specifies four primary and six supplementary measures for child poverty and requires the relevant minister to set three- and 10-year targets for each primary measure. Rates are then reported to parliament each year, and priority is given to child poverty when the budget is considered. That means there is a requirement of the Treasury and the cabinet to explain why the rates of child poverty have not decreased and what budgetary decisions need to be made to address that.

The key to this piece of legislation is that it was driven by Jacinda Ardern's total commitment to ending child poverty. As Leader of the Opposition, she incorporated the Child Poverty Reduction Act into the Labor Party platform. Later, when she became Prime Minister, she appointed herself Minister for Child Poverty Reduction. This sent a strong message to the community to take child poverty seriously. The New Zealand model, in our view, is the best model currently operating to end child poverty and, therefore, all poverty. That is why the Valuing Children Initiative has begun work to launch a national campaign for a child poverty reduction act in Australia. We will be launching the campaign during Anti-Poverty Week in October, and we will be seeking meetings with every politician in the country to support a child poverty reduction act.

We will be launching the campaign, and at the core of the campaign will be the stories of children. We know that children who live in poverty often go to school with their clothes unwashed because they only have one uniform. We know that 1.2 million Australian children live in a household where one or more people go hungry. We know that almost half of the schools in Western Australia are feeding their students because they have come to school with no breakfast or lunch. There are students not going to school because they and their parents are too embarrassed by not having money for excursions and food or by having inadequate clothing. It would be surprising if this reality is not experienced in other states.

This is serious and it is an emergency that, as we know, is affecting the lives of over a million Australian children. As I said before, we cannot address poverty in Australia until we take child poverty seriously. Australia is one of the wealthiest countries in the world, yet we have a child poverty rate of approximately 17 per cent. This is well in excess of the OECD average, which is approximately 10 per cent. Child poverty is a scar on Australian society, but one that can be healed. We have the means. What has been missing in the last 30 or so years is the acceptance that child poverty is a significant impediment to a child's development potential and that it has lifelong negative consequences. There has also been a lack of political will to eliminate it. We look forward to speaking to all of you during the child poverty reduction act campaign. Thank you for the opportunity to present.

CHAIR: Thank you, Professor Pietropiccolo, and thank you all for your very moving and powerful contributions to the committee today. I will start with you, Professor Pietropiccolo. You just said that we need to take child poverty seriously. Could I ask you to reflect upon the government's wellbeing framework that was released in July. Do you think that is taking child poverty seriously?

Mr Pietropiccolo: As I said in my opening statement, I think it's great to see that at least we are now focusing on wellbeing as a way of looking at our economy and a way that we may frame budgets. What we would like to see, though, is a greater focus on children themselves. I think we're still missing the mark in that regard, because there isn't enough of a statement around: 'What exactly are we going to do about children? What measures are we going to look at? How are we going to assess whether we have moved forward or not?' I think that's where our push for a child poverty reduction act is terribly important.

I think what is also important is that child poverty has generally been unseen and unheard. There are very few Australians who understand or know that there are over 700,000—and, some estimate, even more, depending on what measure you use—children in Australia who are actually living in poverty. When you say to someone, 'We've got three-quarters of a million kids living in poverty,' they're shocked, because they realise that Australia is not a poor country, and, when we have countries in the world that are much poorer than Australia doing much better in relation to child poverty, they wonder, 'What's going on?' I just think that if we had a regular annual report on where child poverty is in this country and what measures we're taking to improve the situation, we would be much better informed as a community and as decision-makers but also have a much better opportunity to do something about it.

CHAIR: I'll ask this question of all organisations. You all talked about the need for systemic change and said that the issue isn't a matter of failure of individuals; it is a matter of the system. Could you summarise: what would be the top two systemic changes you would like to see? Perhaps we'll start with Westjustice.

Ms Hardham: I think that it would be worthwhile handing over to Joe and Jen to provide it from each of their lenses: the economic injustices and what we would see is one of the major transformations there, and equally with employment and equality law. Just before I hand over, I'll say that, from an organisational perspective, what we definitely know is that there is a reactionary approach, generally speaking, to the problems that we see in the western suburbs, and a lot of money goes into the crisis end of the problem and not the preventive and early intervention bookend of the problem. If we were investing more money, time and effort into that space, it would have a significant impact on improving the lives of the people we work with, so the human benefit would be high but so would the cost avoided to government at the state and federal levels.

We know that, through some of the work the federal government is doing around justice reinvestment, there are early signs that this is a fantastic pathway to reinvest those funds into the prevention and early intervention end of the problem, but also with the state government's early intervention investment framework being embedded in the budget process. So there are signs to show that there are the mechanisms and pathways for funding to be redirected to that bookend, but we would like to see that as a really conscious effort, as one of the first major reforms. I'll hand over to Joe Nunweek, to talk about it through an economic justice lens, and then over to Jen.

Mr Nunweek: I'll focus on one, Melissa, and then hand over to Jennifer. The first has got to be housing—the provision of affordable housing in Victoria and across this country. There are a couple of levers there. The first is within the private rental sector. I note that there have been active discussions about what harmonised and effective private rental protections would look like across Australia, and I understand that National Cabinet has been discussing what those proposals should look like around consistency and fairness as to how tenancies can be ended and how rents can be increased and perhaps also minimum standards for the health and security of those properties. I consider it essential that any such harmonisation is of an upward nature rather than a race to the bottom. We think that Victoria has a lot of promise in terms of what passed in its residential tenancies amendment act a few years ago. We believe that that needs to be built on, to provide the same protections across states and territories—particularly when it comes to the abandonment of no-reason notices and some sort of restriction on how often and by how much rents can go up.

Of course, the other essential part of that is the provision of effective social housing across Australia. Victoria is catching up with a long period of underinvestment, notwithstanding moves towards a big housing build, and the Victorian Housing Register burden has only increased significantly in the past 12 months. I can provide those exact figures on notice. What we're seeing is a push now by people who didn't think they would be in looming rental eviction situations, the kinds of people who are working in care jobs and what used to be considered secure blue-collar labouring jobs and are now finding themselves on the squeezed end of the rental market. These are the people who a generation or two ago may have seen a stepping stone to home ownership. The effect of them being there when the private rental market is so tight is that there is no room left for the people who need housing the most, so they are faced with a long, long wait to get on to the public and social housing list, during which time they are in forms of crisis and transitional accommodation.

The other aspect of this that we are seeing is also in the mortgage stress space due to the number of interest rate rises that have occurred recently. Again, that is producing a pathway which is really abrupt. If you hit that cliff and come out of a mortgage property due to a mortgagee sale by the bank, you are going directly into homelessness. It doesn't tend to be an easy move into paying monthly rent at the same or a similar level to that mortgage.

CHAIR: Is there a clear solution? What do you think needs to happen to address mortgage stress?

Mr Nunweek: Our model is not necessarily the silver bullet, but one of the things that we've done that focuses on that early intervention is our program Mortgage Stress Victoria, which is funded by the Victorian government. It encourages early approach by people who are beginning to experience mortgage stress to a wraparound team that includes a lawyer, a financial counsellor and a social worker. That's for someone dealing with the hard end of those consumer credit and lending questions with the bank, making available a financial counsellor who is beginning to unpick the web of other debts or situations that a person may have found themselves in so that they can experience that quite transformative process of working with a financial counsellor. They can also interact with a social worker who can identify the psychosocial issues which may be underpinning that mortgage stress or being exacerbated by that mortgage stress, including family violence. We'd love to see things like that scaled and used more broadly. We think they've got incredible promise, even though we have only been operating at the statewide level for a period of approximately 18 months now.

Ms Hardham: If I could add to Joe's point, what we've seen is the housing crisis is set up with various canopies or layers—mortgage stress, tenancy stress and then obviously social housing—so the more that we can retain people in mortgages and tenancy arrangements, the less likely that's going to put pressure on social housing. It's an ecosystem, not a singular, layered problem.

CHAIR: Ms Jones, do want to add to that?

Ms Jones: Yes, thank you for that opportunity. If I can put forward my two systemic changes, firstly, we would like to see implementation of changes relating to insecure and precarious work. By this, I mean reduction of casualisation, labour hire workers and sham contracting and support for gig economy workers. Through the work that we do at Westjustice, we help some of the most marginalised and disadvantaged members of our community—migrant workers, temporary visa holders, young workers under 25, people who speak English as another language—and these groups are all disproportionately overrepresented in low-paying and precarious jobs. We can see that this insecure work means that the workers have unpredictable hours and unpredictable incomes. It makes it really difficult for them to plan their finances or make long-term financial commitments. It leads to high levels of stress and anxiety, and that can negatively impact those workers' mental health and physical health.

Insecure work can also make workers more vulnerable to exploitation, which is a huge issue that we see in our legal practice. They're less likely to speak out against unsafe or unfair working conditions, for fear of losing their jobs. While flexibility, for example in the gig economy, can be seen as an advantage because it means you can work around your caring responsibilities or perhaps other responsibilities, it is still insecure work. It means you don't necessarily have savings or support to fall back on if you lose your job, which very commonly happens in these kinds of industries, and wages often fail to keep up with the cost of living. It's these vulnerable workers in insecure work that are at most risk of falling below the poverty line, in our view.

We regularly see casual workers who have been doing casual work for four or five years for the same employer and don't know about their rights to request conversion to permanent work. We regularly see clients who are permanent and then are told they have to convert to being a contractor, which obviously is unlawful and is sham contracting. We regularly see clients who are told that they must get an ABN, or have one created for them without their permission, in order to perform work which many consider to be casual employment, but it's described as contracting. Currently, the laws don't necessarily protect workers or work in the best way to make sure that those workers can actually get the entitlements that they should be getting as employees. The legal tests of the High Court decisions recently have made it really difficult for them to challenge their situations.

I know that the government is currently doing work to reform the workplace relations space, and we've made numerous submissions to the Department of Employment and Workplace Relations, but obviously sham contracting needs to be addressed with statutory definitions of 'employees' to ensure that they're presumed to be employees unless they're genuinely running their own business. There needs to be a definition of 'casual worker' to focus on the real substance of the situation so that you don't get part-time permanent employees defined as casuals in order to avoid their leave entitlements. You need to strengthen the casual conversion provisions, including allowing conversion after a shorter period of time. Gig economy workers need to be supported with minimum working standards and dispute resolution mechanisms where they've got disputes with the platform.

I just want to make one further point. A huge issue that we see with our youth practice is junior rates. I just wanted to raise that. I haven't seen any evidence given in relation to junior rates. It's a huge issue that we see, and I don't think it's well known, about young people under 21 who are legally entitled to be paid less than people doing the same job as them. For many young people in the western suburbs, some or all of their wages go towards supporting their families. Sometimes they're skipping school so they can earn enough and logging into school systems late at night in order to do their schoolwork. Why should an 18-year-old get paid, for example, 70 per cent of what an over-21-year-old does doing the same job? The restaurant industry and the fast food industry have legalised youth rates, and we think that's a huge issue.

CHAIR: Thank you, Ms Jones. Consumer Action Law Centre, just briefly, what are the top two systemic changes you'd like to see?

Ms Robson: Firstly, I'd really love to see the rate being raised. The people I speak to who are on Centrelink—on JobSeeker and Austudy, specifically, but even the age pension and the disability support pension—do not have enough money to cover their basic living essentials, and every fortnight they fall further behind.

CHAIR: Would you like to comment on the $4-a-day increase in the May budget?

Ms Robson: It wasn't enough. It's not enough. The increase to welfare payments during COVID was enough to pull people out of poverty for that period. $4 a day isn't touching the sides.

Ms Tonkin: Particularly in a cost-of-living crisis. From the examples we've given, we've got a long way to go to make the marketplace fairer, where vulnerable people aren't marginalised. We need empowered consumers. We need to place consumer protections at the centre. Buy-now pay-later reform is a really good example of this, where the interests of industry and convenience are being balanced and weighed off against protections for people who are doing it tough and falling into debt spirals and literally into poverty.

Through empowered consumers, there's an aspect of that which is resourcing financial counsellors adequately. Financial counsellors do get better outcomes for their clients, but, again, as we pointed out, the demand is endless, and so we can't reach everyone. We need accessible information where consumers can understand their rights. We need consumers to be empowered enough to be able to exercise their rights. Therefore, we need better protections in the laws and the systems that we all have to operate in because we live in this society.

CHAIR: Thank you. I'd better pass the call around. Senator Kovacic.

Mr Pietropiccolo: Could I make a comment on that?

CHAIR: Yes, sorry—briefly.

Mr Pietropiccolo: I would agree with what the others have said. What I would add to that, of course, would be what I said earlier about the Child Poverty Reduction Act. My other point, which possibly hasn't been mentioned, is political will. The number of reports that are provided to politicians and government departments in relation to the causes and ways of relieving poverty that are not addressed and are not responded to creates a situation where we don't make very much progress on very significant issues. I'm sure that the senators would have a much better idea of how that might be able to be achieved, but I think it is one of the impediments for us moving forward in relation to how to abate poverty or even to eliminate it.

CHAIR: Thank you. Senator Kovacic.

Senator KOVACIC: Thank you so much. My question is for Ms Robson from the Consumer Action Law Centre. Thank you so much for sharing the stories of the clients that you speak to—via your phone service, I believe it was. I'm quite interested in the woman that you spoke about, who had gone to, I believe, a payday lender in relation to a washing machine. I'm curious about whether, when you're having interactions with clients, many of them have an awareness of the no-interest loan schemes that are out there with microfinance, and what your views are on how we can actually get people to talk to you guys, or to somebody from one of those organisations that offer the microfinance, before they go to the payday lender, to BNPL or to rent-to-buy. It seems that you're getting the people when it's too late to fix this problem—or not too late but much more difficult to fix it than getting in there early to ensure they don't go down that road.

Ms Robson: Absolutely. We discussed NILs, and she's aware of it now, and for the future that's fine, but not for dealing with the loans as they are. I think that you're battling a huge beast when it comes to payday lenders and buy-now pay-later. They are advertised everywhere, and it's the first thing you see when you google 'I need money'. I think it's almost an impossible task. You just have to keep trying. But they have vastly more resources at their disposal than the NILs sector and the community service sector to get in first.

Ms Tonkin: And there's an anonymity in dealing with buy-now pay-later and certain other credit products that is not necessarily the case for NILs, or less so.

Ms Robson: Yes.

Ms Tonkin: So sometimes, with people we speak to, there are some hesitations, or it's just that convenience factor.

Ms Robson: Yes, I think that's right. The people I speak to hold a lot of shame about being in financial hardship, and reaching out to community services is incredibly difficult. The first call is the hardest, and then, once they're in, you hope to hold them there. But a lot of people would prefer to not have to speak to anyone, and you can make an online application for a payday loan in less than five minutes.

Senator KOVACIC: Thank you. The other question I had was on the commentary about mortgage arrears, with the number of clients contacting you in relation to mortgage arrears now surpassing the number for credit cards. Are you finding that there is a combination of credit that's triggering, or is it simply that the home loan on its own has become untenable?

Ms Robson: Often there are other debts, but it is the home loan that has pushed past. The rule of thumb is that, if you're paying more than 30 per cent on housing, you're in financial stress. I'm having people whose mortgage repayments are 50 per cent or more of their household income, and everything else falls by the wayside when that happens.

Ms Tonkin: Sometimes we speak to certain industry groups who might say: 'Well, they're paying. This industry isn't as affected, and mortgage stress is the problem.' It's one budget. It's one household income. So, if you're prioritising your mortgage or if you're prioritising your energy bill, it doesn't mean that it's affordable. You've got one income, and what we're seeing, unfortunately, is no longer a situational vulnerability. It's not an issue that someone's encountering where, with a period of hardship assistance, then they can move forward. We're talking about structural poverty now, structural hardship, and that's when there's just simply not enough money to make ends meet.

Senator KOVACIC: Thank you.

Senator LIDDLE: My question is to WEstjustice. I want to pick up on something in your submission, where you refer to a specialist initiative to assist people experiencing economic abuse. Where you talk about only being eligible for payments within seven days of deciding to leave a violent relationship, are you referring to the escaping violence payment, or is there some other payment that you're referring to? You're talking about seven days being the cut-off. What's your sector experience of what people actually need in relation to that?

Ms Hardham: I might start with a broad lens and then hand over to Joe for that specific issue. With this particular project, the Restoring Financial Safety program that we run at WEstjustice, the purpose is to disentangle women who are entrenched in violent relationships and can't leave, because they're so burdened by debt. It comes in multiple forms. This is one of the initiatives that we're suggesting or recommending would ease that pressure, but really the entanglement is multidimensional. It's about releasing the debts, fines, loans and all those aspects that have been largely placed upon the woman in the relationship, which then makes it very difficult for her to leave, or, if she does leave, inevitably leads to her return because she can't afford to find a safe place for her and the children. I might hand over to Joe for this specific question.

Mr Nunweek: That's a little bit of what I would characterise as a coordination problem. There is a crisis payment available from Centrelink and from Services Australia for people who have experienced family and domestic violence, are in certain other required living arrangements, have evidence of their financial hardship and contact Centrelink within seven days of their living arrangements changing. If you think about the first seven days after the final, most severe experience of family violence, or a sudden and severe one, reaching Centrelink and liaising with one of their social workers may not be at the forefront of their mind, if they're are able to.

The escaping violence payment is indeed separate and a welcome initiative. A couple of observations we'd make are that we'd probably like to see something like that look a little bit more like some state based initiatives like the flexible support package in Victoria, in terms of its timing and the amounts available. One interesting resource pipeline thing we might note is that the escaping violence payment anecdotally appears to have been a little bit of a victim of its own success and demand. We do hear about people who are taking a long time to access that, but who are coming to our services in the meantime with housing and tenancy hardships, with difficulty with debts on car finance or credit cards and things like that.

Senator LIDDLE: Thank you very much.

Senator PRATT: Consumer Action Law Centre, banks are making record profits at the moment. I note that other countries, like the United Kingdom, have financial counselling paid for not out of Social Services but through a banking type of levy. ASIC clearly already self-funds through levies on big corporations, banks et cetera. Is there room to expand financial counselling, make it a more important place for triaging that intersection with social security and community services, and be more accessible and better profiled in terms of the solutions that exist for citizens by finding an alternative funding stream and expanding your services?

Ms Tonkin: More globally, people we speak to hear about those windfall profits when they are being denied hardship assistance or they have been scammed and are seeking a refund, given the bank should have detected that there was a scam. It is pretty hard for our clients to hear about those sorts of windfall profits, and it is a real opportunity for banks to step down alongside their customers who are doing it tough at the moment—certainly those we speak to are doing it tough.

In terms of your question about the funding, yes, there is a real opportunity for industry to fund financial counselling. It is such a critical piece of the solution to poverty in this country. There has been work done through the Sylvan review, and there is work on the way for an industry funding model. As I understand, at this point it's not finalised, but it's being run and our colleagues at Financial Counselling Australia are heavily involved. We really hope to see all businesses dig deep into their pockets because, as you pointed out, the service we provide can be that triage and earlier intervention to get a better outcome for everyone involved, including industry as well. In terms of the part of your question around financial counselling being a triage, the only reservation I have in that respect is the sheer volume and our capacity to keep up if we were to be more of a triage for some of those

government services. It doesn't mean that we are not connecting with people about crisis payments every single day because people are unaware, as you pointed out.

Ms Robson: With the windfall profits and the banks, at the moment we're seeing a lot of people who are at crisis stage already, but we are also seeing people call the National Debt Helpline who are future planning and anticipating that they're not going to be able to make their mortgage payments soon. We get a lot of referrals from the banks and a lot of referrals from industry as well, so it would be nice if they could fund us. But it is difficult when I get calls from people who are self-advocating and have the capacity to speak to their banks but aren't getting any support and are being told no hardship is available to them and then they're referred to us. It has been a very difficult year.

Senator PRATT: In that context, what do we need to do as a committee to get on top of the work that is being done to look at funding models and expansion? We can hear from Financial Counsellors Australia. I presume that work is probably being done in Treasury, but I'm not entirely sure because the existing services are funded out of community services. How do we get on top of that?

Ms Tonkin: We are very happy to connect you with our colleagues at Financial Counselling Australia. I understand it is the Department of Social Services who has been working on that piece.

Ms Hardham: If I could add that, I think one of the recommendations that we are trying to emphasise, particularly in the submissions but also in other inquiries we have participated in, is that it is a multidisciplinary approach. Whilst it's critical that we expand the financial counselling services, it is also the social work services, the legal services and the housing services that really need to work in conjunction with the financial counselling services. We have many clients that have referral fatigue and just don't have the time to get to all the appointments they need to get to. We really have to shift the thinking from service centred to client centred in providing that really comprehensive in situ, contemporaneous support, rather than expanding singular services. Whilst it's really important to then create that mechanism to create the team, the client experience is that there is only so much time in the day to be able to attend to all these different aspects of their needs in order to pull them out of this cyclic disadvantage and poverty conundrum.

Senator PRATT: Thank you.

CHAIR: Thank you very much to everyone for your contributions today. I think there were some issues and some extra information that you offered to bring to the committee, so if you are able to get that information to the committee by 31 August that would be appreciated. We will report to the Senate on 31 October.

