

ECONOMIC INCLUSION ADVISORY COMMITTEE

2025 REPORT TO GOVERNMENT



The Economic Inclusion Advisory Committee acknowledges the traditional owners of country throughout Australia, and their continuing connection to land, water and community. We pay our respects to them and their cultures, and to Elders both past and present.

Content warning

This report contains material that some readers may find distressing, including relating to mental health, suicide, and domestic and family violence. If you need to talk to someone, please call **1800 Respect National Helpline: 1800 737 732** or **Lifeline: 131 114** anytime for confidential telephone crisis support.



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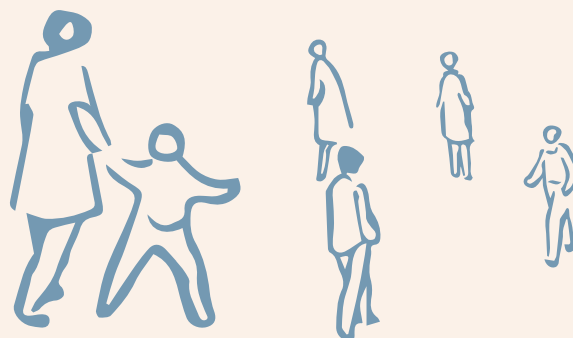
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ABBREVIATIONS

ABS

Australian Bureau of Statistics

ACCC

Australian Competition and Consumer Commission

ACOSS

Australian Council of Social Service

AHC

After Housing Costs

AHURI

Australian Housing and Urban Research Institute

AIHW

Australian Institute of Health and Welfare

BHC

Before housing Costs

CHINS

Community Housing Infrastructure Needs

CPI

Consumer Price Index

CRA

Commonwealth Rent Assistance

DSS

Department of Social Services

ECD

Early Childhood Development

ECEC

Early Childhood Education and Care

EDHI

Equivalised Disposable Household Income

EIAC

Economic Inclusion Advisory Committee

EMTR

Effective Marginal Tax Rate

FTB

Family Tax Benefit

FTBA

Family Tax Benefit Part A

FTBB

Family Tax Benefit Part B

HILDA

Household, Income and Labour Dynamics in Australia

GSS

General Social Survey

LCI

Living Cost Index

MAT

Maintenance Action Test

MIT

Maintenance Income Test

MTAWE

Male Total Average Weekly Earnings

MYEFO

Mid-Year Economic and Fiscal Outlook

NDIS

National Disability Insurance Scheme

OECD

Organisation for Economic Cooperation and Development

PBAS

Points Based Activation System

PBLCI

Pensioner and Beneficiary Living Cost Index

PLACE

Partnerships for Local Action and Community Empowerment

PPS

Parenting Payment Single

RAA

Remote Area Allowance

SES

Socioeconomic Status

UNDP

United Nations Development Plan

Throughout the report, reference to **‘the Government’** should be taken to mean the **Commonwealth Government** unless otherwise stated, and **‘the Committee’** should be taken to mean the **Economic Inclusion Advisory Committee** unless otherwise stated.



EXECUTIVE SUMMARY AND RECOMMENDATIONS



1

I.I THE ECONOMIC INCLUSION ADVISORY COMMITTEE

The 2025 Report of the Economic Inclusion Advisory Committee ('the Committee', EIAC), provides 10 recommendations to enhance economic inclusion.

The Committee makes these recommendations to inform the Government's decision-making for the 2025-26 Federal Budget, consistent with the *Economic Inclusion Advisory Committee Act 2023* (the Act).

The Committee's role is to provide non-binding advice prior to each Federal Budget ('the Budget') on how the Government can increase economic inclusion and reduce disadvantage. Its advice encompasses policy settings, systems and structures, as well as the adequacy, effectiveness and sustainability of income support payments.

The Committee is comprised of social security and economics experts and leaders from the community sector, advocacy organisations, unions, business, and philanthropy. A list of current members of the Committee can be found in Appendix 1. Legislation which provides the Terms of Reference for the Committee can be found in Appendix 2.

Over the past year, the Government has adopted a number of the Committee's recommendations. For example, the Government has announced the abolition of the activity test for early childhood education and care (ECEC), which will enhance economic inclusion, improve outcomes for children and their families, and grow future productivity. The Government has also increased Commonwealth Rent Assistance (CRA), which our analysis finds has reduced rental stress.

The Committee's 2025 Report focuses on several important issues:

- It confirms improving the adequacy of JobSeeker and related payments remains the number one priority and that doing so would deliver significant economic and social benefits.

- It calls for further increases to the CRA to acknowledge the hardship caused by rising rents in a tight housing market.
- It calls for Remote Area Allowance (RAA, the Allowance) to be increased, indexed and more closely targeted to where it is most needed.
- It presents evidence on the extent to which social security arrangements for victim-survivors of family and domestic violence – particularly those with intersectional experiences of disadvantage – may be unintentionally discouraging victim-survivors from leaving or not returning to violent relationships.
- It renews the Committee's call for the adoption of official measures of poverty, noting that the 50th anniversary of the 1975 Henderson Report is a fitting moment to adopt this vital policy tool.
- And it calls for systemic change to begin in Australia's employment services and early childhood development services – notably the replacement of Workforce Australia and the introduction of a comprehensive early childhood development framework.

As detailed in last year's report, the Committee's Economic Inclusion framework is focused on 4 domains to advance economic inclusion:

- Economic Security
- Equal Opportunities
- Growth and Equal Sharing of Growth
- Efficient and Responsive Governments.



These domains have alongside the Act guided the priority areas and 10 recommendations finalised by the Committee in 2025 to inform the Government on how to advance economic inclusion. These recommendations focus on adequacy of payments, poverty measures, and reform of employment and early childhood services. Individual chapters through the report reflect the experiences shared in our consultations and the findings of research and are focused on these priority areas and recommendations identified by the Committee.

The Committee recognises the acceptance, implementation, funding and timing of its recommendations are at the sole discretion of the Government, and must take into account the long-term sustainability of the social security system and minimise its effect on long term debt. The Committee is conscious of the tight fiscal environment and the additional expenditure necessary to grow economic inclusion. This is why the Committee's recommendations for additional investment are accompanied by recommendations for service system reform, together with research highlighting how investments envisaged by the Committee would help to lift future productivity and alleviate fiscal pressures.

In preparing its 2025 report, the Committee held hearings with respected organisations to hear their ideas and proposals to boost economic inclusion and share relevant policy insights, research and analysis. The final report has also been informed by commissioned research, which has

provided for the first time evidence of the broader economic, health and social benefits of lifting the adequacy of JobSeeker and related payments, and highlighted the interactions between family violence and economic security.

The Committee's 2025 report has been informed by 8 consultations with 65 people directly impacted by current policy settings. These consultations have been with First Nations peoples, young people, people with disability, carers of children and adults, people experiencing long-term unemployment, older people, people experiencing homelessness, people living in regional and remote areas and women who have experienced family violence. They provided clear evidence on the negative impacts of inadequate social security, employment services, early childhood, and other government systems and supports on economic inclusion. We thank them for sharing their experiences and for helping shape and improve the ideas offered here.

I.2 INCREASING JOBSEEKER AND RELATED PAYMENTS

This 2025 report continues the Committee's task of assessing the economic and social value and adequacy of income support payments. Chapter 2 focuses on the JobSeeker Payment.

As part of its deliberations, the Committee commissioned two major new pieces of research.

The first piece by Mandala quantifies the positive social and economic returns that

would be gained by increasing JobSeeker to a specified benchmark of 90% of the Age Pension plus supplements.¹

The research found considerable economic and social benefits from improving the adequacy of the JobSeeker Payment. The research found that such an increase would create long-run benefits to Australia from a healthier and more productive workforce and decreased spending on government services worth \$71.8 million, estimated for a representative group of 20,000 JobSeeker recipients. This is a return to society of \$1.24 for every dollar invested. Importantly, the long-run benefits far outweigh any potential costs from reduced work incentives due to an increase in JobSeeker.

**"I'VE MISSED OUT ON MY LIFE, AND I WOULD SAY THAT THIS PAYMENT SYSTEM IS PROBABLY ONE RUNG UP THE LADDER FROM A PRISON SENTENCE, BECAUSE YOU CAN'T AFFORD TO HAVE RELATIONSHIPS. YOU CAN'T AFFORD TO GO OUT FOR DINNER, TO WEDDINGS, GET YOUR TEETH CLEANED, YOUR HAIR CUT."
– CLAIRE**

¹ Mandala, *The Social Dividend: An Actuarial Case for Higher Income Support*, 2024

The second piece of research by University of New South Wales assessed levels of income support payments against 'Budget Standards' – the amount of money a family needs to purchase the goods and services required to enjoy an acceptable standard of living. It assessed this for Australia as a whole and for a remote community (Fitzroy Crossing), where expenditures are necessarily different to those in metropolitan areas and regional centres.

Our analysis has once again concluded that indexing JobSeeker Payment and related income supports only in line with the Consumer Price Index (CPI) has resulted in their relative base rates falling significantly below existing benchmarks such as the Age Pension and these payments continue to be seriously inadequate relative to all accepted poverty measures, creating sometimes severe hardship for our neediest citizens.

Some disturbing facts were uncovered. For example:

- people receiving JobSeeker are 14 times more likely to lack a substantial meal at least once a day
- less than half of people unemployed report being in good health
- those on JobSeeker Payment are many times more likely to die by suicide than other Australians, including other benefit recipients – between 2011 and 2021, 6,000 JobSeeker recipients died by suicide.

“YOU KNOW ALL THESE DOLE BLUDGER THINGS PEOPLE STILL THINK ABOUT...AND I JUST THINK TO MYSELF, IF ANYBODY HAD TO LIVE ON THE MONEY THAT WE GET GIVEN AND DIDN'T HAVE SOME ASSISTANCE FROM FAMILY...WHAT WOULD YOU DO? YOU KNOW? HOW WOULD IT WORK? AND THE OTHER THING IS, WE'RE NOT ALL TRYING TO SKIM THE GOVERNMENT, RIGHT? WE'RE JUST TRYING TO GET A PAYMENT SO WE CAN MOVE ALONG IN OUR LIVES.” – FIONA

The research also found this hardship can be greater in very poor and remote (especially First Nations) communities.

The Committee reviewed recent increases to working age benefits and found that while the gaps between JobSeeker and pension payments has narrowed slightly since 2022, change has been too small to make a major difference. The wide gap between JobSeeker and the Age Pension plus supplements has reduced by only 1.3% and JobSeeker for a single adult remains at only 43.5% of the net full-time minimum wage.

This places us in the lower rungs of Organisation for Economic Cooperation and Development (OECD) nations in terms of the adequacy of our out of work payments. Between 2001 and 2022 single person Newstart/JobSeeker payments fell from just under half the OECD median relative poverty line to one-third – the largest fall of any OECD country. Recent increases, while applauded, have failed to reverse this long term trend.

In general the Committee concluded that working-age allowances continue to fall short of all benchmarks, creating sometimes severe hardship for our neediest citizens.

The findings taken together provide compelling evidence that raising the JobSeeker Payment would improve the lives of Australians in poverty and produce significant health and productivity benefits, with positive flow-on effects for our national finances and economy. Adequate JobSeeker payments are therefore vital to Australia's future well-being.

“IF THE GOVERNMENT WAS SERIOUS ABOUT MENTAL HEALTH, THEY WOULD TREAT IT AS A HOLISTIC THING AND MAKE SURE WE HAD WHAT WE NEED TO LIVE SO WE'RE NOT STRESSING OVER HOW TO FEED OURSELVES AND PAY THE BILLS.” – REBECCA

People receiving JobSeeker are

14 TIMES MORE LIKELY

to lack a substantial meal at least once a day

LESS THAN HALF

of people unemployed report being in good health

Those on JobSeeker are many times more likely to die by suicide than other Australians, including other benefit recipients.

As in previous years, the Committee has recommended Government commit to a timeframe for the full increases of JobSeeker and related payments to be implemented, if increases are to be staged.

RECOMMENDATION 1

Substantially increase the base rates of JobSeeker and related working age payments: The Government commit to a substantial increase in the base rates of JobSeeker Payment and related working age payments as a first priority.

RECOMMENDATION 2

Commit to a timeframe for full increases in JobSeeker and related payments: The Government commit to a timeframe for the full increases of JobSeeker and related payments to be implemented, if increases are to be staged.

RECOMMENDATION 3

Improve indexation arrangements for working age payments: The Government improve the adequacy of indexation of working-age payments immediately, and regularly reviews and monitors the relationship between working age payments levels and widely accepted measures of community living standards, including wages.

I.3 ADDRESSING HOUSING STRESS

In Chapter 3, the Committee assesses the success of CRA in reducing levels of housing stress for Australians on low incomes.

Housing stress can be defined according to AHURI's "30:40 indicator" – the financial stress that affects the bottom 40% of Australia's income earners paying more than 30% of their income in housing costs. (The assumption being that those in the top 60% of income earners have greater discretion about their housing choices and do not go without essentials to pay above 30% of their income in housing.)

As people on social security pensions and allowances, including JobSeeker, are nearly all in the bottom 40% of the income distribution, they are likely always to account for a majority of those in housing stress.

The Committee found that CRA is playing an important role in ameliorating housing stress and that recent increases in the payment alongside increases in base payments of working age payments have assisted low-income Australians meet their housing costs.

Between September 2023 and December 2023, the proportion of CRA income units paying more than 30% of their income in rent fell from 42.3% to 38.6%, which was the first time since June 2022 that this level of rental stress was less than 40%.

The Committee was given evidence that without CRA:

- more than 70% of current CRA households would be paying more than 30% of their income in housing costs
- between 45% and 50% would be paying more than 40% of their income in housing costs
- around 30% would have paid more than half their income in housing costs.

THANKS TO THESE RECENT CRA INCREASES, THOSE REMAINING IN 'RENTAL STRESS' HAVE HAD THE DEPTH OF THAT STRESS REDUCED. THE COMMITTEE THEREFORE CONGRATULATES THE GOVERNMENT FOR INCREASING THE LEVEL OF CRA PAYMENTS.

Worryingly, though, despite this improvement, more than 200,000 of the 1.35 million recipients of CRA in December 2024 were paying more than half their income in rent.

The Committee therefore believes that while the combination of increased base payments of working aged benefits and the CRA have successfully reduced both the extent and depth of housing stress, further increases are needed if the situation is not to deteriorate again, especially in the current, difficult housing market.



The Committee further notes that while discussion of housing stress is typically expressed in monetary terms, it can be manifest in other ways. People are often forced to choose housing that is: of poor quality; unsuitable for their family type; potentially unsafe and unhygienic; or remote from work, family, friends, healthcare and schools. This means that even those in receipt of income support who are not paying more than 20% of their income on housing and not in receipt of CRA can still be experiencing serious housing problems.

RECOMMENDATION 4

As well as substantially increasing base rates of JobSeeker and related payments, the Government should further increase the rate of Commonwealth Rent Assistance to address the long-term reduction in adequacy and better reflect contemporary rents paid.

I.4 INCREASING THE REMOTE AREA ALLOWANCE

The Allowance is a small supplementary payment for those on income support living in remote Australia. Its recipients are predominantly First Nations people. The Committee regards the Allowance a highly useful tool to address the additional costs associated with having a low income in a remote community but believes its full potential is not being fulfilled.

The payment – currently \$9.10 per week for singles, \$3.65 per week for children, and \$15.60 per week for couples – is non-indexed and has not been increased for a quarter of a century. It has lost two-thirds of its purchasing power since it was introduced.

The Committee believes the Allowance is needed to address the far higher average prices of essential goods and services in remote areas compared with metropolitan areas and regional centres. The Committee received evidence that average prices are often 15% and up to 40% higher in some locations. Crucially, these higher prices can place fresh, healthy food out of reach of many people.

TO WORK AS ORIGINALLY INTENDED, THE COMMITTEE BELIEVES THE ALLOWANCE SHOULD BE INCREASED AND INDEXED TO PREVENT ITS VALUE BEING WHITTLED DOWN ONCE AGAIN.

The Committee also believes the payment needs to be more closely targeted, to ensure it can do the most good where it is most needed. Current eligibility arrangements are based on tax zones from 1945 and census data from 1981 – a major policy oversight which has created perverse effects that need to be addressed.

RECOMMENDATION 5

Lift the Remote Area Allowance:

- a. Immediately increase the Allowance in line with its loss in value over time through inflation (CPI), lifting the single rate to \$52.50 per fortnight.
- b. Fund the Australian Bureau of Statistics (ABS) to research remote area costs in partnership with remote communities to develop a remote area index that will guide ongoing indexation of the Allowance. Once developed, the payment should be benchmarked at a rate that reflects remote area costs and regular ongoing indexation to this new index applied.
- c. Review and adjust the Allowances' geographic boundaries to ensure it is available in remote and very remote areas only.

The Remote Area Allowance has not been increased for a quarter of a century. It has lost two-thirds of its purchasing power since it was introduced.

I.5 ADDRESSING FAMILY AND DOMESTIC VIOLENCE

Family and domestic violence is a major health, economic, and welfare issue in Australia. Approximately 11% of the Australian population have experienced current and/or previous partner violence, and the victims disproportionately include First Nations communities, people with disability, people with young children and people living outside of major cities, while people from culturally and linguistically diverse communities report disproportionately low rates of violence and lower rates of receiving government payments – which may represent under-reporting. It is a shocking problem that leads to physical and mental ill health, financial hardship and homelessness, all of which drive disadvantage for victim-survivors and their children. All this makes family and domestic violence a central issue for creating an economically inclusive society.

Emerging evidence indicates that current social security arrangements for victim-survivors of family and domestic violence may be contributing to the problem – by unintentionally discouraging victim-survivors from leaving or not returning to violent relationships. As the financial impacts of violence frequently result in victim-survivors becoming reliant on government payments to provide for their post-separation needs, the accessibility and sufficiency of government payments becomes an important consideration and potentially a decision-making factor.

To address this issue, the Committee commissioned research by Social Ventures Australia and Professor Roslyn Russell which examined the effect of government payments on a victim-survivor's decision to leave a violent relationship.

It found that victim-survivors who receive government payments may be more likely to face challenges leaving a violent relationship (and may be more likely to highlight lack of money as the main barrier to leaving) than victim-survivors who receive wages or salary and all victim-survivors. Many victim-survivors do not access government emergency financial support payments when leaving a violent relationship. The design and delivery of government payments, particularly emergency financial support payments, create access barriers for victim-survivors at the time of crisis.

The research also examined the propensity of victim-survivors who receive government payments to temporarily leave a violent relationship, prior to leaving permanently, relative to victim-survivors who don't receive payments, and explores how government payments might influence this decision. It found that victim-survivors who receive government payments are more likely to return to a violent relationship than victim-survivors on salary or wages. The research found that while 45% of wage earners permanently leave a violent partner the first time, only 26% of people receiving income support permanently leave a violent partner the first time. It also found that

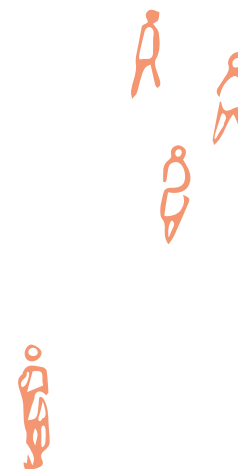
victim-survivors of specific demographic groups appear to return at different rates. Culturally and linguistically diverse people, people with young children, people who are younger or older, and people living outside of major cities may be more likely to return.

THE RESEARCH BUILDS ON THE CLEAR EVIDENCE THAT INCOME SUPPORT PAYMENTS ARE INADEQUATE.

It shows how elements of the current design and delivery, such as mutual obligations, discretionary exemptions and administrative errors, create barriers for victim-survivors to maintain government income payments.

These research findings show clearly that improving the way victim-survivors of family and domestic violence interact with the social security payments system is a major priority for the creation of a more economically inclusive and safe country.

Greater understanding of this issue is required for comprehensive changes to be considered and implemented. The Committee therefore recommends that more detailed research into this question be undertaken alongside improved data collection to inform better policy and provide the basis for improving the lives of victim-survivors.



“WHEN YOU’VE BEEN IN AN ABUSIVE SITUATION, YOU’RE MADE TO FEEL LIKE NOTHING, AND YOU GET INTO CENTRELINK, AND THEY MAKE YOU FEEL LIKE NOTHING. YOU’RE A COG IN THE MACHINE, YOU’RE IN THE MACHINE TRYING TO FIGHT YOUR WAY THROUGH IT. AND IT’S LIKE BEING IN THE ABUSIVE SITUATION IN A WAY. IF YOU’RE IN THAT TRAUMA STATE, THAT’S WHAT IT FEELS LIKE. THERE’S JUST SOMETHING ELSE PUNCHING DOWN ON ME.” – ABBY

1.6 MEASURING POVERTY

This year, 2025, marks the 50th anniversary of the publication of the Henderson Inquiry First Main Report, Australia’s first major inquiry into poverty. The nature of poverty in Australia has changed significantly since then and the Committee believes it is time for Australia to adopt new official measures of poverty.

Recent studies provide an approximate understanding of the extent of poverty in Australia. In 2024 the Productivity Commission estimated poverty at 14% of the population – roughly 1-in-7 of our citizens. This is the highest estimated level

since 2001. The estimate is consistent with the Australian Council of Social Service (ACOSS) and UNSW Poverty and Inequality Partnership finding that 13.4% of the Australian population experience poverty. Estimates of child poverty in Australia vary between 10% and 17%. While these estimates are useful tools for policymakers, a comprehensive anti-poverty strategy requires a consistent measure accepted across government.

Official poverty measures are common in comparable nations and Australia’s lack of such a measure makes us an outlier. It also puts us at odds with our international commitments, including the Sustainable Development Goals 2015 (to which Australia is a signatory) – a global partnership of 193 nations with the aim of halving global poverty by 2030 which requires the measurement of poverty.

Overseas experience suggests strongly that poverty reduction begins with measuring it officially. Similar nations have had notable success in reducing poverty after adopting official measures. Canada reduced its poverty rate from 14.5% after adopting its official poverty measure in 2016 to 9.9% in 2022. After introducing its official child poverty measure, New Zealand reduced its child poverty rate from 22.8% to 17.5% over the same time span. These falls – approximately one-third and one-quarter respectively – are significant.

In 2024, the Committee consulted Australian and international experts on best practices for measuring poverty.

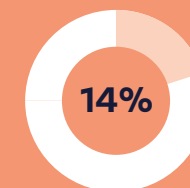
THE COMMITTEE BELIEVES THAT DETERMINING OFFICIAL POVERTY MEASURES SHOULD NOT BE DIFFICULT.

Many overseas examples exist to inform an Australian model together with an extensive body of Australian research and consensus. Global best practice suggests that the best measures of poverty have the following features:

- they have two components – monetary and multidimensional
- they are undertaken by their nation’s chief statistical organisation – in our case the ABS
- they are reported on annually.

As a preliminary proposal, the Committee recommends the monetary measurement for a new official Australian poverty line be set at 50% of Median Equivalised Household Total Disposable Income (after housing costs), with a wealth adjustment for income. This measurement method is consistent with the practice of comparable OECD countries. Existing ABS data collections – including the Survey of Income and Housing and the Household Expenditure Survey – provide a solid basis for the necessary calculations.

International examples of multidimensional poverty measures also exist to guide Australian work. Again, a range of ABS data exists to support this task – most notably the General Social Survey (GSS).



In 2024 the Productivity Commission estimated poverty at 14% of the population – roughly 1-in-7 of our citizens.

This is the highest estimated level of poverty since 2001.

The Committee recommends the Government move immediately to legislate the introduction of monetary and multidimensional measures of poverty. Although a monetary measure can be set and reported on immediately, reporting should not be required on a multidimensional measure until 2028 to allow for the measure and data to be appropriately developed. Importantly, the Committee suggests that people with lived experience of poverty should be involved in the design and ongoing oversight of poverty measures.

RECOMMENDATION 6

The Government legislate official poverty measures for Australia: a monetary and multidimensional measure, to be publicly reported on annually and supported by sufficient resourcing of the ABS for the necessary data. Although a monetary measure can be set and reported on immediately, reporting should not be required on a multidimensional measure until 2028 to allow for the measure and data to be appropriately developed.

1.7 REFORM OF EMPLOYMENT SERVICES

DESPITE BEING THE STRONGEST LEVER WE POSSESS TO INCREASE ECONOMIC INCLUSION, MANY POLICY EXPERTS, INCLUDING THE COMMITTEE, BELIEVE THE CURRENT EMPLOYMENT SERVICES SYSTEM TO BE FUNDAMENTALLY BROKEN.