Proceedings suspended from 11:24 to 11:40

BESSELL, Professor Sharon, Director, Children's Policy Centre, Crawford School of Public Policy, Australian National University [by video link]

ROBERTSON, Ms Caitlyn, Senior Policy and Research Officer, Centre for Excellence in Child and Family Welfare [by video link]

TSORBARIS, Ms Deb, Chief Executive Officer, Centre for Excellence in Child and Family Welfare [by video link]

CHAIR: Welcome. Thank you for appearing before the committee today. I now invite each organisation to make a brief opening statement before members of the committee ask some questions.

Prof. Bessell: Thank you for the opportunity to give evidence to what is a really important inquiry. I'm joining you today from the beautiful unceded lands of the Ngunnawal people in the south of Canberra.

By way of background: I've worked on issues relating to poverty, particularly child poverty, for about the last 25 years both in Australia and globally. I'm currently leading a large research project funded by the Paul Ramsay Foundation that aims to better understand children's experiences of growing up in contexts of poverty. That research is on children aged between six and 16, but it focuses on middle childhood—so about the ages of six to 12—where there's a real policy gap generally. We're currently working in two regional communities in partnership with local organisations.

We know the extent of child poverty in Australia. Based on a definition of families living below 50 per cent median income, one in six Australian children is in income poverty. Our research is showing very powerfully what that means for children. We've heard from children about the extent to which they miss out on things that really matter, including missing out on food and going hungry. We've heard from children about experiences of homelessness and their fears that their families will lose their homes. And we've heard how children, children as young as seven or eight, begin to limit their dreams and their hopes because they know their lives are limited by poverty. Very often, they limit what they ask for because they don't want to put more pressure on their parents. We hear from children, and from their parents, how poverty places strain on relationships in ways that often feel unbearable. But, of course, children must bear it because they have no choice. We also hear from children about the extent to which growing up in poverty undermines their safety. The reasons for that are very largely structural reasons.

So, what to do? Let me put forward some points for us to talk about. Raising the rate of working-age benefits would help immediately; my colleague Ben Phillips here at the ANU has modelled how that's achievable. We need a political commitment from all sides of parliament to reduce child poverty in this very wealthy country. A child poverty reduction act, already introduced in some countries, including New Zealand, would signal this. Reflecting political commitment and turning commitment to action, we need a child budget statement and we need to move towards thinking about how child poverty impact statements can be developed and used. Child poverty impact assessments would prevent the kinds of punitive conditionality around welfare that have failed to meet the best interests of the child, and would also help to ensure that a range of other policies are child inclusive—from education to health care through to those policies where children are rarely considered, including impact policies, planning and infrastructure development, and policies that really impact on children's lives. As we think about a wellbeing approach, we need to recognise that wellbeing cannot be achieved while children are living in poverty. So, ending poverty is essential to scaffolding wellbeing.

Finally, to achieve all of this, we need a child-centred way of defining and assessing child poverty, across all its dimensions, which recognises the importance of both national and place-based responses, and that's what our research is doing. Thank you for this opportunity. I'm happy to answer questions and extend the conversation on any of these points, or on other issues.

CHAIR: Thank you, Professor Bessell. I'll hand over to the Centre for Excellence in Child and Family Welfare.

Ms Tsorbaris: Thank you for the chance to speak on this really important issue. I'm on unceded lands here, on Wurundjeri lands in the great Kulin nation in Victoria. It is a great privilege to be speaking on this issue again, next to my great friend and colleague Sharon Bessell. I have to say, she makes it sound really easy—she gives us some fantastic ways forward when it comes to such a significant issue affecting this country.

The centre is the peak body for childhood and family services in Victoria. Our member organisations provide a wide range of services from early years through to out-of-home care and young people in our youth justice systems. Many of the families our members work with are either living in poverty or at risk of doing so. Many families live with coexisting and complex challenges, including ongoing family violence, substance use, mental

health issues and intergenerational trauma. We know that poverty is both a contributor to and an exacerbating factor in many of these complex situations. Some of you might be aware of the advocacy work the centre does with FamilyCare, a regional service provider in Victoria, and other members of the Treating Families Fairly alliance. The members of this group have a specific focus on the impacts of poverty on children, and on the evidence-gathering and policy reforms that need to occur if we are to lift children and their families out of poverty. Our submission to this inquiry reflects the direct experiences of our members, who work routinely with children, young people and families struggling to make ends meet.

In late 2022 we surveyed our members to determine the impact that the cost-of-living crisis was having on their clients. Of the 137 responses—and I have to say we were inundated with responses—we received from our practitioners working across regional and metropolitan Victoria, two-thirds reported that a large proportion of the families they've been working with are either living in poverty or at risk of doing so. Ninety per cent of these respondents reported the families they worked with have been significantly affected by the rising cost of living in Australia, with a further nine per cent having been moderately affected. It's not only families on welfare benefits who are struggling financially, and we have heard that from other presenters at this inquiry certainly before now. Our members are seen working families on average incomes coming to them for assistance with what we would consider basic needs, such as help with food, medication, school expenses or rent. These financial challenges are more acute for some groups than others. Our survey confirmed what other research has shown: that sole-parent families, kinship care or carers, foster carers, people with a disability, young parents, young care leavers, the LGBTQI+ community members, asylum-seeker families, Aboriginal families, and families experiencing family violence are among those at particular risk of being impoverished.

The national framework for protecting children identifies four priority groups for children. These include: children with complex needs; Aboriginal and Torres Strait Islander children; children with a disability or whose parents have a disability; and children who have experienced abuse or neglect. Amongst the complexities and challenges in these kids' lives, poverty is often a key feature, but it is not clear from the national plan how the actions outlined will address the drivers of poverty that contribute in fundamental ways to child or family vulnerability. The national approach to protecting our children will count for little if this is not also a committed national approach to living people out of poverty, and many of the comments made by Sharon Bessell speak to that.

The recently released Child Maltreatment Study examines five forms of child maltreatment: physical abuse, sexual abuse, emotional abuse, neglect and exposure to family violence. It is a remarkable piece of research; the first of its kind in the world. We know from other research that poverty coexists with these different forms of maltreatment. While the evidence base is there and growing, we have no national blueprint that addresses child maltreatment. A national approach to lifting families and children out of poverty would be a critically important step forward in developing such a blueprint.

The Commonwealth government has a critically important and central role in creating a fairer, destigmatising welfare system, but this takes courage. The illegal robodebt scheme and work-for-welfare schemes like ParentsNext have only served to further entrench negative stereotypes about recipients of welfare payments. These damaging stereotypes further disadvantage Australians who need financial assistance at certain points in their lives to provide for themselves and their children. We can try to end poverty in Australia through courageous action, welfare system reform and strong policy that prioritises the needs of children and young people so that intergenerational impacts of poverty and disadvantage can be eradicated.

Children and young people and their families, as you would know, rely on governments to make decisions in their best interests. We acknowledge the Albanese government's commitment to ensuring welfare recipients are not demonised in the way they have been under previous governments, but a lot more needs to be done if the intergenerational impacts of poverty and disadvantage are to be eradicated. We do need an overhaul of the social security system, an increase in all government payments so that those in need can live with dignity and with their basic needs being met, bold action on housing affordability and evidence informed policy decisions that support all Australians to be safe and to thrive. We can learn from the incredible work being done by our Aboriginal colleagues to connect children and families to culture and community, supporting whole-of-family approaches using strengths based and non-judgemental ways of interacting with family members and intervening early in life and early in need.

The centre recognises the Commonwealth government's commitment to protecting children, to closing the gap for Aboriginal children and families, to providing affordable and social housing and to providing a fairer welfare system, but these things need to happen. To make a meaningful difference in people's lives, we need a comprehensive national approach to alleviating poverty. Such an approach could take pressure off individuals and

families and absolutely, we believe, reduce the growing rates of mental ill health and family violence. The centre urges the government to invest in a determined national drive to address poverty using all the levers at its disposal and to enable every Australian child to be raised in a safe and nurturing environment. Thank you very much.

CHAIR: Thank you very much, Ms Tsorbaris. I'll kick off with some questions. Both of you talked about the need to raise working age benefits and income support payments. I'd like you to reflect upon the increase in income support in the May budget and whether you think that that was enough—perhaps starting with Professor Bessell.

Prof. Bessell: The increase that occurred in the May budget is a really important step forward. It's not enough. I think if we look at the recommendations of the interim economic inclusion committee, we see what their recommendations were around the increase in working age benefits. I guess the short response is it's a welcome increase, but it's not enough, and it's not enough to lift people who are dependent on working age benefits out of poverty. That means that people can't get traction in terms of being able to move forward with their lives.

CHAIR: Can I put to you, Professor Bessell, that the Treasurer said, when we asked questions in the Senate, that it's basically that they made a carefully calibrated increase and that essentially that was all the budget could afford. How do you respond to that rationale as to why they limited the increase to only $4 a day?

Prof. Bessell: Look, I think budgets are always about balancing priorities, and they are about choices. A $4-a-day increase for people who can't afford to put food on the table is a very small increase and is still not enough to regularly put food on the table and to cover all the needs that people have around housing, heating, medicine and so on.

In terms of the priorities, I mentioned in my opening statement what I think is some powerful modelling that's been done by my colleague here at the ANU, Associate Professor Ben Phillips. This is not work I do. I hear about what happens when there is not enough money in the household, but Associate Professor Ben Phillips has done modelling work and has put forward what I think are really powerful recommendations to think about in terms of how we could ensure a greater increase is affordable. His recommendations have been around some changes to negative gearing, some changes around the stage 3 tax cuts—not doing away with them but reducing the extended first cuts—and some changes around superannuation. If you're not talking with him, I'd be happy to provide you with the details of his work. If we look at some of the modelling we can see that there are choices that could be made that would have a minimal impact on the lives of other Australians and a minimal impact on the budget but would produce far fairer outcomes and would mean that we are lifting people out of poverty and that we are not condemning children to continue to grow up in poverty. What we see is that every year that we delay in trying to address child poverty is another year of a child's life that is lost in terms of their opportunities, and in the kinds of trauma that being in deep poverty creates for children that last a lifetime.

Ms Tsorbaris: It's always nice to see good signals of a preparedness to increase income support levels. I have to say that given the scenarios we are presenting, where things are worse than they have ever been before, it really does not help with the sense of urgency that we are bringing forward. I'd agree with Sharon that the longer we delay the harder it is. There are very few universal systems for children. Children can't get free dental services, unless you are in Victoria, which has dental vans that go to schools.

The things we assume are in place for children are not anyway, and the cost of living is extraordinary. The longer we leave it, the more harm these kids come to and the more difficult it is to turn that around later in life. I would like to think there would be a greater sense of urgency and appreciation that money spent now to invest in the future of children is what we really need to start addressing.

CHAIR: Continuing with you, Ms Tsorbaris, when you spoke of your survey of your 137 members, who are your members? Who was the survey of?

Ms Tsorbaris: Our members are child welfare organisations across Victoria, so, as we mentioned, Family Care in Shepparton, Anglicare Victoria, McKillop Family Services, Kids First, youth—all the organisations you would expect are providing what we would call both early intervention and response services. Many of them are working to try to prevent children from coming into care. On that note, we really are failing miserably when we can't support families who really, often, without this sort of support, are in property, and their kids are removed and taken into care. I have to say, we are deeply troubled by this issue. There is a direct relationship between poverty and kids being removed, and things are only getting worse because I can tell you there is a 50 per cent decline in people prepared to become foster carers in this country because they can't afford it. All of these issues are all connected in such a way that is really alarming.

CHAIR: Can you talk more about that link between poverty—meaning that kids are then more likely to end up being taken from their families and ending up in care—and the impact then on the child and economically as well. What does it mean for society when that happens?

Ms Tsorbaris: It's just an indictment on our society. Say you're a single mum and you lose your housing, and perhaps you've got a longstanding mental illness and a substance-abuse issue, you're very unlikely to get either service; there's a waiting list for those services. You're unlikely to get housing, because we all know at what a premium housing is, and you will have your children removed as a consequence of those things. Now, if mum were earning a decent living—not minimum wage, because many, many women are on minimum wage in this country—she might just be able to stop those things from happening. But those circumstances lead to those children coming into care. They may well be in foster care, but at the moment we can't get foster carers because, by the time they realise the cost, they can't possibly do it; they need to have two people working and not have somebody staying at home. So those kids will come into care, and those kids could remain in care for years until mum is in a position where she can stabilise her life. And they may never come home to her. They may be put into permanent care. I can't express to you what that does, psychologically, to a mother; it harms her, permanently. And those kids, generally, just want to go home to mum.

Poverty is just such a huge driver—poverty of service provision but also economic poverty—for those women. I'd have to say that the states, in this equation, really get the raw end of the deal because if we were able to better address income support for these women and the sorts of services that she and her children might need, these things might never happen. It's a pretty damning indictment.

CHAIR: Is it effectively cost-shifting from the federal government to the state government?

Ms Tsorbaris: Absolutely. We have CEOs that say, 'Look, Deb, we can provide more brokerage to these families, we can provide them with more support,' but, at the end of the day, often all these families want is to be independent, to be good parents, to care for their own children. They really don't want intervention of the state, but that's the consequence. I'm not saying for one minute there aren't children that, for some period of time, might need to come into care. But we need to get kids home, and that is really difficult when we're not setting up these parents for success.

Prof. Bessell: If I could briefly add to that, we have also done some work around out-of-home care, and I just want to make a couple of points. One is that I think we often mistake poverty for neglect. If you look at the definition that we work to around neglect, it is often very close to a definition of poverty. But poverty is not something of people's choosing. We have a whole range of structural guides and system failures that contribute to that. I also want to add briefly comments on the implications for children of going into care. What we hear from children is the importance of the family and the love that they have for their parents. But once children are in care, the trauma that they've experienced is exacerbated. One of the major issues that children face is an incredibly high number of placements. From listening to some of the children that we've worked with—and other research shows this—we know that some children will have four, five, six, up to 10 or 12 placements in a year. That makes it impossible for children to ever be settled. And many of the carers are struggling financially as well, so all of the outcomes for children and young people become worse once they are in care. The out-of-home care system really is the ambulance at the bottom of the cliff, and we have to move back to how we support families before they get to that cliff.

CHAIR: Professor Bessell, in your opening statement, you said that wellbeing cannot be achieved while children are living in poverty. Could you reflect on the government's wellbeing statement that was released in July and whether that goes far enough to be measuring and setting targets towards wellbeing with regard to poverty?

Prof. Bessell: The first comment I would make is that that wellbeing statement is incredibly welcome. I think this is a really important shift, and it's a very exciting shift. It brings us into line with other countries that are doing really important work about reimagining the way that we develop policy and what we place priority on, so, in that way, it's very welcome. The Treasurer has said that this is a first iteration, and I think there are areas where we do need more work. Often with frameworks of this kind we're driven by the data that we already have, and the data that we already have is often not what we need to be able to measure.

There are two concerns that I have about the framework where I think there is really important work to be done to strengthen it. One is that we see very little about poverty generally, and it's very hard to talk about wellbeing if we have high levels of poverty. I think with wellbeing frameworks we need to be very careful that we don't end with an upward, middle-class or better-off gaze and that we ensure that those wellbeing approaches are supporting all Australians. That means thinking about poverty as the scaffold.

The wellbeing framework also has some gaps around children broadly. There are very few indicators there that really relate to children. There's nothing that relates to middle childhood, and that's a broader issue that we have in Australia. We're focusing on early childhood, for all good reasons—we know the evidence, so that's indisputably important—but we do tend to see a policy cliff when we get to middle childhood. We assume that education can deal with everything, and we know that schools can't. I think we see that reflected in the wellbeing framework, so we need that framework to become much more child inclusive, and that does mean focusing explicitly on child poverty. There is an enormous body of evidence that tells us that if children grow up in poverty their wellbeing is compromised not just now but throughout their lives. So that's absolutely essential as we think more about what that national wellbeing framework might look like.

CHAIR: You mentioned in your opening statement the need for a child poverty reduction act, a child budget statement and child poverty impact statements. I think you had a bit about that in your submission, but is there more information that you could provide to the committee about what would be in those sorts of statements and acts?

Prof. Bessell: Yes, I think the idea of a child poverty reduction act signals very powerfully that this is a government commitment. As I said in my opening statement, I think this does need to be more than a government commitment. This needs to be multipartisan. As citizens, Australians need to give licence to governments to act around this. In terms of the Child Poverty Reduction Act in New Zealand, for example, we see that there has been very significant progress around reducing child poverty since the act's introduction. It's a commitment from government and a way for government to hold itself accountable and for citizens to hold government accountable. I think that it provides us with a framework for action.

I think the child budget statement is, again, a really important means of signalling our commitment and tracking how we're going. We've seen the importance of reintroducing the women's statement in the federal budget. It's a means of transparency and a means of accountability and of signalling what matters to us, where we're spending and how it's impacting on particular groups. So I think something of that kind for children, particularly for child poverty, is really powerful. There we need to avoid any temptation to say, for example, 'There is money being spent around education and being transferred to the states,' because addressing child poverty and supporting children has to be about more than education alone.

The next layer is child poverty impact statements or, potentially, broader child impact statements. This is around ensuring that a raft of policies don't impact negatively on children, or, better, that they advance the interests and needs of children. But when we think about children and policy, we often focus quite narrowly on child care, on education, on health, but there are a range of policies that impact directly on children. Employment policies, the casualisation of the workforce, the gig economy and the precarity of work that families are increasingly experiencing impact directly on children, but we never think about children when we're thinking about employment policies. The trade-offs that parents have to make between time with their children and care for their children and accepting precarious, difficult jobs has a direct impact on children and their experiences and the trauma of growing up in poverty. Those child impact statements give us a way of illuminating the impacts of a range of policies on children.

I'll give you one more example. We're talking at the moment about increasing the stock or the number of social housing, which is fundamentally important in a housing crisis. But as we build housing, we need to think about how we build housing, particularly in low-income communities, in ways that support children and create inclusive, supportive environments. Once we build housing, we have it for generations and, if there's no place for children to play, if there are no footpaths for children to walk around, if there's no place in the shade, children are impacted negatively, not just today but, as I said, for generations, and those child impact statements can be really powerful.

CHAIR: Thank you. My final question before I pass the call on to my colleagues is on the impact of policies on children. Do you have any information about the proportion of children living in poverty whose parents are on income support, compared with those that aren't, and what the increase in income support then would mean for that cohort of children?

Prof. Bessell: The work that's being done—and Deb may like to comment on this too—annually by the University of New South Wales and ACOSS shows very clearly that an increase in working-age benefits would immediately have a positive impact on poverty broadly but on child poverty particularly, and single-parent families are particularly vulnerable. The changes that we've seen to the parenting payment single and the increase in the age to 14 from eight is really very significant. That's a very positive step forward. But increasing working-age benefits across the board would have a clear positive impact on children. And we saw that during COVID in what turned out to be an incredible natural experiment about what happens when we increase benefits. We saw

that children and their families were lifted out of poverty, the children were able to go to the dentist, to get health care and to get new underwear, to have the kinds of things that children need to have a minimally decent life.

We don't have great data on the situation for children in families where incomes are very low and they're perhaps just around or just above the poverty line. This is where we need more work in Australia around a clear definition of child poverty and more thinking about how we assess that and track our progress. We know from our research, from Deb's work and from what we're seeing in research and anecdotally that parents who are in the workforce are increasingly under incredible financial stress. A lot of the children that we do work with have parents who are working but often working in really precarious ways.

CHAIR: Thanks, Professor Bessell. Senator Pratt.

Senator PRATT: You've given a good outline of some of the drivers for children coming into care through poverty. One of the things that struck me was, in fact, raised by the Red Cross here in WA, who run a connection service for parents trying to get their children back and stabilise their lives. You highlighted the loss of income and housing, which I presume means that someone has lost their parenting payments and also their housing. I know that this is after the fact in terms of fixing the problem, but I'm really keen to see how we can create better intersections between state and Commonwealth governments to support families about whether there could be some kind of brokerage fund or funding that's put aside that quarantines that loss of income so that a mother, for example, can re-access it to stabilise their living and social arrangements and perhaps for it to be a driver for engagement with services—drug and alcohol rehab, family violence services and those kinds of things.

Ms Tsorbaris: That's a fantastic question. There are some really good models out there—some really good evidence based models that are around family preservation and family reunification. But it would be terrific to see, through our Centrelink services, whether there was an opportunity to start talking about this. We talk about family violence really well now, but it would be good if we could just talk about the at-risk families that are breaking up or falling apart, with kids coming into care, at that point of Centrelink. If money's the issue, should we not be thinking about how we can get in there earlier to make sure that those families can keep their housing? They may need an additional benefit, or some benefits for some time, to be able to both reunify with their children and keep their kids. But we don't—

Senator PRATT: In that context, what evidence is there about parents who have children living with other family members because they can't afford housing but for whom that then falls apart and it becomes a next step towards going into care? I know many families where, because of a lack of a sizeable house and income, the older child is living with an aunt or a grandparent, and the family of origin still doesn't have adequate housing for their existing children. How would we go about identifying that within the Centrelink system?

Ms Tsorbaris: In Victoria, there are more children with kin or with extended family than there are in foster care and residential care combined: there are something like 10,000 children in kinship care in Victoria. So they are with extended family. Sometimes the biological parent might live with the grandparent as well, and it is challenging. Those grandparents are caring for those children but sometimes caring for their own biological child as well. Centrelink would be aware of those families, but we're really not doing anything, because generally everybody's living in poverty—the grandparents, the children and the biological parent. So we're really not putting anything in place to start to set them up for success. There are a lot of income related issues and economic issues there. As you can imagine, they probably can't afford heating now either. It's just really dire, so I do think there is a way for our Commonwealth systems to better identify those families, ask the right questions and look at whether there are some additional financial support or other supports that we can put in place if they're in housing stress. But we really do need to talk about those families as kinship families, because that's how we understand them in a state context. I think that's a great direction to try and go in, because there are a lot of them.

Senator PRATT: In terms of kinship care, what's your overview of how family payments move, whether they move necessarily or unnecessarily, and how we can maximise those interventions? Clearly there's no opportunity to use family payment funding and quarantine if the money has already followed the child into kinship care. I'm not sure if it always does. We should probably make sure that it does. What's your sense there?

Ms Tsorbaris: It's an interesting area that you raise. Sometimes the funds do go to the carer who's caring for the child, and sometimes they stay with the parent. It really depends on the individual circumstances, but ordinarily the money for the child would go to the carer. But that does then make it challenging for the parent who might want to find a way to resume caring for those children. So it is one of those things where I think that, if we could sit down with our Centrelink policy colleagues, we might be able to come up with something really interesting that might work for all parties.

Senator PRATT: In that context, we could start by quarantining those family payments where they haven't moved with the child and create a fund that could help all families.

Ms Tsorbaris: Yes, those sorts of things would be great to consider.

Prof. Bessell: Particularly a national approach to find a way to support grandparents, because very often when grandparents are caring they're already out of the workforce themselves and often have very limited incomes.

The other comment I would add is: when we think about these issues, it's so important—and it's almost stating the obvious—to take account of the human relationships at stake here. When we think about how we might quarantine funds or move funds around, it is to do that in a way that aims to maintain rather than put more pressure on those family relationships. The best outcomes will be where people have financial security, but that hasn't occurred in a way—that deepens the divides that already exist between family members when there is a context of alcohol or drug abuse or violence. Keeping a balance between what we do with finances and aiming to maintain those relationships is really important because that's what's going to provide the best web of support for children moving forward. Sometimes, when we're focusing on how we can fix the financial side of things we lose sight of how we can maintain relationships while we're doing it.

Senator PRATT: Finally, in the context of the kinds of financial services available to people: we're getting rid of the stigmatising cashless debit card, but it did strike me that there's a lack of functionality in mainstream banking services. If someone wanted to opt in to financial products that limited certain types of transactions, whether that's because they're trying to manage alcohol abuse or the temptation to withdraw cash to buy drugs, there are no real banking and financial supports that enable people to do that—and, in that context, I mean not just people on social security but working people as well.

Ms Tsorbaris: If you start at one end, some families have so little money. It's shocking how little money they have; they have nothing.

Senator PRATT: A little bit money more might actually stop people from self-medicating their other issues. I've certainly seen that.

Ms Tsorbaris: I must say, people like us can regularly go to our bank and get a discounted interest rate on our mortgage. But we're talking about people who have nothing. The thing Sharon keeps drawing us to, which is really important, is that in most of these conversations nobody is talking about the children. Even our universal education system is not free. There are fees. There are trips. Dental services are not free. It's privatised. If you want a learning assessment for your child, they're not free. Very little is free; everything has a cost these days. When Centrelink is making decisions, often it's about not the children but the adults. I think Sharon's point is a critical point. If you've got no money, most of the banking or financial products—even on the margins, people have little disposable income, unless they can get a no-interest loan. Some of the not-for-profits do great in this space; Shepherd do a great job in this space. It's really difficult. The rise in interest rates is extraordinary for families.

Senator PRATT: Thank you.

Prof. Bessell: Globally, we are seeing the increasing commodification of financial lending and borrowing. In some of the work we are doing with families, we are seeing people who aren't aware or who are unable to access those interest-free loans that charitable organisations provide so they turn to payday loans at very high interest rates. That's catastrophic once people get into that situation. When we think about how we govern and regulate, the focus shouldn't be on quarantining income or on the cashless debit card but around the regulation of the kinds of financial services that are on offer to people who are really struggling.

Senator LIDDLE: I am sorry, I can't be on the screen—a technology issue. I want to talk about the comment you made that nobody is talking about the children. We all know that parenting is tough. I have seen examples in communities where service providers are actually falling over themselves to deliver services to families. I am particularly interested because of your comments earlier about the number of children whose families experience poverty and who end up in the child protection system often because of their poverty, not necessarily because those children are being harmed. I particularly want to talk about who in that service delivery response is actually focused on the reunification of those children other than a department that is trying to a foster care system. I've seen examples where there are a lot of people in that response part but there is not a lot of support and advocacy at the other end. I'm interested in your ideas about policy responses or service responses that tend to respond to an average family. I've seen an example where a functional family of a mother, father and four children, have had a service provider say they will probably never be housed despite being on a waiting list for eight years because the service providers can't respond to a family of that size, despite the fact it is probably a family that could take control of their lives with a bit of help. I don't mind who answers that. Other than raising rates or putting in extra

money, what can the service response do to follow that spectrum better to make sure people don't fall through the gaps?

Ms Tsorbaris: Sharon, did you want go first?

Prof. Bessell: I'm happy for you to. It's a great question.

Ms Tsorbaris: I think it is an amazing question because, really, it's where we should be. Part of the problem is the demand on the system means you are dealing with the ambulance at the bottom of the cliff. One of the things starting to emerge as being a really useful way of working with families is by putting workers in a different context. At the moment in Victoria, we are putting family support workers in schools. These are for families who really are experiencing poverty related pressure. They don't have petrol for the car so they can't get the kids to school. They might have chosen a school a bit further away because it's the best school for their child. Those family service workers are making sure those families do not come in contact with the hard end of the system, so providing where we can all the supports in a context that is familiar to the families, that is non-stigmatising—I don't like using that word 'non-stigmatising'—and we are seeing huge impacts of those families not being notified to child protection; they would not even go there.

The problem still remains, though, that we do have the sort of investment in the big levers, the income support levers and housing leavers, so those families still don't have poverty related experiences. Those models work really well, because you are really making sure those families avoid those other systems, which is what you really want. You don't really want to be dealing with that unless you have to, once they have been notified 10 times. I must say, in Victoria, the money moved much more towards, if the family is notified, the not-for-profits working with those families to keep kids at home, and, if they been removed, get them back home. There is a lot more of that happening, but I think there is great variability around the country. We have to get the numbers of kids coming into care down. But I do love working with families where they are, in a system that they trust, like school, and making sure where possible we get them the services they need when they need them.

Prof. Bessell: I don't have much to add to what Deb has said but I agree with it. Some of the work that's being done in Victoria around one-door approaches is also really valuable because, where there are complex needs, families often experience having to endlessly go to different services to seek support and that's really hard when they are in crisis. These things are all bound up together. So where there is one point of entry where people can be provided support across all of those needs not only helps to take pressure off families—usually mums—but also ensures that people get connected to the range of services that they need to be able to support their children and to make sure that they don't come into contact with child protection.

Senator LIDDLE: One of the things that this clearly raises for me is the intersection between the Commonwealth giving money for various programs to support families, that money going to the states or territories, the application of that funding and the follow through of outcomes based funding. I am interested to hear from you about what role the sector or those organisations can play in better integration of services to make sure that families don't have to navigate the service system in a way that is exhausting, particularly if there are older people who are carers of those children. Also, the simple cost of navigating that service system is higher, as is the human cost for those children coming into contact with such a diverse mix of people regularly and constantly.

Ms Tsorbaris: Look—not that I want to mention this because this inquiry is not about this—for some of families just navigating our social security system and the national disability insurance system is mind-blowing. I mean, remember that some of the children who are in the care of carers, particularly carers, may also have learning disabilities and disabilities. So, for those carers, navigating the NDIS is also really, really challenging. I don't want to open up that one, but some of the systems that we have created are really complex. I think that that is why a family support worker who can understand those systems can be really helpful. Some of the things that the Commonwealth funds like Communities for Children have been really successful. But it's been about making sure that we bolt programs together so that it's not another new program for all families to navigate or a worker to navigate. I think that is really important. I don't think that we do that so well, to be honest. We've got to get better at that and I mean the royal 'we', all of us.

Senator KOVACIC: I was interested in one of your comments about financial participation and the inability for some people to access the no-interest loan schemes or microfinance and being driven to payday lenders and buy-now-pay-later. Is it a lack of understanding, a lack of knowledge? Or are you finding now that it is increasingly, perhaps, not meeting an eligibility criteria? Will incomes come into play now more than they did before as well?

Prof. Bessell: I think it's all of the above. Certainly, part of it is a lack of knowledge. What we find, often, is that families we work with and the children that we're doing research with are often incredibly isolated. Some of that comes from the shame that they feel about living in poverty, and some of that shame comes from the kinds of narratives that we've seen for probably a couple of decades in Australia, so for people to seek support is often really hard. The lack of knowledge is a real issue, as is the lack of people's sense of being able to seek the kinds of support that they want. We're hearing from families, and from children who go with their families to services, of the increased pressure that services are under. We're hearing from children about their families having been turned away from emergency food services because the food has run out. So, across the board, in terms of not just accessing financial support but also accessing really fundamental things like food, we're seeing such an increase in pressure because of the cost-of-living crisis that we're experiencing. I think those issues of eligibility, being able to access the supports needed, necessarily become more problematic when demand grows and there's just not enough for people that need it. So it's all of the things that you talked about.

Senator KOVACIC: I was quite interested to read in your submission about the different layers of deprivation—material, opportunity and relational deprivation. That led me to think about, particularly, children at school needing to go to certain excursions and, as in the discussion earlier, how everything costs. Do you think there's an opportunity for schools to be able to, in some manner, suggest, offer or provide information about these schemes for kids who want to participate in extracurricular activities that their families can't afford and don't realise that there is perhaps an option for? Or do you think that has some impacts in relation to the shame element that you speak of?

Prof. Bessell: I think it varies according to the particular child and their family. We've heard children talk about accessing some of those supports and the value of that. But we've also heard children talk about the fact that they would never ask. What children will often do—these are primary school aged children—is skip school. They'll say they're sick and refuse to go when they know an excursion is coming up or an excursion is on a particular day. Some of that is around the shame that children feel about having to ask for help at school. These are children who are already feeling the shame. No child should feel shame about living in poverty. It's not their fault. But we hear children talking about that and the shame of not having any food at lunch time or not having the kind of food that other children have. These are children who are already experiencing the shame and the trauma of their situation, and so often children don't want to ask. Children also talk about the distress they feel when they feel they've been singled out by the teacher or by the principal to receive what is meant to be supportive treatment but feels like something that's identifying them as being deficit.

All of this is not the fault of schools. I think one of the things that we tend to do, because children are in school for so much of their time, is see schools as the place where these things can be most effectively dealt with. But what we also see is the enormous pressure that schools and the teachers are under for a whole range of issues. If we are layering more expectations onto schools without better resourcing for schools, in a whole range of ways—financially and in terms of time, training and capacity teachers have, the number of teachers, the stability of teachers—I don't think we can solve the problem through that system unless we also look at the strain that system's under. Of course, the NDIS is a whole other conversation. But I do think we need to be really cautious in terms of how much we expect of schools when schools are under so much pressure themselves.

Senator KOVACIC: Thank you.

CHAIR: Ms Robertson, I'm aware that you have been on the line and haven't had a chance to say anything. Was there anything that you would like to say to make you feel like it was worthwhile being here?

Ms Robertson: It was absolutely worth being here. I think it's such a privilege to listen to these conversations and to hear people like Deb and Professor Bessell, who have such incredible expertise and have done incredibly valuable advocacy for children. I think I would echo everything that they've said. I would agree very much about the pressure that schools are under.

The only thing I would add is that in our submission we suggested that one thing that may make a difference in that space. Because nothing is free, exactly as Deb said, a solution to that could be that government schools could actually really be free. For income earners or for families earning under $100,000, perhaps there are no school fees, or perhaps there is availability of breakfast and lunch at school for those children. Obviously, that needs to be done in a very careful way so that it is not pointing out those children that are not able to provide those things from home. But it could be done in a really sensitive and respectful way that supports the children but doesn't ever make them feel like they are going without or that they are needing this special treatment for the wrong reasons. I think that there is absolutely capacity to look at something like that. But, again, as Professor Bessell said, that needs to be taken into account with all the other things that schools are already doing to support our children, which is just really fantastic.

CHAIR: Thanks, Ms Robertson, for that really useful addition to the evidence that we've heard this morning. Thank you all for your evidence today; it's been really valuable and important to the committee. I don't think there were any questions on notice that were taken, but I think there were some offers of potentially getting some more information to us—I think, Professor Bessell, you mentioned something. So if you could get that to the committee by 31 August, that would be appreciated. We're going to be reporting to the Senate by 31 October. Thank you.

Caryn, Private capacity [by video link]

Dawne, Private capacity [by audio link]

[12:41]

CHAIR: We are now going to hear some short statements from individuals with lived experience of poverty. We've got two people with us today, Dawne and Caryn. I remind the committee that this is a listening exercise. I remind everyone that this is a public hearing, and these are formal proceedings of the Senate, so we will continue to conduct the hearing in an orderly and respectful manner. I'd like to also remind Dawne and Caryn not to disclose any personal or private information, such as your full name, date of birth or address during the statement, as the hearing is being broadcast live. Dawne, could I ask you to begin your statement.

Dawne: Good afternoon. Firstly, I would like to thank the committee for seeking input from those with lived experience, and for allowing me to participate in today's hearing. I've just had a dubious anniversary date in receiving a JobSeeker payment every fortnight for 10 years. Wanting to work and being highly employable, I am at a loss to understand why I've had so much difficulty securing paid work. As anyone who is unemployed long term will attest, self-worth and self-belief that you have something worthy to contribute to the workforce quickly diminishes the longer that's the case, and it's incredibly difficult to maintain momentum in job searching.

In 2013, I was injured at work, and although declared unfit for six months following, I've barely been in the workforce since. It was a year of loss—loss of my physical independence, my financial independence after being sacked while on sick leave and, ultimately, the roof over my head. At the same time, I was doing battle with workers compensation and Centrelink alike. It was, without question, the most stressful year of my life. Little did I suspect the stresses of that year would be repeated, finding myself homeless for the second time in 2020 in lockdown at the start of the pandemic.

Surviving financially on a JobSeeker payment has always been a struggle. In current inflationary times, it's literally impossible to live on, and it negatively impacts every recipient's quality of life and wellbeing. Time doesn't permit me today to share my experiences or raise the inherent problems of the low-cost rental housing market. I would like to share that even as a model tenant, I moved nine times in seven years, primarily due to vacate notices being issued or my initial lease not being extended. What goes on unchecked is diabolical. Tenants desperately need greater housing security in the private rental sector plus a redistribution of power held and wielded so often by many owners and agents. As a tenant, you are completely disempowered, and protection rights afforded to you under law so often don't play out to protect you at all in practice.

When grocery prices skyrocketed, healthy foods were the first thing to be cut down on, although buying the recommended daily quota of fruit and veg alone was never affordable well before inflation hit. I eat as healthily as my budget allows but the food found in the fridge of an average Australian household would be considered luxury items to those of us on JobSeeker.

Every low-income household is anxious about significantly dearer energy prices, and we know that many have severely restricted their use of heating over winter, finding it unaffordable. The added concern is that it's not just the here and now to contend with, given there's no imminent energy price relief in sight. Desperately trying to reduce bills, I've changed energy suppliers three times in the past year alone. When unexpected bills arrive—car repairs, dental and physiotherapy treatment and the like—there's no savings to draw from. Either money has to be scraped together from somewhere or things just don't get attended to. No doubt like everyone on JobSeeker, I live from pay-to-pay. Despite running a tight budget, I've still been in the anxiety-inducing predicament of having no money at all days before my next payment is due. The need to micromanage every dollar is exhausting.

The opportunity to have a 'normal social life' is constrained now more than ever. As has been the case for years, if I meet friends out, then morning or afternoon tea is the only affordable option. There's no regular eating out or takeaways, no going to shows or concerts, no Netflix subscription, no broadband internet, no special birthday present for a friend of family member, much less something of the magnitude of a decent holiday. There is only living a smaller life than you ever could have imagined for yourself.

With successive governments denying the unemployed a living wage, I want to suggest there's a false sense of economy given that the long-term impacts of being kept in poverty come at an economic cost, mental health problems amongst a cohort with little to no money being top of the list.

In closing, I would ask each of you to reflect on the fact that, while this is my story, it's not unique. Every element of this story is also the lived experience of so many other JobSeeker recipients as well. I appreciate your time today. Thank you.

CHAIR: Thank you so much, Dawne, and thank you for your courage in presenting your story to the committee. It's been really powerful and important to hear.

Now we will hear from Caryn.

Caryn: Good afternoon, senators. My name is Caryn. Thank you for the opportunity to address you in regard to the current economic crisis that we are all facing. I grew up in the fifties and remember being told that Australia was the lucky country. Where has it gone in 2023? Of course, we don't have war on our doorsteps, but we are experiencing a different type of war: a war of survival. Many people come to Australia with the belief that it is the lucky country, and they are welcomed by a government who are not able to provide for the people already resident in Australia. People in Australia are existing, not living. Please allow me to point out the significant difference. Those fortunate to be living pay their bills and, should they want to eat out, go on holiday or buy a new car, do it. Those of us who are barely existing struggle to pay our bills, be it rent or mortgage, and that's it. There is nothing else. It's not enough to be stressed about finding money for household bills and housing when sickness enters into the mix and brings with it added concern. No-one in Australia should be making choices between bills and food, food and medication, bills and medication; however, so many of us are doing this on a daily basis.

I strongly urge you, senators, to stop and listen, please, and put yourselves in the shoes of those I come in contact with on a regular basis: the single mother with two special-needs children, spending $1,100 a month on her own medications, let alone what it cost for her two children; the elderly couple who buy food one fortnight and medication the next as there is never enough out of their one pension; the young couple whose mother is dying, with the husband working six days a week and never having taken benefits from the government but who owns $50 a month too much to qualify for a healthcare card; the wife who has to pay up to $400 or $500 for scans, x-rays and blood tests on a monthly basis, some of which are not covered by a Medicare rebate; the wife and mother has to put her much-needed medications on a credit card to attempt to keep living—or, rather, existing—which in turn creates more stress for her and subsequently her illness. Is this what we call living? Another elderly lady I visit has recently been diagnosed with leukaemia and showed me the cost of her trial medication: it is $2,250 for one month's medication, and it's only for a trial. Where do the people get this sort of money?

The rate that couples are earning before they are eligible for a health care card must be raised to a realistic amount for 2023, not what was considered reasonable years ago. I also earn $50 a fortnight too much to qualify for a healthcare card and was told. Not what was considered reasonable years ago. As a single parent once myself, I too earned $50 a fortnight too much to qualify for a healthcare card and was told by a relatively significant government worker, 'Ask your boss to take the $50 away, and you'll qualify.' Sure, I'd get the medication, but I wouldn't be able to feed my child.

This is the reality that most Australians are existing with today. Because of these choices being made, there are devastating effects arising from them. I speak of suicide, the rate of which is increasing on a daily basis. A beautiful couple with a two -year-old child and a newborn should have been in the happiest time of their lives. However, because of the rising costs in the basic necessities of life, the father was unable to provide these for his family, so he took his life. How many more people have to get to this point of feeling alone and incapable of providing for their families before someone in authority will make a difference? Current news shows that crime in supermarkets is on the rise. Is this what the lucky country has come to—stealing the basic food necessities because of the ridiculously high prices that are beyond the average Australian, whether or not they are working?

The current situation is affecting all Australians. Government people need to look at ways in which they can actually help us. We're not asking for handouts. We're not asking for free money. An example could be the medication costs in the areas. Please address this. Diabetes is on the rise, and the cost of these medications is out of reach for most.

How many of you have had to tell your family they couldn't have a second slice of bread or that they would need to wear the shoes with holes in them or keep coughing because we have no money for medication? All Australians are facing this every day. I myself face this when my grandchildren come to visit and want a second sandwich, a piece of fruit or an ice cream and I have to say no. It kills me. I'm their nanna and I can't even give them a basic piece of bread or a fruit.

To the lay people of Australia, it comes across that, once they are set up in parliament, those who came from a lowly upbringing have forgotten just how difficult life can be. I wonder how many of you know the current cost of fuel, milk or bread. These are the daily, constant struggles so many Australians are facing. Senators, I now ask you: if these true stories that I have shared with you have not made an impact on you, I am sadly disappointed and

concerned that there is something very wrong with our governing powers, with those who have the power, the final say to make a difference.

I would like the opportunity one day to speak directly to our Prime Minister, Mr Albanese, to remind him of the pre-election speech sharing his own personal struggles being brought up in a single family with a mother struggling with arthritis. He told Australians: 'I know the battle. I know the battle of struggling in a single-parent family.' Have these words been forgotten?