It certainly has a big job to do. Despite lower unemployment in recent years, there are around 3 million people who either want to work or to work more hours:

- more than 385,000 have been in the employment services (Workforce Australia) system for over 12 months
- 125,000 have been in the system for more than 5 years
- the proportion who are long-term unemployed has grown from 51% of all people in receipt of payments in January 2012 to 60% in September 2024
- many of these people face complex and overlapping barriers to employment, including insufficient education, reduced capacity to work, significant caring responsibilities and discrimination. Lacking help to develop their skills and link up with employers, these people remain stuck in the system.

Australia faces a crucial choice regarding our employment services system. We can either focus on policing income support and monitoring recipients' activities, or invest in building people's confidence and skills to drive national prosperity. If we opt for the latter, the system must be less tied to social security compliance and ideally underpinned by a new legislative framework. A high-quality employment services system is vital, especially as people navigate unstable work, career transitions, and demographic challenges. This is essential for supporting workforce mobility and ensuring long-term economic productivity.

"WE WANT TO WORK... NO ONE WANTS TO BE ON CENTRELINK. I THINK MOST PEOPLE THAT ARE THERE ARE THERE BECAUSE THEY HAVE NO OTHER OPTION. THEY HAVE NO OTHER CHOICE." – ABBY

"PEOPLE LOOK AT MY DISABILITY AND THINK YOU'RE GOING TO BE A RISK, OR HARD TO TRAIN. ONCE THEY GET TO KNOW ME, IT'S SO MUCH BETTER." – LYLE

MORE THAN 385,000

have been in the employment services system for over 12 months

125,000

have been in the system for more than 5 years



While the Government has accepted that reform of employment services is necessary, and has begun the process of reform in limited areas (which the Committee applauds), very little has changed in the core of the primary employment services system – Workforce Australia.

The Committee urges the Government to give priority to fundamental reforms that will allow Workforce Australia to contribute to national productivity increases. Most crucially, it asks the Government to remove the harm done by the Targeted Compliance Framework and Work for the Dole and replace them with programs that offer genuine support for people excluded from the labour market.

The Committee agrees with the finding of the Select Committee on Workforce Australia Employment Services that Work for the Dole is “overwhelmingly ineffective in terms of enabling job seekers to increase employability, fails to enable social participation, and creates risk to the job seeker’s safety”.

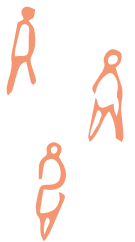
THE COMMITTEE’S CONSULTATIONS HAVE UNCOVERED SUBSTANTIAL EVIDENCE THAT THE CURRENT SYSTEM ACTUALLY HINDERS PEOPLE FROM MOVING INTO EMPLOYMENT, MUCH OF WHICH THE GOVERNMENT HAS ITSELF ACCEPTED.

“HONESTLY GET RID OF THE ENTIRE EMPLOYMENT SERVICES INDUSTRY, BECAUSE IT IS NOW AN INDUSTRY... NO ONE I’VE SPOKEN TO HAS EVER BEEN HELPED BY THEM... I THINK MAYBE TWO OF THE JOBS THAT I GOT WERE JUST FROM COLD CALLING. EVERYTHING ELSE HAS BEEN THROUGH CONTACTS OR NETWORKING AND WHATNOT, AND PEOPLE CAN DO THAT THEMSELVES. IT SEEMS LIKE WE’RE WASTING A LOT OF MONEY AS A COUNTRY ON THIS INDUSTRY, SO THAT POLITICIANS CAN SELL THIS IMAGE THAT THEY’RE MAKING THE UNEMPLOYED [WORK].” – JARED



“YOU’VE BECOME RESENTFUL OF THE FACT THAT YOU KNOW, YOU’VE GOT NO CONTROL OVER YOUR OWN LIFE...THERE’S RESTRICTIONS ON WHAT’S WHAT SORT OF WORK YOU CAN AND CAN’T DO, WHERE YOU CAN AND CAN’T DO IT. YOU CAN’T SORT OF DECIDE WHERE YOU WANT TO GO AND WHAT YOU’D LIKE TO DO. YOU JUST FEEL AS IF YOU’RE LESS THAN HUMAN TO THESE PEOPLE.” – KATHY

The Committee heard during its consultations that sharp reductions in income support when recipients earn extra income create a major barrier to work and financial security. This Effective Marginal Tax Rate (EMTR) can exceed 60% for JobSeeker recipients earning under \$33,000, meaning they lose 60 cents of every additional dollar earned. High EMTRs discourage people from working more hours. Despite recommending reforms to the Working Credit system in 2024, no action has been taken. Urgent changes to employment credit schemes are needed to address this issue.



“CENTRELINK TAKES A LOT OF THAT MONEY FROM THAT I EARN AND THEN SOCIAL HOUSING WAS GOING TO TAKE A BIG CHUNK OF IT.... AND I QUIT MY JOB BECAUSE I WAS LIKE, I LITERALLY, LITERALLY, I’M NOT MAKING ANY MONEY FROM THIS. SO WHY WOULD I CHOOSE TO BE AWAY FROM MY CHILD FOR THAT FOR THAT TIME?....AND I JUST WANT THEM TO WORK TOGETHER (WITH ME) AND TO TAKE A LITTLE BIT LESS BECAUSE I WANT TO GET AHEAD, I THINK IT’S REALLY GOOD FOR MY CHILD AND FOR ME AND FOR EVERYBODY, IF I AM WORKING AND EARNING LIKE I DON’T WANT TO BE SOMEBODY WHO’S DEPENDENT ON PAYMENTS FOR THE REST OF MY LIFE.” – CHARLOTTE

In July 2024, the Government released its response to the report from the Select Committee on Workforce Australia Employment Services and identified 8 major issues, including:

1. Poor service experience for many people using the system
2. Overemphasis on mutual obligations and compliance
3. A lack of alignment with employer and industry needs
4. Missed opportunities for place-based servicing
5. Substandard market design and delivery modes
6. A lack of responsiveness, innovation and evidence-based improvements
7. Opportunities to improve transparency and accountability in the system
8. Supporting functions need to be improved.

DESPITE ACKNOWLEDGING THE SYSTEM NEEDS TO CHANGE AND BECOME MORE RESPONSIVE TO THE NEEDS OF THOSE OUT OF WORK, NO TIMELINE FOR REFORM HAS BEEN INTRODUCED AND LITTLE HAS CHANGED SINCE.

As a result, the Committee believes a grand opportunity to improve Australia’s economic performance is being missed. The Committee further believes that the Australian economy will benefit hugely if we get our employment participation policies right.

In its 2024 report, the Committee explained how a new employment services system could help Australia achieve full employment and reduce the national unemployment rate. It demonstrated, for example, how raising working age payments would not only lift many out-of-work Australians out of poverty, with flow-on social and financial benefits, but boost economic and social participation, grow the economy and create jobs.

The Committee therefore reiterates its major recommendations from last year’s report and outlines a strategy to systematically improve Australia’s employment services system.

The Committee believes the Government should commit to a timeframe to achieve comprehensive employment services system reform and consider a new legislative framework.

To this end, the Committee welcomes the initial steps the Government made in its 2024 Budget to better recognise individual circumstances and strengthen the integrity of employment services – though we note this must be an initial step only to pave the way for much more significant reform to the compliance and mutual obligation system.

The Committee believes the Government should commit to a timeframe to achieve comprehensive employment services system reform and consider a new legislative framework.

Ultimately, the Committee's view is that the Targeted Compliance Framework should be replaced with one grounded in human rights and a commitment to investing in people's capability – which the Select Committee suggested should be called a 'Shared Accountability Framework'.

In the Committee's view the new employment services system should be designed in a way that recognises that:

- the vast majority of job seekers receiving income support want to get into work and will 'do the right thing' where the system allows them to do that
- compliance should focus only on a small minority of participants
- compliance action should be proportionate to the seriousness of breaches and take full account of people's circumstances including the risk of financial hardship
- people should receive sufficient warning before the imposition of payment suspension or cancellation
- decisions involving suspension or cancellation of payments should be made by a human, not an automated system, and within government.

In general, mutual obligation requirements should be tailored to individual circumstances, to better serve people and employers alike. The need for tailoring will increase the higher a person's barriers to finding work.

The Committee additionally asks the Government to trial a new commissioning model that moves away from an "arms-length" transactional contracting approach to a relational contracting model including a much stronger role for Government in stewardship of the system. At 30 June 2025, all 176 Workforce Australia licences will cease, following a licence review that will consider extensions, conditions, or non-extensions. This offers a chance to wind up parts of the system at odds with the reform agenda and move towards different commissioning approaches.

The system should be more closely connected with the skills and training system, able to provide job seekers with access to vocational education and training services to retrain, and to support people to move into sustainable work aligned with their long-term goals, needs, and skills, rather than forcing them into the first job that they are offered.

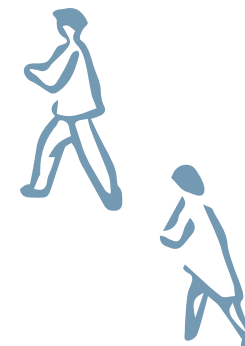
SUCH A REFORMED SYSTEM SHOULD ALSO, THE COMMITTEE BELIEVES, REFORM AUSTRALIA'S SKILLS AND QUALIFICATIONS RECOGNITION POLICY TO PREVENT IT FROM HOLDING BACK SKILLED PEOPLE— PARTICULARLY MIGRANTS—FROM MOVING INTO WORK ALIGNED WITH THEIR SKILLS.

RECOMMENDATION 7

The Government to accelerate a full scale rebuilding of Australia's employment services system.

Priority actions include:

- a. Commit to a timeframe to achieve comprehensive reform and consider a new legislative framework for Australia's employment services system, aligning reforms to Workforce Australia Employment Services, Disability Employment Services, and the Remote Jobs Program.
- b. End harm caused by the compliance system by:
 - i. removing automated payment suspensions
 - ii. implementing the Digital Protections Framework to protect people's basic human rights and ensure the system complies with administrative law principles
 - iii. relaxing Points Based Activation System (PBAS) targets while broader changes are progressed
 - iv. ensuring there are exemptions to mutual obligations for people where they are unreasonable and counterproductive, noting it appears many have difficulty receiving exemptions.



- c. Use the Workforce Australia license review to wind up parts of the system at odds with the reform agenda, rather than extend licenses that perpetuate a failed system. In doing so, change the commissioning approach to enable better outcomes and longer term system stewardship.
- d. Trial a formal relational contracting approach to shift government's role from contract manager to active participant and steward, including in partnership with state and local governments, and use innovation zones to build the evidence base for the new system, including adequate payment levels, voluntary participation, and reconceptualising mutual obligations.
- e. Facilitate better matching of skills for people seeking paid work, including better recognition of overseas skills and qualifications, and supporting participants to find employment that is aligned to their skills and interests rather than requiring them to take the first job they are offered.
- f. Replace the ineffective and punitive Work for the Dole program with investment in vocational education and training and subsidies for work placements to support people who are disadvantaged in the labour market.

I.8 REFORM OF EARLY CHILDHOOD DEVELOPMENT SERVICES

Communities that are underserved by early childhood services often face broader economic exclusion and disadvantage. Focusing on the wellbeing of children and their families, with a holistic, intergenerational approach, is key to improving economic inclusion. High-quality ECEC services offer significant developmental opportunities, and when linked to health and other supports, can have lifelong benefits for children. In disadvantaged communities, these services can also become a focal point for community engagement and transformation.

On 11 December 2024 the Government announced a major package of reforms to ECEC in Australia. The changes included:

- the abolition of the Activity Test for the childcare subsidy and its replacement with a 3 day per week early learning guarantee
- the establishment of the Building Early Education Fund (the Fund)
- co-location of early learning centres on school sites
- a focus on underserved markets in the regions and outer suburban areas
- building the capacity of non-profit providers.

These comprise a significant step towards a better child development system for Australia that will help families struggling

with the cost of raising children, support women's participation in the workforce, and improve economic inclusion and productivity. The Committee applauds these initiatives and notes the legislation introduced into the Federal Parliament on 5 February 2025 to abolish the Activity Test and deliver the 3 day per week early learning guarantee².

In this Report, the Committee makes recommendations that aim to build on these positive developments through system-wide reform to join-up of the child and maternal health, disability, and early learning systems and benefit those families and communities most in need. The goal is for all children, especially those from excluded communities, to benefit from this system. To achieve this, the Committee has proposed various strategies, such as:

Local Level: Integrated service models, shared community infrastructure, and multi-system planning.

Agency/Portfolio Level: Integration incentives, common workforce development approaches.

System Level: Quality standards, intergovernmental agreements, and whole-of-government planning.

The Committee believes that because communities underserved by childcare services typically experience high rates of economic exclusion and disadvantage, providing better services is a highly effective way to create a more inclusive society.

² The legislation passed through the Parliament on 13 February 2025, after this report was prepared. The Committee welcomes this legislation.

The goal is for all children, especially those from excluded communities, to benefit from this system.



The 10,000 hours Australian children can spend in ECEC services offer important developmental opportunities that can deliver lifelong benefits. Such services also provide a focal point for community engagement and community-level change.

This year, the Committee focuses its recommendations in 3 areas that will maximise the effectiveness of the Government's early childhood strategies. These suggest the best ways to:

- join up reforms across the systems serving our young children and their families to create the spine of a greatly improved child development system
- calculate the costs, funding requirements and funding models required to sustainably support an improved, connected child development system
- progress work with states and territories to reform service delivery and funding to improve integration across early childhood services.

The Committee's starting point is the belief that all children regardless of their location and level of advantage should be entitled to the benefits of such an early childhood development (ECD) system – and that ECD is a particularly powerful way to uplift our most excluded children.

The Government has announced its intention to undertake a pricing study to better establish the costs of delivery of early learning services in different community contexts and for children of different levels of need around the country. This Committee sees this as a positive development.

The Committee believes a more fundamental consideration of the model for early childhood funding is warranted. More specifically it makes the case for wider supply-side funding in a reformed system, particularly once state funding for preschool is reconciled with federal funding for ECEC.

IT IS THE COMMITTEE'S VIEW THAT SUPPLY-SIDE FUNDING MODELS PROVIDE THE BEST WAY TO ADDRESS THE INEQUITY OF PROVISION OF ECEC SERVICES IN AUSTRALIA.

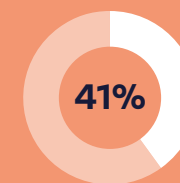
Across the country low- Socioeconomic Status (SES) areas currently have 41% fewer long day care places than high SES areas. Evidence presented to the Committee suggests that demand-led models tend to provide incentives to service providers to concentrate in more affluent communities. Recent research has found that countries that combine demand and supply-side funding mechanisms have improved access to ECD services in disadvantaged regions. The Committee believes this warrants consideration as part of the proposed ECEC pricing study.

The Committee was also presented with evidence that (1) those ECEC services that rate *Exceeding* or above are the ones that best address child developmental vulnerability, (2) not-for-profit providers are more likely to achieve *Exceeding* or above ratings, and (3) not-for-profit providers are more likely to be funded through supply-

side funding models. (While 35% of not-for-profit providers achieve *Exceeding* quality standards, only 12% of for-profit providers do so.) It follows that an expansion of supply-side and other funding models that encourage greater *quality competition* funding for ECEC services is the best way to address the needs of low-SES communities.

Perhaps most crucially, the Committee was presented with recent evidence commissioned by Social Ventures Australia examining the relationship between underserved childcare markets and communities with high rates of child vulnerability and disadvantage. That report found that 25,400 children with high levels of adversity, spread across 131 communities, enjoy unacceptably limited access to early learning services. With the government's push for a universal national early education system, a more unified approach to funding and service delivery across states and territories is being considered, especially for 3- and 4-year-old preschool funding. Preliminary evidence suggests a deeper revaluation of early childhood funding models is needed.

The Government should work with states and territories and implement planning, budgeting and administration reforms to integrate child and maternal health, disability, and early learning services more effectively. These reforms should include a place-based capacity to plan and commission services locally and should extend delivery of holistic early years hub models.



Across the country low-Socioeconomic Status (SES) areas currently have 41% fewer long day care places than high SES areas.

THE COMMITTEE BELIEVES PRIORITY MUST BE GIVEN TO THE MOST DISADVANTAGED COMMUNITIES FOR THE ROLL-OUT OF THE GOVERNMENT'S PLANNED NEW JOINED UP EARLY CHILDHOOD SERVICES.

**"I CAN'T GET A JOB BECAUSE I HAVE NO PROTECTIVE FACTOR OR CHILDCARE SUPPORT OR OPTION. I AM THE OPTION FOR MY FRIENDS. I REGULARLY HAVE SIX KIDS AT MY HOUSE...THE LOCAL DAYCARE HAVEN'T TAKEN ANY NEW FAMILIES FOR 4 YEARS. YEAH, THERE'S NOTHING. WE DO HAVE A HOME DAYCARE, ONE THAT TAKES 4 KIDS. THE KINDER HAS GONE FROM 3 DAYS TO TWO DAYS BECAUSE THEY CAN'T GET WORKERS."
— LAURA**

"IT [THE LACK OF CHILDCARE] DOESN'T JUST IMPACT ME, IT IMPACTS THIS SCHOOL WHERE I WORK AS A TEACHER... I DON'T KNOW WHEN I CAN RETURN BACK TO WORK, BECAUSE, I DON'T KNOW WHEN THE NEXT SPOT'S GOING TO BE AVAILABLE [IN CHILDCARE], OR WHEN THE DAY OF KINDER IS GOING TO GET CANCELLED, OR WHEN THE DAY OF KINDER IS GOING TO GET CHANGED...THEY CAN PULL THE PIN AT 8 O'CLOCK IN THE MORNING, OR ON A WEEK'S NOTICE SAY THEY'RE DROPPING A DAY." — LIZZIE

RECOMMENDATION 8

The Government should work with states and territories to implement planning, budgeting and administration reforms to integrate child and maternal health, disability, and early learning services more effectively. These reforms should include a place-based capacity to plan and commission services locally and should extend delivery of holistic early years hub models. The first priority should be to address needs in underserved communities.

RECOMMENDATION 9

The proposed Early Childhood Service Delivery Price should consider the limitations of the current demand-side childcare subsidy scheme and the potential benefits of introducing supply-side funding elements for early childhood funding. Modelling of future ECEC service costs should account realistically for high quality provision, inclusion support, joined up delivery with maternal and child health, and more intensive support models in the communities where they are needed most.

RECOMMENDATION 10

The Government should work with states and territories to integrate free access to pre-school for 3- and 4-year-old with the new national entitlement (3 Day Guarantee) proposed for the early education system, turning the Preschool Reform Agreement (which expires in 2025) into the Early Childhood Reform Agreement.



I.9 ASSESSMENT OF GOVERNMENT RESPONSES TO EIAC RECOMMENDATIONS

One of the aims of the Committee is to accelerate action towards a more economically inclusive society. A crucial part of the Committee's work therefore is to report back on the how the Government has responded to our recommendations. Our agenda, which promotes practical and realistic change, takes two forms: individual programs and funding improvements that can be introduced with immediate effect, and service system reforms that by their more complex nature take longer to implement.

THE COMMITTEE IS ENCOURAGED BY THE FACT THAT COMPLETE AND PARTIAL PROGRESS HAS BEEN MADE IN SEVERAL AREAS OF IMPORTANCE.

Chapter 9 identifies 29 recommendations which have been adopted in full or in part by Government and 11 recommendations still live, which are yet to be taken forward.

For ease of presentation, the Committee has provided detailed tables in Chapter 9 dividing the Government's response into 3 categories: (1) recommendations adopted, (2) recommendations advanced, and (3) recommendations still live, awaiting response. A brief list of the progress of the most crucial recommendations are listed here.

RECOMMENDATIONS ADOPTED

Committing to full employment – adopted as Government policy in its Employment White Paper.

Adjusting the 25-hour participation rule for the Carer Payment – changed from 25 hours per week to 100 hours over 4 weeks in the 2024-25 Budget.

Ending the ParentsNext program – abolished on 31 October 2024 and replaced with the improved Parents Pathways program.

RECOMMENDATIONS ADVANCED

Improving the adequacy of working age payments – while important increases in working age and student payments have been made and are welcomed, changes to date fall far short of the Committee's findings on the adequacy of these payments, which remain below all relevant benchmarks.

Improving the adequacy of rental assistance – since March 2022, maximum rates of CRA have increased by around 45%, including indexation, but with around 4-in-10 CRA recipients still in rental stress, more still needs to be done.

Creation of a national early child development system – the Australian Government Early Years Strategy was launched on 7 May 2024, with major funding changes announced on 11 December 2024. However, the Committee would like to see greater progress towards a comprehensive, joined-up ECEC system with greater provision of quality services in underserved and low-SES communities.

Addressing concentrated disadvantage – while acknowledging the significant progress made, including the Targeting Entrenched Disadvantage (TED) package and establishment of *Partnerships for Local Action and Community Empowerment* (PLACE), the Committee would like to see a greater focus on place-based approaches across a range of program areas.

Changing the culture, purpose and intent of the social security system – in the 2024-25 Budget the Government committed \$2.8 billion to improve the way Services Australia delivers services and hire necessary additional customer-facing staff, and has addressed the need to improve service culture towards people receiving benefits. The Committee hopes this is a step towards broader work to shift the culture of the system, including adoption of a set of guiding principles and a new charter for the social security system.

RECOMMENDATIONS STILL LIVE, AWAITING RESPONSE

Full scale redesign of the employment services system – while welcome improvements to some aspects to the system have been made, fundamental reform of the employment system has not yet been proposed and should be made a priority.

Adopting official legislated measures of poverty – not yet implemented.

Reform to the compliance framework – action has not yet been taken to reform aspects of the compulsory activation and compliance framework within the social security system that undermine economic inclusion and wellbeing, such as automated payment suspensions or the Liquid Assets Waiting Period.

Modernising working credits – steps to reduce the EMTR for people receiving income support payments to transition into work, such as the proposed reforms to the Working Credit system, have not yet been taken.

Changes to family tax benefits – there has not yet been a response to the proposed changes to the family tax benefits scheme to reduce the risk of the scheme being weaponised as a form of ongoing financial abuse.



SECTION I: ADEQUACY OF PAYMENTS

One of the duties of the Committee is to advise the Government on the adequacy of social security payments. In this section, advice is provided on the adequacy of the JobSeeker, Youth Allowance and related payments, Commonwealth Rent Assistance and the Remote Area Allowance, along with discussion of assistance given to victim-survivors of family and domestic violence.



JOBSEEKER AND RELATED PAYMENTS



2

Claire is 41 and has received the JobSeeker Payment on and off for over 20 years, since she was kicked out of home at 15. She's had over 80 jobs in that time—"It's not like I haven't tried"—and perhaps has a calling as a standup comedian, for the dry wit with which she explains her experiences with the social security system.

Claire speaks about the impacts of low payment levels. "I've missed out on my life, and I would say that this payment system is probably one rung up the ladder from a prison sentence because you can't afford to have relationships. You can't afford to go out for dinner, to weddings, get your teeth cleaned, your hair cut." She has had no choice but to sell her possessions or borrow money from friends and family in order to get by in the gap between losing a job and reporting to JobSeeker again. And she's always kept up a side hustle—cutting lawns, selling plants, or doing odd jobs for people—so she's always got a little bit extra coming in so she knows she can eat. Without that, food is not an option, and she has relied on charities for food and power bill relief in the past.

"I've chewed through all my super during COVID which I used to pay off debts I had with friends and family, and to go to the dentist for the first time in 7 years. I worked hard and bought an SS ute that I did up and sold for \$20,000, but Centrelink made me spend every last cent of that profit before they'd let me apply for JobSeeker again. I have put on heaps of weight because I'm not able to afford quality food. My teeth are yellow and my clothes are holey and I look like crap. I've been cutting my own hair. My car hasn't been serviced in 3 years."

A couple of years ago, Claire was told by Centrelink that she must apply for Disability Support Pension (DSP) as they would no longer accept her valid medical certificates. After much research, she found out that she had level two autism, which helped her understand why she'd often struggled to hold down a job. She took out a no interest loan to get the assessment, which cost her \$1700. This leaves her with \$800 a fortnight to live on. She applied for the DSP. But after two years, her claim has been rejected on the grounds that she lives alone and has pets that she looks after. After two years and a review, Claire has been told her payment will be approved, but has to wait 28 days to take it back to the tribunal for Centrelink to change over the payment. Claire wonders, "How much are these unnecessary tribunal hearings costing the taxpayer?"