I thank you, senators, for your time today and this opportunity to let you see the face of a real human being existing in 2023. Thank you.

CHAIR: Thank you very much for your story today and the story of your life and the others that you know. It has had an impact. It is powerful and important evidence, and I thank you for sharing it with the committee today.

Caryn: Thank you so much.

CHAIR: After all that, I thank the witnesses from this morning.

Proceedings suspended from 12:54 to 14:19

BLOOR, Ms Rhyan, Assistant Secretary, Data and Delivery Support Branch, Early Childhood and Youth Group, Department of Education

COTTERELL, Mr Simon, First Assistant Secretary, Primary Care Division, Department of Health and Aged Care

FIELD, Ms Bronwyn, First Assistant Secretary, Mental Health and Suicide Prevention Division, Department of Health and Aged Care

O'CONNOR, Ms Rachel, Acting First Assistant Secretary, Improving Student Outcomes Division, Schools Group, Department of Education

TWYMAN, Ms Anne, First Assistant Secretary, Early Learning Programs and Youth Division, Early Childhood and Youth Group, Department of Education

CHAIR: I now welcome the Department of Education. We're still expecting the Department of Health and Aged Care, who will hopefully join us shortly. Thank you for appearing before the committee today. The Senate has resolved that an officer of a department of the Commonwealth or of a state shall not be asked to give opinions on matters of policy and shall be given reasonable opportunity to refer questions asked of the officer to superior officers or to a minister. This resolution does not preclude questions asking for explanations of policies or factual questions about when and how policies were adopted. If a witness objects to answering a question, they should state the ground on which the objection is made and the committee will determine whether it will insist on an answer, having regard to the ground which is claimed. If the committee determines to insist on an answer, a witness may request that the answer be given in camera. I now invite you to make a brief opening statement, if you would like to do so.

Ms Twyman: I think we're fine.

CHAIR: Okay. I will kick off with some questions. Does the department collect information on poverty and its impact on educational outcomes?

Ms Twyman: I might start off and then turn to my colleagues. The information that we collect, generally through the Australian Early Development Census, is not specifically related to property; it's around childhood development and development milestones. That helps guide some of our policies in terms of school readiness and in terms of access to readiness for school and preschool. We do collect information in our preschool data collection around children accessing and enrolling in preschool who are disadvantaged and who are First Nations children. We are trying to ensure that equity cohorts get access to quality early childhood education and care. I might ask Rhyan if there is anything else in data collection we can look into.

Ms Bloor: In terms of the administrative data that we collect for the administration of the childcare subsidy system, we do have family income data. That informs some government policies, including around cheaper child care and access to higher levels of subsidy.

CHAIR: Ms Twyman, you said you collect data on income with regard to preschool. What data exactly do you collect there?

Ms Twyman: In terms of preschool, the data is always collected through the preschool data collection and also through how we engage with the states and territories. We have agreements with states and territories for certain targets around disadvantaged cohorts. The inputs there would be the data that's collected through their systems but also through the preschool data collection, which is a census at this stage, and we're moving towards looking at attendance data. At the moment, we have enrolment data. All states are enrolling at high rates. We know that the issue is actually around how long children stay in preschool, to actually understand the benefit of that to them. That's essentially collected mainly through standalone preschools where we're able to garner the data that actually lets us know how many children are attending. I'm not sure if my colleague would like to add anything.

CHAIR: That's attendance. Do you collect data on the income of families attending preschool?

Ms Twyman: Not in the preschool data collection. I think my colleague Ms Bloor was relating to the childcare subsidy data. Whilst preschool is delivered in childcare settings in centre based day care, that data is separate to the preschool data collection. We're working on how we can actually improve on that at the moment through actually gathering how many hours children attend in preschool. But that is under the current Preschool Reform Agreement at this stage, so at the moment that preschool data collection doesn't collect income data.

CHAIR: Have you got any data in terms of income and other levels of education and any correlation? Perhaps more broadly—let's take a step back—what work is the department doing on the intersection between poverty and education?

Ms Bloor: I think the evidence would suggest that children experiencing disadvantage, including poverty, benefit from access to high-quality early childhood education and care. And that's consistent with international studies as well. So the government is committed to removing costs, insofar as it can, as a barrier to families in poverty accessing early childhood education and care. As a result of that, and as part of the cheaper childcare measure that was introduced this year, families on incomes lower than $80,000 a year have access now to 24 hours of child care at the maximum childcare subsidy rate of 90 per cent. Income support recipients have access to 36 hours of care at 90 per cent. There is also the additional childcare subsidy, which essentially supports 100 per cent of the childcare fees. There are a number of categories of eligibility for ACCS, but they include financial hardship and transition to work. So those would be the major initiatives in terms of early childhood education and care generally. Apart from that, as Ms Twyman was saying, there are targets in the preschool reform agenda for low-SES cohorts.

CHAIR: That's looking at removing barriers so that people on lower incomes able to access education. Ms Bloor, can you share any information with us on the proportion of people who achieve the childcare subsidy who are on income support payments?

Ms Bloor: I would have to take that on notice, I'm afraid. I haven't got that information with me.

CHAIR: You've got the different levels of support that people receive—

Ms Bloor: I'm sure we can break that down. I believe that we can. In terms of the data that we have for post the introduction of cheaper child care, that wouldn't have settled by now, so we may not have it. The process requires childcare services to submit data after the event, so it does take a period of time to settle. But certainly that will become available.

CHAIR: You have talked about people on low incomes being able to have access to education. Do you do any work at all about what impact being in poverty has on their education?

Ms Bloor: It's a very hard area of examination, partly because it's very hard to understand, I think, the intersectionality that's at play and unpack what role the various elements and policy initiatives and interventions play in improving outcomes. Partly, I think, that is a reflection of the fact that we tend to use SEIFA, which is essentially the SES of a geographical area, as an indicator, and that's a fairly blunt sort of measure. I think it's complex because the data is not necessarily very granular and it's very hard to unpack what the impacts are, whether it's in the early childhood space, in which we work; whether it's the access to a quality childcare service; or whether it's actually the quality of school in the early years in primary school. These things become hard to unpack.

CHAIR: Does any of you here have expertise beyond early childhood?

Ms O'Connor: Yes, I'm representing the schools group.

CHAIR: So, in terms of schools, have you got—

Ms O'Connor: Yes, in terms of schools we have the Australian Curriculum, Assessment and Reporting Authority, which is the key organisation that gathers data nationally from schools. The data that they collect considers school attendance and school achievements—so completion through to year 12 certificate, as well as outcomes through NAPLAN, which is the National Assessment Program—Literacy and Numeracy. We have a number of ways in which we gather data on students attending school. Then, within that, there's also data collected, for example, on parents' educational outcomes, which is an indicator of educational disadvantage, as well as SES.

CHAIR: Have you done analysis? What do you draw upon to determine what impact poverty has on students' educational outcomes?

Ms O'Connor: We do know that students from lower socioeconomic status backgrounds have lower attendance rates than those from higher SES backgrounds, and we know that lower attendance is also associated with lower school achievement, especially in primary school years. Through the NAPLAN results, we know that students from disadvantaged backgrounds show significant achievement gaps and that the gaps widen as students progress through schools. In year 3, for example, in reading, students whose parents had not completed year 12 were around two years of learning behind students whose parents had a bachelor degree or higher. So we know that there are significant impacts.

CHAIR: Are you able to share more of that?

Ms O'Connor: Yes, we have more of that for each, so we can provide you with that. Do you want me to continue now?

CHAIR: No, perhaps you could provide that to us on notice.

Ms O'Connor: Of course.

CHAIR: That's correlating it with parents' educational achievement. How about other data from their socioeconomic status? For example, are there any datasets looking at the outcomes or school retention for parents who are on income support?

Ms O'Connor: I don't believe we have that data, but I can double-check. It's probably particularly working with ACARA, which is separate from the Commonwealth but brings together data across states and territories and the non-government sector. The sorts of characteristics we consider in terms of educational disadvantage include low socioeconomic status; geographic isolation, which we know is also a key factor; First Nations status; and low parental education or parents who are unemployed or in insecure or low-paid occupations. We can provide some further advice as to how those different characteristics are factored into the different data collection methods.

CHAIR: Are you able to share, on the basis of low socioeconomic status or parents who are unemployed, whether there have been trends in the data in terms of educational outcome for their children?

Ms O'Connor: We can take that on notice. That would be some information that ACARA would have available to them. In NAPLAN, for example, we definitely have looked at trends in the past, and there's a piece of analysis that's recently been undertaken by AERO, looking at students from year 3 through to year 9. That will be released next week. That provides some further insight into different factors that impact on those educational outcomes, including SES and parental education.

CHAIR: And that's about to be released?

Ms O'Connor: We can share that when that comes out. It's about to be released, yes.

CHAIR: Thank you. Did colleagues from the department of health have an opening statement that they'd like to make?

Mr Cotterell: No.

Ms Field: No.

CHAIR: I might just kick off with one question to you and then hand over to my colleagues. Does the health department view poverty as a public health issue?

Mr Cotterell: I think the short answer to that is yes. I think there's a well-accepted understanding about the social determinants of health and that the lower your socioeconomic circumstances the worse your health is going to be. So yes.

CHAIR: Given that you do accept that, what work is the department doing on that connection, in consideration of poverty as a public health issue?

Mr Cotterell: I'd have to take on notice whether we're doing any specific research, because there is a longstanding body of research in this area. I think it's an accepted fact that poverty will contribute to poor health. What we're doing is trying to act on that. In the budget, the government announced a number of measures as part of the Strengthening Medicare package, which will hopefully start to address improving access to healthcare services for people in lower socioeconomic circumstances. The biggest of those is the $3.5 billion investment in the bulk-billing incentive for the MBS. The bulk-billing incentive will be tripled in November for most general practice attendances for children under 16 and for Commonwealth concession cardholders, the majority of which are on low incomes. I can talk about that in more detail if it would be helpful, but I think that's the most significant measure because it will start to make access to general practice more affordable.

CHAIR: That's specifically in the health sphere. How about more broadly, given that poverty is a public health issue? Yes, you've taken on notice what projects the department may or may not be doing. Do you collect any information on the impact of poverty on health and health outcomes?

Mr Cotterell: The Australian Institute of Health and Welfare is our main publisher of data. There's a lot of material on their website about the social determinants of health and the impact of income on access to health services and on outcomes.

CHAIR: Okay, so—

Mr Cotterell: I'm trying to be helpful; I'm just not aware of any live research going on, so I need to take that on notice.

Ms Field: Broadly, for all the administrative data that we collect across both the Medicare Benefits Schedule and the PBS, we have a range of indicators which look at low socioeconomic areas and employment status where we can. We're doing a lot of work in MADIP, which is looking at linking datasets like MBS and PBS together, so we can understand the correlation of MBS usage or prescription usage, depending on socioeconomic status or where people live. In the mental health space, national mental health and wellbeing studies certainly look at both employment status and lower socioeconomic status. So it's really a structural embedding across all of our programs. When we look at administrative data, we look at it in the public hospital space as well to really understand the impact of what the service usage is, depending on regional or remote, lower socioeconomic and employment status. That is embedded structurally throughout our programs.

CHAIR: We've had a lot of evidence in this committee on the increasing rates of poverty and the impact that's having on the lives of people in dire poverty. Has the department been doing any work looking at any recent trends in this space?

Ms Field: You'll have to excuse me: that's not our area of expertise. But we're certainly happy to take it on notice and talk to our evidence and research area about any new studies that they've commissioned looking at access and equity issues due to poverty.

CHAIR: Okay. And you've talked about people of low socio-economic status. Is there work that's gone on specifically with regard to family income and health outcomes?

Mr Cotterell: I think we'd have to take that on notice.

CHAIR: We've heard of the impact on people's lives of living on income support, which is well below the poverty line, and I'd particularly be interested in whether there's any work the department has done looking at that.

Ms Field: We'd have to take a look at the research, noting that we can talk about some of the specific measures we have in the health system to help families and lower-income people have better access or get access to health care, knowing that there continue to be equity challenges, particularly around financial status, where this government, through the budget and through other initiatives, is keen to start to drive better outcomes.

CHAIR: I might pass over to my colleagues and see whether they've got any questions for either department at this stage.

Senator PRATT: In terms of access to health care and the intersection with education, is there any data you may have, or perhaps you could tell us how to find it, in relation to diagnosis of disability, ADHD, autism et cetera within education settings? I note, for example, that you're probably more likely to get a diagnosis easily if you have a higher household income. And, in turn, for example, if you go to a private school it attracts the extra funding through the Commonwealth SRS loading, as compared to how the states go about pulling those children into their data and the extent to which are they able to get state governments to pay for those extra loadings based on the level of health and development information that's available at a school or a at statewide level or available to the federal government in terms of making sure that state governments are fulfilling their obligations under the school resourcing standards.

Ms O'Connor: Thanks, Senator. That's quite an involved question and includes quite a bit of data relating to disability and diagnosis of disability versus what we've come here prepared to talk about in terms of socio-economic status. I appreciate the connection, of course, but I just don't have that data with me here today. But I'm happy to take it on notice and provide what we can.

Senator PRATT: I guess it relates to the extent to which socio-economic status disadvantages your capacity to get a diagnosis and therefore qualify for supports, either within NDIS or within education systems.

Mr Cotterell: I can point you to some work that's going on. The Department of Social Services is leading the development of a National Autism Strategy. As part of that work, the Department of Health and Aged Care is leading work on the development of a national road map to improve the health and mental health of autistic people. One of the areas of work that's being led by the Department of Social Services, and with Health involvement, relates to diagnosis. So, there's a specific working group on that, and I'm sure this issue will come up in that working group. But we're just at the stage of establishing these mechanisms to work with people who have lived experience in the sector to develop these strategies. It's at early stages, but that work has commenced.

Senator PRATT: I'm pleased to see that that has commenced. I wonder if I might ask Health to look, if they can, at the socioeconomic status of, for example, children using ADHD medication in terms of location and uptake. Not, of course, that that should be the only intervention; I'm just not sure how you'd get records for who has actually had a diagnosis.

Ms Field: We can certainly take that on notice. We presented at the ADHD inquiry, so we started to have a look, and I know that we have a submission publicly available through that that does look at some of the data around prescription rates and medication for ADHD in particular. That's publicly available, and we can give that to the committee as well.

Senator PRATT: Yes, I'm on that inquiry. I'm interested in this context—in the socioeconomic overlay.

Ms Field: We'll see what we can do. Also, to complement that, we do have a range of kids mental health and wellbeing hubs that we are establishing with states and territories. They will provide free access for families, and they will be integrated with existing state fundamental child health services. That will be for behavioural and developmental concerns and mental health. We are working with states around looking at neurodevelopmental diagnoses within those hubs as well to try and give broader access to families who may not be able to afford private diagnosis, so they are able to look at treatment and that whole of wellbeing and neurodevelopment support as a child develops.

Senator PRATT: I'm presuming there's a socioeconomic overlay in terms of where those hubs will be located, because of those access issues?

Ms Field: We're certainly working with states and territories about the best place, because we are trying to integrate it with their family and maternal and child health centres. It will depend on where established services already are, and states often have those locations already set. Certainly, that is one of the drivers, but we're also looking to integrate into existing services.

Senator PRATT: To the department of education: in the context of the fact that the Commonwealth funds a larger proportion of private schools—while we have some funding to state schools, that's a state system, and the top-ups for private schools are higher; it has evolved that way—can I ask if you can take a look at the SRS loading in relation to disability and diagnosis. I've started to see a trend that private schools are more proactively getting those resources out of the Commonwealth, whereas it doesn't seem to be as coordinated in terms of state schools. With state schools, I guess, once they have qualified for that extra loading, the state government then has to pay for it. I'm just not sure that at a school community level it is being as proactively pursued in terms of schools submitting that information for that extra loading.

Ms O'Connor: You're asking us to have a look into whether that is happening consistently across each jurisdiction?

Senator PRATT: Yes. It looks like there was the beginnings of a trend and that there was quite a bit of state differentiation when we looked at these issues in some of our Senate estimates, and I'm keen, in the context of that poverty and economic disadvantage overlay, to see whether, and the extent to which, state governments are able to proactively get access to that extra loading. I've certainly heard from schools about the socioeconomic status of parents or the fact that, for example, they've got children in a school who they've put into the disability stream but because of a lack of formal diagnosis they're not attracting the extra loading for that. There's quite a lot of anecdotal evidence from schools I have spoken to that that's the case.

Ms O'Connor: We can certainly look into what work we may have already done in this space. You might be aware that there is a national data collection in schools on students with disability, the Nationally Consistent Collection of Data on School Students with Disability, which all schools contribute to. There has been a review into the disability loading as part of that work, and so there may be some insights from that work that we could offer. I can take that on notice and come back to you.

Senator PRATT: Yes. In that context, could you take on notice the extent to which that data can be consistent because children have been assessed fairly, or whether a lack of diagnosis due to isolation or socioeconomic status is affecting the truth of that data?

Ms O'Connor: We can take that on notice.

CHAIR: I want to go back to the discussion we were having before about the impact of poverty on both education and health. You've both talked about work that other agencies are doing, and you're going to come back to me if there is any more work that you can tell me about that the department's doing. Is it something that both departments see as a priority to be reporting on—actually summarising and reporting on what's known about the impact of poverty on educational or health outcomes? If so, how do you report on it?

Ms O'Connor: I think we've shared the different ways in which we're currently reporting. I think it's fair to say that we consider it a priority within Education to be reporting on the different factors that impact on educational outcomes for all students, including those that we know are disadvantaged. Do you want us to go through those reporting mechanisms again?

CHAIR: Yes, please.

Ms O'Connor: From the schools perspective, as I mentioned, we have data collected and reported around student attendance, and we know that attendance has a strong link with achievement and gives us a good insight. There are concerning trends across the country around declining attendance—

CHAIR: You've got attendance, and you talked about the links in your data with educational outcomes of parents and attendance. But, in terms of reporting on poverty or on socioeconomic status and income—

Ms O'Connor: Through those existing reports. We don't have one report that looks solely at poverty. It would be through the existing reports, and within those reports—

CHAIR: Which aren't necessarily getting at the data in terms of the number of families that are living in poverty and their education outcomes.

Ms Twyman: In the area I work in, in early childhood, data would be in a range of areas. Does it have an overlay of 'this is the data on poverty'? Probably not. But what it probably does do is that we look at extrapolating from the various areas of early childhood education and care where this would come together. For example, my colleague Ms Bloor mentioned the administration data that we have, from the very early ages of babies going into early childhood education and care, where the admin data would show us what the attendance patterns are. We do know that access to quality early childhood education and care, particularly for the most disadvantaged children, has the most benefits. So we extrapolate that data.

CHAIR: You've got that data, as you said, for early childhood education.

Ms Twyman: Yes.

CHAIR: You've got the data of the income because of accessing the childcare subsidy.

Ms Twyman: Yes.

CHAIR: So you can report on that.

Ms Twyman: We can look at that.

CHAIR: Okay. And you do report on that. Going to that, you report on it, so what's the nature of those reports? Who are they reported to?

Ms Bloor: We report quarterly through the child care in Australia report, which summarises the data on a quarter-by-quarter basis. There is a lag in that. I think the latest quarterly report was for December 2022. So that's a regular report that we have, but it doesn't go to the heart of your question, which is around the impact of that on educational outcomes, because in the ECEC space, other than through preschool, there isn't necessarily a way of measuring that until children enter school.

CHAIR: Yes, but you've got that correlation between income and attendance as your basic indicator that you are able to use. As well as just reporting that as straight data, have you done any reports analysing trends or what's been happening over time and making that linkage between income/poverty and attendance?

Ms Bloor: I don't think so—certainly not recently.

Ms Twyman: We are doing some important work. Again, it goes to Ms Bloor's commentary around how it's not directly with the overlay of being related to poverty per se, but it will show in our reports in preschool, as we move into the preschool report agreement that we're currently in, where we're working with all jurisdictions on actually defining a preschool outcomes measure—what is the efficacy of the year of preschool for individual children? Because we are tying those over the life of the agreement, we'll be looking at how states are going with the attendance of children in disadvantaged cohorts as well, such as First Nations cohorts. Again, it's not going to happen straightaway, because we're still working out the measure, but I think that we will begin to see in the coming years what the impact of preschool actually is and how, as we know, that particularly benefits disadvantaged children. So I think we'll be able to see from that data in the future and understand a little bit more about what works in preschool.

And, as we said at the very beginning, the government is very committed to ensuring that where you're born into doesn't define all of your outcomes in life, and so that's why we're working on a number of these measures, which then flows into the school data collection area as well.

Ms O'Connor: Further to my comments on school reports, we have a national report that is released annually, the *National report on schooling in Australia*. There are agreed student background characteristics which are collected. Those include gender, Aboriginal or Torres Strait Islander status, parental school education—the level that parents achieve—parental non-school education, parental occupation group, and language other than English

spoken at home. So it doesn't go to income of parents, which obviously is one of the questions you're going to. That's not currently one of those agreed characteristics.

CHAIR: Given we know the impact of poverty on education, do you think it would be a valuable addition to those characteristics?

Ms O'Connor: I'm not in a position to offer an opinion, but that's certainly something we can take on board, and we can come back to you with some further advice on whether there has been some further work and exploration with states and territories around that.

CHAIR: Yes, if there's been consideration of that as a useful data source to be able to track the impact of poverty on educational outcomes.

Ms O'Connor: Yes, we can come back to you with some further advice.

CHAIR: Okay. In terms of those reports, then, who are they made to?

Ms O'Connor: They're released publicly. That's public information.

CHAIR: With regard to health, what focus is there, in that data collection and reporting, on the impact of poverty on health?

Ms Field: The Australian government does fund a range of studies, primarily through the Australian Bureau of Statistics, to look at population health. Some of the key ones that we've been funding and working with ABS on are things like the Intergenerational Health and Mental Health Study, which looks at 60,000 Australians and a range of health factors. Within that, they're collecting samples and holding those in the Australian Health Biobank to understand their health and wellbeing in an intergenerational sense. There is the National Health Survey. It collects data on the health of Australians, including health conditions, but it also looks at demographic and socio-economic information. It's part of a time series. It has been collected since 1977, so we can understand how outcomes are changing across time depending on poverty. I've already mentioned the national mental health and wellbeing study that's looking at doing the same.

Then we've got some more specific ones looking at women's health, men's health and national Aboriginal and Torres Strait Islander studies. We have a range of population-wide studies so that we understand the correlation of whether gender, ethnicity, being a First Nations person and both socio-economic and poverty indicators are impacting on both what your health conditions are, risk of chronic conditions, and what your access and equity issues are.

CHAIR: Could you take on notice to provide us with those studies, specifically with regard to income and poverty? What studies have been done and what is available on health outcomes?

Ms Field: Of course.

CHAIR: Are you able to summarise any recent trends in that area?

Ms Field: I came from the mental health perspective, from the National Study of Mental Health and Wellbeing. This was 2020-21. I know there will be another study that will be undertaken. We knew that 39.5 per cent of persons who were unemployed had a 12-month mental health disorder, compared to 22.3 per cent of employed persons. We also understand that anxiety disorders and affective disorders were the most common amongst that prevalence. We also know persons with zero or negative income are more likely to have a 12-month mental disorder, at 24.7 per cent, than the total population, at 21.4 per cent, with anxiety disorders the most common amongst those. People who have ever been without a permanent place to live had a higher rate of 12-month mental health disorder, at 38.8 per cent, compared to those who had never been without a permanent place to live, which was 19.5 per cent.

Some of the other things that this study continues to tell us, and it helps us with our planning and responses within the mental health system, are that 24.8 per cent of Australians with the highest socio-economic disadvantage reported having a mental or behavioural condition, compared to 16.4 per cent of the least disadvantaged Australians. People on lower incomes and lower socio-economic status accessed Medicare subsidised mental health services at low rates despite experiencing higher levels of psychological distress. People of lower socio-economic status are more likely to be prescribed medication for mental health concerns compared to people with higher household incomes. We've seen that. We had a recent evaluation on the better access scheme that the government released late last year. That found the same trends that were occurring with Medicare subsidised treatment. As you'd be aware, the government is working with the sector around how we improve access and equity outcomes in the mental health system. That's certainly work that we're doing with the sector now.

CHAIR: That's mental health. Is there similar work on accessing other health services and experience of other health conditions?

Mr Cotterell: As I said earlier, there is a large body of research showing the link between low incomes and poor socio-economic circumstances, with poor health and poorer access to health services. As I opened with, the government's strengthening Medicare package in the budget, responding to the *Strengthening Medicare task force report*, was about improving access particularly for disadvantaged groups. I think there's a whole theme of work. There are many, many measures being taken in this area.

If I can give you another example: in the budget we've established a new program through the primary health networks for improving access to healthcare services for homeless people. Some of the primary health networks were previously using after-hours funding for that purpose. There are some existing initiatives that we're continuing through that program, but we'll also be going out with new grant rounds to develop new measures in areas of need there. That's one example.

CHAIR: The data Ms Field just shared with us on the increase in experience of mental health issues for people on low income—again, I appreciate what you've said, Mr Cotterell, but it didn't go to the question in terms of other outcomes.

Mr Cotterell: I would have to take on notice whether we have any trend data there. I'm happy to look for it.

CHAIR: Thank you. More specifically, is there any work that's been done looking at people on income support, given that we know that people on income support are living in poverty and that the $4-a-day increase for people on JobSeeker and other working-age payments, although welcomed, is still leaving people in poverty? I'm wondering whether, from a health perspective, there has been any focus on the health outcomes of people on income support.

Ms Field: As I've discussed, I think structurally we're always looking at income as a factor around access and equity issues. All of our work around policy and planning is really geared around how we improve access and equity right across both the health system and the mental health system. It's kind of a core tenet of our work.

CHAIR: It seems to be that you're improving access for people on low incomes, but, on the issue of people on income support, it's not making the point that we need to increase people's income in order to improve their health outcomes.

Mr Cotterell: That's not our starting point. We are constantly thinking about that. I've done some work on improving access and outcomes for people with disability in the context of the pandemic. We were looking at not just the cohort of people on the National Disability Insurance Scheme but also the cohort of people on the disability support pension as an indicator of disability. For people on the disability support pension, rates of vaccination are lower and rates of mortality are higher. We know we need to pay attention to that group. It's not our core mission in the department of health to address the income support side of that. That's the other portfolio.

CHAIR: But it is—

Mr Cotterell: We're doing this work jointly with that portfolio. They can see the outcomes.

Ms Field: We do have mechanisms like the bulk-billing incentive, which is linked to concession card holders, which is a direct receipt of income support. What we try and do is, 'How do we give more low-cost or no-cost access to services linked to some of the conditions of income support like a health care card?' That reduces the cost of medicines. That's really our main mechanism by which we do the reduced fee for service or cost of health care to the Australian public where they are on income support. Things like the Medicare safety net have certain safety net thresholds. Someone who has a concession card or an income support card actually has a lower threshold to meet than others within that scheme.

CHAIR: What data do you collect that links people on income support, but more income support recipients—you talked about access to mental health services. I think that was income support recipients, or was that people on low income?

Ms Field: It was low income.

CHAIR: Do you collect any data on access to health services in terms of people who are income support recipients? Any data, for example, on rate of death for people on income support?

Ms Field: I certainly know that there is a lot of work being done by our research and evidence area around linked datasets, and they are working across government, such as with the Department of Social Services, to look at how we can link things like the Medicare dataset with the prescription dataset with things like income support, and we start to link those datasets so we can actually understand the impact both for income support and for access and prescription rates. So I certainly know there is a broader structural program going across government

about how we link these datasets so we have more granular and rich information so that we can improve our policy and planning processes. I'd have to take on notice exactly where that's up to and the progress of that, because—

CHAIR: Pending that, could you also take on notice whether there are any existing programs where you are linking people's status in terms of being on income support with their health outcomes.

Ms Field: I'm happy to take that on notice. I certainly know there is work to do that.

Mr Cotterell: It's a whole-of-government endeavour. In health settings, we can't ask patients for so many data points, so our best way forward is to link data across government. That's increasingly happening, and we're learning a lot more about what happens to various populations than we've known before. I gave you the disability example. I think that's my best example.

CHAIR: That was a good example, but it's basically not there for people on [inaudible] income support.

Mr Cotterell: Yes. But the capacity now exists for us to link that data. If we ask the questions, we're going to get better answers over time about what the experience of people on JobKeeper—you pick the payment—is in the health system and their outcomes.

CHAIR: That's pending the data linkages that Ms Field is talking about?

Ms Field: Yes.

Mr Cotterell: Yes. But that's really matured over the last few years. We didn't have that pre-pandemic. It's a growing body of work.

Ms Field: Probably, one of the step changes out of the pandemic is this greater acceptance of the need to link data and understand the granularity and understand much more about the interlinkages between the systems.

CHAIR: Good. That sounds like there should be more data available in the future. Going back to my questions, is there anything that the department does at the moment that links people's income with their health outcomes—even, for example, the very blunt indicator of death rates?

Mr Cotterell: We'll take on notice whether that work has been done. I'm not aware that that's been done in a general way, only in these specific circumstances.

CHAIR: Thank you very much. Unless there are any further questions from my fellow committee members, thank you for appearing before the committee today. If you could get questions that you took on notice back to us by 31 August, that would be appreciated. We're going to be reporting to the Senate on 31 October.

RULE, Ms Erin, Assistant Secretary, Targeted Employment Policy Branch, Department of Employment and Workplace Relations

WEIDERMAN, Mr Adam, Assistant Secretary, Multilateral Policy Branch, Department of Employment and Workplace Relations

WRIGHT, Dr Andrew, Director, Targeted Employment Policy Branch, Department of Employment and Workplace Relations

[15:13]

CHAIR: I now welcome representatives from the Department of Employment and Workplace Relations. Thank you for appearing before the committee today. Do you have any comments to make on the capacity in which you appear today?

Dr Wright: I'm from Mutual Obligation and Compliance Policy within the Employment Policy and Analytics division.

CHAIR: Do you have an opening statement?

Mr Weiderman: No, we do not.

CHAIR: I will kick off with some questions and then see whether my colleagues have questions. I want to start with the report that was published yesterday by the Antipoverty Centre and GetUp. They published their *Punishment for profit* report on the experience of 600 income support recipients with the employment services system. Is the department aware of this report?

Mr Weiderman: No, I haven't had a chance to review that. I wasn't aware of it until now.

CHAIR: The report found that the current mutual obligation system coupled with payment rates is trapping people in long-term unemployment. Of the 600 respondents to the survey, over 85 per cent stated that a job agency or other provider had made a mistake or done something that caused a problem with their payment. The report states that 40½ per cent of respondents experienced bullying or abuse of power, and there are a range of other findings. It's a damning picture of the employment services system. We've obviously had similar issues raised during the current inquiry into the employment services system. I'm interested in your response to these criticisms of the existing employment services system.

Ms Rule: I think we would like to have the opportunity to review the report, so that we can respond appropriately. I'm not familiar with the contents of the report, I'm sorry.

CHAIR: You would have contributed to the current parliamentary inquiry?

Ms Rule: Into Workforce Australia?

CHAIR: Yes.

Ms Rule: Yes.

CHAIR: Have you responded to criticisms that have been raised in that inquiry as to the current workforce system?

Ms Rule: We have provided a submission to the inquiry and attended both public and private hearings for the inquiry. The report of that inquiry has not yet been provided.

CHAIR: Did you respond to criticisms that had been made as part of the inquiry into the job agency's interaction with people seeking work? I know that there has been a lot of evidence presented to the inquiry that is of that nature.

Dr Wright: It's very clearly the policy that employment services providers should be engaging respectfully with jobseekers when they're negotiating requirements or referring them to services. Absolutely, that should be respectful, and we would love to hear about any instances where a provider is not behaving respectfully towards a jobseeker. They have options of discussing that behaviour with the National Customer Service Line and addressing the behaviour if there are problems with providers systemically.

CHAIR: That's an individual response that people can make. I appreciate that you haven't had a chance to read the Antipoverty Centre report, but, if we've got over 85 per cent of respondents stating that the job agency or the provider had made a mistake or done something that caused a problem with their payment, that seems to be systemic issues that need to be addressed, rather than just individual issues. So are you looking at what seems to be a systemic issue with job service providers?

Ms Rule: Again, without being familiar with the contents of the report, I can say that the department does have regular assurance mechanisms that we run over our programs in a systemic way to ensure that the programs are being delivered according to the deeds and guidelines.

Mr Weiderman: I don't want us to have to continue telling you that we haven't read a report, so apologies on that front. Might it be helpful if we move on to other questions? What we could do is look to take on notice a quick summary of the report, once we've had a chance to review it, and step through both some of the mechanisms that we have in place for taking individual action and some of the systemic measures and strategies that we've got in place for active contract management in the case of concerns raised by providers, whether it be by an individual jobseeker or an advocate on their behalf or whether—and I think, critically, in this context—it's something that might have been identified by the department itself. Would that be helpful?

CHAIR: That would be appreciated. Responding to the pretty damning picture that's been painted by this report and responding to that criticism—that would be appreciated.

Mr Weiderman: We'll take on those. We'll go away and have a look at that report, and then we might come back with a slightly more coherent and informed answer about the mechanisms we have in place but also maybe some of our previous testimony to other committees as well, if that would be useful.

CHAIR: I want to go to some of the evidence that has been presented during the Workforce Australia inquiry. As I understand it, in that inquiry, multiple employment service providers have criticised mutual obligations for their punitive nature, and some have gone so far to say that the employment service system would be better off without them. For example, WISE Employment said in its submission that removing mutual obligations from the system would improve engagement with jobseekers, as long as it was combined with incentives. Additionally, Joblink Plus and Max Solutions have criticised the current system. The department is obviously aware of this evidence, and I'd to get your response to these criticisms.

Dr Wright: We have heard that evidence and are aware of it. In response, I would point to the significant volume of international and Australian research showing the effectiveness of mutual obligations at speeding up the rate at which people on unemployment payments do find work. There is definitely the individual level, but on the administrative data level there is—

CHAIR: Can you be more specific about that research?

Dr Wright: Sure. On the international level there's a meta-analysis by Card, Kluve and Weber, who studied, I think, 800-something international programs, looking at the effectiveness of those programs. And they did find that they were effective at increasing employment in the short, medium and long term. There are also a range of Australian studies. There was one published either this year or last year by Herault and others, which looked at the introduction of mutual obligation requirements for partner allowance recipients, if there was no change in payment rate. It found that it reduced the recipients of that benefit by about 50 per cent but also increased the off-benefit rate of their partners as well because of the increase in income for the family. There are a range of—

CHAIR: Sorry. Can you go through that again—what the beneficial outcomes were?

Dr Wright: That was a 50-something per cent reduction in payment recipients.

CHAIR: Okay. Does that necessarily mean that they found work?

Dr Wright: Not necessarily. The researchers did—

CHAIR: You just got them off the system, but it doesn't necessarily mean that they are better off.

Dr Wright: No—although the increase in exits for the partners also does imply that there was higher income for the unit, as it were.

CHAIR: Have you responded to the criticism from WISE Employment, Max and Joblink Plus, specifically, that has been presented during the Workforce Australia inquiry?

Ms Rule: No. We're waiting for the report from the committee.

CHAIR: Okay. So you're not taking any action at the moment other than if individuals came to you with specific issues that they had with a specific provider?

Ms Rule: My take on your question was with regard to those providers and their opinions about mutual obligations. There is a current deed and guidelines that they're required to implement, which we can't change without due consideration of those opinions and of the evidence and findings from the inquiry.

CHAIR: Does their evidence disturb you?

Mr Weiderman: Senator, I think we're probably wandering into the territory of an opinion there. I'll speak to my colleagues, but I'm not sure that's an answer we'd be able to give at the moment.

Ms Rule: I could say that over successive models there have been changes to compliance framework and who administers compliance breaches, as they used to be called, but now decisions regarding whether a JobSeeker has complied with their mutual obligations. As you may be aware, quite some time ago these decisions used to be made by Centrelink, but they are now made by providers. I think that's something we need to consider. We need to look at the evidence about why the decision was made to change that in the past. We do take seriously the evidence providers and other stakeholders have taken the time to provide to the inquiry. I'm certainly not dismissing the evidence. We need to consider it robustly and rigorously.

CHAIR: Thank you. I might hand to my colleagues. Senator Kovacic.

Senator KOVACIC: Thank you for appearing today. Reflecting on some commentary in the submission from the Brotherhood of St Laurence—if you bear with me, I will quickly read it:

Single parents, people with partial capacity to work, and mature age people are caught in a poverty trap—stuck long term on very low incomes. If people receiving payments get work, they face high effective marginal tax rates. George, a participant in our financial inclusion programs and a single dad, explained: 'The more I work, Centrelink takes more money. It is a struggle. And there's no real incentive for me to work more. I know I'll get penalised.'

My question in relation to this is whether you've had the opportunity to do any modelling on what economic potential exists in lifting the JobSeeker income threshold, or perhaps even how that could potentially alleviate labour shortages.

Dr Wright: Income testing would be a matter for the Department of Social Services, who I understand are on this afternoon. With those particular cohorts, I would say that under legislative criteria principal carer parents, those with a partial capacity to work and those aged 55 and over are able to fully meet mutual obligation requirements through 30 hours per fortnight of paid work or, in some cases, volunteer work and study. But in terms of the actual impact on income testing, I think that's probably one for the Department of Social Services.

Senator KOVACIC: Sorry, perhaps just a piece on labour shortages—have you guys had any opportunity to do any modelling in relation to that?

Mr Weiderman: One thing I would say is we have a new established body, Jobs and Skills Australia, that's consolidated quite a lot of the analytical capability, looking at skills needs and labour market outcomes for our department. I am not aware of any specific modelling they have undertaken in relation to raising the rate. As my colleague Dr Wright said, that does probably fall within the purview of our colleagues in the Department of Social Services. I do know they publish quite regular updates around labour market forecasts and trends in skills and demands. If you like, I am happy to take notice whether they have done any specific analysis around wage rates and links to priority skills or employment outcomes. I am not aware of that specific question being on their work program.

Senator KOVACIC: Thank you.

Senator PRATT: In the context of the inquiry in the lower house of the parliament and in the context of other information and long-term assessment of your programs, to what extent are there issues with job service providers, or Workforce Australia providers as they are now, not spending the money that has been put aside for jobseekers to overcome barriers to employment that have arisen because of poverty? These issues can include housing, they can include getting your car fixed, they can include a whole range of issues where poverty in and of itself is a barrier to employment.

Ms Rule: We might have to take on notice an extensive response from the evidence. I would say that we have an employment fund that is provisioned to help jobseekers get into work, and that can include addressing barriers such as those that may be caused by poverty—for example, if they don't have the funding to travel to a job interview or to purchase clothes to present well at an interview.

CHAIR: Or to fix their washing machines.

Ms Rule: I was going to say that, yes, there are categories of expense, and I would have to check whether or not repairs of a car or the like fall within those categories.

Senator PRATT: They do, because I've spoken to jobseekers where they have had that money made available to them on some occasions but not others. I'm interested in the extent to which providers might be sitting on funds or might not be being consistent when a jobseeker identifies poverty as a barrier to employment—that you're able to proactively support them to overcome that.

Ms Rule: I'm not sure whether we would have evidence, but I will check specifically regarding your question. The reason I say that is that, with the Employment Fund, we require the provider to make decisions against, for example, the categories in the Employment Fund and the guidelines, and value for money. They must make a

decision based on the circumstances in front of them, so we don't give a prescriptive list to providers about when they should and should not spend the Employment Fund. It's up to their discretion and judgement based on the individual's circumstances.

Senator PRATT: Yes, I guess that's my query in terms of an assessment—whether they are using that discretion appropriately. I have also certainly heard examples of where people have part-time work but not to the extent that it supports them enough to come out of poverty, which puts that part-time work in jeopardy because they can't afford transport or car repairs, or those kinds of issues.

Ms Rule: I will take that on notice, and we'll get back to you on the evidence. I think it links back to my evidence earlier about the assurance programs that we run across Workforce Australia to look systemically at the use of the Employment Fund, in this case.

Senator PRATT: Can I ask what you're doing within your own agency and with, potentially, Treasury, the department of industry and others about regional areas where there are high levels of jobseeker payments being made, but where those jobs are not accessed easily. Sometimes it's because of transport. Sometimes it's because the profile of employment that's available isn't suitable. How are you going about looking at policy analysis there in terms of mutual obligation requirements to better match the geographic socioeconomic issues?

Dr Wright: Providers must consider, when determining an appropriate requirement for a particular individual, factors like access to a local labour market, transport opportunities and the cost of participation, as well as the range of circumstances for the individual person. So, absolutely it's a legislative requirement that when providers are assessing those things they must consider those factors in determining appropriate requirements for an individual. And then I guess on a holistic level we look at data on compliance with requirements based on individual regions—if there's anything systemic sticking out then maybe that might prompt a bit more of an examination.

Senator PRATT: How does the department provide guidance to job agencies in that context? You said they're supposed to take that into account. But it's really got to depend on what information that provider has in terms of their own assessment but also in terms of data that's available to government and therefore policy discretion that's also available to government.

Dr Wright: We do require providers to consider this. It is very specifically in guidelines that each of these factors must be considered, and fundamentally the principle that requirements must be achievable for individual circumstances. There are a range of assessments when someone comes on to payment that come to a lot of these factors—for instance, access to transport, whether someone has a driver's licence, age, relative work experience—but then part of the role of providers being in the area where the jobseeker is located. We expect them to have an understanding of the local labour market conditions and the participation opportunities available to the person in that region.

Senator PRATT: Yes. Regarding that expectation of them having an understanding of what's available, what data do you give providers that helps them make that decision?

Ms Rule: Providers have access to the Jobs and Skills Australia publicly available data that they are releasing regularly as well as ABS data and the like. We have regular forums with providers where we refer to the relevant evidence. That is usually more at a national level. But then within regions we have roles such as employer liaison officer roles and employment facilitators within regions that can help make connections across programs and with employers, for example, in growth industries, as well as our state office staff who work with our Commonwealth colleagues within states and regions.