CLAIRE'S FRUSTRATION AT HOW HARD IT IS TO APPLY FOR THE DSP ECHOES THAT EXPERIENCED BY MANY OF THE PEOPLE WE'VE SPOKEN TO. "I LOVE HAVING TO FIGHT TOOTH AND NAIL FOR TWO YEARS FOR A PAYMENT I'M ENTITLED TO, AS THOUGH I'M ASKING FOR A \$20 MILLION LAWSUIT PAYOUT."

“THE DSP FORTNIGHTLY RATE IS LITERALLY LESS THAN WHAT I’VE EARNED IN A WEEK AFTER TAX IN MOST JOBS. BUT HEY, LET’S WASTE 157 PIECES OF PAPER, COUNTLESS HOURS ON THE PHONE, AND AN ADMINISTRATIVE APPEALS TRIBUNAL FOR TWO WHOLE YEARS JUST SO I CAN’T HAVE IT.”

Claire describes being made to feel like a “pleb/criminal” by customer service staff in Centrelink, and spending 1-3 hours on the phone for a simple task like submitting a medical certificate. She once spent 8 hours on the phone to them in one day. “Not one person at Centrelink tells the same story about whatever you’re asking.”

But her concerns go beyond struggling to receive accurate information—it’s about how people are treated in the system. “JobActive [Workforce Australia] and Centrelink’s ability to turn off payments at whim and the bullying terminology used by ‘mutual obligation’ in any other context would constitute coercive control and financial abuse which are criminal offences...If your partner spoke to you that way, it would be abuse. It’s like some psychological science experiment—we’re allowed to be abused in every way by a government agency.”

Now, Claire is a cosmetics consultant and she’s started an online vintage shop from her spare room to keep busy. It’s going well, and she’s never worked harder, despite only making a couple of hundred dollars a month. “But to Centrelink,” she says, “it doesn’t qualify as work.”

Claire is a passionate advocate for making the system better for people like her. The biggest things she wants to change are payments that are too low, the stigma by design, the inaccessibility of DSP, and the attitude of Centrelink staff. “If the process is this frustrating and difficult for me, I can only begin to imagine how complex it is for those who struggle with literacy and severe mental illness who have no one to speak on their behalf.”

Claire’s story is real, but her name and some identifying details may have been changed to protect her privacy. The Committee thanks her for sharing her story and insights with us.

2.1 INTRODUCTION

‘Adequacy’ is one of the core concepts of the Australian social security system. The McClure Review defined ‘adequacy’ as providing ‘income support recipients with sufficient support to ensure a basic standard of living in line with community standards’.¹

As in its previous reports, the Committee this year assessed levels of payments relative to important measures of adequacy, including newly commissioned research demonstrating how payments for people receiving working-age allowances continue to fall short of all benchmarks, creating sometimes severe hardship for our neediest citizens.

The Committee also commissioned ground-breaking new research demonstrating the positive social and economic returns to be gained by increasing benefit payment levels.

1. P McClure, *A new system for better employment and social outcomes: report of the Reference Group on Welfare Reform to the Minister for Social Services*, Department of Social Services (Australia), 2015, p.9, <https://apo.org.au/sites/default/files/resource-files/2015-02/apo-nid53237.pdf>

2.2 THE BENEFITS OF ADEQUATE PAYMENTS – NEW RESEARCH FINDINGS

The Committee this year commissioned Mandala Partners to place a monetary value on the long-run economic benefits of JobSeeker Payments. The findings provide compelling evidence that raising the JobSeeker Payment would increase overall well-being in Australia – by raising national human capital and output, and by lowering spending on government services.

The positive impact of a higher JobSeeker Payment on long-run national wellbeing occurs in multiple ways. One example is the increased ability of people receiving JobSeeker to afford medical care. A higher payment would increase recipients’ ability to purchase medicines vital to their future health, raising their future capacity to participate in paid work and community activities, increasing their lifetime productivity, and reducing their call on the nation’s health system. Another example is the positive impact of increased family income for JobSeeker recipients on their children’s education attainment, with long-run benefits for the productivity of Australia’s workforce.

Mandala’s research assigns a monetary value to 3 aspects of the long-run benefits to Australia’s economy from increasing JobSeeker:

- increased national economic output through higher productivity and longer working lives
- decreased use of the healthcare and lower contact with the criminal justice system
- improved mental health.

This research by Mandala is the first of its type done for Australia. It provides valuable new information on the long-run efficiency-related benefits from an increase in the JobSeeker Payment, that hitherto have not been considered. It therefore supplements the findings from previous analyses, such as on the macroeconomic benefits from an increase in JobSeeker.²

2 Access Economics, *Analysis of the impact of raising benefit rates*, Report commissioned by the Australian Council of Social Services, 2018 [https:// www.acoss.org.au/wp-content/uploads/2018/09/ DAE-Analysis-of-the-impact-of-raising-benefit-rates FINAL-4-September...-1.pdf](https://www.acoss.org.au/wp-content/uploads/2018/09/DAE-Analysis-of-the-impact-of-raising-benefit-rates-FINAL-4-September...-1.pdf)

Working-age allowances continue to fall short of all benchmarks, creating sometimes severe hardship for our neediest citizens.



The Mandala analysis is not, however, intended to provide an overall assessment of the benefits from raising the level of JobSeeker Payment. The monetary value of benefits estimated by Mandala does not include the direct improvement in well-being that individual recipients and their families gain from a higher level of the JobSeeker Payment. These impacts are clearly profound, as evidenced by the reported benefits when JobSeeker and other payments were doubled during the pandemic: poverty and housing stress reduced,³ mental and physical health increased,⁴ and demand for charities fell.⁵

3 B Phillips, M Gray & N Biddle, *COVID-19 JobKeeper and JobSeeker impacts on poverty and housing stress under current and alternative economic and policy scenarios*, ANU Centre for Social Research and Methods, 2020. https://csrc.cass.anu.edu.au/sites/default/files/docs/2020/8/Impact_of_Covid19_JobKeeper_and_Jobseeker_measures_on_Poverty_and_Financial_Stress_FINAL.pdf

4 Y Naidoo, K Valentine & E Adamson, *Australian experiences of poverty: risk precarity and uncertainty during COVID-19*, ACOSS and UNSW Poverty and Inequality Partnership, 2022 <https://povertyandinequality.acoss.org.au/australian-experiences-of-poverty/>

5 C Ablaza, F Perales, C Parsell, N Middlebrook, R N S Robinson & E Kuskoff, 'Increases in income-support payments reduce the demand for charity: A difference-in-difference analysis of charitable-assistance data from Australia over the COVID-19 pandemic' *PLoS ONE* 18(7) 2023: e0287533. <https://doi.org/10.1371/journal.pone.0287533>

2.2.1 BENEFITS FROM INCREASING JOBSEEKER TO 90% OF THE AGE PENSION

The study by Mandala estimates the long-run investment-related benefits to the well-being of the Australian population for a hypothetical cohort of 20,000 people receiving JobSeeker Payment, with the cohort constructed to be representative of the population that commenced spells on the payment from 1 January to 31 March 2022. Impacts are calculated as the difference between outcomes under a baseline scenario (current JobSeeker level) and a Committee scenario (JobSeeker increased to 90% of the Age Pension), over 10 years. The monetary value of benefits is expressed in 2024 dollars, using a 7% annual discount rate.

The central estimate of long-run investment-related benefits from an increase in JobSeeker is \$71.8 million. This estimate is for the hypothetical cohort of 20,000 people who commence receiving JobSeeker, and would be scaled up commensurately for larger numbers.

The estimated benefits represent a social return of 24% against spending. In other words, for every dollar a government invested in increasing JobSeeker, there would be an additional 24-cent benefit to society, including for government, individuals and broader society.

Table 2.1 below shows how each of the 3 aspects of benefits incorporated into Mandala's study contributes to this overall impact, and provides a summary of the method for calculating the monetary value of each type of benefit.

The long-run investment-related benefits from an increase in JobSeeker to 90% of the Age Pension is

\$71.8 MILLION

Every dollar invested in increasing JobSeeker creates

**AN ADDITIONAL
24-CENT BENEFIT
TO SOCIETY**

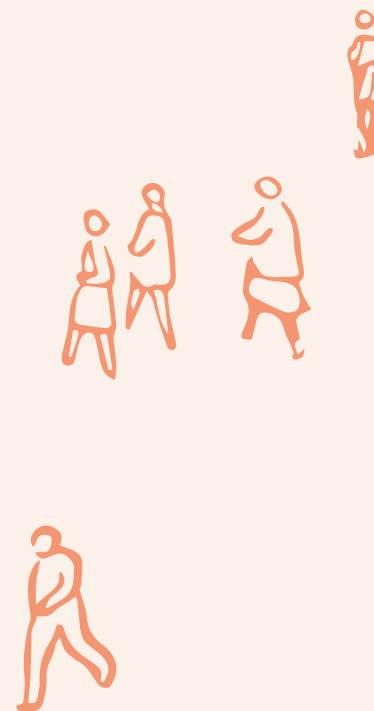


TABLE 2.1: LONG-RUN INVESTMENT-RELATED BENEFITS FROM RAISING JOBSEEKER

TYPE OF BENEFIT	HOW THE BENEFIT IS VALUED	MONETARY RETURN – CENTRAL ESTIMATE (2024 DOLLARS)
Increase in national out-put via higher productivity and longer working life of people receiving JobSeeker and their children	People receiving JobSeeker: Improved health (physical and mental health) due to higher income -> Protection from illness and loss of working life and wider impacts (including worker productivity and labour market absenteeism and longer working life) Children of recipients: Increased education attainment due to increased income -> Increased future productivity (Valued as impact on labour market earnings)	\$42.8 million
Decreased use of health care and criminal justice systems	Improved health (physical and mental health) due to increased income and decreased financial stress -> (i) Lower healthcare costs (Valued as costs of GP and Hospital visits); (ii) Lower costs of interaction with criminal justice system (Valued as costs of victim-related incidents, legal processes and youth-related justice issues)	\$16.3 million
Increased well-being via improved mental health of people receiving JobSeeker and their children	Improved mental health due to lower financial stress (adults) and higher household income (children) -> Increased future well-being (Valued as impact on Quality-Adjusted Life Years)	\$12.7 million

The Mandala report also considers how the estimated benefits from an increase in JobSeeker might vary under alternative scenarios. Estimating the long-run benefits involves making assumptions about the effects on a range of outcomes, such as on the health status of people receiving JobSeeker and how that translates into their use of medical services, the impact of higher family income on children's development, and the monetary value of improvements in the future mental health of people receiving JobSeeker.

The assumptions made in Mandala's report are based on original research by Mandala on these outcomes using Australian data sources, and draw on an extensive review of Australian and international literature. Mandala provides a detailed explanation of their assumptions, but also note some specific limitations of the approach they were able to apply. With this in mind, the Mandala report presents estimated benefits for 'Low', 'Medium' and 'High' impact scenarios from the increase in JobSeeker Payment.

The estimated benefit quoted above, of \$71.8 million, is for the 'Medium' scenario. Estimated benefits under the 'Low' and 'High' scenarios are \$64.1 million and \$84.1 million respectively.

2.2.2 BENEFITS OUTWEIGH COSTS

Commentary on the long-run effects of increasing the JobSeeker Payment typically focuses on the argument that it would reduce incentives to accept paid work. Mandala quantifies this potential cost and compares it to their estimates of long-run benefits.

Given an absence of existing Australian research, Mandala drew on mainly US-based evidence for the exercise of quantifying the cost. The Committee notes that this US comparator should be treated with caution, given the much lower rate of the unemployment payment in Australia and the very different mutual obligation and compliance systems that operate in each country.

Mandala estimates a cost of \$35.1 million over 10 years from increased duration of unemployment spells, a likely overestimate for Australia, given the low level of JobSeeker. Even this amount, however, is only one-half of the estimated long-run benefit from raising JobSeeker. In other words, the estimated benefits of the selected outcomes analysed by Mandala far outweigh any potential 'cost' from reduced work incentive. Note that this conclusion would remain even if the estimated benefits under Mandala's 'Low' scenario, \$64.1 million, are compared with the cost.

Source: Mandala, *The Social Dividend: An Actuarial Case for Higher Income Support*, 2024.

2.2.3 HOW MANDALA'S STUDY MATTERS

Mandala's study contributes two main new facts about the benefits of increasing JobSeeker – specifically about the long-run investment-related benefits.

First, the size of the estimated long-run benefit to be gained from raising the JobSeeker to 90% of the Age Pension is substantial, with a social return of 24%. Notably, this estimate comes from looking just at 3 types of impacts of an increased JobSeeker payment – on national output, costs of healthcare and the criminal justice system and lifetime mental well being.

Second, the long-run benefits from raising JobSeeker far outweigh the potential cost of reduced work incentives. Mandala estimates the benefit at \$71.8 million, double the 'reduced work incentive' cost of \$35.1 million – a net benefit of \$36.7 million.

2.3 BENCHMARKS OF ADEQUACY: JOBSEEKER REMAINS INADEQUATE

The most comprehensive review of payment adequacy in Australia is the Harmer Pension Review of 2009.⁶

The Harmer Review analysed the adequacy of payments, including relativities between household types – notably those living alone and couples. It also considered supplementary assistance for those with higher housing costs in the private rental market.

⁶ J Harmer, *Pension Review Report*, Department of Families, Housing, Community Services and Indigenous Affairs, Canberra, 2009

The Harmer Review analysed:

- the purchasing power of payments (trends in their real value over time)
- the value of payments relative to earnings over time – Male Total Average Weekly Earnings (MTAWE) and the National Minimum Wage
- Budget standards – that specify the detailed costs of purchases needed to sustain an adequate living standard
- income poverty measures (the 1/2 median-income measure and the Henderson Poverty Line)
- international comparisons with levels in other OECD countries
- measures of wellbeing.

The Harmer Review concluded that no single measure or benchmark on its own could determine payment adequacy, and that informed judgement required the analysis of a range of measures – a judgement shared by the Committee. The Committee has therefore, where possible, replicated the measures used in the Harmer Review, adding more up-to-date measures, including by commissioning new research on different aspects of adequacy.

This new research includes updated estimates of Budget Standards for unemployed and low paid households in Australia overall, and in a 'very remote' location (Fitzroy Crossing).⁷

⁷ Y Naidoo, B Bradbury and P Sawrikar, *Updated Budget Standard Estimates for 2024*, Social Policy Research Centre, University of New South Wales, Sydney, 2025

Other commissioned research analyses the impacts and costs of poverty to Australia⁸ and an investment-based, actuarial analysis of the social return of a rise in the JobSeeker Payment, discussed above. We have also extended the international comparisons of payment adequacy.

In addition, this Report:

- reviews a range of research undertaken by Australian researchers on the consequences of inadequate payments, including financial stress, energy stress, food insecurity, and poor health – providing the context for Mandala's report on the benefits of improving adequacy
- analyses the impact of increases in payments and CRA on the extent and severity of housing stress.

AS THE COMMITTEE HAS PREVIOUSLY REPORTED, JOBSEEKER PAYMENT AND RELATED NON-PENSION PAYMENTS FOR WORKING-AGE AUSTRALIANS REMAIN SERIOUSLY INADEQUATE RELATIVE TO ALL ACCEPTED POVERTY MEASURES.

⁸ B Bradbury, C Smyth, & Y Naidoo, *The Impact and Costs of Poverty to Australia: Report to the Economic Inclusion Advisory Committee*, Social Policy Research Centre, University of New South Wales, Sydney, 2025



2.3.1 RECENT CHANGES TO PAYMENTS

The Government responded to the recommendations of the First Report with a range of measures in the 2023-24 Budget, the White Paper on Jobs and Opportunities,⁹ and through the Targeting Entrenched Disadvantage Package.

The Government also responded to the Second Report in the 2024-25 Budget. This included an increase in maximum rates of CRA by a further 10%, building on the 15% increase in September 2023 which, combined with indexation, took maximum rates of CRA 45% higher than in May 2022.

THIS CHANGE BENEFITED OVER ONE MILLION HOUSEHOLDS.

The Budget also extended the higher rate of JobSeeker Payment and Energy Supplement to single recipients with a partial capacity to work of 0 to 14 hours per week, providing an additional \$71.20 a fortnight on 20 September 2024 (including indexation). This change benefited 4,700 people, less than 1% of people receiving JobSeeker.

The Government's response to the 2023-24 Report is analysed in more detail in Chapter 9 of this report.

⁹ Australian Treasury, *Working Future: The Australian Government's White Paper on Jobs and Opportunities*, Final Report September 2023, <https://treasury.gov.au/sites/default/files/2019-11/c2019-36292-v2.pdf>

In summary, there has been some progress, but it has been limited. The single rate of JobSeeker plus supplements has been increased from 66 to 69% of the single rate of Age Pension plus supplements.

The Committee continues to find that increasing rates of working age income support and supplements to 90% of the pension rate would improve the adequacy of the Australian social security system. If this increase is to be staged, a clear timetable to achieve this objective should be established.

Table 2.2 summarises the main changes that have been made to payment rates since the Committee's First Report. It does this by comparing the level of payments that applied in March 2023 to those applying after September 2024. This captures: (1) changes introduced in the 2023 and 2024 Budgets; (2) twice yearly indexation (which is applied in March and September); and (3) annual indexation of the Youth Allowance (which is applied in January). A small additional improvement resulted from the \$40 per fortnight increase being added to the base for indexation purposes in September 2023.

Table 2.2 shows that the single rate of JobSeeker increased by 12.2% in this period, or slightly less by 12.1% when including the Energy Supplement (which is not indexed). For couples – whose lower payments were also increased by \$40 per fortnight, plus indexation – the increase was higher at 12.8%. For young people receiving Youth Allowance at the independent rate including supplements,

the increase has been 17.6%, including the indexation increase in January 2025.

The two largest absolute and percentage increases applied to people aged 55 to 59 who have received JobSeeker for at least 9 months, who were made eligible for the higher rate previously only applying to those aged 60 and over receiving payments for 9 months or more, and to single parents with a youngest child aged 8 to 14 years, who were moved onto Parenting Payment Single (PPS) and who also received higher supplementary payments. The increases for these groups were 20.2% and 34.8%, respectively.

Table 2.2 also shows that the single rate of Age Pension plus the Pension and Energy Supplements increased by 7.6% in this period.¹⁰ As a result, the gap between JobSeeker and Age Pension plus supplements was reduced from \$362 per fortnight to \$357.60 per fortnight, a small reduction of 1.3%. The single rate of JobSeeker plus the Energy Supplement has increased from 66 to 69% of the pension rate plus supplements.

¹⁰ This is higher than the 4.9% change in the CPI over the total period, because the increase applied is based on the change in the CPI starting from December 2022, when the inflation rate had been higher. This “indexation lag effect” means that the real rate of payment is measured as rising when inflation is falling but falling when inflation is increasing.

As a result of recent changes, the wide gap between JobSeeker and the Age Pension plus supplements has reduced by only 1.3% and JobSeeker for a single remains at only 43.5% of the net full-time minimum wage.

MTAWE has increased by slightly more than inflation (5.1%).¹¹ The ABS Wage Price Index has increased by a total of 6.1% over this period.¹²

The gap between JobSeeker Payment and the gross minimum wage has widened by 13.2% due to increases in the minimum wage. The gap between JobSeeker and the net minimum wage is smaller in dollar terms, but has increased by 12.4%, reflecting the rises in the minimum wage, the income tax cuts from July 2024, and the increases in the Superannuation Guarantee from 10.5 to 11.5% over the period.

As a result, the current rate of JobSeeker for a single adult is only 43.5% of the net full-time minimum wage (including superannuation), so that a person moving into full-time work at the minimum wage would more than double their disposable income and increase their superannuation savings. It is also important to note that the Fair Work Commission (2024) estimates that less than 0.7% of employees receive the national minimum wage, while 20.5% are covered by award wages, which will provide higher gross and net wages.¹³

It is notable that the Henderson Poverty Line increased by only 1.8% between March 2023 and June 2024, as it is adjusted by changes in seasonally adjusted household disposable income per head.¹⁴ The most recent ABS Income Survey is for 2019-20 and the ANU POLIS Centre for Social Policy Research has used microsimulation analysis to model developments in household incomes.¹⁵

¹¹ In addition, the periods used for benchmarking differ from the period used for indexation. On 20 March payments are normally indexed by the movement in the CPI over the 6 months from the previous June to the previous December. On 20 September payments are normally indexed by the movement in the CPI over the 6 months from the previous December to the previous June. For benchmarking, the following MTAWE figures are normally used: on 20 March each year, the MTAWE figure for the previous November, and on 20 September each year, the MTAWE figure for the previous May.

¹² Australian Bureau of Statistics, *Wage Price Index, Australia, 2024*, <https://www.abs.gov.au/statistics/economy/price-indexes-and-inflation/wage-price-index-australia/sep-2024>, accessed 2 February 2025

¹³ Fair Work Commission, *Annual wage review 2024 FWCFB 3500*, <https://www.fwc.gov.au/>; J Tomlinson, *Characteristics of employees on the National Minimum Wage*, Fair Work Commission Research Report No 1/2024, February 2024

¹⁴ Since the first quarter of 2022, the Henderson Poverty Line has fallen by 11% in real terms

¹⁵ Poverty line values in PolicyMod incorporate the latest tax and income support changes and economic parameters up to and including 2023 Mid-Year Economic and Fiscal Outlook (MYEFO). The estimate is based on equivalised income using the OECD modified equivalence scale.



The current rate of JobSeeker for a single adult is only

43.5% OF THE NET FULL-TIME MINIMUM WAGE

(including superannuation)

A person moving into full-time work at the minimum wage would therefore more than double their disposable income and increase their superannuation savings.

TABLE 2.2: CHANGES IN PAYMENT RATES AND BENCHMARKS, MARCH 2023 TO JANUARY 2025, \$ PER FORTNIGHT

	MARCH 2023	JANUARY 2025	% CHANGE
Single Adult JobSeeker	693.10	778.00	12.2
Single Adult JobSeeker with Supplements	701.90	786.80	12.1
JobSeeker Couple (each)	631.20	712.30	12.8
JobSeeker Couple (each) with Supplements	639.10	720.20	12.7
Youth Allowance (away from home)	562.80	663.30	17.9
Youth Allowance (away from home) with Supplements	569.80	670.30	17.6
Single parent, JobSeeker, child 14+	745.20	833.20	11.8
Single parent, JobSeeker, child 14+ with Supplements	754.70	842.70	11.7
Single parent, child 8-13	745.20	978.60	31.3
Single parent, child 8-13 with Supplements	761.30	1,026.30	34.8
JobSeeker 55-60 (After 9 months)	693.10	833.20	20.2
JobSeeker 60+ (After 9 months)	745.20	833.20	11.8
Age Pension Single	971.50	1,047.10	7.8
Single Age Pension with Supplements	1,064.00	1,144.40	7.6
Parenting Payment Single, child<7	922.10	978.60	6.1
Gap 1 - to Age Pension	362.10 (66.0%)	357.60 (69.0%)	-1.3
Gap 2 - to gross minimum wage	923.30 (43.2%)	1,045.00 (43.0%)	13.2
Gap 3 - to net mini-mum wage (plus superannuation)	885.65 (44.2%)	1,023.79 (43.5%)	15.6
ADDITIONAL MEASURES			
MTAWE (May 2023 to May 2024)	3,281.80	3,447.60	5.1
Wage Price Index	144.3	153.1	6.1
National Minimum Wage (Adult outside award/agreement)	1,625.20	1,831.80	12.7
Relative poverty line 50% of median equivalised disposable income	973.00	1,069.15	9.9
Henderson poverty line Before and After Housing Costs			
Single	BHC (AHC)	BHC (AHC)	BHC (AHC)
Head working	1,203.00 (809.60)	1,224.36 (823.98)	1.8 (1.8)
Head not working	975.46 (582.06)	992.78 (592.40)	1.8 (1.8)

Note: Gap 1 is the difference between the Single Adult rate of JobSeeker and the Age Pension (both including supplements); Gap 2 is the difference between the Single Adult rate of JobSeeker (including supplements) and the gross minimum wage. Gap 3 is the difference between the Single Adult rate of JobSeeker (including supplements) and the after-tax minimum wage plus the Superannuation Guarantee.