Senator PRATT: I've noticed from data provided by the Department of Social Services and I think Human Services, where the data has I think been sourced through your agency, this really strong socio-economic correlation between loss of payment and Aboriginality, being a prison leaver, having a disability et cetera. How do you work through preventing unnecessary breaches and taking that large level of data and translating it to making sure people are getting suitable employment services?

Dr Wright: I might start with the protections to minimise unnecessary breaches. Within the targeted compliance framework we have a range of safeguards to try to avoid that. One of the first ones that occurs is assessment of a valid reason by providers—or the digital services contact centre, for those in online services—where they will basically just assess whether the reason the person didn't meet a requirement is valid. If it is valid, and the person makes contact within two business days, no suspension occurs. If it does, then it can be ended as soon as they provide that valid reason. Following three demerits, there's a capability interview, typically with an employment services provider, although that can also be with a digital services contact centre for those online. That's really an opportunity to disclose any circumstances that might be affecting someone's ability to meet their

requirements, check for the appropriateness of a job plan and make sure that it's reflecting their circumstances and that the person is able to comply.

We have a lot of evidence that this does pick up a lot of cases where a job plan needs to be changed. A person might disclose some additional information, and that requires a change. In those cases, someone's compliance history is wiped and they go back to the beginning of the targeted compliance framework. Following a fifth demerit, a similar assessment is done by Services Australia. That's an additional check, very similar in form to the capability interview but, I guess, as a second safeguard before the possibility of any lasting financial penalty for not meeting mutual obligations. I should also mention that, at every single demerit through this process, there's still also a valid-reason assessment. So, if, at any of those points, someone's requirements are found to be not suitable for their circumstances, then their requirements must be changed.

Mr Weiderman: There is one thing I might add to that. Throughout this process, some of these conversations we are getting into involve concepts of capacity to participate and capacity to engage, both in your obligations to retain income support and also in your obligations, let's say, in the workplace or in training. There are a number of discrete services that are specifically designed to support people who are on income support in building their capability. Jobseekers are eligible, for example, to be referred to programs, like our Skills for Education and Employment measure, that are specifically designed to build what we call foundation skills—language, literacy and numeracy. You'd probably think of them as the core learning-to-learn skills. That not only goes to your ability to understand your obligations through the income support system managed by our colleagues at DSS but also to maybe increase your capacity to be successful in employment, have a career or undertake further training as well.

On that point, I think in the last year we supported around 27,000 people through that program who were on the income support case load. Also, probably importantly in this context, I think our previous measure had a few admin hurdles that weren't ideal for the cohort. So, as part of the budget, the government did announce an expansion of that service. I think we are investing around $490 million in a redesign of that service to reduce the number of administrative barriers for jobseekers in particular, such as needing to register with multiple providers or barriers if you're looking to volunteer. If you're on the cusp of our system or maybe just outside of it, you could start to directly enter these measures. Again, there is a focus on trying to shift some of our services around enabling people to understand their obligations so that the conversation isn't just around compliance and obligation. It's a pretty important point. I just wanted to mention that it's not all about progression through a series of conversations around consequences so much as it can be around the assessment saying: 'Actually, you would benefit firstly from the literacy and numeracy capability. There are support structures available that you could be referred to by your provider or that you could access directly if you determined that would be useful to you.'

Senator PRATT: Finally, in the context of people on limited incomes who are paying for utilities, housing, transport, food, meeting their basic living needs, to what extent does the affordability of telecommunications—phone and data—provide a barrier to jobseekers? For example, I know many who don't live close to libraries with free computing services or jobseeking services. They can't get regular access to computers to check for notifications et cetera, and they can't afford the data services on their phone. It's difficult, for example, to apply for a job just using your phone, or you might not have suitable technology. What assessments have you done there, and to what extent do you consider that a problem?

Ms Rule: I'm not aware of direct evidence about how big the issue is, but I can talk to some of the policy levers that we have to address it. I'll just check—is that where you were going to go to?

Senator PRATT: Yes.

Ms Rule: I would have to take it on notice and check if we've got specific evidence with regard to your question, but I would say that one of the things that the employment fund can be used for is to address issues with the affordability of telecommunications, data, transport and the like. I think that's a really key way that the employment fund can help to ensure that jobseekers can check their notifications and be in touch with their provider and more broadly in society to help them with their job search. In some small way, providers do have free facilities in their sites as well, although I do acknowledge that, obviously, travelling to a site may not be possible for people who don't live close to a provider site. But, if they do live within close proximity of a provider site, there are facilities there as well, as are the other facilities you mentioned, such as libraries.

Senator PRATT: I would be grateful if you could—and please do finish that extra contribution—provide what data you have about what those employment subsidies are used for, in terms of spending them on individual jobseekers. And also what data you've got about someone's requests and their next set of requests being denied—for example, you can't get a phone because you've already had support for your car—and the issues around rationing the pools of funds that are available. I do understand they're pools, but they still have some limitations in that context. I'm interested to see what the background data reveals about what the main issues confronting

jobseekers are and how we triage those in the context of relationships with state governments, for example, around the payment of fines, getting drivers licences and those kinds of things.

CHAIR: You can take that on notice. Thank you, Senator Pratt. We have run out of time, but I'm going to ask you for some analysis on notice. I want to refer to the question that was taken on notice at February estimates. The question number is SQ23-000208. It was about looking at payment suspensions across particular cohorts, so it's similar to the issues that Senator Pratt was just speaking about. There are two things.

One is that there is a big difference between the number of people who had their payments suspended across particular cohorts on the online system compared with the in-person system. Just briefly, have you got an understanding as to why there is that difference? It's massive. For people online, the percentage of the cohort who were subject to payment suspensions varies between 23 and 45 per cent for people who are refugees, whereas for Workforce Australia in-person services the suspensions range up to 78.9 per cent for ex-offenders, 75 per cent for people who are homeless and 79 per cent for people who are Indigenous.

Dr Wright: I think we should probably take that on notice and get into some of the complexities around that.

CHAIR: Yes, that would be good to know. The other thing I wanted to know is that, given the huge proportion of some cohorts who were having their payments suspended—this was in the period of the second half of last year—do you do any work analysing what the impact of having that payment suspension actually is on their ability to find work?

Mr Weiderman: We can take that one on notice as well and come back to you with that analysis.

CHAIR: Thirdly, where you have got 79 per cent of Indigenous participants, 79 per cent of ex-offenders and 65 per cent of people with mental health issues, what is your response back to the job service providers—the overarching policy direction that you're giving them—given that extraordinarily high level of payment suspensions?

Mr Weiderman: I'm really happy to take all of that on notice. No worries.

CHAIR: Thank you. Thank you for your evidence today. If you could get the answers to questions on notice back to us by 31 August, please, that would be appreciated. We will be reporting to the Senate on 31 October.

Proceedings suspended from 15:50 to 16:00

ANDERSON, Mr Iain, Commonwealth Ombudsman, Office of the Commonwealth Ombudsman

CHAIR: I now welcome the Commonwealth Ombudsman, Mr Iain Anderson. Thank you for appearing before the committee today, Mr Anderson. Would you like to make an opening statement?

Mr Anderson: I'm here at your invitation, Chair. I am happy to go straight to questions.

CHAIR: Terrific. I presume you know what I'm going to focus on.

Mr Anderson: Yes.

CHAIR: I'll kick off by asking you about your recent report, *Lessons in lawfulness*. I'll start off with your decision to undertake that report. What was that based on?

Mr Anderson: Back in 2021, we started receiving complaints from clients of Services Australia who were noticing that, when they'd asked for a review of a decision, the review was being delayed. Services Australia has an aim to complete reviews within 49 days, and people were coming to us and saying it had been six to 12 months. So we reached out to Services Australia to seek information, and from time to time they would say, 'They're being progressed.' We'd keep reaching out.

What we didn't realise was that in the background there was a process underway where Services Australia and DSS were looking at the particular provision section 1073B of the Social Security Act, which provides for income apportionment. They came to us in January of this year and said, 'We want to tell you some things about income apportionment.' We met with them in February, and we said, 'We want more information.' They gave us information at that point. When they told us that there were potentially 13,000 debts affected and another 87,000 debts that might be affected, so 100,000 debts, I thought, 'This seems to be quite a significant issue, and it seems to be taking quite a while to decide how to proceed with it.'

So at that point, in March, I thought: 'I want to do an investigation into this and understand more about, firstly the legality of what's been done—so was that clear in itself?—and then, secondly, how it is being administered—this question of how there might be past debts and there might also be past underpayments. What are the communications with people affected?' It was about things like that. So we've got another investigation still ongoing, which is about the administration part, but I wanted to do a short, sharp exercise looking at the question of legality, first of all.

CHAIR: Could you summarise for us what income apportionment is and why its use by Services Australia and the Department of Social Services was unlawful?

Mr Anderson: Section 1073B was inserted in 2003, and what it does is that it requires the apportionment of income within a 14-day instalment period to create a daily rate, so you take the income that's earned, received or derived in that 14-day period and divide it. So that's fine, but what was actually happening was that it was being used to spread income across more than one instalment period, and that's the problem. Often that was happening simply because people didn't have clear records as to the correspondence between their income and an instalment period. They might have had a monthly pay, for example, or a weekly pay instead of fortnightly, or, even if they had a fortnightly pay, it might not have corresponded with the fortnight that was the Centrelink instalment period. So what was being done was that it was spread across instalment periods.

The outcome of that—we have a worked example in the public statement—could mean that people are assessed as earning more income in one instalment period than they did and earning less in another instalment period than they did. It might not produce large amounts of difference in any one instalment period, but over a period of time it could lead to a much more significant amount, which could be an underpayment or an overpayment. Of course, if it were perceived to be an overpayment, that could lead to debt collection or it could potentially lead to referral for prosecution. So those are very significant impacts for particular individuals affected.

CHAIR: In your report, you note that there are differences in views and legal opinions. Could you summarise what those different legal opinions are?

Mr Anderson: I should just say I haven't published my report. What I published was a statement. In the report, I do go into the legal opinions in some depth, and there is a question as to not wanting to waive the Commonwealth's legal professional privilege over the different legal advice. But, to help you understand the issue here, the different legal opinions that were obtained by DSS and Services Australia all agreed that section 1073B did not allow income apportionment in the way that it had been done. That part was clear. What had been done was not in fact lawful. What they differ on is how you can in fact go back, apply—

CHAIR: Fix it up?

Mr Anderson: and calculate a daily rate in order to work out what the issue is and how much of an issue it is for each individual who's potentially affected. That's where the difference is. In my view, there's still a significant difference of opinion, so I recommended that that significant difference of opinion should be resolved as quickly as possible.

CHAIR: Without going into the legal opinion exactly, can you give us any indication of what the differences are. What do they hinge on?

Mr Anderson: They hinge on the interpretation of the provision itself as to whether you're required to go down one route or whether you have options as to how you do it. I find it difficult to go into more precision than that.

CHAIR: Okay. So it's to do with what you should, therefore, do about it now, rather than whether what happened was illegal. So the difference is what should then happen.

Mr Anderson: Yes. There was absolute agreement that what had happened was unlawful—was not permitted by the legislation. It is just about how you fix that; that's the point that they're differing on.

CHAIR: Okay. In your statement you stated that, since becoming aware of the issue in October 2020, Services Australia and the Department of Social Services 'took steps to seek legal advice, but could have acted quicker to finalise advice'. What advice did the agencies receive, and what led you to state that they could have acted more quickly?

Mr Anderson: It was first raised before the Community Affairs Legislation Committee at estimates by then senator Patrick, in October 2020, saying that he thought there was a problem here. Then, in February 2021, the AAT handed down two decisions saying equally that debts had to be recalculated where they had been apportioned using section 1073B in this incorrect way. At that point, Services Australia and DSS were very clearly on notice that there was an issue. Legal advice was commissioned by DSS in March of 2021, but that legal advice wasn't finalised for a further 12 months—not until March 2022.

CHAIR: Do you know why that was the case?

Mr Anderson: We weren't able to find out why that was. We were able to obtain access to records that talked about the finalisation and talked about it being on hold from May 2021 until roughly August 2021, but we couldn't find a reason as to why it was on hold. When you get draft legal advice, you should finalise it, and the legal advice itself said, 'You can't use section 1073B in this way.' I think both agencies could have acted much more quickly at that point.

CHAIR: As far as your evidence goes, they had draft advice in May 2021—

Mr Anderson: In March 2021. They asked for it and received it.

CHAIR: Yes. They asked for it in March. They received it in May—

Mr Anderson: No, in March. They asked for it and received it in March.

CHAIR: Quite quickly then.

Mr Anderson: In May they put the process of finalising the legal advice on hold. As it happened, there were other matters in the AAT that were on foot, and Services Australia was separately engaging lawyers to represent it in those other matters. By August 2021 it had become clear that those other matters involved the same issue about section 1073B, so there was a process of getting advice from those other lawyers and of having those matters determined by the AAT. So, from August 2021, there was a more acceptable explanation of why the agencies were still regarding this as being not entirely clear. But, I have to say, once they had the legal advice following on from two AAT decisions in February and then March 2021, they could have finalised it then or further appealed those decisions if they thought the decisions were wrong, but they had the legal advice saying that those decisions were in fact correct. So they should have really been working very quickly, given the potential scale of this, to resolve those legal issues.

CHAIR: If they had done that, do you think that would have meant that the cases before the AAT wouldn't have needed to have occurred?

Mr Anderson: I don't think they would have needed to have occurred if the agency had been prepared to concede, at that point, that there was an issue with how it had done the income apportionment.

CHAIR: In the report, you found that the position of agencies, in their general instructions to address income apportionment decisions, was inappropriate and inhibited a decision-maker's discretion. Could you expand on that?

Mr Anderson: The issue there was that the general instructions which are telling staff how to actually apply the provisions are talking about a discretionary provision, which is the ability of the secretary or delegate to carry out a review of a historic decision. As a matter of general law and policy, you shouldn't inappropriately fetter the discretion of a delegate when it's a discretionary decision whether or not to review, but the wording used in the general instructions is to the effect that it's expected that the secretary will not initiate administrative reviews. In my view, I thought that, because it is part of the general instruction, that was going to be regarded by a delegate as an instruction that, 'You're not expected to do this'—which means, really, 'Don't do it.' That's not an interpretation that the agencies agree with, but that was my interpretation when I read that general instruction.

CHAIR: Did you do any interviews with staff or have any understanding as to how those staff actually interpreted it?

Mr Anderson: No, we didn't do that. We really did this 'on the papers', effectively. We issued notices requiring a lot of material to be provided and we operated on that basis because we wanted to quickly get to the question: is it lawful and, if not, then what needs to be done?

CHAIR: What did the evidence show, in terms of you feeling that it inhibited staff saying, 'This should be reviewed'? Were reviews initiated from the staff?

Mr Anderson: It was only actually finalised in March 2023. That's really when we commenced our investigation as well. So I don't think it had been used to any great extent in the period while we were conducting our investigation.

CHAIR: The general instructions hadn't been used?

Mr Anderson: That's right. I don't believe they'd been used to any great extent, and it might be that the act of me commencing an investigation might have led to the agencies deciding not to, in fact, use the general instruction until I'd completed my investigations, so I might have contributed to that.

CHAIR: If that general instruction wasn't in place in the 2020-21 period, what was in place instead of that general instruction?

Mr Anderson: Effectively, they paused reviews while they thought about how best to deal with this issue. They ceased using income apportionment in this way in July 2021. The reviews were already paused in early 2021 when people started coming to us and complaining. So the reviews had been paused for, I think, two years or close to two years, while the agencies were working out what they should do about the situation.

CHAIR: Do you have a view now about what should happen to people and past convictions affected by this issue?

Mr Anderson: Anyone who's had a conviction affected is in a particular category. That's a very serious consequence, and I think that the agencies and the DPP need to look very carefully at those past cases to see whether some action should be taken to have convictions set aside, for example. There are questions there where it might be a question of the materiality. If the amount is wrong by a very small amount, then it shouldn't stand as a conviction if it's based upon an incorrect amount. But, if the amount is actually very small and there are other debts or other matters that were perceived to ground the prosecution, then that might be given weight by the agencies in deciding how to proceed to deal with it. If it was of the essence in a conviction, then I think it should be set aside, for example.

CHAIR: And we've got some 13,000?

Mr Anderson: We have 13,000 debts identified, 87,000 debts that might be affected and there could be more.

CHAIR: Of those 13,000 debts that have been identified, in how many of those were there convictions?

Mr Anderson: That I can't say.

CHAIR: Do you think the agencies should basically go through those 13,000 on a case-by-case basis and work out what should happen to each of them individually?

Mr Anderson: I would start with any convictions, because the repercussions of convictions are the greatest. Then I'd come back to—

CHAIR: The agency should know. You don't know, as the Ombudsman?

Mr Anderson: We didn't get that information, but the agencies and the DPP should be able to work that out. I'd start with those ones. Then, if there are cases where people actually had civil judgements entered against them or other recovery action taken, I'd be looking at those. When you're talking about people who are disadvantaged to start with—and that's typically people who are reliant upon the benefits and entitlements—even if they have

had money withheld as a result of the perceived overpayments and debts, that would have had significant detrimental effects as well.

CHAIR: So it's not just the convictions, then.

Mr Anderson: It's not just the convictions.

CHAIR: It's people who have had payments deducted from them.

Mr Anderson: Yes, absolutely. But I don't know the quantum, for any one individual, as to how significant this might be. It would be open to the agencies to recommend to government, for example, that any debts in relation to income apportionment could be waived. That would be a simple way of dealing, in one quick action, with the whole cohort of people, as opposed to going person by person through 100,000 people to work out, 'Actually, no: you were overpaid, but it's a smaller amount,' for example.

CHAIR: As the Ombudsman, do you think that would be an appropriate measure that they should take?

Mr Anderson: We're going to be looking at that in our second investigation, which is still on foot.

CHAIR: When is your second report, into the administration?

Mr Anderson: The intention is to complete it well before the end of this calendar year.

CHAIR: How about people who, it was determined, were not overpaid but in fact were underpaid?

Mr Anderson: I think the agencies need to turn their minds to that as well. The starting point, I think, is to try and work out what the potential quantum might be. They could sample some to see what sort of quantum they might come up with, and then they could turn their minds to that and advise government on, depending on the significance of that quantum, whether some action should be taken. When I say 'the significance of the quantum', I go back to what I was saying before: if you're someone who is actually dependent on benefits in order to be able to get by—and we know that benefits are not particularly generous in the first place—

CHAIR: No; people are living in poverty.

Mr Anderson: People are living in poverty, as all the evidence to this committee has shown—then I think the government should be seriously considering doing something for any underpayments.

CHAIR: Once you've done your second report, do you intend to keep maintaining oversight while this all works out—any test legal cases or whatever decisions are made and the determination of what legal opinion is considered to be the best way of going?

Mr Anderson: We generally monitor the implementation of recommendations that we make, particularly where agencies agree to them, but, if not, we still monitor to see what's actually happening. So, yes, we will keep an eye on this.

CHAIR: Have the agencies given you a time line as to when they are going to work out the differences in legal opinions?

Mr Anderson: I recommended that one option would be to go to the Solicitor-General and ask for his advice. He said that the agencies should see if they could get the lawyers to work it out between themselves, and I understand that efforts are being made to see if that can occur as quickly as possible.

CHAIR: As quickly as possible?

Mr Anderson: We've been told that there were going to be meetings this month involving the different sets of lawyers, so we'll see if they can resolve it that way.

CHAIR: And they will tell you once they've resolved it?

Mr Anderson: If they don't tell us, we'll be asking them.

CHAIR: Presumably with the expectation, then, that they would tell the public as well.

Mr Anderson: It would be good if they told the public, but I think they've been given instructions by the relevant ministers, as well, to sort this out as quickly as possible.

CHAIR: Considering the findings of your investigation, do you think it's appropriate that at the moment there are no time limits on social security debt recovery?

Mr Anderson: It's something I haven't considered in any detail, so I am just offering an opinion on the fly, as it were. I think that there are pros and cons. I think that there can be good reasons why government is not necessarily treated as an ordinary litigant in some areas. In the area of taxation, for example, the government is not subject to limitation periods that would apply to other types of debts. I'm not as sure that the same argument should be made in the area of social security, but it's not something I've looked at in any particular detail.

CHAIR: It was a recommendation of the robodebt royal commission that the six-year limitation should be reintroduced, but given how long these things take—but, okay, you haven't looked at in any detail.

Mr Anderson: I haven't looked at it, but I would just say I think that there could be differentiation for different types of government debts, as to whether they should or should not be subject to limitation periods. I think taxation might be different to social security debts.

CHAIR: Senators Pratt or Kovacic, do you have questions?

Senator KOVACIC: No questions from me, thank you.

Senator PRATT: In terms of the administration of these debts, it was my understanding that in many instances people didn't retain their own records because they'd actually provided copies of those records to the Department of Social Services. On one hand, you could just report your income, but it was my understanding that in many instances they would have provided documented proof of that and yet the Department of Social Services wasn't forthcoming with the data they had, which is what left people, quite bizarrely, having to go back and approach employers, sometimes multiple employers from over many years, to get proof of income. What can you tell us about the fairness in how these things were documented?