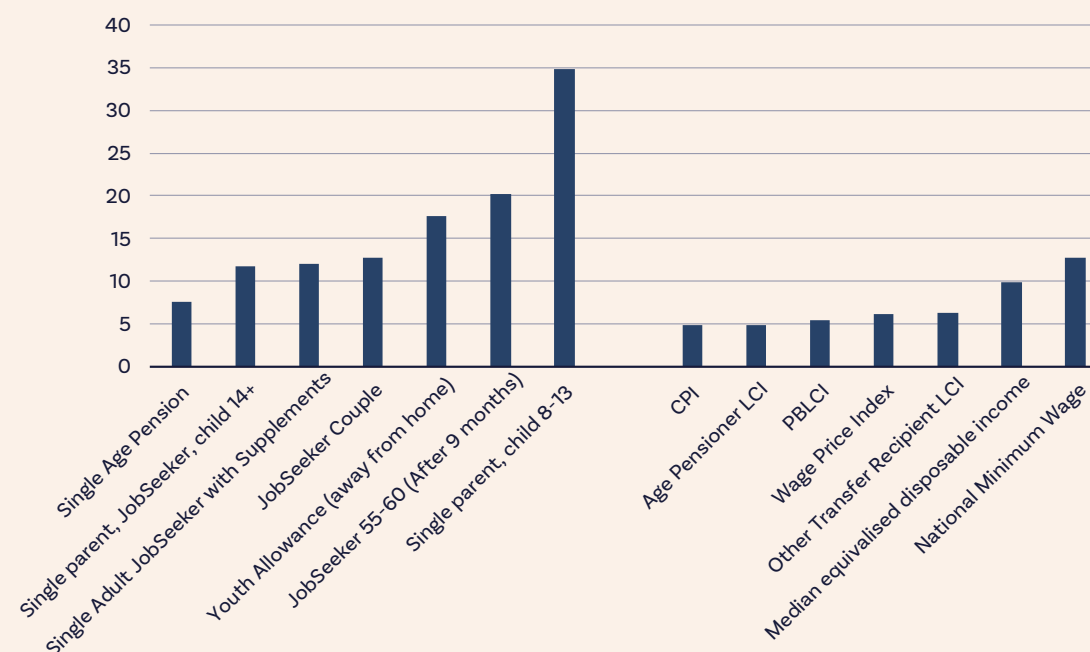
TABLE 2.2: CHANGES IN PAYMENT RATES AND BENCHMARKS, MARCH 2023 TO JANUARY 2025, \$ PER FORTNIGHT (CONTINUED)

	MARCH 2023	JANUARY 2025	% CHANGE
CPI	132.6	139.1	4.9
Pensioner and Beneficiary Living Cost Index (PBLCI)	132.3	139.6	5.5
Age Pensioner Living Cost Index (APLCI)	131.8	138.2	4.9
Other Transfer Recipient Living Cost Index (OTRLCI)	132.7	141.1	6.3

Table 2.2 shows that it is estimated that a relative poverty line (50% of median equivalised disposable income (EDHI) has increased by 9.9% between March 2023 and the December quarter of 2024, suggesting that the Budget changes will have reduced the poverty gap slightly.¹⁶

These changes are also illustrated in Figure 2.1, which shows that all of the payments (including supplements) have increased more than all of the price and living cost indexes over this period.

FIGURE 2.1: PERCENTAGE CHANGE IN LEVEL OF PAYMENTS (INCLUDING SUPPLEMENTS) AND SELECTED MEASURES OF PRICES, WAGES AND HOUSEHOLD LIVING STANDARDS, MARCH 2023 TO JANUARY 2025



Source: Table 2.2.

¹⁶ The poverty gap is the ratio by which the mean income of the poor falls below the poverty line used. The poverty gap measures the depth of poverty, while the poverty rate only measures the share of the population below the poverty line. A policy change that helps the most disadvantaged may not change the poverty rate but can still reduce the depth of poverty and disadvantage.

2.3.2 JOBSEEKER AND PENSION LEVELS

Comparing levels of income support payments to benchmarks of adequacy demonstrates that JobSeeker and Youth Allowance remain inadequate despite recent increases.

In addition, as shown in the Committee's First Report, one-off increases in payments – while very welcome – are inevitably eroded by the differences between the indexation of JobSeeker Payment and the indexation and benchmarking of pensions.

For example, the gap between the combined single rate of pension and supplements and the single rate of JobSeeker and Energy Supplement was reduced from \$362.10 per fortnight in March 2023 to \$338.70 a fortnight in September 2023 but has increased back to \$357.60 per fortnight from September 2024.

This result is inevitable – the gap will continue to widen – unless payments have the same indexation and benchmarking standards.

2.3.3 INTERNATIONAL COMPARISONS

As shown in the Committee's 2023 Report, benefit levels for the short-term unemployed in Australia in 2019 were the lowest in the OECD, though in 2020 they increased to around the OECD average when the maximum rate of Coronavirus Supplement was briefly in force.¹⁷

¹⁷ Whiteford & B Bradbury, *The \$50 boost to JobSeeker will take Australia's payment from the lowest in the OECD to the second-lowest after Greece*, The Conversation, February 24 2021

OECD Benefits and Wages data¹⁸ shows that in 2022 (the most recent data to include Australia), had the new higher rate applied, it would still have been the lowest in the OECD. An increase to 90% of the pension rate, would move Australia to being the 4th lowest in the OECD, marginally higher than in New Zealand, and higher than in the United States and the United Kingdom.

The Australian system of support for the unemployed differs, however, from those in most other high-income OECD countries (apart from Ireland, New Zealand and the United Kingdom) in that benefits are flat-rate and not set as a proportion of previous earnings. In addition, payments are not limited in terms of duration but remain at the same level for so long as individuals satisfy the eligibility criteria for payments. In many other OECD countries, the level of payments reduces as the duration of unemployment increases.¹⁹

¹⁸ OECD, *Benefits in unemployment, share of previous income, 2024* <https://www.oecd.org/en/data/indicators/benefits-in-unemployment-share-of-previous-income.html>

¹⁹ In the first 6 months of unemployment, more than 30 OECD countries offer unemployment insurance linked to previous earnings. After 3 years of unemployment, however, only Belgium continues to offer unemployment insurance, while the others offer some form of means-tested assistance which might be specifically targeted to the unemployed (unemployment assistance) or general social assistance. OECD, *The design of unemployment benefits schedules over the unemployment spell: The case of Belgium*, OECD Publishing, Paris, 2020 [https://one.oecd.org/document/DELSA/ELSA/WD/SEM\(2020\)2/En/pdf](https://one.oecd.org/document/DELSA/ELSA/WD/SEM(2020)2/En/pdf)

The OECD has another source of data on payments for people who no longer have an entitlement to unemployment insurance and rely either on unemployment assistance or other minimum income benefits. This measures the income of jobless families – where individuals are able to work and looking for work – and relying on minimum benefits (including housing benefits where they exist), which are expressed as a percentage of the median disposable income in each country, adjusted for household size (median EDHI).²⁰ This means, for example, that a benefit over 50% of median income would be regarded as being above a common international relative poverty line.

²⁰ OECD, *Adequacy of minimum income benefits, 2024*, <https://www.oecd.org/en/data/indicators/adequacy-of-minimum-income-benefits.html>

Between 2001 and 2022 single person Newstart/JobSeeker Payment fell from just under half of the OECD median relative poverty line to one-third the largest fall of any OECD country.

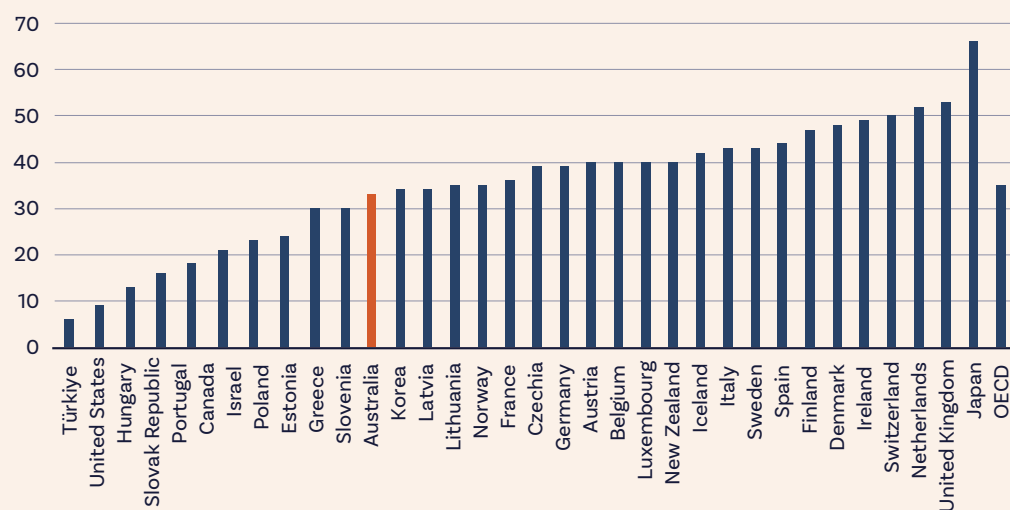


Figure 2.2 shows that in 2022 benefits for a single adult job seeker in Australia at 33% of median EDHI were just below the OECD average of 35%. They were the 12th lowest of the 34 countries for which the measure was available. Figure 2.2 also shows that there were only 4 OECD countries which provided benefits for these circumstances that would be above an international relative poverty line set at 50% of median income.

The OECD provide the same indicator for couples without children, for single parents with one child, and for couples with one child. Australia ranks somewhat better for these additional household types, being above the OECD-34 average for these households, but providing payments between 39% and 41% of median household income, and therefore still below a 50% of median income poverty line.

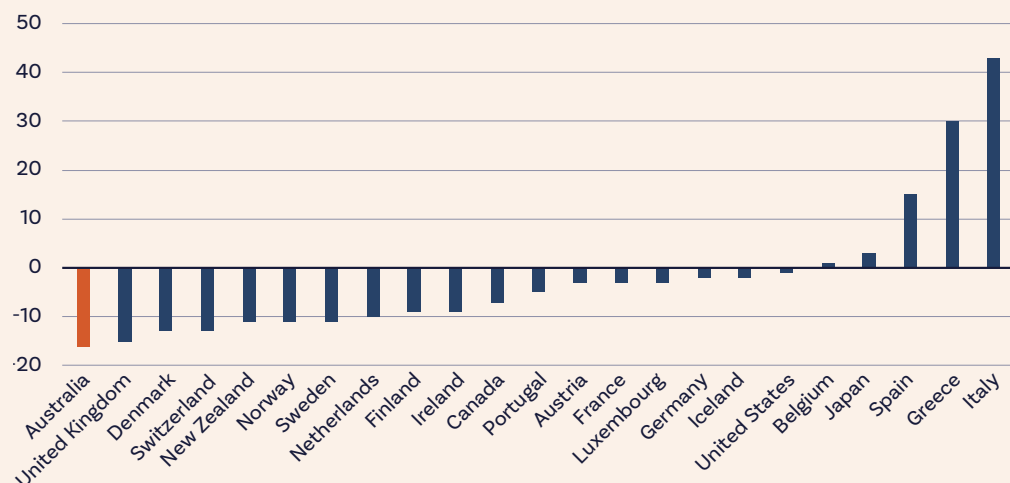
Figure 2.3 shows the change in the level of minimum benefits for a single person between 2001 and 2022. Australia has seen the largest fall in the relative level of these payments of any of these OECD countries, with the payment (Newstart/JobSeeker plus CRA) falling from 49% of median income in 2001 to 33% in 2022, or from just under a 50% median relative poverty line to well below that level. Using the updated ANU POLIS Centre for Social Policy Research estimates of median income for the December quarter of 2024 suggests that the single rate of JobSeeker plus supplements would currently be 36.8% of median EDHI.

FIGURE 2.2: LEVEL OF MINIMUM INCOME BENEFITS FOR A SINGLE ADULT AS % OF MEDIAN EQUIVALISED DISPOSABLE HOUSEHOLD INCOME, OECD COUNTRIES, 2022



Source: Calculated from OECD, *Adequacy of minimum income benefits*, 2024 <https://www.oecd.org/en/data/indicators/adequacy-of-minimum-income-benefits.html>

FIGURE 2.3: CHANGE IN LEVEL OF MINIMUM INCOME BENEFITS FOR A SINGLE ADULT AS % OF MEDIAN EQUIVALISED DISPOSABLE HOUSEHOLD INCOME, OECD COUNTRIES, 2001 TO 2022



Source: Calculated from OECD, *Adequacy of minimum income benefits*, 2024 <https://www.oecd.org/en/data/indicators/adequacy-of-minimum-income-benefits.html>

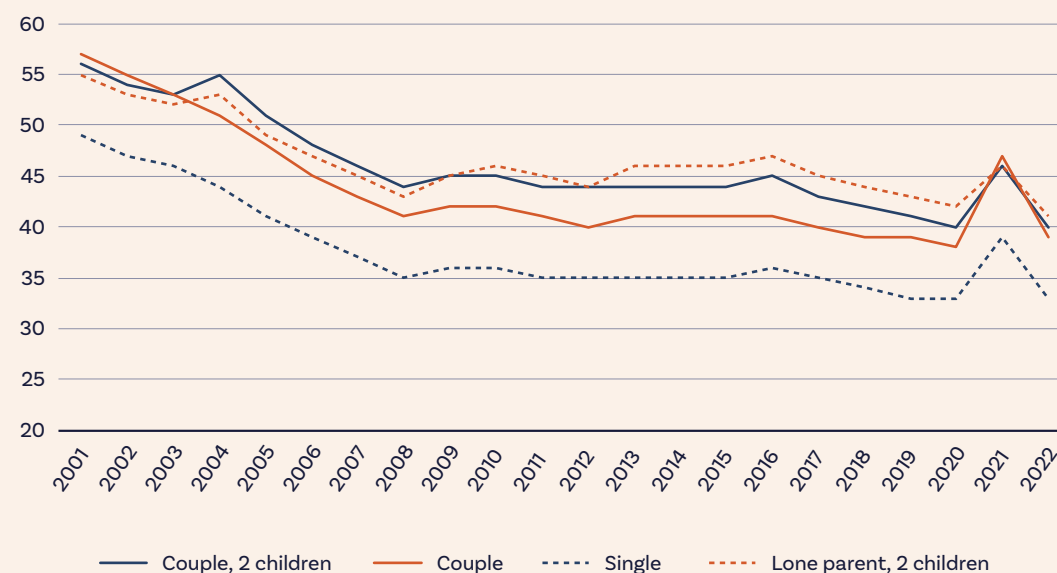
A significant part of the explanation for this trend is that between 2001 and 2008 Australia enjoyed a very large increase in real median income. People on unemployment and related payments did not share in that increase in national prosperity.

Figure 2.4 shows trends for 4 types of households receiving working-age payments – single people, couples without children, lone parents with two children and couples with two children. These trends are similar, showing:

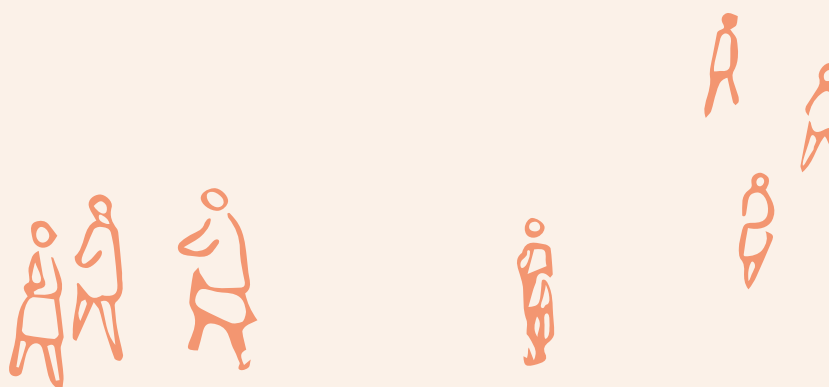
- a particularly large decline for all of these household types between 2001 and 2008
- a more gradual fall between 2008 and 2020
- a temporary large increase in 2020 as part of the Government's response to COVID
- a rapid fall back to the 2019 level.

For the other 3 types of households (couples with and without children, lone parents), payment levels were above 50% of median household income between 2001 and 2005, but declined significantly.

FIGURE 2.4: TRENDS IN LEVEL OF MINIMUM INCOME BENEFITS FOR 4 HOUSEHOLD TYPES, AS % OF MEDIAN EQUIVALISED DISPOSABLE HOUSEHOLD INCOME, AUSTRALIA, 2001 TO 2022



Source: Calculated from OECD, *Adequacy of minimum income benefits*, 2024 <https://www.oecd.org/en/data/indicators/adequacy-of-minimum-income-benefits.html>



2.3.4 BUDGET STANDARDS

Budget Standards have been used in research on poverty for more than a century. Recent Australian research on budget standards was undertaken in the 1990s as part of the then Department of Social Security's Adequacy Project²¹ and has been updated since then, including for the Harmer Pension Review and subsequently.²²

In 2024, the Department of Social Services commissioned new research from the Social Policy Research Centre at the University of New South Wales on behalf of the Committee that provides updated Budget Standards for unemployed and low-paid households²³ in Australia overall, and also in the very remote location of Fitzroy Crossing.²⁴

Budget Standards state how much money a household or family needs to achieve a specified standard of living in a particular place at a specified time. They are derived by specifying the goods and services that particular family types require to attain an acceptable minimum standard of consumption and participation. They are consistent with healthy living in all its dimensions (for example, in terms of diet, health care and spending and individual activity).

The new 2024 Budget Standards involve the development of a “core budget” with no allowance for luxuries and minimal wastage. To this is added a supplementary budget of discretionary items; housing costs are specified separately.²⁵

It should be emphasised that the Budget Standards are not the same as actual expenditure patterns; for households receiving income support actual expenditures will be constrained by low household incomes. However, Budget Standards are likely to be closer to the actual practices of many households in terms of how they plan their own living expenses, and therefore they can inform judgements about adequacy as they appear to reflect common sense understandings of adequacy – how much is enough?

Budget Standards involve a very large number of specific judgements by experts about spending patterns and what items are regarded as essential; care must be taken in generalising to households not included in the analysis. Determining how much money is needed or ‘enough’ is difficult as it sits between questions of observed consumption and participation and normative judgements.²⁶ The Committee's view is that Budget Standards are extremely useful as a supplementary measure of adequacy, but should not be considered on their own.

21 P Saunders, *Development of Indicative Budget Standards for Australia: Project Outline and Research Methods*, 1996

22 P Saunders & M Bedford, *New Minimum Income for Healthy Living Budget Standards for Low-Paid and Unemployed Australians* Social Policy Research Centre, UNSW, 2017. <https://cssa.org.au/wp-content/uploads/2023/05/budget-standards-summary-report-final.pdf>;

M Bedford, B Bradbury & Y Naidoo, *Budget Standards for Low-Paid Families. Report prepared for the Fair Work Commission*, Social Policy Research Centre, UNSW, March 2023, <https://www.fwc.gov.au/documents/wage-reviews/2022-23/budget-standards-for-low-paid-families-2023-03-03.pdf2023>

23 Budgets were developed for 25 family types, either unemployed or in low-paid work. In every family type, the female is aged 35 years and/or the male adult is aged 40 years. The children in the households are primary school aged, with child one, a girl aged 8 years and child two, a boy aged 11 years. Single parents are assumed to have full parental responsibility for all their children. The shared accommodation households include a male and female with both working fulltime or both unemployed

24 Y Naidoo, B Bradbury and P Sawrikar, *Updated Budget Standard Estimates for 2024*. Social Policy Research Centre, University of New South Wales, Sydney, 2025

25 Y Naidoo, B Bradbury and P Sawrikar, *Updated Budget Standard Estimates for 2024*. Social Policy Research Centre, University of New South Wales, Sydney, 2025

26 M Bedford, B Bradbury & Y Naidoo, *Budget Standards for Low-Paid Families.*, Social Policy Research Centre, UNSW, 2023



Table 2.3 shows the Budget Standards developed for Australia and for Fitzroy Crossing. The budgets have a number of components: there are 8 core budgets – food, personal care, clothing and footwear, recreation, household goods and services, health, transport and education.

The discretionary budgets for the unemployed include allowances for alcohol, tobacco, gambling, eating a meal out on a weekend, accommodation on a domestic holiday, children’s birthday parties and emergency expenditures. It should be noted that while these items are calculated on a weekly basis in the budgets and then expressed here in fortnightly terms, they do not necessarily occur weekly.²⁷ For example, the weekend meal occurs only once every 3 months.

It is particularly important to note that the health budgets were based on the following assumptions: adults and children are healthy and have no underlying or chronic health conditions; individuals only attend a General Practitioner that offers bulk billing; households have no out-of-pocket expenses for these visits; no private health insurance is included; dental costs are based on average national expenditures on the assumption that adequate dental care is a requirement for minimal healthy living. As the Committee outlines below,

²⁷ For example, alcohol consumption is based on the healthy maximum guideline of 10 standard drinks per week, weighted by the fraction of people who have consumed alcohol in the last year. Tobacco consumption is based on the average consumption across the population for people aged 15 years and over who smoke on a daily basis.

many people receiving JobSeeker and related payments have poor health and wellbeing outcomes.

To estimate national rental costs, households were assumed to be living in dwellings rented on the standard private rental market (rented from a real estate agent). The number of bedrooms in their dwelling is generally set following the Canadian National Occupancy Standard, which based on parental relationships and the age and gender of children. Rents are estimated for several points on the rental income distribution (25th, 30th, 40th and 50th percentiles) and for the capital cities and non-capital cities in each state or territory. It should be noted that the assumed rent values are based on ‘normative’ estimates and are substantially higher than existing rents paid by income support recipients in the private rental market.

A number of points should be noted about the housing costs in Fitzroy Crossing. According to the Kimberley Development Corporation, 64% of the housing stock in Fitzroy Crossing is owned by the Western Australian Government (46% public housing, 18% Government Regional Officer Housing), while 10.6% is owned by Aboriginal or Community organisations. Only 8.6% of the housing stock is private rented accommodation.²⁸

²⁸ Kimberley Development Commission, pp.38-45 <https://www.kdc.wa.gov.au/wp-content/uploads/2023/11/Kimberley-Land-and-Housing-Snapshot-Final-Version-Reduce-Size.pdf>

In contrast for Australia as a whole, only around 4.1% of households live in public housing.²⁹

For the Kimberley as a whole, the Kimberley Development Corporation has noted:

“Of 92 private rental listings across the region in the first quarter of 2023, just one rental was affordable for a couple living on the Age Pension or a single person working full-time on the minimum wage. There were no rentals affordable for people (singles and couples) on JobSeeker, Parenting Payments or the Disability Support Pension.”³⁰

A clear result from Table 2.3 is that core costs are much higher in Fitzroy Crossing, with costs between 14% and 59% higher than in capital cities. For a single female living alone this amounts to a difference of \$300 per fortnight. Apart from higher costs for most consumer items, these differences mainly reflect differences in transportation costs.

²⁹ Australian Institute of Health and Welfare, *Housing assistance in Australia*, 2023, <https://www.aihw.gov.au/reports/housing-assistance/housing-assistance-in-australia-2023/contents-2023/housing-assistance>

³⁰ Kimberley Development Commission, *Kimberley Residential Housing and Land Snapshot 2023*, p. 11



Renting costs are much lower in Fitzroy Crossing, primarily reflecting the fact that most of the housing is public housing. Indeed, there are only 5 households receiving CRA in the town.³¹ The Committee therefore considers that for Fitzroy Crossing the most meaningful comparison is to assume that the Budgets apply to public housing tenants rather than people in private rented accommodation.

The West Australian Government charges public housing rent at 25% of gross assessable household income, up to a maximum rental value.³² This means for example that for every \$100 of gross assessable income, the rent payable is \$25, leaving a public tenant with \$75. We have therefore calculated that in Fitzroy Crossing a household will need 1.33 times (i.e. 100/75) the core or the core plus discretionary budget if they are to have enough left over to cover these budgets.

TABLE 2.3: BUDGET STANDARDS, AUSTRALIA, DECEMBER 2024, \$ PER FORTNIGHT

	SINGLE FEMALE	SINGLE SHARER	SINGLE MOTHER, ONE CHILD	SINGLE MOTHER, TWO CHILDREN	COUPLE	COUPLE, ONE CHILD	COUPLE, TWO CHILDREN
SYDNEY/NATIONAL							
Core	508	1,030	1,016	1,304	878	1,432	1,714
Core plus discretionary	654	1,310	1,198	1,510	1,096	1,690	1,998
Core + discretionary + renting	1,620	2,314	2,202	2,622	2,062	2,694	3,110
FITZROY CROSSING							
Core	808	1,636	1,192	1,522	1,248	1,634	1,960
Core + discretionary	1,014	1,850	1,404	1,758	1,452	1,848	2,196
Core + discretionary + renting	1,349	2,461	1,867	2,338	1,931	2,458	2,921
RATIO OF FITZROY CROSSING TO NATIONAL							
Core	1.59	1.59	1.17	1.17	1.42	1.14	1.14
Core +discretionary	1.55	1.41	1.17	1.16	1.32	1.09	1.10

Source: Y Naidoo, B Bradbury & P. Sawrikar, *Updated Budget Standard Estimates for 2024*. Sydney: UNSW Social Policy Research Centre, 2024.

³¹ Department of Social Services, *DSS Benefit and Payment Recipient Demographics - quarterly data*, September 2024

³² In Western Australia, Basic Family Tax Benefit is not included in assessable income and 10% of Additional FTBA and 5% of Additional FTBB are included

The need to lift Remote Area Allowance to better reflect remote area costs is discussed in Chapter 4.

Tables 2.4 and 2.5 show how these estimated costs compare with current payment levels for private and public renters across Australia. Table 2.6 compares payment rates for public renters in Fitzroy Crossing with their estimated costs.

Table 2.4 shows that current payment rates fall well short of the estimated budgets for private renters in capital cities, ranging between 69% of estimated needs for singles to 86% for couples with no children and single parents with one child. Persons in public housing are closer to these estimated budgets, primarily because their housing costs are so much lower. Payments range between 79% and 99% of these estimated budgets. Households in Fitzroy Crossing fall even further behind, with their payments ranging between 60% and 80% of their estimated budgets, even though they have lower housing costs because they are in public housing. It is important to note that only around 10% of people receiving JobSeeker Payment reside in social housing.

THESE RESULTS HIGHLIGHT THAT IN ADDITION TO IMPROVING THE ADEQUACY OF THE BASE LEVEL OF PAYMENTS, THERE IS AN URGENT NEED FOR FURTHER ASSISTANCE FOR PEOPLE IN VERY REMOTE AREAS, AS WELL AS FOR PEOPLE WITH HIGH PRIVATE RENTAL COSTS.

The impact of the increases in the base rates of payments and in CRA since 2023 are discussed in Chapter 3.



TABLE 2.4: INCOME SUPPORT RATES COMPARED TO BUDGETS FOR PRIVATE RENTERS, \$ PER FORTNIGHT, 2024

	INCOME SUPPORT AND FAMILY PAYMENTS	RENT ASSISTANCE	CORE	DISCRETIONARY	RENT	IS AS % OF BUDGET AFTER HOUSING COSTS
Single	786.80	211.20	514	140	800	69%
Couple, no children	1,440.40	199.00	878	218	800	86%
Single parent, one child	1,361.30	248.22	1,020	176	896	86%
Single parent, two children	1,583.30	248.22	1,308	200	966	83%
Couple, one child	1,662.40	248.22	1,432	260	896	77%
Couple, two children	1,884.50	248.22	1,716	284	966	76%

Source: Y Naidoo, B Bradbury & P. Sawrikar, *Updated Budget Standard Estimates for 2024*. Sydney: UNSW Social Policy Research Centre, 2024

TABLE 2.5: INCOME SUPPORT RATES COMPARED TO BUDGETS FOR PUBLIC RENTERS, \$ PER FORTNIGHT, 2024

	INCOME SUPPORT AND FAMILY PAYMENTS	CORE	DISCRETIONARY	RENT	IS AS % OF BUDGET AFTER HOUSING COSTS
Single	786.80	514	140	194.50	91%
Couple, no children	1,440.40	878	218	356.15	99%
Single parent, one child	1,361.30	1,020	176	267.00	93%
Single parent, two children	1,583.30	1,308	200	282.00	88%
Couple, one child	1,662.40	1,432	260	375.20	80%
Couple, two children	1,884.50	1,716	284	390.30	79%

Source: Y Naidoo, B Bradbury & P. Sawrikar, *Updated Budget Standard Estimates for 2024*. Sydney: UNSW Social Policy Research Centre, 2024 and assuming public tenants pay 25% of benefit income in rent, excluding Basic FTBA and FTBB and the Energy Supplement and 10% of additional FTBA.

TABLE 2.6: INCOME SUPPORT RATES COMPARED TO BUDGETS FOR PUBLIC RENTERS IN FITZROY CROSSING, \$ PER FORTNIGHT, 2024

	INCOME SUPPORT AND FAMILY PAYMENTS	REMOTE AREA ALLOWANCE	CORE	DISCRETIONARY	RENT	IS AS % OF BUDGET AFTER HOUSING COSTS
Single	786.80	18.20	808	206	194.50	60%
Couple, no children	1,440.40	31.20	1,248	204	356.15	77%
Single parent, one child	1,361.30	25.50	1,192	212	267.00	80%
Single parent, two children	1,583.30	32.80	1,522	236	282.00	76%
Couple, one child	1,662.40	38.50	1,634	214	375.20	72%
Couple, two children	1,884.50	45.80	1,960	236	390.30	70%

Source: Y Naidoo, B Bradbury & P. Sawrikar, *Updated Budget Standard Estimates for 2024*. Sydney: UNSW Social Policy Research Centre, 2024 and assuming public tenants pay 25% of benefit income in rent, excluding RAA, the Energy Supplement, Basic FTBA and FTBB, and 10% of additional FTBA.

2.4 THE CONSEQUENCES OF INADEQUATE PAYMENTS

THE UPDATED RESEARCH UNDERTAKEN FOR THE COMMITTEE CONTINUES TO SHOW THAT THE LEVEL OF PAYMENTS FOR PEOPLE RECEIVING WORKING-AGE ALLOWANCES FALLS SHORT OF ALL BENCHMARKS OF ADEQUACY.

2.4.1 FINANCIAL CONSEQUENCES

The inadequacy of payments is ultimately not about statistics and abstract benchmarks; it has real life consequences for people.

As noted by prominent researchers:

“Poverty has damaging immediate impacts on people’s lives. It has a negative impact on physical and mental health, education, employment, housing security, financial status and wellbeing. This results in greater need for and use of health services, educational support, income support, housing, homelessness and other social services – all of which generate significant economic costs for government.”³³

Given inadequate levels of payments, households may seek to cope by prioritising what they consider to be necessities for their own individual circumstances. As a result, the consequences of inadequate payments will be expressed in different dimensions for different groups of people. Some will go without in one or two aspects of living and others will go without in multiple areas of life.

Recent research on the essentials of life by the University of New South Wales and ACOSS used data collected from the 2014, 2018 and 2022 Household, Income and Labour Dynamics in Australia (HILDA)

³³ C Smyth, B Bradbury & Y Naidoo, *The Impact and Costs of Poverty to Australia: Report to the Economic Inclusion Advisory Committee*, Social Policy Research Centre, University of New South Wales, Sydney, 2025, p.1

surveys to identify 23 items that a majority of people would regard as essential. The 2022 HILDA survey asked respondents if they lacked those items and, if so, whether this was because they couldn’t afford them. Multiple deprivation refers to people who lack two or more essential items. The main findings of this analysis were:

- People on JobSeeker are around 5 times more likely to lack two or more essential items than the general population (45% vs 9%).
- People receiving JobSeeker are 14 times more likely to lack a substantial meal at least once a day; almost 9 times more likely to lack a mobile phone or a motor vehicle; and 8 times more likely to lack access to the internet at home or a washing machine.
- 50% of unemployed households experience multiple deprivation, lacking two or more essential items.
- 81% of people with incomes below the poverty line and experiencing multiple material deprivation have low wealth.
- People receiving a Parenting Payment are around 4 times more likely to lack two or more essential items (38%).
- Sole parents (29%) and First Nations people (32%) are 3 times more likely to lack two or more essential items.
- Private renters are twice as likely to experience ‘multiple deprivation’ compared with the general population (19%).

People on JobSeeker are around:

5 TIMES MORE LIKELY

to lack two or more essential items than the general population (45% vs 9%).

14 TIMES MORE LIKELY

to lack a substantial meal at least once a day.

9 TIMES MORE LIKELY

to lack a mobile phone or a motor vehicle.

- Among households renting social housing, 49% lack two or more essential items. These households are 5 times more likely to lack two or more essentials compared to the population. Approximately 30% lack 3 or more items considered essential by the majority of people living in Australia.³⁴

IN ALL ITS CONSULTATIONS WITH PEOPLE RECEIVING INCOME SUPPORT, THE COMMITTEE HEARD THAT PAYMENTS NEED TO INCREASE.

The Committee heard from people with a range of backgrounds and in a variety of circumstances, including people experiencing homelessness, people undertaking caring roles, women who have experienced domestic violence, older people who are unemployed long-term, young people, First Nations people, people living in rural and remote areas and people with disability and chronic ill health. Despite the diversity of people's situations and experiences, a common thread throughout was that income support is inadequate, and how a low income negatively affected their lives and exacerbated already difficult circumstances.

³⁴ Y Naidoo, M Wong, C Smyth & P Davidson, Material deprivation in Australia: the essentials of life, Sydney: Australian Council of Social Service ACOSS and UNSW Sydney, 2024

The Committee heard from people who go without basics like food and essential medications daily; people who gave up their pets because they could not afford to feed them or take them to the vet; women shared with the Committee their experience of being unable to leave a violent relationship because of a lack of income.

“IF I’D KNOWN I’D BE IN THE SITUATION I AM IN NOW, I WOULDN’T HAVE LEFT MY PARTNER 6 YEARS AGO. I WOULD HAVE JUST STAYED IN THAT HORRIBLE SITUATION THAT I WAS IN IF I’D KNOWN I WAS GOING TO END UP STILL HOMELESS, WITH 4 KIDS LIVING IN A CARAVAN THAT IS FULL OF MOULD, JUST IN A SITUATION THAT’S NOT HEALTHY FOR ME AND THE KIDS, CURRENTLY, BECAUSE I LITERALLY HAVE NOWHERE ELSE TO GO, AND I HAVE BEEN ON THE HOUSING LIST SINCE THE DAY THAT I THAT I LEFT MY PARTNER, WHICH WAS 6 AND A HALF YEARS AGO.”
– SANDY (JOBSEEKER PAYMENT, FTB, REGIONAL/REMOTE)

People spoke to the Committee about the constant fear and anxiety that comes from not having enough money. People broke down talking to the Committee about the stress of trying to get through each week. The sheer burden of not knowing how one will pay for food and the electricity bill is overwhelming and puts people in a constant state of mental and physical stress.

“WE LIVE WITH THE WORRY THAT ELECTRICITY IS GONNA GET CUT OFF. WE LIVE WITH THE WORRY THAT OUR CAR’S GOING TO BREAK DOWN, THAT OUR KIDS’ CLOTHES ARE GONNA FAIL, SHOES”
– JODIE, A SINGLE PARENT (JOBSEEKER PAYMENT)

The sheer burden of not knowing how one will pay for food and the electricity bill is overwhelming and puts people in a constant state of mental and physical stress.



“MY HUSBAND [AND I] ONLY SHOWER TWICE A WEEK TO TRY AND SAVE ON ELECTRICITY AND WATER. WE’RE YOU KNOW [USING] BABY WIPES TO KEEP OURSELVES CLEAN BECAUSE [OF] THE BILLS. MY HUSBAND HAS WORKED SINCE HE WAS 14. HE’S NOW 66 AND THIS IS THE LIFE WE’VE GOT BECAUSE OF JOBSEEKER. YEAH, I MEAN, IT’S DEMORALISING WHEN YOU GO INTO THE SUPERMARKET AND THERE’S, YOU KNOW, SOME NICE THINGS YOU’D JUST TREAT YOURSELF AT CHRISTMAS, BUT YOU THINK, WELL, NO, I CAN’T PUT THAT IN THE TROLLEY BECAUSE THE WATER BILL’S COMING IN, THE ELECTRIC BILL’S COMING. I DON’T BUY CHRISTMAS PRESENTS FOR MY SON AND HIS WIFE BECAUSE I CAN’T AFFORD IT, BUT I WILL, YOU KNOW, TRY AND DO THE BEST I CAN FOR MY TWO GRANDKIDS.” – KATHY (JOBSEEKER PAYMENT)

2.4.2 HEALTH OUTCOMES

The lack of an adequate income sets people back in myriad ways, but a clear theme of the consultations was its effect on people’s health and wellbeing. People’s health declines because they cannot afford healthcare or good food and the Committee heard from people who skip meals or eat junk food because they can’t afford healthy food. This can exacerbate existing poor health.

It is not possible to cover the cost of specialists or dental care, which can lead to more serious health problems. People in rural and regional areas said that they often could not afford the cost of transport to get to health appointments and so missed out on healthcare. Disability and chronic ill health present further challenges, with people telling the Committee that their disability or ill health imposes additional costs, which is particularly difficult when receiving the JobSeeker Payment.

Research by ACOSS and UNSW’s Poverty and Inequality Partnership shows that people who are unemployed have higher rates of poor health compared with people employed, with less than half of people unemployed reporting being in good health (49.7%).³⁵

³⁵ E de Leeuw, K Fatema, F Sitas, Y Naidoo, C Treloar, J Phillips, P Dorsch & C Goldie, *Work, income and health inequity: A snapshot of the evidence*, ACOSS/UNSW Sydney poverty and Inequality Partnership Report No. 8, Sydney, 2021, p.20

A major theme of the Committee’s consultations was the effect of poverty on people’s mental health caused by the stress of having inadequate income and the social isolation it causes. Not having enough money to visit friends or family, the people spend a lot of time at home. The Committee heard that lack of income places great strain on relationships and leads to relationship breakdown. Many said they had to borrow money from family and friends, which strains relationships. People said they felt shame and guilt asking others for money, but they had no choice.

Unsurprisingly, people on JobSeeker are almost twice as likely to experience high to severe depression or anxiety compared with people not receiving the payment.³⁶ The ACOSS UNSW research found that 50% of people aged under 65 whose main source of income is government income support report mental health issues compared with 18% of people whose main source of income is salary or wages.³⁷ Even more disturbingly, people receiving JobSeeker are at very high risk of suicide. Between 2011 and 2021, Australian Institute of Health and Welfare data show almost 6,000 people receiving JobSeeker died by suicide – the highest number of people in receipt of any payment.

³⁶ Mandala, *The Social Dividend: An Actuarial Case for Higher Income Support*, 2024

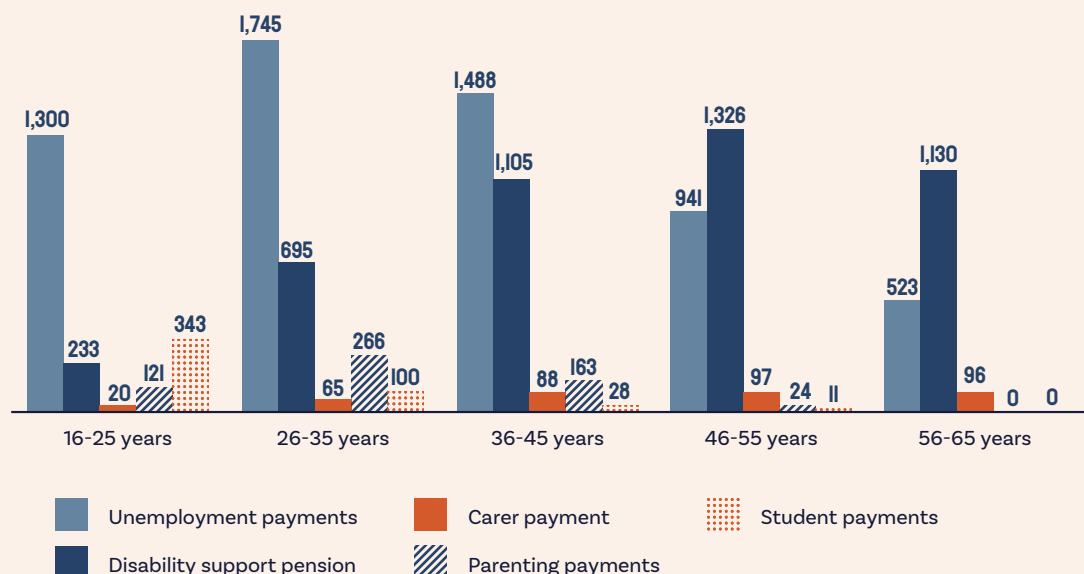
³⁷ E de Leeuw, K Fatema, F Sitas, Y Naidoo, C Treloar, J Phillips, P Dorsch & C Goldie, *Work, income and health inequity: A snapshot of the evidence*, ACOSS/UNSW Sydney Poverty and Inequality Partnership Report No. 8, 2021, Sydney

Less than half of people unemployed report being in good health.

Between 2011 and 2021, 6,000 JobSeeker recipients died by suicide.



FIGURE 2.5: NUMBER OF DEATHS BY SUICIDE AMONG THOSE WHO RECEIVED INCOME SUPPORT PAYMENTS, AUSTRALIA, 2011 TO 2021



Recent Australian research shows a causal link between unemployment and underemployment and suicide.³⁸ Other research shows a much-heightened risk of suicide among people experiencing financial stress, concluding that unemployment and poverty appears to have ‘substantial effects’ on increasing

suicide in many countries.³⁹ ACROSS research of people receiving JobSeeker and related payments shows that 9 in 10 respondents stated that receipt of income support negatively affects their mental health, with some reporting suicidal ideation.⁴⁰

38 A Skinner, N D Osgood, J Occhipinti, Yun Ju Christine Song, and I B. Hickie ‘Unemployment and underemployment are causes of suicide’ *Science Advances*, 12 July, Vol 9, Issue 28, 2023, <https://www.science.org/doi/10.1126/sciadv.adg3758>

39 M Sinyor, M Silverman, J Pirkis & K Hawton ‘The effect of economic downturn, financial hardship, unemployment, and relevant government responses on suicide’, *Lancet Public Health*, 9 September, 2024 <https://www.thelancet.com/action/showPdf?pii=S2468-2667%2824%2900152-X>

40 ACROSS, Raise the Rate Survey, 2024, p.13 https://www.across.org.au/wp-content/uploads/2024/09/ACROSS-COL-Report-Sept-2024_v03.pdf

“IT IS HARD. AND THEY WONDER WHY WE ALL GET DEPRESSED.”
– JILL (JOBSEEKER)

“IT’S REALLY DIFFICULT FOR ME, BECAUSE IF I DON’T HAVE MONEY I CAN’T GET OUT. I’M NOT GOING TO CREATE MORE FRIENDS. SO [I’M] JUST ISOLATED ... I JUST EXPERIENCE MORE ANXIETY STRESS.”
– HADI (YOUTH ALLOWANCE)

“IT’S REALLY HARD TO JOB HUNT WHEN YOU DON’T HAVE ANY FUNDS AND YOU’RE STRESSED.”
– LANA (JOBSEEKER)

Source: Mandala, *The Social Dividend: An Actuarial Case for Higher Income Support*, 2024, AIHW, Supporting people who experience socioeconomic disadvantage: Deaths by suicide among Centrelink income support recipients, 2024

2.4.3 FOOD INSECURITY

Botha, Ribar, Maitra and Wilkins analyse the extent of food insecurity in Australia. Food insecurity was measured using 8 questions from the Food Insecurity Experience Scale (FIES), originally developed by the United Nations' Food and Agriculture Organization. Respondents were asked (yes or no), "During the last 12 months, was there a time when, because of a lack of money:

1. You were worried you would not have enough food to eat?
2. You were unable to eat healthy and nutritious food?
3. You ate only a few kinds of food?
4. You had to skip a meal?
5. You ate less than you thought you should?
6. Your household ran out of food?
7. You were hungry but did not eat?
8. You went without eating for a whole day?"

They note that food insecurity has many causes including insufficient incomes, competing expenditures and inadequate facilities to store and prepare food. Using data from the 2020 HILDA Survey, they find that food insecurity typically occurs with other hardships, with nearly two-thirds of Australians experiencing food insecurity experiencing another hardship and just under one-third experiencing multiple hardships.⁴¹

41 F Botha, D C Ribar, C Maitra & R Wilkins, The co-occurrence of food insecurity and other hardships in Australia, Melbourne Institute Working Paper No. 18/23, 2023

TABLE 2.7: PREVALENCE OF FOOD INSECURITY (%) BY RECEIPT OF INCOME SUPPORT (IS), AUSTRALIA, 2023

	PERSONAL INCOME SUPPORT RECEIPT			
	NOT ON IS	ALLOWANCE	PENSION	TOTAL
Couple only, one or both aged under 65	4.7	21.7	19.3	7.2
Couple with dependent children	6.0	19.8	12.0	7.2
Single parent	14.7	35.7	37.2	26.5
Single female aged under 65	9.2	35.1	28.9	16.4
Single male aged under 65	9.5	34.2	36.5	16.4
Couple only, both aged over 65	0.5	1.4	3.2	2.2
Single male aged over 65	7.7	Not reliable	9.5	9.2
Single female aged over 65	1.1	Not reliable	6.8	5.7
Total	6.3	26.5	13.0	9.5

The Committee has been provided with further analysis by Professor Roger Wilkins which shows that people on allowance payments (for example, JobSeeker Payment) experience food insecurity at over 4 times the rate of people not receiving income support, as shown in Table 2.7.



The authors conclude:

"The findings from the study's analyses suggest that policies that narrowly target food insecurity, such as directly providing people with food assistance or quarantining social benefits so that funds are spent primarily on food, may leave many aspects of wellbeing unaddressed. However, policies that address broader resource constraints, such as more generous cash transfer programs, may alleviate a larger set of hardships".⁴²

42 F Botha, Botha, D C Ribar, C Maitra, R Wilkins, The co-occurrence of food insecurity and other hardships in Australia, Melbourne Institute Working Paper No. 18/23, 2023

Note: Prevalence of food insecurity is defined as being deprived of 2 or more of the 8 items. Source: Compiled by Roger Wilkins, Melbourne Institute, using Release 22 of the HILDA Survey.

2.4.4 CHILDREN'S OUTCOMES

The Committee heard from people who were worried about the effect of poverty on their children. Parents said that they did everything they could for their children and their children came first, but that they would miss out on things that other children would get, like treats or doing sports. Some spoke to the Committee of inadequate living situations for them and their children, including living in a caravan because of a lack of social or affordable housing. They expressed concern about how the lack of adequate and stable housing negatively affects their children.

While the Federal Government's 2023 reforms of Parenting Payment Single mean that fewer single parents now receive the lower-paid JobSeeker Payment, parents made clear to the Committee that income support payments are inadequate to ensure that they and their children do not live in poverty.

"NO ONE WANTS TO BE ON CENTRELINK. I THINK MOST PEOPLE THAT ARE THERE ARE THERE BECAUSE THEY HAVE NO OTHER OPTION. THEY HAVE NO OTHER CHOICE. YOUR COGNITIVE CAPACITY IS EXTREMELY LIMITED, BECAUSE YOU ARE LIVING WITH HOMELESSNESS, PENDING HOMELESSNESS, INABILITY TO FEED YOURSELF AND YOUR CHILDREN. YOU DON'T HAVE THE CAPACITY TO NAVIGATE THE SYSTEM. I'VE HAD TO TAKE MY KIDS EVERY NIGHT OF THE WEEK TO A CHURCH TO FEED THEM BECAUSE I WAS NOT FINANCIALLY COPING. IF YOU MANAGE TO KEEP THE ROOF OVER YOUR HEAD, YOU PROBABLY CAN'T PUT FOOD ON THE TABLE. I JUST HAVE TO SAY THAT POVERTY IS REALLY EXHAUSTING AND IT'S REALLY DEPRESSING. AND IT'S REALLY ISOLATING – IF YOU HAVE THE ENERGY AFTER THAT TO APPLY FOR 5 JOBS AND GET KNOCKED BACK EVERY WEEK." – ABBY

"WE NEED TO BE ABLE TO SUPPORT OURSELVES AND OUR CHILDREN, AND YOU KNOW, BE ABLE TO LOOK AFTER IMPORTANT HEALTH ISSUES SO THAT IT DOESN'T COST MORE LATER." – SHAUN

"IT'S THE KIDS THAT ARE MISSING OUT WHEN YOU TAKE AWAY THE FINANCIAL RESOURCES FROM THEIR MOTHERS AND I DREAD TO THINK WHAT IT'S LIKE. IF YOU ARE A SOLE PARENT WITH A DISABILITY, OR IF YOU HAVE CHILDREN WITH SPECIAL NEEDS OR IF YOU'RE FROM A NON-ENGLISH SPEAKING BACKGROUND. AND YOU ARE TRYING TO NAVIGATE INCOME SUPPORT THROUGH CENTRELINK. WHAT AN ABSOLUTE NIGHTMARE!" – BIANCA



2.5 CONCLUSION

For this 2025 report the Committee continued its task of assessing the adequacy of income support payments against accepted measures. To help with this, it undertook two major new items of research.