Mr Anderson: We haven't looked yet in detail at the question of how records were provided and how it was documented. What we have established is that this method was particularly used in situations where people didn't have records that were sufficiently detailed—where they weren't able in fact to provide records, pay slips, that did give income earned aligned with instalment periods. Particularly when you're a casual worker and you might have different rates of pay on different days and things like that, if you didn't already have employment records from your employer that broke that down, that was where income apportionment was being applied. We didn't come across the situations that you're referring to, Senator, where people had records and provided those. I have to say it's not clear to me why income apportionment would be used in that situation if they already had the records that did enable it to be apportioned within an instalment period.

Senator PRATT: I would like you to go away and look at that, if you can, because it was certainly my understanding from speaking to many victims of this problem that they believed they had fairly and accurately reported their income to Social Services at the time and that the department applied that apportionment, that averaging, despite the fact that the department in many instances may have had its own clear records that it wouldn't release to people in order for them to be able to verify that they had in fact reported their income fairly. I'm particularly interested, with your role as Ombudsman, about that fairness in not releasing records that the department held that could have proved that people did not have a debt.

Mr Anderson: We'll certainly be looking at that in our second investigation, which is underway at the moment and is looking at the administration of this, as opposed to the straight legality.

Senator PRATT: Do you have any insights into how difficult it was for people to challenge these findings? Going to the AAT is no small feat. I'm interested to ask you, given the diversity of commissioners—or whatever they're called—within the AAT, the extent to which they made findings consistent with the legal advice that, clearly, some commissioners upheld or consistent with the legal advice that the government had but was withholding. Do you have any evidence around that at all? When people were prosecuted, how much of that was post trying to appeal it, and how much of it was prosecutions that took place because people were simply unable to prove and it was too hard to disprove?

Mr Anderson: We don't have any evidence on that at the moment. Again, that's something we're going to be looking at in the second investigation in terms of how this was actually administered and the interactions with individuals. I absolutely agree, though: it's not a small thing to go to the AAT. It's not a small thing even to just seek review in itself, to go to an agency and say, 'We think you've made the wrong decision.' That can be a challenging process for any individual. So, I certainly accept the premise of what you're saying—that there may have been people who were prosecuted after unsuccessfully seeking review or otherwise seeking to challenge. And then there may have been people who simply didn't challenge because they didn't know where to start.

Senator PRATT: Where did people go for recourse? Some would have eventually made their way to you, as Ombudsman. Where else were people going for recourse? I know, for example, that community legal centres, which are experienced in social security law, were really struggling, given that even they often could not get the evidence out of the department to prove or disprove someone's debts. It was exceedingly onerous, even for people who had support, to find the documentation. What insights do you have there about how people are able to have recourse to justice in the context of social security law?

Mr Anderson: Yes, some people would have come to us in terms of making complaints to the Ombudsman. Certainly people would have gone to community legal centres in particular. They could have gone to legal aid

commissions or indeed ended up in legal aid commissions if, for example, they were being prosecuted. So, legal aid commissions might have been running their defences. The opportunity to seek expert legal advice from those no-cost providers—that is a very likely place where people would be going. But some people would simply not have contested these. That happens as well, particularly when you're talking about a disadvantaged cohort of people. And there can be linguistic difficulties. There can be a whole range of process and procedural difficulties as well. I'll go back to what you and I both agreed on: it's a difficult thing to challenge government decisions in the first place.

Senator PRATT: What do you think that means in the context of people's trust and confidence in government overall, when they can't determine any sense of fairness in how they're being treated?

Mr Anderson: I'll give you a general response, if I may. Of all the range of people who come to my office with complaints about government, frequently what we're able to get for them is a better explanation of the decision that they're unhappy with. And all government agencies can continue to work better at how they communicate—how simply and how clearly they communicate. Often people are just trying to understand what the decision is, and we certainly find that people will go away happy having come to us, if they at least get that better explanation. So, that's a starting point. If people don't understand the basis on which there's a penalty or an imposition or a debt, then that's extremely challenging.

Senator PRATT: In that context, we had the government saying, 'People owe the government money; we're not going to make any apologies for pursuing that,' when there was a whole cohort of people who had always done the right thing in terms of how they reported. Were there particular issues in this case in terms of getting an explanation from government that made any sense, because of the nondisclosure of the illegality of it? People who were already experienced in social security law were asking many questions about this but didn't get answers.

Mr Anderson: I should clarify that our investigation indicated that while this income apportionment was occurring it was not the case that the agencies involved actually knew that is was improper or not permitted by the legislation.

They only came to that realisation in February 2021, when there were two AAT decisions saying that the calculation method was wrong, and then they got legal advice that confirmed that. We think they probably only really agreed between the agencies that it was unlawful by about February 2022. I wouldn't want to be suggesting that they were previously operating on that basis.

Senator PRATT: No, I understand.

Mr Anderson: That's why I said in my public statement that this is different to robodebt. At the same time, a challenge for individuals—and this is why people came and complained to us—was that they were seeking review and they were simply having their reviews put on hold. There could have been greater transparency to say why the reviews were on hold.

Senator PRATT: In the context of robodebt, though, it took a long time. We couldn't get disclosure before parliamentary committees of how these debts were being calculated, in terms of that income averaging and apportionment. When it comes to your role, in terms of being able to support people through appealing government decisions or complaining about them, is it possible to do that when you haven't had a clear explanation of the policy itself?

We could not get that information through the Senate and the many committees that we had started, back in 2020 and before, about the implementation of this policy and the methodology for it, which was, essentially, yes, using that income averaging but not doing it manually, raising it just as a data exercise and issuing a debt irrespective of the evidence that the department itself may have held. We could not get an explanation of how that was being implemented, despite the fact that community legal services and others have a lot of experience in how these things are normally calculated. They wouldn't explain how it was being done any differently to the past.

Mr Anderson: In my public statement I made the point that Services Australia knew that we were receiving complaints about reviews that had been paused that related to income apportionment, and they didn't tell us what the issue was. They said, 'These are being progressed.' I made the comment that it's disappointing that they weren't more open with my office at the outset, because perhaps we could have either helped them or helped government be more transparent about what the issue was so that people could understand why the reviews were not being progressed.

Senator PRATT: Did you have the information as Ombudsman about their methodology really early on? It was very apparent to me that they weren't disclosing it, and they didn't want to disclose it, because they didn't want to put it in the hands of people who they thought characterised it—Kathryn Campbell characterised it—at

the time that they could 'game the outcome'. In fact, people weren't trying to game an outcome; they were simply trying to understand the methodology in the context that they'd already reported their information correctly to Centrelink.

Mr Anderson: No, we didn't have the methodology early on. We only started to understand what the issue was when the agencies did come to us in January of this year and said, 'We'd like to brief you on this thing called income apportionment.' Then we met them in February and they gave us more information. At that point, having seen that more information, I said, 'I think we need to do an investigation to really understand what this issue is about.' It was only through doing this first investigation that we were able to really work out what the approach was that was being used. We focused also on whether it was lawful or not, and we resolved, as the agencies have also resolved, that it was not lawful. But the agencies didn't know that at the time.

Senator PRATT: What does that mean, in the context of poverty and policy settings that are transparent and fair, so that an agency like yours can do their work appropriately?

Mr Anderson: That's a complicated question. The Social Security Act is a very complex piece of machinery, and there are a lot of moving parts. I think it's very difficult for individuals to understand necessarily how it's being applied to them, and certainly it can be difficult for our office to understand, unless we actually get the details and documentation that we can work through. We might get complaints from people who aren't themselves able to articulate what the problem is. They just know that there's something happening to them that they're unhappy with or that they can't get an explanation about from an agency.

Senator PRATT: How has your office gone about developing the expertise to help unpack that, given the diversity of Commonwealth issues that come before you?

Mr Anderson: I'm fortunate enough that we have some staff who have been working in the office for a while, and they've built up expertise in particular areas. But, as new staff come into the office, it's a question for us of training people up so that they can have both the professional curiosity and the analytical mindset to work through factual and legal issues and to do it in a persistent manner. But, also, it's about having the subject matter expertise as well. The Commonwealth is a very big beast, so we just need to turn our mind to each problem when we come to it.

Senator PRATT: In that context and in terms of an ongoing basis, what lessons are there for us in not just the context of the legality of policy and the transparency of it but also how we ensure fair decision-making within the department of social security by individual officers?

Mr Anderson: Noting that we've got a second investigation underway that's going to be looking at how they've been administering this policy and communicating what steps they're going to take to remedy it and to work out how to inform that decision-making process, I don't want to pre-empt that other than to say that agencies should be listening to complaints themselves. We actually get a relatively small number of complaints about Services Australia, when you consider the millions of lives that they touch. I think that actually suggests that they're doing some things well.

But they themselves get a lot more complaints than we get, and are they listening sufficiently to those complaints as well? Complaints are a great source of feedback that maybe something's actually not working, and agencies need to be ready to look at themselves honestly and say, 'Let's double-check this thing that we're doing because it seems that we're some getting complaints about it.' The first thing is: are agencies sufficiently attuned to the complaints that they themselves are receiving about their practices? And then, as the robodebt royal commission found, staff at all levels in agencies should be encouraged to put their hand up if they think that something's not working or not working the way it should. If agencies can work on that cultural piece, that will go a long way towards providing that better guarantee that agencies are administering legislation fairly.

Senator PRATT: Thanks.

CHAIR: Thank you, Mr Anderson, for your evidence. I don't think you took anything on notice.

Mr Anderson: I didn't.

CHAIR: But, if there is anything more that you want to add to your evidence, can you get it to us by the end of the month? That would be most appreciated. We will be reporting to the Senate on 31 October.

BINNING, Mr Carl, Group Manager, Economic Empowerment Group, National Indigenous Australians Agency

BURFORD, Mr Patrick, Group Manager, Communities, Department of Social Services

EVANS, Ms Jo, Group Manager, Participation and Family Payments, Department of Social Services

FLAVEL, Mr Matt, Deputy Secretary, Social Security, Department of Social Services

HOANG, Ms Khanh, Assistant Secretary, Department of the Treasury

JOHNSTON, Dr Andy, Acting Group Manager, Social Policy Group, National Indigenous Australians Agency

PEOPLES, Mr Ben, Branch Manager, Participation and Supplementary Payments, Department of Social Services

[16:38]

CHAIR: I now welcome officials from the Department of Social Services, the National Indigenous Australians Agency and the Treasury. Thank you for all appearing before the committee today. I understand NIAA would like to take some photos. No? We heard there was a request to take photos, but we don't need to approve it if there's not. Do any of you have an opening statement?

Mr Flavel: No, not from DSS.

Ms Hoang: Not from Treasury.

CHAIR: I might kick off then with questions of DSS following on from the discussion we've just had with the Ombudsman, that would be a good place to start. We've just had the Ombudsman's recent report, *Lessons in lawfulness*. Can you talk us through the history of this issue? When did you first become aware of this issue of unlawful income apportionment?

Mr Flavel: Can I say at the outset I actually didn't expect, or wasn't given advice, that we were going to talk about income apportionment today. I'm happy to talk about it at a general level, but the officials who work with me who have the more in-depth knowledge are not here. We came to talk about poverty which we're very happy to do. So I'm happy to talk at a general level and to refer to public statements that have been made, but I'm just not in a position to give a whole lot of detail that you might be looking for on this matter.

CHAIR: That's a pity. We added the Ombudsman to the agenda because it's of direct relevance, given you've got people who are living in poverty on income support and who have been impacted by income apportionment. Are you able to, at that overarching level then, tell us a bit about when the department first became aware of it?

Mr Flavel: The Ombudsman's done a good job of actually outlining the time frame, if you like, around some of these matters including when the department became aware of it. Again I don't have the time line in front of me, but you referred to the February 2022 date. I note that issues around the use of payslips in calculating entitlements for Social Security were actually discussed at this committee. I think you might recall that former senator Rex Patrick raised issues on at least two, if not three, occasions about it. So the issue was being aired around that 2021-22 period, and, as the Ombudsman has noted, there was legal advice sought. It's a fairly complex matter. Apportionment at one level sounds simple, but it's actually a much more detailed matter both in construct but also, more importantly, in law. The law supporting the way in which entitlements were calculated was not changed over a very long period—at least back to 2003 if not before—but it was significantly changed with effect from 7 December 2020.

The Ombudsman's made that point: since 7 December 2020, the way in which income has been assessed for the purposes of income support payments changed to when it's paid. In conjunction with the fact that an increasing number of income support recipients are now using Single Touch Payroll data, it's actually leading to substantial improvements in the way that they report their income. That's because, firstly, it's provided automatically and they can then confirm that comes directly from the employer, but it's also because the law was changed to say it's when it's paid. That simplified it. Prior to that time, there was what I'd call a more complex construct for the way that entitlements were calculated. That had particular issues when people were paid on a different cycle to what their Centrelink period might have been. For instance, if they were paid on a monthly basis or if they were paid weekly or even fortnightly but that didn't line up with their fortnightly Centrelink entitlement period, that would then mean that there was a process of having to apportion income across particular periods, which, as the ombudsman noted, is not lawful. Both DSS and Services Australia have worked to try and establish the proper legal position

around this. That is still happening. Minister Rishworth and Minister Shorten put out a statement about a week ago and have asked for an update on that process by the end of August.

CHAIR: So things have changed now, but we've got this cohort of people who had their income illegally apportioned. The ombudsman has just told us that he found that there was legal advice sought and received on 21 March, and then a decision was made on 21 May to delay finalising that legal advice. Can you tell us anything about why that delay was put in place?

Mr Flavel: Not so much about the delay, but what I would say is that we—and I speak as a departmental official—would have liked to have progressed those matters more quickly. What I would say is that the legal advice sought was in relation to particular AAT matters underfoot, so it wasn't like it was just a single piece of legal advice. There were matters progressing through AAT, and, to be honest, they all look quite different in substance in terms of the facts. So legal advice was sought on those matters, and I think the ombudsman has referred to that fact.

CHAIR: I think he just gave evidence today that, if in fact that legal advice had been finalised, there were further matters in the AAT that would not have had to have proceeded. He certainly said in his report that you could have acted more quickly to inform them of the issue and then to act on the issue. Have you got any further insights as to why it took the department so long to act?

Mr Flavel: No, only that the issues were quite complex. What was happening in the background was the development of something called a 'set of general instructions', which was something that the Secretary of DSS put in place to ensure that there was a robust framework for open matters and the way that they were being assessed. So there was quite a bit of work happening in terms of not only seeking to resolve the legal position but, more importantly, putting in place a more general set of instructions that would guide the way in which Services Australia would administer the law that was all aimed at resolving issues around the clarity of the law in this particular case.

CHAIR: But you knew you had an issue. I'm interested to know: when you were presenting evidence at the robodebt royal commission, did you raise this issue of unlawful income apportionment with the commissioner?

Mr Flavel: Did I raise it? No, I did not.

CHAIR: Did the department?

Mr Flavel: Are you asking me personally, or are you asking the department?

CHAIR: Did you raise it in your personal evidence? Do you know whether anybody from the department raised this issue with the robodebt royal commission?

Mr Flavel: I would have to check on the department. I provided one or two statements as an institutional witness to the royal commission, but those witness statements are prepared on the basis of questions put by the commission itself.

CHAIR: I know that they are very different issues of different scales of income apportionment, but you knew that you had this other unlawful issue ongoing, and you didn't see any reason to share that with the royal commissioner?

Mr Flavel: I might take on notice the point at which that clarification about the lawfulness was actually garnered, because there was quite a bit of work going on to establish that position. But, as the ombudsman has said and said in his report, it is quite different in substance to robodebt.

CHAIR: Yes, it's different, but in both cases it's illegal income apportionment.

Mr Flavel: No, it's not. The ombudsman has made this point. Apportionment is about taking what is well established from somebody's payslip of how much they've earnt and apportioning it. The apportionment is the bit that's illegal. I think the robodebt royal commission pretty clearly indicated that there was no legal basis upon which to take somebody's income from the ATO over a year and simply average that. I think it is important to recognise that they are pretty fundamentally different in that respect.

CHAIR: They are different, but my understanding is that the Ombudsman has said that you've got agreement, that you know that the income apportionment over different income periods, as we are talking about in this instance, is also illegal, and the difference in your legal opinions is what you need to do about it now. Is that accurate? Are you saying that you're claiming that the income apportionment wasn't illegal?

Mr Flavel: No, that's not what I'm saying it all. I'm making two points. One is establishing the difference between income apportionment and robodebt, which the Ombudsman has laid out. Your question was about the robodebt royal commission, and the commission requested lots of documents from the Commonwealth and other parties and put questions to witnesses. It did not come up in that context.

CHAIR: But they didn't know that it had occurred. That's why it didn't come up. I just would have thought that, in the context of a royal commission that was looking at illegal income apportionment, even though it was on a different scale, it would have been relevant to have provided to them another example of illegal income apportionment that had been going on at the department.

Mr Flavel: You keep saying 'illegal'. They are quite different things.

CHAIR: I know they are quite different things, but they're both illegal.

Mr Flavel: The terms of reference and the letters patent for robodebt specifically pertain to the robodebt scheme. The enquiries made by the commissioner are about the robodebt scheme. The fact that there might be other issues outside of that, be they about another income apportionment or anything else, are outside the domain of robodebt.

CHAIR: My question now is what the department is going to do about it. In the report, the Ombudsman noted that the instructions that the department and Services Australia had developed for addressing income apportionment decisions had the effect that the agencies will only recalculate income apportionment effective decisions if a customer requests a review of debt decisions, and it's not expected that the secretary will initiate administrative reviews of historical debt decisions. The Ombudsman stated that this was not an appropriate measure and may lead to unfair outcomes for customers. What's the rationale for this decision? In fact, is this where you currently stand?

Mr Flavel: The advice that's on the Services Australia website points out that reviews have been paused in relation to these legal concerns that Services Australia and DSS are working to get legal policy advice on how to treat. The pause will stay in place until there's clear advice. It doesn't impact any payment rate or debt decisions relating to income earned after 7 December 2020, and people can contact Services Australia in relation to the review.

CHAIR: Yes, they can contact you in relation to a review, but, more broadly, if people don't contact you after you have received your legal advice, will you be potentially reconsidering that position?

Mr Flavel: We will report, as ministers have asked, by the end of August, and the future steps are exactly that. They're future steps.

CHAIR: Okay. The Ombudsman said we've got about 100,000 people who were affected, 13,000 convictions—no, 13,000 people had debts issued on the basis of that illegal income apportionment. How many of those 13,000 do you actually have convictions for?

Mr Flavel: It would be a very small number, but it would be a number I would need to talk Services Australia about in terms of understanding the specific numbers in that case. The other thing to note is that this process of apportionment may have occurred over quite a long period given that the law hadn't changed over 20-odd years. I'm not aware of that being raised before the turn of this decade, even though the law had been the same. We are involved in a process with Services Australia to try to ascertain through some sampling the extent to which it's used, because that will be a material factor for us in determining the appropriate path with respect to opening up reviews of past matters.

CHAIR: I'm going back to your current position that it's only going to be people who request the review. Considering the findings of the royal commission about listening to your customers, how can the department yet again justify putting the burden of proof on income support recipients for their unlawful practices?

Mr Flavel: I think that's not quite what the situation is. The situation is that it's always available for people to request a review. That option is available to them. As I've said, in terms of the treatment of historical matters, people with reviews on foot are paused. People who have had a past decision can seek a review of the decision. A more general, proactive decision still has to be taken when there's more information about extent and in relation to some further clarification about the appropriate basis upon which the calculation should take place.

CHAIR: We've currently got 32 criminal cases that have been paused. That's the case, isn't it?

Mr Flavel: Again, I don't have the details in front of me, but my understanding is that it's around another. I would need to confirm that with Services Australia.

CHAIR: And you haven't got any sense of how many historical prosecutions there were?

Mr Flavel: Where there may have been apportionment involved, no, I do not.

CHAIR: At this stage, pending the further legal review, it would then be up to historical convictions and cases to ask you to have them reconsidered?

Mr Flavel: With respect, that really is a matter I would need to speak to our chief counsel about. We're starting to steer into issues about convictions by a court. Where there may have been apportionment but the reason for the conviction was not about the apportionment, it may well have been in relation to other things.

CHAIR: Would you see letting the people who have been convicted know that there is an issue now with apportionment?

Mr Flavel: Again, it would require me to talk to my colleagues at Services Australia in terms of where there have been those matters, ascertaining in how many of those cases income apportionment may have been used and then how significant that may have been.

CHAIR: Of the rest of the 100,000, who haven't had cases taken against them—the potentially 87,000 unfair debts identified by the Ombudsman—is the department aware of Services Australia taking action like charging interest or garnishing payments?

Mr Flavel: I'm not aware on that, and obviously matters are on hold in terms of the current reviews. I think there's a really important point I need to make here, which is that the process of apportionment could of course have resulted in some people having been overpaid, because it's essentially an arithmetic issue about particular periods. In providing advice about the way to address historical matters, one of the issues that will need to be taken into consideration is what would occur in the cases where people were overpaid as a result of apportionment.