The first piece of research attempted to quantify the positive social and economic returns to be gained by increasing benefit payment levels to its desired benchmark of 90% of the Age Pension plus supplements.

The research found that increasing JobSeeker to 90% of the Age Pension would create long-run investment-related benefits of \$71.8 million and produce a return to society of \$1.24 for every dollar invested. It would reduce the poverty, suicide and high to very high psychological distress rates of people receiving JobSeeker, creating substantial downstream financial benefits as well as vital human benefits.

The second piece of research assessed levels of income support payments against Budget Standards – the amount of money an individual or family need to purchase the goods and services needed for an acceptable standard of living. It assessed this for Australia and for a representative remote community.

This found that JobSeeker Payment and related non-pension payments for working-age Australians remain seriously inadequate relative to all accepted poverty measures, creating sometimes severe hardship for people in need – including the disturbing facts that people receiving JobSeeker are 14 times more likely to lack a substantial meal at least once a day and far more likely to die by suicide than Australians not receiving income support. The research also found this hardship can be greater in very disadvantaged and remote (especially First Nations) communities.

THE COMMITTEE FOUND THAT WHILE THE GAPS BETWEEN JOBSEEKER AND RELATED PAYMENTS HAS NARROWED IN RECENT YEARS, THE CHANGE HAS BEEN TOO SMALL TO MAKE A PERCEIVABLE DIFFERENCE, AND THIS PLACES US IN THE LOWER RUNGS OF OECD NATIONS IN TERMS OF THE ADEQUACY OF OUR UNEMPLOYMENT PAYMENTS.

The findings provide compelling evidence to support the Committee's finding that working age income support and supplements should be increased to 90% of the pension rate and that further assistance be provided to people in very remote areas and people with very high private rental costs.

Increasing JobSeeker to 90% of the Age Pension would create long-run investment-related benefits of

\$71.8 MILLION

And produce a return to society of

\$1.24 FOR EVERY DOLLAR INVESTED.



RECOMMENDATION 1

The Government commit to a substantial increase in the base rates of JobSeeker Payment and related working age payments as a first priority.

Finding: Indexing JobSeeker Payment and related income supports only in line with the CPI has resulted in their relative base rates falling significantly below existing benchmarks such as the Age Pension. Increasing their rate to 90% of the Age Pension would improve adequacy and return them to payment relativities of 1999.

RECOMMENDATION 2

The Government commit to a timeframe for the full increases of JobSeeker and related payments to be implemented, if increases are to be staged.

RECOMMENDATION 3

The gap between the current level of JobSeeker Payment and the Age Pension is primarily the consequence of the benchmarking of pensions but not allowances to MTAWE since 1997. Maintaining the current approach to benchmarking in the long run will recreate the same or an even wider gap.

The Committee recommends the Government improve the adequacy of indexation of working-age payments immediately, and regularly reviews and monitors the relationship between working age payments levels and widely accepted measures of community living standards, including wages.



HOUSING

**The effect of Australian
Government assistance
on housing stress.**



3

Frances is nearly 40, and first experienced homelessness when she was 5.

She couch-surfed through much of her teens. In her twenties, she was able to make ends meet on a private rental with extra payments that came from caring for her cousin. After her cousin left and the payments stopped, she returned into homelessness. She had a 6-month-old child at the time, and began a two-year process of looking for a place. Application after application was unsuccessful. “Hearing ‘no’ all the time, it’s really hard”.

Now, she’s in public housing. But it wasn’t a straightforward road to get there. She talks about how often people without a fixed address simply miss out on services. “I was offered public housing while I was experiencing homelessness, but I didn’t know because my address wasn’t updated with the Department.”

“WHEN YOU’RE IN FIGHT OR FLIGHT, YOU DON’T REMEMBER TO CHANGE YOUR ADDRESS WITH ALL THESE DIFFERENT AGENCIES. IF THERE WAS SOMETHING THAT COULD MITIGATE THAT, MY HOMELESSNESS JOURNEY AND THEREFORE TRAUMA COULD HAVE BEEN SHORTENED.”

Now, even in public housing, she struggles to afford the bills, and often goes to the foodbank for groceries. Frances is a passionate advocate for raising the rate of income support payments, so people can lift themselves out of poverty. She also wants to see a change to rent assistance—rents increase, but the payments don’t. How are people supposed to make ends meet?

She says, “There are only two properties in Victoria that someone can afford on JobSeeker....If it’s going to take up 100% of your [payment] then you cannot survive... I think a lot of problems start from poverty... and not having a system that catches you when you fall.”

Frances’s story is real, but their name and some identifying details may have been changed to protect their privacy. The Committee thanks them for sharing their story and insights with us.

3.1 INTRODUCTION

This chapter assesses the effects of increases in Commonwealth Rent Assistance on levels of housing stress for Australians on low incomes. Its major finding is that recent increases to base payments and the CRA have successfully reduced the extent and depth of housing stress, but further increases are needed if the situation is not to deteriorate again.

3.2 DEFINING HOUSING STRESS

HOUSING STRESS IS COMMONLY HELD TO AFFECT LOWER INCOME HOUSEHOLDS THAT SPEND MORE THAN 30% OF THEIR GROSS INCOME ON HOUSING COSTS.¹

Using their “30:40 indicator”, the AHURI defines households as being in housing stress when their income level is in the bottom 40% of Australia’s income distribution and they are paying more than 30% of their income in housing costs. The underlying assumption is that those on higher incomes who pay more than 30% of their income for housing do so voluntarily and this has less effect on the household’s ability to purchase necessities.²

Data from the most recent ABS Survey of Income and Housing in 2019-20, Table 6.3, shows that 91% of income units whose principal source of household income is government pensions and allowances are in the bottom 40% of the gross income distribution, and that they account for more than half of all income units in the lowest 40%.

¹ Australian Institute of Health and Welfare, *Housing affordability*, 2024. <https://www.aihw.gov.au/reports/australias-welfare/housing-affordability>

² J Yates & V Milligan, *Housing affordability: a 21st century problem*, AHURI Final Report No. 105, Australian Housing and Urban Research Institute Limited, Melbourne, 2007, <https://www.ahuri.edu.au/research/final-reports/105>

This means that people on social security pensions and allowances will nearly all satisfy the criterion of being in the bottom 40% of the income distribution and will potentially account for a majority of those experiencing housing stress.

3.3 TRENDS IN HOUSING STRESS OVER TIME FOR CRA RECIPIENTS

Table 3.1 below shows trends in the number of CRA income units receiving CRA since June 2022 and the share experiencing different levels of rental stress at different thresholds – i.e. those paying more than 30%, 40% or 50% of their total income in housing costs. These numbers are calculated on the total incomes received by recipients and include the earnings and other forms of income received in addition to income support and supplementary payments.³

In the Department of Social Services, quarterly data, the effect of these increases in payment rates will only begin after September 2023 and September 2024, and so it is to be expected that the data that affects housing costs and housing stress will likely first become apparent each December.

³ To determine the effectiveness of CRA in reducing rental stress, the following methodology for each recipient household is used to calculate the percentage of total income spent on rent: Rental stress BEFORE CRA = (rent payable) / (total income) x 100; Rental stress

People on social security pensions and allowances are nearly all in the bottom 40% of the income distribution and are therefore likely to account for a majority of those in housing stress.

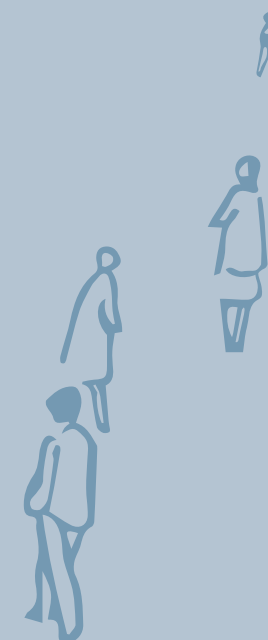


Table 3.1 shows that between September 2023 and December 2023, the proportion of CRA income units paying more than 30% of their income in rent fell from 42.3% to 38.6%, which was the first time since June 2022 that this level of rental stress was less than 40%.

Changes in rental stress will reflect interactions between changes in levels of payments – due to the combined effect of increases in base rates as well as the increase in CRA – plus changes in the level of rents paid by people receiving payments and changes in the composition of the population receiving payments. New people will “flow onto” payments each quarter and people also leave; a potentially important factor is that Youth Allowance (Student) – who are a relatively small group, but generally have the highest percentage of recipients experiencing rental stress – will usually finish the study year between September and December each year. They leave the payment and thus reduce measured rental stress.

It is not possible with these descriptive data to determine the relative importance of each of these factors, so care should be taken in interpreting the causes of these trends. A reasonable rule of thumb would be that about two-thirds was due to the increase in base rates of JobSeeker and related payments and one-third due to the increase in CRA in 2023. The reduction in 2024 is more likely to mainly reflect the increase in CRA.

Table 3.1 also shows that the share of those paying more than 40% of their income in rent fell from 26.1% to 23.4% and that the share paying more than half of their total income in rent fell from 16.4 to 14.2% between September and December 2023.

Recipients of JobSeeker Payment and Youth Allowance (Other) experience higher levels of extreme rental stress than the averages shown here. For example, the share of JobSeeker Payment CRA recipients paying more than 40% of their income in rent is between 15 and 20 percentage points higher than the overall level shown in Table 3.1 – at 41.8% in December 2024 compared to 24.4% overall. The share of CRA recipients on JobSeeker paying more than half their income in rent in December 2024 – 29.6% – was nearly twice the overall average (15.3%). The share of CRA recipients on Youth Allowance (Other) with higher levels of rental stress was broadly similar to recipients on JobSeeker (40.1% and 27.7%, respectively).

The table also shows calculation of the extent of rental stress “without CRA”, which is the share of people paying more than the 30, 40 and 50% level if CRA is deducted from their total payments.

ON THIS BASIS, MORE THAN 70% OF CRA HOUSEHOLDS WOULD BE PAYING MORE THAN 30% OF THEIR INCOME IN HOUSING COSTS, BETWEEN 45 AND 50% WOULD BE PAYING MORE THAN 40% OF THEIR INCOME IN HOUSING COSTS, AND AROUND 30% WOULD HAVE PAID MORE THAN HALF THEIR INCOME IN HOUSING COSTS.

This then allows calculation of the effectiveness of CRA in reducing rental stress – bearing in mind the limitations noted above. The effectiveness of CRA is reported annually, with a target of reducing the proportion of recipient households in rental stress by at least 25 percentage points.⁴

INCREASES IN CRA INCREASE THE EFFECTIVENESS OF THE PAYMENT IN REDUCING RENTAL STRESS.

The table shows that the percentage point reduction in rental stress is calculated as rising from 28.2 percentage points to 31.7 percentage points between September and December 2023 (30% level), from 20.8 to 22.9 percentage points (40% level) and from 14.8 to 15.6 percentage points (50% level).

⁴ Department of Social Services, *Annual Report 2023-24*, p.58 <https://www.dss.gov.au/system/files/documents/2024-11/dss-annual-report-2023-24.pdf>

Likely as a result of 2023 increases in JobSeeker and the CRA, the proportion of CRA income units paying more than 30% of their income in rent fell from 42.3% to 38.6%.

AFTER CRA = (rent payable – CRA paid) / (total income) x 100.
For income support payment recipients, total income = total income from social security payments (excluding CRA) plus total private income. For FTB-only recipients, total income = total income from social security payments (excluding CRA) plus estimated adjusted taxable income (ATI) for FTB.

TABLE 3.I: NUMBER OF CRA INCOME UNITS¹ AND PROPORTION IN RENTAL STRESS² (WITH AND WITHOUT CRA)²

RENTAL AFFORDABILITY		24-JUN-22	30-SEP-22	30-DEC-22	31-MAR-23	30-JUN-23	29-SEP-23	29-DEC-23	29-MAR-24	28-JUN-24	27-SEP-24	27-DEC-24
	Number of CRA income units¹	1,347,900	1,313,205	1,289,005	1,274,670	1,263,890	1,278,895	1,279,775	1,295,005	1,311,350	1,341,780	1,350,580
Rental stress above 30%	Rental stress with CRA (30%) ³	43.90%	42.80%	41.10%	42.30%	42.90%	42.30%	38.60%	40.20%	41.80%	41.80%	39.30%
	Rental stress without CRA (30%) ³	71.90%	70.40%	68.80%	70.00%	70.60%	70.40%	70.20%	71.40%	72.60%	72.7%	72.1%
	Percentage point reduction in rental stress	28.10%	27.60%	27.70%	27.80%	27.70%	28.20%	31.70%	31.20%	30.90%	30.9%	32.8%
Rental stress above 40%	Rental stress with CRA (40%) ⁴	26.50%	26.10%	24.60%	26.20%	26.60%	26.10%	23.40%	24.90%	26.60%	26.7%	24.4%
	Rental stress without CRA (40%) ⁴	47.70%	46.40%	44.70%	46.10%	46.50%	46.90%	46.30%	47.30%	49.30%	49.6%	49.3%
	Percentage point reduction in rental stress	21.20%	20.30%	20.10%	19.90%	20.00%	20.80%	22.90%	22.50%	22.70%	22.9%	24.9%
Rental stress above 50%	Rental stress with CRA (50%) ⁵	16.30%	16.10%	14.90%	16.30%	16.60%	16.40%	14.20%	15.40%	16.80%	17.1%	15.3%
	Rental stress without CRA (50%) ⁵	31.30%	30.50%	28.90%	30.50%	30.80%	31.20%	29.80%	31.20%	33.00%	33.6%	32.5%
	Percentage point reduction in rental stress	14.90%	14.40%	14.00%	14.20%	14.20%	14.80%	15.60%	15.90%	16.20%	16.4%	17.2%

Notes:

(1) Commonwealth Rent Assistance (CRA) data is reported at a 'recipient household' or income unit. An income unit comprises a single person (with or without dependent children) or a couple (with or without dependent children). Single social security recipients living together in the same household are regarded as separate income units. One member of a couple is treated as the reference person for the income unit, based on the type of payment they receive. The general order of priority is: Pensions; Allowances; Family Tax Benefit (FTB). Parenting Payment (Partnered) will be reported for income units where one member receives Parenting Payment, and their partner is not receiving any other income support payment. They will only be reported as receiving FTB Part A if neither receives a social security payment.

(2) In average less than 2% of total CRA income units were excluded from these calculations due to incomplete income details.

(3) Proportion of income units paying more than 30% of income on rent.

(4) Proportion of income units paying more than 40% of income on rent.

(5) Proportion of income units paying more than 50% of income on rent.

Table 3.1 shows little change in the percentage in rental stress “before CRA” over this period despite many media reports of increased rental housing costs. One possible explanation is that these are effectively a headcount measure rather than a depth of stress measure (analogous to poverty gap measures). So private rent increases in the period do not necessarily increase the number of people in stress, but they do make the stress even worse for those already affected by it.

From this perspective, increases in CRA also reduce the depth of stress as well as the headcount. This can be assessed by using the proportional reduction in rent stress at the different thresholds. For example, the proportional reduction (rather than the percentage point reduction) increased from 39.1% in June 2022 (i.e. 28.1/71.9) to a peak of 45.2% (31.7/70.2) in December 2023 following the Government’s first increase in CRA. Making the same calculation at the 50% level the proportional reduction increased from 47.6% in June 2022 to 52.3% in December 2023, suggesting that very deep stress was reduced more.

The effects of the smaller increases in CRA in September 2024 also appears in the tables. Between September and December 2024, the share of CRA recipients experiencing rental stress at the 30% level also fell below 40% again – although not as low as in the previous year. The share experiencing higher rental stress also fell by slightly over 2 percentage points and the estimated effectiveness of CRA in reducing rental stress increased as well.

**NEVERTHELESS, THESE FIGURES
REMAIN EXTREMELY WORRYING – OF
THE 1.35 MILLION RECIPIENTS OF CRA
IN DECEMBER 2024, 15.3% OR MORE
THAN 200,000 RECIPIENTS WERE
PAYING MORE THAN HALF THEIR
INCOME IN RENT.**

Table 3.2 shows estimates of rental stress at the 30% level by payment type. Rental stress is much higher for people receiving JobSeeker and Youth Allowance than for those receiving Age or Disability Pensions or Carer Payment, reflecting their lower basic payments. However, these 3 pension payment groups did not benefit from real increases in payments in September 2023 (although they did receive indexation increases), but only from the increase in CRA, so that the share experiencing rental stress did not fall as much as for the other payment groups. However, as noted previously CRA recipients receiving JobSeeker Payment and Youth Allowance (Other) are more likely to have very high rental stress.

Table 3.2 also shows that the share of most groups experiencing rental stress increased after December 2023 but was then reduced between September and December 2024, following the latest increase in CRA.

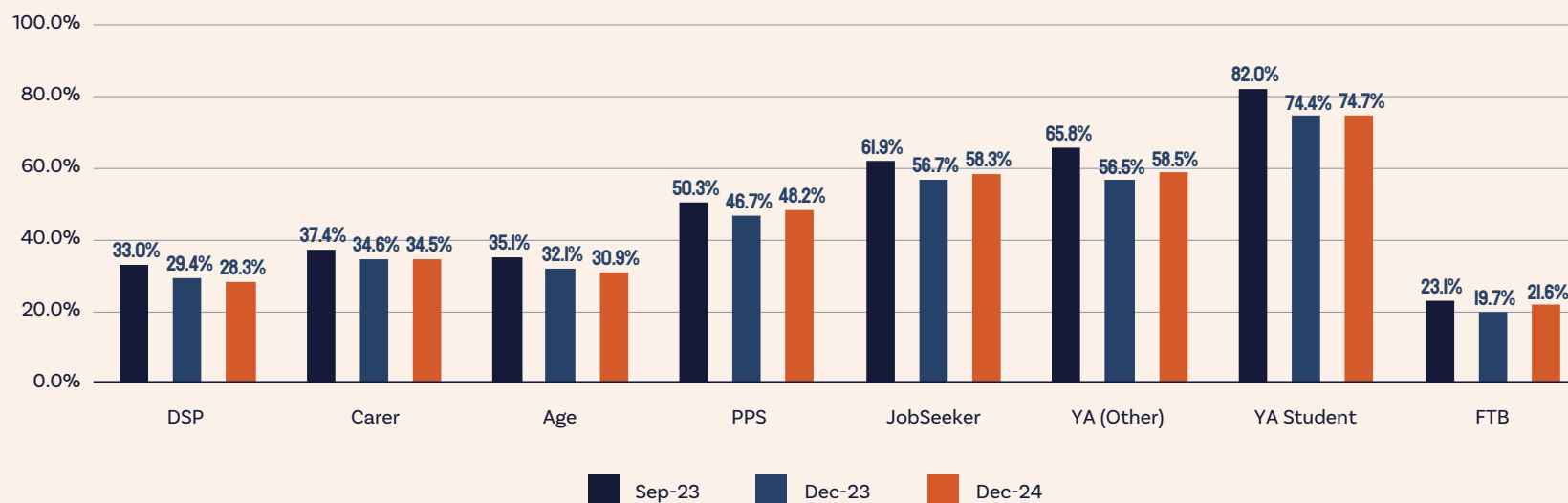
Overall, rental stress is estimated to have fallen for all major groups of payment recipients between September and December 2023 as shown in Figure 3.1. It then started to increase again (not shown in Figure 3.1), but the most recent increase again reduced the extent of rental stress for nearly all payment groups. Having said this, the extent of rental stress was lower in December 2024 compared to December 2023 for Disability Support Pension, Age Pension and Carer Payment recipients, but not quite as low for people receiving the other income support payments or FTB.

**RENTAL STRESS IS PARTICULARLY
HIGH FOR PEOPLE RECEIVING
YOUTH ALLOWANCE.**

For people receiving Youth Allowance (Student), the share experiencing rental stress was reduced from 82.0% to 74.4% and for those receiving Youth Allowance (Other) rental stress was reduced from 65.8% to 56.6% between September 2023 and December 2023. In December 2024, rates of rental stress were slightly higher for these groups – 74.7% and 58.5%, respectively.



FIGURE 3.1: PERCENTAGE OF GROUP EXPERIENCING RENTAL STRESS (30% LEVEL) BY CATEGORY OF PAYMENT, SEPTEMBER AND DECEMBER 2023 AND DECEMBER 2024



Data Source: Services Australia administrative data (Department of Social Services extract for Housing dataset, as at 24 June 2022, 30 September 2022, 30 December 2022, 31 March 2023, 30 June 2023, 29 September 2023, 29 December 2023, 29 March 2024 and 28 June 2024)

TABLE 3.2: NUMBER OF CRA INCOME UNITS¹ AND PROPORTION IN RENTAL STRESS² (WITH AND WITHOUT CRA) BY PRIMARY PAYMENT TYPE

PRIMARY PAYMENT TYPE		24-JUN-22	30-SEP-22	30-DEC-22	31-MAR-23	30-JUN-23	29-SEP-23	29-DEC-23	29-MAR-24	28-JUN-24	27-SEP-24	27-DEC-24
Disability Support Pension	Number of CRA income units ¹	270,155	267,795	267,495	267,730	269,175	270,810	273,130	275,815	279,755	283,695	287,755
	Rental stress with CRA (30%) ³	33.40%	33.20%	32.50%	32.20%	32.50%	33.00%	29.40%	30.10%	30.40%	30.5%	28.3%
	Rental stress without CRA (30%) ³	74.20%	72.80%	70.80%	70.90%	71.00%	72.10%	72.10%	72.60%	72.90%	73.5%	73.0%
	Percentage point reduction in rental stress (Rental stress above 30%)	40.80%	39.50%	38.30%	38.70%	38.50%	39.00%	42.80%	42.60%	42.50%	43.0%	44.7%
Carer Payment	Number of CRA income units ¹	78,970	78,600	79,045	79,485	80,135	79,910	80,550	81,060	83,475	84,865	86,380
	Rental stress with CRA (30%) ³	37.30%	37.10%	35.70%	36.80%	37.10%	37.40%	34.60%	35.90%	37.10%	37.1%	34.5%
	Rental stress without CRA (30%) ³	63.30%	63.10%	61.80%	62.40%	62.40%	63.50%	63.40%	64.50%	65.50%	65.7%	65.2%
	Percentage point reduction in rental stress (Rental stress above 30%)	26.00%	25.90%	26.10%	25.60%	25.30%	26.10%	28.80%	28.60%	28.40%	28.5%	30.7%
Age Pension	Number of CRA income units ¹	309,300	309,050	310,610	312,605	314,180	310,950	309,560	311,150	314,310	317,150	319,995
	Rental stress with CRA (30%) ³	36.60%	36.00%	34.20%	34.00%	33.90%	35.10%	32.10%	32.70%	32.90%	33.2%	30.9%
	Rental stress without CRA (30%) ³	68.90%	67.70%	65.50%	65.70%	65.40%	67.20%	67.00%	67.30%	67.40%	68.0%	67.1%
	Percentage point reduction in rental stress (Rental stress above 30%)	32.30%	31.70%	31.30%	31.70%	31.60%	32.10%	34.90%	34.60%	34.50%	34.8%	36.2%

Notes:

(1) CRA data is reported at a 'recipient household' or income unit. An income unit comprises a single person (with or without dependent children) or a couple (with or without dependent children). Single social security recipients living together in the same household are regarded as separate income units. One member of a couple is treated as the reference person for the income unit, based on the type of payment they receive. The general order of priority is: Pensions; Allowances; Family Tax Benefit (FTB). Parenting Payment (Partnered) will be reported for income units where one member receives Parenting Payment, and their partner is not receiving any other income support payment. They will only be reported as receiving FTB Part A if neither receives a social security payment.

(2) In average less than 2% of total CRA income units were excluded from these calculations due to incomplete income details.

(3) Proportion of income units paying more than 30% of income on rent.

PRIMARY PAYMENT TYPE		24-JUN-22	30-SEP-22	30-DEC-22	31-MAR-23	30-JUN-23	29-SEP-23	29-DEC-23	29-MAR-24	28-JUN-24	27-SEP-24	27-DEC-24
Parenting Payment Single	Number of CRA income units ¹	117,485	113,470	112,090	110,585	109,965	142,565	148,400	153,765	158,700	161,705	164,880
	Rental stress with CRA (30%) ³	46.10%	46.20%	44.60%	49.40%	50.50%	50.30%	46.70%	49.40%	52.70%	52.4%	48.2%
	Rental stress without CRA (30%) ³	70.80%	70.70%	69.80%	73.20%	74.20%	74.20%	73.30%	75.10%	77.60%	77.4%	75.7%
	Percentage point reduction in rental stress (Rental stress above 30%)	24.70%	24.50%	25.20%	23.80%	23.60%	23.90%	26.60%	25.70%	24.90%	25.0%	27.5%
JobSeeker Payment	Number of CRA income units ¹	318,710	290,920	291,010	276,030	270,260	243,900	259,300	265,425	267,570	275,685	291,730
	Rental stress with CRA (30%) ³	62.90%	62.20%	60.70%	62.30%	62.90%	61.90%	56.70%	58.10%	60.10%	60.2%	58.3%
	Rental stress without CRA (30%) ³	88.00%	87.60%	86.60%	87.90%	88.50%	89.00%	88.30%	88.50%	89.50%	89.7%	89.4%
	Percentage point reduction in rental stress (Rental stress above 30%)	25.10%	25.30%	25.90%	25.60%	25.60%	27.10%	31.60%	30.40%	29.40%	29.5%	31.0%
Youth Allowance (student)	Number of CRA income units ¹	49,665	49,255	32,205	39,945	40,100	42,000	27,445	33,675	37,495	42,190	27,470
	Rental stress with CRA (30%) ³	75.60%	77.60%	76.60%	80.40%	83.70%	82.00%	74.40%	75.20%	78.70%	79.2%	74.7%
	Rental stress without CRA (30%) ³	90.00%	91.20%	88.60%	92.80%	94.20%	93.90%	90.50%	92.20%	94.00%	94.4%	91.5%
	Percentage point reduction in rental stress (Rental stress above 30%)	14.50%	13.60%	12.00%	12.40%	10.50%	11.80%	16.10%	17.00%	15.30%	15.3%	16.9%

(4) Proportion of income units paying more than 40% of income on rent.

(5) Proportion of income units paying more than 50% of income on rent.



PRIMARY PAYMENT TYPE		24-JUN-22	30-SEP-22	30-DEC-22	31-MAR-23	30-JUN-23	29-SEP-23	29-DEC-23	29-MAR-24	28-JUN-24	27-SEP-24	27-DEC-24
Youth Allowance (other)	Number of CRA income units ¹	10,205	8,270	8,640	8,115	7,885	7,760	9,230	9,065	9,380	9,725	10,660
	Rental stress with CRA (30%) ³	60.50%	65.30%	68.50%	63.80%	68.30%	65.80%	56.50%	53.30%	56.60%	57.9%	58.5%
	Rental stress without CRA (30%) ³	85.00%	89.40%	89.90%	89.60%	90.80%	90.60%	88.50%	88.70%	90.40%	90.9%	90.1%
	Percentage point reduction in rental stress (Rental stress above 30%)	24.50%	24.10%	21.30%	25.80%	22.60%	24.80%	32.00%	35.40%	33.80%	33.0%	31.6%
Youth Allowance (apprentice)	Number of CRA income units ¹	810	710	625	580	580	490	450	430	525	535	490
	Rental stress with CRA (30%) ³	60.40%	63.70%	65.80%	67.00%	74.50%	74.40%	67.50%	65.30%	76.70%	72.6%	66.3%
	Rental stress without CRA (30%) ³	77.80%	82.30%	80.20%	84.50%	85.10%	87.80%	82.50%	82.70%	89.50%	88.1%	83.1%
	Percentage point reduction in rental stress (Rental stress above 30%)	17.40%	18.50%	14.40%	17.50%	10.60%	13.40%	15.00%	17.30%	12.80%	15.5%	16.9%
Austudy	Number of CRA income units ¹	17,170	16,270	11,560	13,865	12,760	12,980	8,990	9,660	10,465	11,920	8,885
	Rental stress with CRA (30%) ³	71.90%	74.10%	73.60%	74.20%	76.70%	75.70%	68.80%	68.90%	71.90%	72.6%	69.3%
	Rental stress without CRA (30%) ³	88.90%	90.60%	89.10%	90.80%	92.00%	91.90%	89.10%	89.70%	91.40%	92.5%	89.9%
	Percentage point reduction in rental stress (Rental stress above 30%)	17.00%	16.50%	15.50%	16.60%	15.20%	16.20%	20.30%	20.80%	19.50%	19.9%	20.6%



PRIMARY PAYMENT TYPE		24-JUN-22	30-SEP-22	30-DEC-22	31-MAR-23	30-JUN-23	29-SEP-23	29-DEC-23	29-MAR-24	28-JUN-24	27-SEP-24	27-DEC-24
Parenting Payment Partnered	Number of CRA income units ¹	21,740	20,580	20,055	19,335	18,195	17,625	17,115	17,350	17,550	18,085	18,145
	Rental stress with CRA (30%) ³	67.60%	66.70%	65.70%	67.10%	69.80%	67.70%	63.80%	64.80%	68.30%	66.6%	64.2%
	Rental stress without CRA (30%) ³	81.80%	82.30%	81.80%	82.70%	84.30%	84.00%	82.50%	82.40%	84.70%	83.8%	83.4%
	Percentage point reduction in rental stress (Rental stress above 30%)	14.20%	15.50%	16.10%	15.50%	14.50%	16.30%	18.70%	17.60%	16.50%	17.2%	19.2%
Other ISP ⁶	Number of CRA income units ¹	4,790	4,545	4,500	4,435	3,950	3,575	3,040	2,680	2,595	2,510	2,375
	Rental stress with CRA (30%) ³	64.00%	64.00%	63.80%	63.40%	63.50%	60.90%	56.30%	57.60%	59.10%	58.6%	59.2%
	Rental stress without CRA (30%) ³	90.60%	90.80%	90.30%	90.80%	90.50%	89.90%	88.20%	88.20%	88.10%	89.2%	89.8%
	Percentage point reduction in rental stress (Rental stress above 30%)	26.60%	26.80%	26.40%	27.40%	27.00%	29.10%	31.80%	30.60%	29.10%	30.5%	30.6%
FTB (only)	Number of CRA income units ¹	148,905	153,735	151,160	141,960	136,700	146,330	142,560	134,940	129,530	133,715	131,820
	Rental stress with CRA (30%) ³	21.80%	19.40%	19.50%	20.90%	23.10%	19.70%	19.70%	21.60%	23.90%	21.9%	21.6%
	Rental stress without CRA (30%) ³	36.00%	32.60%	33.00%	34.70%	37.40%	33.40%	35.00%	37.00%	39.40%	36.6%	37.8%
	Percentage point reduction in rental stress (Rental stress above 30%)	14.10%	13.20%	13.50%	13.90%	14.30%	13.60%	15.30%	15.40%	15.60%	14.7%	16.2%

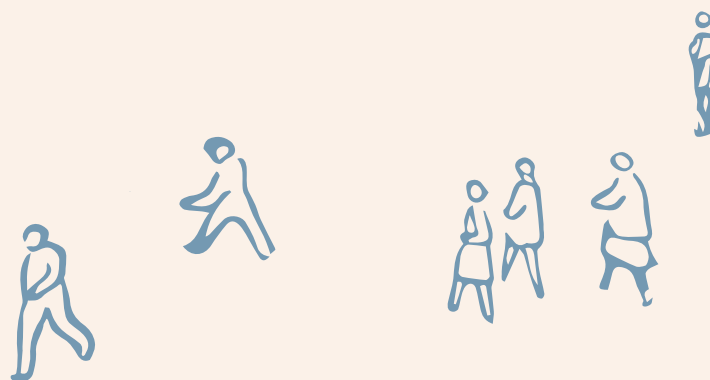
(6) 'Other ISP' includes Special Benefit.

(7) A Rent Assistance (RA) child is a child that attracts CRA via FTB-A for a parent, that is, the child is an FTB child attracting more than the base rate of FTB-A or is a Regular Care Child. In this data request, the number of children reported is the number of RA children in families entitled to CRA. The Housing Data Set calculates rental stress for individuals and families entitled to a more than zero rate of Rent Assistance (RA). Where a parent fails the FTB-A maintenance action test (MAT) in respect of a child, that child is not considered an RA child. Where a parent fails the MAT for all children they may attract CRA with an income support payment. These children are not considered CRA children and are not included in this report.

TABLE 3.3: NUMBER OF CRA INCOME UNITS¹ AND PROPORTION IN RENTAL STRESS² (WITH AND WITHOUT CRA) BY HOUSEHOLD WITH AND WITHOUT CHILDREN⁷

WITH / WITHOUT CHILDREN ⁷		24-JUN-22	30-SEP-22	30-DEC-22	31-MAR-23	30-JUN-23	29-SEP-23	29-DEC-23	29-MAR-24	28-JUN-24	27-SEP-24	27-DEC-24
Without child/ children ⁷	Number of CRA income units ¹	924,450	892,670	875,650	876,645	875,165	880,440	880,885	900,740	916,150	935,830	941,705
	Rental stress with CRA (30%) ³	45.60%	44.90%	42.80%	42.90%	43.10%	43.70%	39.30%	40.40%	41.30%	41.8%	39.2%
	Rental stress without CRA (30%) ³	77.20%	76.10%	74.00%	74.30%	74.30%	75.50%	75.10%	75.60%	76.10%	76.7%	75.9%
	Percentage point reduction in rental stress (Rental stress above 30%)	31.60%	31.30%	31.20%	31.40%	31.20%	31.90%	35.80%	35.20%	34.80%	34.9%	36.7%
With child/ children ⁷	Number of CRA income units ¹	423,450	420,535	413,355	398,020	388,725	398,455	398,890	394,265	395,200	405,955	408,870
	Rental stress with CRA (30%) ³	40.10%	38.60%	37.60%	40.80%	42.30%	39.20%	37.10%	39.70%	42.80%	41.8%	39.4%
	Rental stress without CRA (30%) ³	60.50%	58.50%	58.00%	60.60%	62.30%	59.20%	59.70%	62.00%	64.80%	63.6%	63.3%

Table 3.3 shows trends for households with and without children. Rental stress is higher for those without children, probably reflecting the fact that those with children include households outside the income support system with higher household incomes in addition those within the income support system.



(8) To protect individuals' privacy, all cells including any totals and subtotals have been rounded to the nearest 5, values from 1 to 7 are rounded to 5. Zero cells are actual zeros. This may result in non-additivity for some totals. Caution should be taken in re-calculating totals from rounded data, as this may compound the effects of rounding.

Data Source: Services Australia administrative data (Department of Social Services extract for Housing dataset, as at 24 June 2022, 30 September 2022, 30 December 2022, 31 March 2023, 30 June 2023, 29 September 2023, 29 December 2023, 29 March 2024 and 28 June 2024).

3.4 CONCLUSION

THIS DISCUSSION SHOWS THAT INCREASES IN BASIC PAYMENT RATES AND IN CRA CAN BE EFFECTIVE IN REDUCING RENTAL STRESS, AND THE GOVERNMENT IS TO BE CONGRATULATED FOR THESE CHANGES.

However, Table 3.1 shows that levels of rental stress started to increase from 38.6% to 41.8% between December 2023 and June 2024 at the 30% level, from 23.4% to 26.6% at the 40% level, and from 14.2% to 16.8% at the 50% stress level. The increases in September 2024 had a further positive impact by December 2024, but not as great as to reduce rental stress to the level it was a year previously.

Clearly increases in base payments and CRA are likely to reduce the share of people in stress as well as the depth of stress, although this also depends on trends in market rents and changes in the composition of the population receiving CRA. Given this combination of factors, this suggests that further increases are needed if the situation is not to deteriorate again.

It is also important to note that this discussion has focused only on rental stress expressed in monetary terms. Households make choices about their rental accommodation in combination with decisions about household location and housing quality. In this context it is particularly important to note that people on income support and family payments who are not receiving CRA may be experiencing other housing problems even if they are not paying more than 20% of their income in rent.

Households may be paying lower rents but living in more remote or isolated conditions where they are further from public services such as health care or where they may need a car to take children to school or to do the shopping. They may also live in more crowded accommodation or in housing that is not well insulated from heat or cold or where there is mould, and increasing the risks of health problems.

These issues cannot be assessed through the analysis of housing costs relative to income, and there is clearly the need for further research and analysis to develop evidence on the extent of these and related problems.

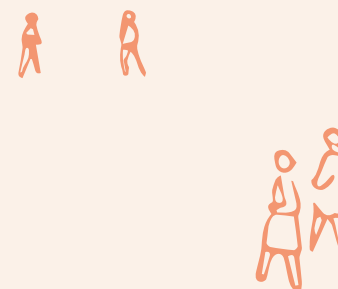
In summary, it is clear that in addition to our priority recommendation to substantially increase base rates of JobSeeker and related payments, further increases in the rate of CRA are needed to address the long-term reduction in adequacy and better reflect contemporary rents paid.

RECOMMENDATION 4

Increase Commonwealth Rent Assistance.

As well as substantially increasing base rates of JobSeeker and related payments, the Government should further increase the rate of Commonwealth Rent Assistance to address the long-term reduction in adequacy and better reflect contemporary rents paid.

Increases in base payments and CRA successfully reduce the extent and depth of housing stress, but further increases are needed if the situation is not to deteriorate again.



REMOTE AREA ALLOWANCE



4

Ruby is a proud First Nations woman who lives in a small town of 1,200 people, approximately 80 kilometres from a major city.

As an active community leader, she invests her time to support her family and community. The town is nestled in a picturesque valley, but being so remote has its costs and challenges. “We only have one shop here, and their prices are exorbitant,” she notes. “If you want to get cheaper prices you have to either pay for delivery or pay for petrol to get to one of the major towns.”

Ruby describes living costs just going up and up. “This is terribly terrible. The prices are well, unbelievable! Sometimes you don’t eat. In terms of the choices, you can’t always have vegetables... we’ve always depended on one another as a family, you know. So that’s something we’ve always done... That’s not right, you know, not being able to afford food.”

There’s not much in town, so people have to travel to the nearest regional centre for any major services, including going to the dentist. It’s particularly hard to have to travel for Centrelink and employment services providers for appointments as it takes out a whole day. “The distance and living a bit more remotely is obviously a big challenge... unless you’ve got your own transport out here. It’s really difficult to get to your appointments... there’s only 2 buses, so we have to spend all day down there just for a 20 minute appointment... I’ve got to drive him, my 18 year old son, up there to stay up there the whole day.” Another challenge is that the buses are not accessible for everyone, especially the Elders. “The buses are too high for my mum—she struggles to get on them.” Ruby would like to see more remote

Centrelink offices set up in towns like her to make it more accessible for everyone.

Ruby also speaks about the challenges for locals to find work in a remote area. “You have to be in a clique, it’s who you know, not what you know, to get a job around here.”

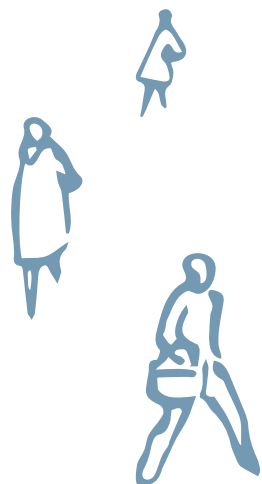
Dealing with Centrelink is challenging and confusing. It’s hard to understand what’s required. Her son asks Ruby to interpret his letters for him: “Mum, what are they saying to me?” Ruby’s mum, who is an Elder in the community, also struggles with the requirements to access payments. “She has to fill in and provide evidence for 40-page form—just to keep her pension! Sometimes, when you do your bit, you are waiting on Centrelink to complete the task, and when they don’t, you have to do it all again.” Being responsible and doing so much for so many people, Ruby finds it hard to remember to report her own working hours to Centrelink. “I have to put it in my diary to remember... I want to retire, but they won’t let me.”

Strong community is what makes the place. People need to rely on each other, and Ruby and her mother volunteer a lot to support the community. However, there are also challenges to this. “I’m tired, I don’t know what to change. We’ve been consulted and consulted and consulted – it hasn’t changed anything.”

Ruby’s story is real, but her name and some identifying details may have been changed to protect her privacy. The Committee thanks her for sharing her story and insights with us.

4.1 INTRODUCTION

The Remote Area Allowance (RAA, the Allowance) is a small supplementary payment for people receiving income support in remote Australia.¹



The current single rate of the payment is \$9.10 per week, the child rate is \$3.65 per week, and couples receive \$15.60 (combined) per week. Introduced in 1984, the Allowance is not indexed and has been increased only once. This last increase was 35 cents per week in 2000 (for the single rate). The child rate has only been increased once since 1984, when it rose by 15 cents per week in 2000.²

If the single rate of the Remote Area Allowance had been lifted in line with CPI since its creation, it would now be \$26.25 per week.³

THE REMOTE AREA ALLOWANCE HAS THEREFORE LOST ALMOST TWO-THIRDS OF ITS PURCHASING POWER SINCE ITS INTRODUCTION AND MUST BE INCREASED AND INDEXED TO CONTRIBUTE TO POVERTY REDUCTION.

4.2 A TOOL TO ADDRESS SOCIO-ECONOMIC DISADVANTAGE IN REMOTE AUSTRALIA

The Allowance provides a tool for addressing the additional financial disadvantages facing people living in remote Australia, especially First Nations people. But its potential is not being fulfilled.

Approximately 90,000 people receive the Allowance, most of whom live in the Northern Territory, Western Australia and Queensland. The majority of those receiving the Allowance are on JobSeeker Payment, with the remainder receiving the Age Pension and Disability Support Pension. The overwhelming majority of recipients are First Nations people.⁴

The Productivity Commission conducted an inquiry into remote area tax concessions and supplements in 2020, finding higher rates of socioeconomic disadvantage in remote Australia, and people in very remote areas, particularly among First Nations people.⁵ Further analysis has found that income poverty rates are extremely high in remote Australia, reaching 41% for First Nations people in remote areas

The Remote Area Allowance is not indexed and has been increased only once in 2000.

The current rate of the Remote Area Allowance payment per week is:

SINGLE \$9.10

CHILD \$3.65

COUPLES \$15.60

¹ Productivity Commission, *Remote Area Tax Concessions and Payments - Study Report, 2000* <https://www.pc.gov.au/inquiries/completed/remote-tax/report/remote-tax.pdf>

² DSS '5.2.6.30 RAA - May 1984 to present date' Social Security Guide, 2022 <https://guides.dss.gov.au/social-security-guide/5/2/6/30>

³ F Markham, *The Poor Pay More: why the Remote Area Allowance needs urgent reform*, 2024. <https://www.austaxpolicy.com/the-poor-pay-more-why-the-remote-area-allowance-needs-urgent-reform/>

⁴ DSS, Evidence provided to the Committee, 2024 Productivity Commission <https://www.pc.gov.au/inquiries/completed/remote-tax/report/remote-tax.pdf> p.23

⁵ DSS (2022) '5.2.6.30 RAA - May 1984 to present date' Social Security Guide, 2020 <https://guides.dss.gov.au/social-security-guide/5/2/6/30>, p.41

and 57.1% for those in very remote areas.⁶ This compares to the national rate of poverty of 14.4%.⁷

There are two major reasons for this high concentration of remote income poverty. People living in remote Australia have very little opportunity to get paid work. And while there is no official national measure of remote area prices, study after study finds that basic goods and services are often more expensive than in metropolitan areas, sometimes alarmingly so:

- A 2020 analysis of remote store pricing by the National Indigenous Australians Agency found that prices in remote community stores were on average 39% higher than those in major supermarkets elsewhere.⁸
- Dr Francis Markham found almost identical higher relative prices – 38.8%.⁹

6 F Markham, *Submission to the Senate Standing Committees on Community Affairs' Inquiry into the extent and nature of poverty in Australia*, 31 October, 2023 <https://www.aph.gov.au/DocumentStore.ashx?id=9cff3504-f70f-42a7-b379-a5fda9f7b2dc&subId=750035>

7 Productivity Commission, *A snapshot of inequality in Australia*, Research paper, Canberra 2024; Productivity Commission, *Fairly Equal? Economic mobility in Australia*, Research Paper, 2024.

8 National Indigenous Australians Agency, *Food prices and accessibility in remote communities: simple basket of goods snapshot*, NIAA, Canberra, 2020, p.2. <https://www.aph.gov.au/DocumentStore.ashx?id=f1e9f15f-4fcb-416c-bd38-668d8e36eea6&subId=685519>

9 F Markham, *The Poor Pay More: why the Remote Area Allowance needs urgent reform*, 2024. <https://www.austaxpolicy.com/the-poor-pay-more-why-the-remote-area-allowance-needs-urgent-reform/>

- The 2023 Northern Territory Market Basket Survey found that a healthy food basket in remote stores cost on average 40% higher than the average district centre supermarket.¹⁰
- The latest Western Australia Regional Price Index shows that in some regions (Including the Pilbara) a basket of goods is 15% higher than in Perth.¹¹
- These price data also show significant variations in prices between regional areas.

These statistical findings are supported by testimony to the Committee from people living in remote areas about the expenses they face.

For example, the Committee heard from Tanya, who lives in a small community of 1,000 people, an hour's drive from the nearest regional centre and several hours from the nearest capital city. She spoke of the difficulty of paying significantly higher prices, combined with receiving a lower salary than she'd expect for an equivalent job in the city.

10 Northern Territory Government (2023) 'NT Market Basket Survey 2023 – Summary', p.1. <https://data.nt.gov.au/dataset/nt-market-basket-survey-2023/resource/1cb2186e-63ea-4343-abee-d6e0fbc31f27>

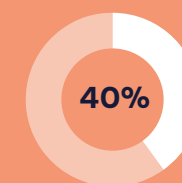
11 Western Australian Government (2023) 'Regional Price Index 2023' <https://catalogue.data.wa.gov.au/dataset/regional-price-index-western-australia/resource/4a49b9dc-1688-45a5-9d17-33c9e555e5c3>

“There’s no competition, so they can charge whatever. Like you can’t go with Vodafone; you have to go with Telstra. You can’t go to Aldi; you have to go to Foodworks. You can’t choose which petrol station to go to. We have one mechanic who is impossible to get into. You have to travel for everything, or pay shipping for online shopping.”
– Tanya

It is clear the Allowance is deeply inadequate to meet the higher cost of living in remote Australia. An immediate increase is needed to address the shortfall.

To prevent any such increase from being whittled down by price rises, the Committee believes the payment should also be indexed. This will require the establishment of a remote area price index to determine benchmarking levels and indexation rates. This index should be developed in partnership with remote communities.

REMOTE PRICE INDEXATION WILL PREVENT THE ALLOWANCE FROM BEING WHITTLED DOWN AGAIN.



Prices for a healthy food basket can be around 40% higher in remote areas.

4.3 ENSURING RAA IS TARGETED TO THOSE WHO WILL BENEFIT MOST

It is crucial that the Allowance is targeted to those who need it most. For this reason, there is a case for reviewing and redrawing the Allowance's eligibility boundaries. This was recommended by the Productivity Commission in 2020.

ELIGIBLE REMOTE AREAS FOR RECEIPT OF THE PAYMENT ARE BASED ON TAX ZONING FROM 1945 AND TOWN CENSUS DATA FROM 1981.¹²

This long-term neglect of eligibility boundaries means they fail to take into account significant economic growth since the rules were established, with sometimes quite perverse effects. For example, people living in Darwin receive the Allowance, while people living in areas defined by the ABS as 'very remote' in some parts of Queensland, New South Wales and Western Australia are ineligible.¹³ Clearly, the boundaries for the Allowance no longer reflect modern Australia and need to be revised to ensure the supplement reaches those living in remote areas.



RECOMMENDATION 5

- Increase the Remote Area Allowance in line with CPI, lifting the single rate to \$52.50 per fortnight.
- Fund the Australian Bureau of Statistics to research remote area costs in partnership with remote communities to develop a remote area index that will guide ongoing indexation of the Remote Area Allowance. Once developed, the payment should be benchmarked at a rate that reflects remote area costs and regular ongoing indexation to this new index applied.
- Review and adjust the payment's geographic boundaries to ensure it is available in remote and very remote areas only.

This builds on a similar recommendation made in the Committee's 2024 report which is yet to be acted upon by Government.