CHAIR: Yes. Are you thinking then that, if people were overpaid who haven't had a debt notice issued to them and that hasn't been identified—

Mr Flavel: I'm just pointing out that apportionment may well have been beneficial to some people. One of the things in the sampling exercise that we're attempting to do is working out the extent to which it was used and, importantly, how much of a difference it made. For instance, in some of the AAT cases that have been referred to, the existence of a debt was not invalidated; it was the amount of the debt. It might have been a $3,200 debt that, when apportionment wasn't used, became a $2,900 debt. Working out the absolute numbers across a bigger cross-section in terms of the dollars is one issue, but the other is that it may well have been a series of overpayments and underpayments. Of course, those two things are not symmetrical and, in terms of dealing with any historical matters, I think we would want to know all of those things before we simply open up the cupboard, so to speak, and look into everything.

CHAIR: Can you tell me more about the sampling exercise that you're currently undertaking?

Mr Flavel: We have sought through colleagues at Services Australia to better understand the extent to which it was used. I would like to draw a parallel—although for different reasons—with robodebt. That was a scheme as such, and it was relatively easy in hindsight to work out what had been done and, obviously, who had suffered as a result of that, including through the class action and the process that was undertaken there. In the case of apportionment, to the extent that it happened over long periods, you actually have to go and look at individual files because somebody may well have provided a payslip, a timesheet, a bank statement or any other material that helped to identify how much they earnt. The process by which the calculation was done would have differed for a lot of individuals. It wasn't a systematic—

CHAIR: Hence you're doing a sampling exercise. Can you tell me about the sampling exercise?

Mr Flavel: We've sought to come up with a statistically valid sample size that would enable Services Australia to go and look at some past cases to then ask: 'How often was it used? To what extent did it lead to overpayments or underpayments? What conclusions can we then draw about what might be at play here?'

CHAIR: Have you determined what that statistically significant sample size is going to be?

Mr Flavel: Yes, we have. It will be in the several thousand.

CHAIR: For income support recipients, over what period of time?

Mr Flavel: I'm not sure what period, but it would obviously try to be a cross-section of matters that were during that period.

CHAIR: When will you have the results of that sampling exercise?

Mr Flavel: That's something I'll need to speak to Services Australia about to determine, but it is an important part of information that we've sought to get in order to provide further advice, including through the reporting back to Ministers Rishworth and Shorten by the end of August.

CHAIR: Will that also be looking at the proportion of people and the impact on people who are potentially underpaid by income apportionment?

Mr Flavel: By definition, doing sampling is about looking at what result would have been derived if the law were applied in the correct manner versus the way it was applied, and, as I said, it's hard to do that because apportionment was really a process about, in collaboration with the recipient, ascertaining and allocating amounts across particular fortnights. It's going to differ in lots of individual cases. It's not the large-scale algorithm driven approach that we saw in robodebt. It was actually the application of people's understanding at the time of the way that this was done, in consultation with recipients.

CHAIR: Do you have a view at the moment as to whether there is a case for having some compensation paid to people who were found to have been underpaid?

Mr Flavel: Clearly, I can't comment on matters like that.

CHAIR: In terms of people that are living in poverty in the income support system—

Mr Flavel: I'm not going to speculate or make any commentary about that.

CHAIR: The Ombudsman just said that, when you're talking about people experiencing disadvantage, having not been paid or having income support debts held against them, there are significant detrimental effects. I've got a question about providing an update on the progress of each of the Ombudsman's recommendations. So you're getting advice back to the two ministers by the end of August.

Mr Flavel: That's right.

CHAIR: Is there any other progress that you can tell us about?

Mr Flavel: Only, as I said, that work is happening in the background in relation to the establishment of the legal position. What I'd say in lay terms is that the correct application of the law has been the subject of different views among strong legal minds. So I think it's important to recognise that this is not a straightforward—in fact, it's been described as a complex—legal matter, and I think that's taken as read. The sampling exercise, I think, will be quite important in ascertaining the approach taken to historical matters.

Senator KOVACIC: My question relates to payments that people receive and their ability to work. We had a submission from the Brotherhood of St Laurence, which referenced one of their clients who spoke about his desire to work more and his inability to do so. If you bear with me, I'll just read the piece.

Single parents, people with partial capacity to work, and mature age people are caught in a poverty trap—stuck long term on very low incomes. If people receiving payments get work, they face high effective marginal tax rates. George, a participant in our financial inclusion programs and a single dad, explained: 'The more I work, Centrelink takes more money. It is a struggle. And there's no real incentive for me to work more. I know I'll get penalised.'

I know there was some data around people not capping out, but I wonder if there is that disincentive for people to look for work, knowing that they don't have to work a great deal before it impacts their payments. o I was wondering whether or not you guys have had any opportunity to do modelling on what economic potential exists in lifting the JobSeeker income threshold.

Mr Flavel: There are a few complex issues there. The first thing I'd say is it's always more beneficial to be on work. Yes, there are taper rates, but, in net terms, the income from work still leaves the person better off than if they weren't working. That's a core design feature.

There are several parts of the system, as I think you know, that are designed to provide some incentives. There are people engaged in work; they don't face an automatic cliff. There are, really, three things for jobseekers. There's the income-free area itself, which is $150 per fortnight, so earning up to that amount results in no change to the rate of JobSeeker each fortnight. There's a taper rate, beyond that point, so that earnings beyond that point don't drop away automatically; they drop away in a tapered arrangement. Then there's something known as working credit, which is an upfront bonus, where people accrue these credits and as they move into work they can also draw down on those credits before it starts to have an impact on their payment. That's similar to the arrangement we have for age pensioners, in relation to the work bonus. It's designed to ensure that if people do move back in a more substantive way they have some buffer that allows them to remain on payment.

The taper rates, in particular, mean that people can earn up to, but just a bit below, the minimum wage and still be on an income support payment. Again, over a long period of several decades, the way in which the unemployment benefit has worked is that it's always cut out a bit below the minimum wage, to send a signal that being in a full-time minimum wage role should leave somebody better off than if they're on income support.

There are also other mechanisms in place to try and allow people to engage with work without facing penalties. There's something known as a zero rate period, where if somebody starts reporting income and that income would see them receive no payment they could keep doing that for six fortnights or up to 13 weeks and retain—they're

still technically on the payment, which means if they need to come back on they don't need to reapply. More importantly, they retain their concession card over that period.

In relation to the benefits from the card, both in terms of cheaper medicines, doctor visits but also concessions on energy and other things that state governments provide, we often find, anecdotally, that that is a strong factor people cite as something they're concerned about. So that 13-week period allows them to engage in work knowing that they can retain some of those other benefits for a longer period.

Senator KOVACIC: As a bit of a segue from that, in terms of other modelling, if we were to look at increasing that $150 fortnightly rate or changing the taper rates or something in relation to the working credit, is there an opportunity to do some modelling or has there been any modelling done that could alleviate some of the labour shortages we have at the moment and, in that way, build a stronger bridge between systemic unemployment and employment as a bit of a progression?

Ms Evans: Yes, is the short answer. We look at taper rates, income-free areas and the interaction between that and the minimum wage. We look at barriers to participation that individuals face and the interactions between some individuals having a partial capacity to work. We look at the nature of those barriers. They're all things that we take into account as part of our analysis and the quantitative advice that we provide to government on the range of social security policy issues that come before ministers.

Senator PRATT: In the context of the legal ramifications for how debts are calculated and the illegality of some parts of that in terms of income averaging, have you looked at the possible implications for people's obligations in terms of how they are currently required to report income, or are they legislated separately?

Mr Flavel: There are a couple of things. Language matters here. Apportionment is not averaging. I keep making that point, but it's an important one. It is actually pretty fundamental to the issue at play.

Senator PRATT: I do understand the difference.

Mr Flavel: Just for the *Hansard*, I want to make sure that that's all clear. On the issue about current, it is important to note that the law changed back in late 2020, and the way that people report now is on the basis upon which they're paid, so not the way that the law formerly worked. That, in conjunction with the increasing number of people using Single Touch Payroll, is providing benefits in terms of making it easier for people because the data is coming direct from their employer, so there is no double handling, and at the same time means that the simplicity of it—simply being paid in a fortnight and that's when it's assessed—is much more simple and straightforward.

Senator PRATT: Are you essentially saying the apportionment problem, in terms of calculating debts, was fixed back in—I think you said—2020, and that is clear, or is there still a ramification for how people currently report their income?

Mr Flavel: Not currently report. Somebody reporting in their current Centrelink fortnight—it's very clear under the law and has been since 7 December 2020.

Ms Evans: Single Touch Payroll really is a bit of a game changer in terms of how individuals are able to report their income. It means businesses are able to provide that income directly to Services Australia, and so it comes up on an individual's app, and then they can confirm that that income is the appropriate income.

Senator PRATT: How will you use that new technology and insight, really, to create better policy judgements in terms of the timing of support and what's working and what's not working in terms of people's participation in the workforce?

Mr Flavel: I think it does two things. It reduces the amount of administrative burden on the recipient, which is important—they don't have to go and find pay slips and do the calculations themselves. They retain the right, of course, to put whatever number they want in there, but obviously, if you've got a number that's coming direct from the employer, saying, 'Person X got paid this in this fortnight,' then that would be a logical basis upon which to use it. It does, I think, help avoid some of the common issues that we saw with some recipients. The way that the law has always worked—and still does; it hasn't changed—is that it's a gross income concept. But we would see some people, including through AAT cases I'd read, who would see their pay slip and say, 'In net terms, I got these deductions for X, Y and Z, and I got paid $400 last fortnight; the gross was $450,' so they would put in $400 because that's what they felt they had available. That's an entirely reasonable proposition. The problem is that the law says it's gross. So I think that the automatic downloading of that information from the employer helps avoid some of those interpretive issues. It means there are very clear records. I think that in time what it will also do is lead to richer analysis around where people are working, because, with STP data, obviously it's de-identified but working out for people on JobSeeker income support payments which industries they are working in and

potentially some other things might actually be useful to your point about informing future policy and allowing those people to move into work as they wish.

Senator PRATT: You're now able to adjust someone's payments, if they've got Single Touch Payroll, without them having to also disclose their income—that variation in their payments based on what hours they've worked. That now happens automatically, does it?

Mr Flavel: It happens automatically, but, as I keep stressing, it's always with the recipient. It's a bit like your tax return; you might have prefilled data, but you are still required to certify that that's the right amount. There's no automatic process where the recipient is not seeing that. I'll take on notice the exact number, but we know that most recipients—the percentage is in the high 90s—just automatically tick the box for the amount that's put in there under Single Touch Payroll. In a very few cases people might seek to overwrite that. In some cases it still might reflect a misunderstanding from their perspective about the way the law operates. That's fine; that's what happens in the system, but we're seeing an increasing number.

If it's the right amount, then it's doing two things. It's ensuring the person gets the right amount. In other words, the system is there to ensure that in a particular fortnight they get the amount that helps them to meet their living expenses. But, importantly, the more accurate that data is, the better it deals with the debt issue. The more accuracy we get in the way people report their income—in a means tested system, misstating of employment income is one of the key drivers of payment inaccuracy. The more that is reduced, over time we would hope to see less implications for wrong payments, which means less implications for people incurring debts.

Senator PRATT: Can you tell us little bit about, under the new government, the policy directions within your own portfolio that go towards alleviating poverty and how you've worked with government to look at the intersecting measures that affect people on low incomes—for example, bulk-billing, cost of medicines and energy relief—and also how you look at your own work in terms of social security payments and across the broader picture, particularly in the context of new wellbeing measures. What does your new mandate look like in that context?

Ms Evans: I'll talk a little bit about the social security portfolio, and I might pass to my Treasury colleague to talk about the broader cost-of-living package. The government's announcements in the budget around strengthening the safety net were a significant package of $4.9 billion over five years. That included a $40 increase per fortnight for over one million recipients of JobSeeker payments and student payments. There were also benefits for single parents through an expanded eligibility for the parenting payment single, and there was also an increase to the max rate of Commonwealth rent assistance.

Those measures were legislated recently through the Social Services and Other Legislation Amendment (Strengthening the Safety Net) legislation, which passed the parliament on 2 August and received royal assent on 10 August. Those measures were announced in the budget as part of a broader package that included the health measures that you spoke about, Medicare and also other cost-of-living issues. Ms Hoang might be able to assist on the broader package.

Ms Hoang: In the 2023-24 budget we had a cost-of-living relief package to ease the pressure of the cost of living on Australians. As Ms Jo Evans indicated, the government provided $14.6 billion to target cost-of-living relief. This builds on the $11.3 billion to support a 15 per cent increase to award wages for aged-care workers and on the improved paid parental leave and cheaper child care, which began on 1 July 2023.

As you mentioned, the additional packages are for cheaper energy and greener homes and the household energy bill relief, the government partnered with states and territories to offer up to $3 billion of direct energy bill relief to vulnerable households and small businesses. There's also the more-energy-efficient homes measure. The government established the $1.3 billion Household Energy Upgrades Fund to provide concessional finance to more than 170,000 households for home upgrades to save energy. This is in addition to the Medicare and cheaper medicine packages, and those mentioned by Ms Jo Evans around the social security payments.

Senator PRATT: What size of the budget does social security take up? And what is the size of the change in terms of payments to both social security with those increases and rent assistance?

Ms Evans: Statement 6 of the 2023-24 budget papers breaks down that expenditure by function. Table 6.9 has a summary of social security and welfare expenditure. So for 2022-23, the figure is $226 billion, and that increases to $250 billion in 2023-24. It's quite a significant portion of the overall Commonwealth budget, at 35.1 per cent.

CHAIR: I'll continue with a question for Treasury and then ask some questions of the National Indigenous Australians Agency, noting that we have nine minutes left. I'm sorry that we haven't had time to give these agencies the time they deserve. Treasury, I want to go to the Measuring What Matters framework and its impacts

on Australia's wellbeing. Why doesn't the framework include an explicit metric for measuring poverty and child poverty?

Ms Hoang: The government's *Measuring What Matters* report was released on 21 July. It discusses distribution, not only for income and wealth but for many other indicators, across five wellbeing themes of healthy, secure, sustainable, cohesive—

CHAIR: If we could cut to the chase. I'm sorry, Ms Hoang, we're going to run out of time.

Ms Hoang: The statement includes some indicators for making ends meet, homelessness and household serviceability, and, as you mentioned, it doesn't include a poverty indicator as there is no government agreed definition of 'poverty'. That's the key reason why there is no poverty indicator. But it obviously touches on a range of indicators that hints at structural drivers of poverty. Structural drivers include economic factors; labour market factors, including education and employment opportunities; and housing and social factors. These factors are indicators that are covered in the Measuring What Matters framework.

CHAIR: So, explicitly, you just said that the reason it doesn't have it is that we don't have a national indicator of poverty. Do you think that we should have a national indicator of poverty?

Ms Hoang: I think that's a matter for the government to discuss.

CHAIR: In their submissions, many organisations recommended that the framework include a poverty measure to capture and better understand the number of Australians living in poverty.

Ms Hoang: I understand that there's an extent and nature of poverty in Australia inquiry and there's an interim report that was released in May 2023. We will take advice on the final report when it comes out later this year. I don't think it's a matter for Treasury to—

CHAIR: So that's our report?

Ms Hoang: Yes.

CHAIR: This committee?

Ms Hoang: That's right.

CHAIR: Has Treasury done any work on modelling or on working out what such poverty measures would look like?

Ms Hoang: I guess poverty is a multifaceted issue.

CHAIR: Yes. I have asked questions. It is.

Ms Hoang: There's no single measure that could summarise every dimension of poverty. We have considered a range of distributional and intersectional characteristics, including socioeconomic advantages and disadvantages, and we draw on a range of data sources, such as household income and housing. There's the HILDA Survey. We look at literature and engage with a range of stakeholders to discuss issues around poverty, and recently we conducted research and analysis to inform the government's 'targeting entrenched community disadvantage' package which was announced in the 2023-24 budget. We've done a range of work around the issue of understanding disadvantage in the Australian community.

CHAIR: But you haven't included any of those measures in your wellbeing framework?

Ms Hoang: We have included a range of indicators that look at homelessness, the ability for Australians to service housing and indicators on making ends meet. We haven't explicitly included a poverty indicator in *Measuring what matters*.

CHAIR: The 'making ends meet' indicator reports on household cash flow problems and the ability to raise a few thousand dollars when needed. That's a pretty broadbrush indicator of poverty compared with what we know about how much poverty is impacting on people today. Is there an intention to review these indicators? Certainly the evidence that we've received today was that people were very much hoping that there would be an indicator of poverty in the wellbeing framework.

Ms Hoang: The wellbeing framework is only the first iteration of *Measuring what matters*. The idea would be that we would further consult with community groups, academics and institutions, as well as businesses, to further refine and update indicators as they become available. If there were an agreed government measure of poverty, then that could be a consideration for future iterations of the wellbeing statement.

CHAIR: I have some quick questions for the National Indigenous Australians Agency. What evidence have you got on the impact of poverty on First Nations communities and trends in recent times and how poverty particularly impacts First Nations communities compared with other Australians?

Mr Binning: I think we'd point first and foremost to the framework of Closing the Gap and the reporting against the Closing the Gap targets. Of course First Nations face a whole range of challenges. Those challenges are across the board and particularly acute in remote areas. They range right from disconnection and removal from country through to a lack of services and infrastructure, access to housing, economic opportunity, employment and constrained business opportunities et cetera. In light of time, I would refer you to Closing the Gap as the most comprehensive framework that we have for measuring across governments how Indigenous and First Nations communities are tracking.

CHAIR: Could you just comment, in the brief time we've got left, as to what impact poverty has had on meeting the Closing the Gap targets? Do you measure that? What measures do you have in place for measuring poverty in First Nations communities?

Mr Binning: By way of example, I might draw on the Community Development Program in remote Australia. We look there to specific barriers to employment and participation. Sixty-nine per cent of that cohort face extreme barriers. It includes things like: 65 per cent haven't finished year 12; 27 per cent have mixed or poor English literacy; 21 per cent report a disability; 10 per cent are homeless; 18 per cent are ex-offenders; 52 per cent don't have access to transport; 68 per cent haven't been employed for more than one year; and 20 per cent haven't been employed for more than five years. So we do collect quite a range of data. We absolutely acknowledge that the barriers and challenges that First Nations people face are multifaceted and complex and they cover social, family and economic dimensions. But, like the other agencies, we don't work to a particular definition of poverty.

CHAIR: Would it help your work if there were a definition of poverty?

Mr Binning: I might ask my colleague for any reflections she has. Ultimately, as others have said, that's a matter for government. What we're specifically interested in is understanding, under the headline level, what are the specific barriers that people confront and what are the mix of policies that can most effectively be brought to bear to address those barriers.

Senator PRATT: I've got a follow-up question, Chair. I'm concerned that arguing that we need to find some single measure of poverty masks the fact that many of the things the government is now seeking to measure, in terms of housing and household income, are different ways of measuring poverty in a whole range of different contexts. A single measure of poverty would mask some of those drivers which are really important to measure in order to address poverty. I want to ask the officials at the table what all of the different measures tell us about how they'll use the existing measures to address the extent and nature of poverty. I don't think you can measure poverty without looking at all of those different drivers in order to understand its extent and nature.

CHAIR: In zero time!

Mr Burford: By way of a quick example, part of the area I look after is emergency food relief. About 450,000 clients access that type of service. In and of itself, that isn't of much use as a metric, as no single person is the same. We're doing some work on understanding the nature of the clients that are accessing those services. We published a report—and I can provide, through the committee secretariat, the link to the report—with some analysis, starting to understand the nature of the complexity of clients' needs. Some people will cycle in and out of emergency relief. Some will use it once and then be on their merry way and be able to stabilise. Some people will stay connected to the service for other reasons, be it mental health or other connections. I think the data question is about understanding the needs and complexity of clients and then thinking about our policy design so it better reflects that, rather than something that's homogenous in that space. That doesn't quite answer the question, but there is a curiosity about understanding the client groups we're working with, and the complexity, rather than a single label of poverty or nonpoverty. In the case of emergency food relief, it's about understanding the nature of the need and how well the service system is responding to the needs.

Senator PRATT: In that context it's measuring as many different things as you can to change policy, to inform policy drivers and changes. Thank you; that's really helpful.

CHAIR: I don't think anyone is saying that a measure of poverty is a simple measure. It is multifaceted, but that doesn't mean it's not possible to put it together. We must finish up. I want to put some questions on notice about progress on the Economic Inclusion Advisory Committee. First, a quick question: have you begun developing legislation for a permanent Economic Inclusion Advisory Committee?

Mr Flavel: Yes. Drafting instructions have been done, and it's still the intention, as I understand it, for the government to introduce that legislation in the spring sittings.

CHAIR: Perhaps you could take on notice any further work that you are doing with that at the moment. In particular, one of the recommendations of the interim report was to include measures on inclusion and poverty reduction to establish the permanent committee, so what work has been done on developing that national measure

of poverty as part of that work? Thank you to everybody who has provided statements and evidence to us today. Thank you to Hansard and Broadcasting and to the secretariat for their excellent work as usual. The committee stands adjourned.

Committee adjourned at 17:34