¹² Productivity Commission, 2020, p.3 <https://www.pc.gov.au/inquiries/completed/remote-tax/report/remote-tax.pdf>;

DSS, '5.2.6.30 RAA - May 1984 to present date' Social Security Guide, 2022 <https://guides.dss.gov.au/social-security-guide/5/2/6/30>

¹³ Productivity Commission, 2020, p.3 <https://www.pc.gov.au/inquiries/completed/remote-tax/report/remote-tax.pdf>;

DSS, '5.2.6.30 RAA - May 1984 to present date' Social Security Guide, 2022 <https://guides.dss.gov.au/social-security-guide/5/2/6/30>

SOCIAL SECURITY SYSTEM RESPONSES TO FAMILY AND DOMESTIC VIOLENCE



5

Sandy is a single mother of 5 children, one of whom has autism requiring substantial support. Sandy left an abusive relationship 6 years ago. Since then, she and her children have been in and out of homelessness.

Despite being at the highest priority level on the public housing waitlist for the last 6 years, nothing has become available. Most available housing units are two-bedroom, which overcrowding regulations prevent her from qualifying for. So, her family lives in a caravan which is full of mould. She's worried about surviving the heat in the caravan, especially with a recently diagnosed heart condition. So they're looking at private rentals, but are not sure how they'll be able to cover the rent—not only does that risk them ended up homeless again, it will also mean they'll come off the public housing waiting list and need to reapply and go to the bottom of the list. They have moved eleven times over the past 6 years. Each time, they have to go onto a new waiting list for therapy for her son, and he needs to adjust to a new school.

She's found the process of seeking support re-traumatising. "To get emergency payments," she explains, "you need to speak to someone you've never met before, who doesn't give a hoot about you, who asks questions in depth like 'how close were you to dying?' ...And then at the end of the phone call, they say, 'Sorry, we can't grant you that payment.'" She has all the police reports, court orders and paperwork, but has still found she isn't believed. She wishes there were a case file system to avoid having to relive her story on every call.

Communicating with Centrelink is a particular challenge, often requiring 3-hour waits on the phone, during which calls are occasionally dropped, forcing her to either wait another 3 hours or try again another day. If there's a glitch in the system and her payment is interrupted, she has no choice but to resolve it immediately. Otherwise, how can she buy essentials, like petrol for the caravan or food for her children? She lives in a regional area and the phone reception isn't great – she's missed out on services before because people weren't able to contact her.

SANDY WOULD LOVE TO WORK, BUT WITH 5 KIDS AND NO CHILDCARE, AND HER MENTAL HEALTH NEEDING ATTENTION BUT NO ACCESS TO SUPPORTS, SHE DOESN'T KNOW HOW SHE COULD MAKE THAT HAPPEN. THE MONEY SHE GETS TO BE A STAY-AT-HOME CARER, AND THE EXPENSES INVOLVED IN LOOKING AFTER 5 CHILDREN, DO NOT MATCH.

Sandy is eligible for child support, but doesn't receive it because her ex-partner refuses to pay it—although her other payments are reduced on the assumption it's being paid. She knows she could fight it and get back payment, but it's not a road she wants to go down. "I won't take him to court because I never want to see him again, so I'm getting my payment cut. I would no way want to poke that bear."

Sandy is upset by the intergenerational impacts of what her children are experiencing as a result of their situation. "My 10 year old - there's no privacy for her in the caravan. She gets really obsessive over her own bed if the other kids sit on it, because that's the only thing she can control, and it's causing her to have anger issues ... they probably never know what stability even feels like. So yeah, and that takes a toll on me. And burdens me, weighs me down. There's an irreversible impact that it's had on my kids now, because I've been in this situation for 6 years." Sandy hasn't seen her eldest daughter in over 6 months, despite having shared custody—there's no room for her in the van, and travelling several hours into the city to visit is unaffordable.

Sandy is grateful she lives in such a supportive community. She has put out the late-night call on Facebook for nappies when she's run out, and in turn helps out her neighbours wherever she can. If she could change anything, she would increase support for people dealing with drug and alcohol issues, as her ex-partner's untreated addiction ultimately led to the violence she experienced. She would also advocate for special grants for families in crisis situations, and a trauma-informed re-design of the social security payments system.

REFLECTING ON HER EXPERIENCE, SHE NOTES THE COMMON ADVICE TO "LEAVE NOW; THERE IS SUPPORT AVAILABLE" FOR WOMEN IN DOMESTIC VIOLENCE SITUATIONS. YET, 6 YEARS LATER, SHE IS STILL LIVING IN A CARAVAN AND WONDERS IF SHE WOULD HAVE MADE THE SAME CHOICE HAD SHE KNOWN THE LIMITED SUPPORT SHE'D BEEN ABLE TO GET.

Sandy's story is real, but her name and some identifying details may have been changed to protect her privacy. The Committee thanks her for sharing her story and insights with us.

Abby is a victim-survivor of family violence and passionate advocate for safer, more equitable communities.

SHE WANTS TO SEE THE SOCIAL SECURITY SYSTEM BE RE-DESIGNED WITH LIVED EXPERIENCE ADVOCATES, TO MAKE IT TRAUMA-INFORMED, EASIER TO NAVIGATE, AND BETTER ABLE CATCH PEOPLE WHEN THEY FALL, NOT PUT MORE BARRIERS IN THEIR WAY TO REBUILDING THEIR LIFE.

Abby speaks about how interacting with the social security system can re-traumatise people like her, and how child support can be weaponised by ex-partners. “I was listed with child support and he kept changing his estimate, and I couldn’t collect the money because he changed jobs and was impacting my income. Now, no one at Centrelink asked the question, are you experiencing family violence? I don’t know if they do that at the present time. They never offered an exemption from child support. It was only after I rang up, just completely stressed out of my brain because I was getting letters all the time, and I had to keep seeing his name and I found that very triggering. So they said, you can ask for an exemption call Centrelink and ask for a Centrelink social worker.

And of course they’re siloed. They don’t talk to each other. You’ve got to do all the legwork. So I rang Centrelink and got assigned a social worker who was incredibly

hostile towards me. And I ended up pulling them up and going, ‘Hey? Aren’t you supposed to be on my side?’ Because they were just being horrible. And then they changed their tune, and then I was able to get an exemption. And I’m still on an exemption. I don’t get any child support. It’s not worth the 11 bucks I was getting a month.”

She shares how she felt she was not listened to; not believed; and yet, she needed to tell her story over and over again throughout a siloed system. “So, I am at Magistrates Court. I tell my story. I go to family court. I tell my story. They don’t believe a word I say. Anyway. Then I go to Centrelink. Up to tell my story. I go to child support. I tell my story. You know, I need recovery time after each time I have to tell my story and sometimes it’s a week of recovery time that really impacts your ability to function.”

The impacts of the ongoing trauma caused Abby to quit her job. “You cannot meet your work requirements when you keep having to cancel shifts because of abuse. But no one ever asks you. There’s no trauma informed anything at Centrelink and, as I said, I found lately that there’s no point even ringing them. You’re never going to get anyone and sometimes you wait so long. And then, just as you get to speak to someone, the phone drops out, which is when you’re already stressed, you’re absolutely mental. So when you do actually get someone, you’re quite escalated, and I’ve had Centrelink workers hang up on me because they thought I was being rude.”

Abby’s story is real, but her name and some identifying details may have been changed to protect her privacy. The Committee thanks her for sharing her story and insights with us.

5.1 THE NEED TO FOCUS ON FAMILY AND DOMESTIC VIOLENCE WITHIN THE SOCIAL SECURITY SYSTEM

The way victim-survivors of family and domestic violence interact with the welfare system is of utmost importance for increasing social inclusion in Australia.

To address this issue, the Committee commissioned research by Social Ventures Australia and Professor Roslyn Russell which examined the effect of government payments on a victim-survivor's decision to leave a violent relationship.

In 2024, the Rapid Review of Prevention Approaches (the Review) undertaken by an expert panel was tasked with providing 'practical advice to government on further action to prevent gender-based violence' and 'opportunities to strengthen prevention efforts and approaches across all forms of violence against women and children, including a particular focus on homicides'.¹

¹ Department of Prime Minister and Cabinet, *Rapid Review of Prevention Approaches*, <https://www.pmc.gov.au/office-women/womens-safety/rapid-review/prevention-approaches>, 2024

While not specifically focused on social security, the Review identified prevention opportunities that exist within a range of government and non-government systems and recommended that the Commonwealth, among others, undertake a review of how its systems could be weaponised. In particular, the review recommended a review of "systems where harm is occurring, such as family law, child support, immigration, and taxation".² Echoing similar recommendations made by researchers, peak bodies and advocacy organisations³, the Women's Economic Equality Taskforce⁴, and the Parliamentary Joint Committee on Corporations and the Financial Services inquiry into financial abuse⁵, the EIAC has previously made recommendations on how the child support system could be made safer by design.

² E Campbell, T Fernando, L Gassner, J Hill, Z Seidler & A Summers, *Unlocking the Prevention Potential: Accelerating action to end domestic, family and sexual violence*, 2024, p. 103

³ K Cook, A Byrt, R Burgin, T Edwards, A Coen & G Dimopoulos, *Financial abuse: The weaponisation of child support in Australia*, Swinburne University of Technology and the National Council of Single Mothers and their Children, 2023; Women's Legal Services Australia, *Non-Payment of Child Support as Economic Abuse: A Literature Review*, May 2024; T Edwards & C Eagle, 'Child Support: Opaque and Sidelined', *Social Security Rights Review*, Economic Justice Australia, August 3, 2022

⁴ Department of the Prime Minister and Cabinet, Women's Economic Equality Taskforce, *A 10-year-plan to unleash the full capacity and contribution of women to the Australian economy 2023 - 2033* <https://www.pmc.gov.au/resources/10-year-plan>, 2023

⁵ Parliamentary Joint Committee on Corporations and Financial Services, *Financial abuse: an insidious form of domestic violence*, https://www.aph.gov.au/Parliamentary_Business/Committees/Joint/Corporations_and_Financial_Services/FinancialAbuse/Report, 2024

The Committee reiterates its existing position that victim-survivors could be granted greater income certainty and safety by removing child support from the calculation of Family Tax Benefit Part A (FTBA) entitlements, thus removing opportunities for perpetrators to impose income uncertainty and even Commonwealth debts upon separated parent victim-survivors by manipulating their child support income and payments.

Government responses to the Committee's previous proposals on family and domestic violence can be found in Chapter 9.

Beyond the systems identified by the Rapid Review, a further area of necessary focus is the social security system. The Government has also identified a need to examine the weaponisation of social security in its announcement of an audit of its systems in September 2024⁶, and which was addressed by the Parliamentary Joint Committee's inquiry into financial abuse. A specific focus on the social security system within the National Plan to End Violence Against Women and Children outlines ambitions to reduce 'reports of systems abuse' as well as improving 'the social, economic and health outcomes of victim-survivors' as part of efforts to reduce the overall prevalence of violence against women and children⁷.

⁶ Office for Women, *Audit of Australian Government Systems* <https://www.pmc.gov.au/office-women/womens-safety/audit-australian-government-systems>

⁷ Department of Social Services, *National Plan End Violence Against Women and Children 2022-2032*, p. 27



SYSTEMS ABUSE REFERS TO THE MANIPULATION OF LEGAL AND OTHER SYSTEMS BY PERPETRATORS OF FAMILY VIOLENCE, DONE SO IN ORDER TO EXERT CONTROL OVER, THREATEN AND/OR HARASS A CURRENT OR FORMER PARTNER.⁸

In her landmark report on single mothers' impossible choice between violence and poverty, Anne Summers noted how the inadequacy of social security payments is in direct contradiction to the aim of the National Plan to encourage women to leave violent relationships.⁹ However, victim-survivors consulted by the Committee have described the state of crisis they experience when engaging with the social security system and the ongoing trauma and overwhelming nature of navigating the multitude of systems and services that they require to keep themselves and their children safe and meet their basic needs.

⁸ Department of Social Services, *National Plan to End Violence against Women and Children 2022-2032*, Commonwealth of Australia, 2022 p.60

⁹ A Summers, *The Choice: Violence or Poverty*, University of Technology Sydney, 2022, p. 12. <https://doi.org/10.26195/3s1r-4977>

“WHEN YOU PRESENT TO SERVICES FOR FAMILY VIOLENCE, YOU’RE NOT ONLY AT RISK OF BEING KILLED, OR ALL BEING ABUSED. THERE’S SO MUCH AT RISK. YOU’RE AT RISK OF LOSING YOUR CHILDREN, LOSING YOUR HOME, LOSING YOUR FINANCIAL FREEDOM, LOSING YOUR SANITY, LOSING YOUR MENTAL HEALTH, YOU’RE LOSING YOUR PHYSICAL HEALTH.” – BIANCA

“WHEN YOU’VE BEEN IN AN ABUSIVE SITUATION, YOU’RE MADE TO FEEL LIKE NOTHING, AND YOU GET INTO CENTRELINK, AND THEY MAKE YOU FEEL LIKE NOTHING. YOU’RE A COG IN THE MACHINE, YOU’RE IN THE MACHINE TRYING TO FIGHT YOUR WAY THROUGH IT. AND IT’S LIKE BEING IN THE ABUSIVE SITUATION IN A WAY. IF YOU’RE IN THAT TRAUMA STATE, THAT’S WHAT IT FEELS LIKE. THERE’S JUST SOMETHING ELSE PUNCHING DOWN ON ME.” – ABBY

Beyond the Government’s focus on the weaponisation of its systems, there is a need for social security system interactions to be sensitive to the experience and impacts of domestic and family violence. Here, the Australian National Research Agenda to end Violence Against Women and Children (ANRA)¹⁰ notes that:

Further research is required to develop and evaluate trauma informed and fit-for-purpose services within sectors such as the financial industry, telecommunications and government agencies such as Centrelink. These services need to include proactive mechanisms to identify people at risk and to intervene early and respond effectively. We also need evaluations to assess whether these services are designed inclusively with an intersectional lens.

The National Plan makes explicit the Government’s commitment to considering the needs of family violence victim-survivors as part of its annual budget process. These considerations should include a focus on payment adequacy but also the wider needs and service experiences of victim-survivors as they seek to rebuild their lives, often while caring for and supporting the needs of children who are also victim-survivors.

¹⁰ J Lloyd, L Dembele, C Dawes, S Jane & L Macmillan, *The Australian National Research Agenda to End Violence against Women and Children (ANRA) 2023-2028*, ANROWS, 2023, p. 27

Government commitment to reviewing the adequacy of payments to victim-survivors

The Australian Government has committed to review the adequacy of the JobSeeker Payment at each Budget. This will consider the circumstances and needs of all Australians who need this support, including sole parents and those who have experienced violence will be part of these deliberations.¹¹

The Committee provides one of the mechanisms through which the adequacy and effectiveness of the social security system is reviewed before each Budget. As such, in this chapter, the focus is on improving the economic inclusion of family violence victim-survivors and reducing opportunities for the perpetration of family violence through social security system.

In addition, the economic inclusion framework set out by the Committee¹² foregrounds the importance of efficient responsive governments. In this respect, the Committee's focus is on the ability for victim-survivors to access family violence payments and provisions, the adequacy of these and base rates of social security, and the way in which the system recognises and responds to victim-survivor trauma.

While immediately following separation is the most dangerous time for women leaving violent relationships¹³, the Commonwealth has an essential role to play in enabling victim-survivors to make the safest choice for themselves and their children, and not contribute to women returning to violent relationships out of economic need. At a time of immense housing precarity, where older people – particularly older women – are the fastest

growing group experiencing homelessness¹⁴, analysis of the extent to which financial supports for victim-survivors support them to escape and recover from family violence is critical. Further, as outlined in Chapter 2, income support payments like JobSeeker and Youth Allowance are inadequate to meet basic expenses and the inadequacy of these payments must be recognised by government when considering how to best support victim-survivors to stay safe.

While there are myriad avenues of investigation that could be pursued to assess the effectiveness of the social security system for victim-survivors, our focus is on the impact of family violence on victim-survivors' financial vulnerability, the accessibility of the current family violence payments, the role that these payments play in providing economic security to victim-survivors as one element in the journey to recovery, and any barriers that the system may present that run contrary to this purpose.



¹¹ Department of Social Services, *National Plan to End Violence against Women and Children 2022-2032*, Commonwealth of Australia, 2022 p.61

¹² Economic Inclusion Advisory Committee, *Economic Inclusion Advisory Committee 2024 Report to Government*, 2024, p. 18

¹³ H Boxall, L Doherty, S Lawler, C Franks & S Bricknell, *The 'Pathways to Intimate Partner Homicide' Project: Key stages and events in male-perpetrated intimate partner homicide in Australia*, 2022, ANROWS, <https://www.anrows.org.au/project/pathways-to-intimate-partner-homicide/>

¹⁴ H Pawson, C Parsell, P Saunders, T Hill & E Liu, E, *Australian Homelessness Monitor 2018*, (Melbourne: Launch Housing, 2018, E Power, W Stone, F Perugia, P Veeroja, A James & M Reynolds, *Ageing in a housing crisis: A gendered lens on housing insecurity and homelessness*, Parity, 36(6), 2023, p.71-72

To explore these issues, the ABS Personal Safety Survey (PSS), as well as Commonwealth Data Over Multiple Individual Occurrences (DOMINO) and Data Exchange (DEX) datasets were examined.¹⁵ Each dataset is limited in terms of the comprehensiveness of each family violence and social security variables, as well as indicators of intersectional vulnerabilities that are particularly significant to this context. As such, there are significant caveats to consider when interpreting the data presented. A major recommendation resulting from this work is for the Commonwealth to invest in administrative and survey data collection on family and domestic violence so that evidence-based policymaking and service design at a national level can intervene in one of Australia's most significant social problems.

¹⁵ Personal Safety Survey (PSS): A 5 yearly survey of ~10,000-22,000 people about their experiences with safety and family and domestic violence, last conducted in 2021/22. The most recent PSS data collection during COVID, which makes comparisons with the 2016 PSS data and the drawing of conclusions difficult. The PSS survey and dataset is administered and managed by the ABS. Data Over Multiple Individual Occurrences (DOMINO): A longitudinal event-based dataset on social security payments in Australia, which includes all people who have ever received DSS payments. The DOMINO dataset is managed by the Australian Institute of Health and Welfare (AIHW); Data Exchange (DEX): A data collection system mainly used for recording data from DSS funded service providers, which contains data on the Escaping Violence Payment pilot. The DEX dataset is managed by DSS.

5.2 CURRENT GOVERNMENT RESPONSES TO FAMILY VIOLENCE

Two government payments are currently available for people experiencing violence. These include the Crisis Payment for family and domestic violence (Family Violence Crisis Payment) and the Escaping Violence Payment (Table 5.1).

Crisis Payment

A one-off non-taxable payment if you have experienced an extreme circumstance and are in severe financial hardship to a week's pay at the maximum basic rate of your income support payment or ABSTUDY Living Allowance.

Escaping Violence payment

Financial assistance and confidential support to help you move forward and set up a home that is free from violence. The payment provides up to \$5,000, including: up to \$1,500 in cash (or cash equivalent depending on the person's needs and preferences), and up to \$3,500 in goods and services such as removalists, bonds, or household items.

In addition to these payments, as our previous reports have pursued, victim-survivors eligible for FTBA payments can be exempt from seeking child support from their ex-partner – a requirement known as the Maintenance Action Test (MAT) – on the grounds of family and domestic violence, among others. The MAT exemption does not provide a cash payment to victim-survivors, but rather excuses FTBA

recipients from seeking child support from the perpetrator. A consequence of this exemption is that while the victim-survivor's FTB is not reduced as a result of 'failing' the MAT, the affected family does not receive any child support income – payments which can reduce the likelihood of poverty by 21%.¹⁶

VICTIM-SURVIVORS INCURRING A FINANCIAL PENALTY AS A RESULT OF SEEKING SAFETY AND REWARDING PERPETRATORS WHO ARE NOT REQUIRED TO CONTRIBUTE TO THEIR CHILDREN'S UPKEEP, IS CONTRARY TO THE PRINCIPLES OF THE NATIONAL PLAN THAT SEEKS TO SUPPORT VICTIM-SURVIVOR RECOVERY AND HOLD PERPETRATORS TO ACCOUNT.



¹⁶ C Skinner, K Cook & S Sinclair, *The potential of child support to reduce lone mother poverty: comparing population survey data in Australia and the UK*, Journal of Poverty and Social Justice, 25(1), 2017: 79-94

TABLE 5.1: ELIGIBILITY REQUIREMENTS FOR FAMILY VIOLENCE CRISIS PAYMENT AND ESCAPING VIOLENCE PAYMENT

ELIGIBILITY REQUIREMENTS		
	FAMILY VIOLENCE CRISIS PAYMENT	ESCAPING VIOLENCE PAYMENT
Violence	Have experienced family and domestic violence	Recent experience of intimate partner violence (please note: an intimate partner refers to a current or former romantic partner)
Financial hardship	Your liquid assets total either: <ul style="list-style-type: none"> • less than 2 weeks of the maximum rate of your income support payment or ABSTUDY Living Allowance, if you're single • less than 4 weeks of the maximum rate of your income support payment or ABSTUDY Living Allowance, if you're partnered 	Experiencing financial stress and have not accessed EVP in the last 12 months
Living arrangements	You've left your home for your safety and have established or plan to establish a new home OR you are living in your home and the family member responsible for the violence has left or been removed by the police OR you left or were removed from your home by police and you are legally prevented from returning due to family and domestic violence in last 7 days	Change to living arrangements due to Intimate Partner Violence. Within the last 12 weeks you have changed residence OR remain in your home where the perpetrator is no longer living OR have a safe plan in place to move soon
Other	<ul style="list-style-type: none"> • Be eligible for, or getting, an income support payment or ABSTUDY Living Allowance • be in Australia when the incident happened and when you submit your claim • contact us or make a claim within 7 days of your living arrangements changing. • be in Australia when the incident happened and when you submit your claim 	<ul style="list-style-type: none"> • Australian citizen, permanent resident or holder of a protected special category visa living in Australia • 18 years or over

The literature shows that aspects of the design and delivery of government payments are impractical or unachievable for someone experiencing the impacts of family and domestic violence.¹⁷ Challenges with the design and delivery of payments create barriers to victim- survivors being able to access the critical support that they are eligible for, when they need it.¹⁸ These challenges are further compounded for victim-survivors who:

1. Have dependents or caring responsibilities
2. Intersect with other demographic factors, such as First Nations, people with disability, living in a regional/remote area, or have low levels of English
3. Have difficulties accessing or using the internet.¹⁹

¹⁷ N Cortis and J Bullen, *Building effective policies and services to promote women's economic security following domestic violence: state of knowledge paper*, Australia's National Research Organisation for Women's Safety (ANROWS), 2015; Braaf and Meyering, *Seeking security: Promoting women's economic wellbeing following domestic violence*

¹⁸ Whereto, *Department of Social Services Report: Evaluation of the EVP*, 2023; National Social Security Rights Network (NSSRN), *How well does Australia's social security system support victims of family and domestic violence?*, 2018

¹⁹ Whereto, *Department of Social Services Report: Evaluation of the EVP*, 2023

5.2.1 PAYMENT DESIGN AND DELIVERY

RESEARCH SUGGESTS THAT EMERGENCY SUPPORT PAYMENT ELIGIBILITY CRITERIA OFTEN DOES NOT ACCOUNT FOR THE COMPLEXITY AND VARIABILITY OF AN INDIVIDUAL VICTIM-SURVIVOR'S SITUATION.

The complex and volatile nature of family and domestic violence makes it very difficult to demonstrate and accurately assess whether a victim-survivor is or is not in a relationship.²⁰ This can result in victim-survivors being unable to access payments, cut off those who are still in need, or raise debts incorrectly.

The requirement to already be separated can also impede on victim-survivors' ability to plan their exit effectively. For example, because it can be difficult to demonstrate the intention to leave, victim-survivors are often deemed ineligible if they are developing a safety plan whilst still in cohabitating.²¹ In some instances, a victim-survivor may not disclose they are still cohabitating so that they are deemed eligible, with the knowledge of this used as leverage by the perpetrator further impeding on the victim-survivors'

20 National Social Security Rights Network (NSSRN), *How well does Australia's social security system support victims of family and domestic violence?*, 2018

21 Whereto, *Department of Social Services Report: Evaluation of the EVP*, 2023

ability to leave.²² The reasons for Family Violence Crisis Payment claim rejection highlight these challenges.²³ In addition to the 17.2% (5,455) of rejections due to being unable to verify circumstances by a third party (which is not a legislated requirement, but at the discretion of the decision maker), 13.8% (4,395) of rejections were because the claimant either did not intend to establish a new home, or because the alleged perpetrator was not living with claimant.

While an evaluation has been conducted for the Escaping Violence Payment trial²⁴, there has yet to be a thorough examination of their contribution to victim-survivors' long-term safety, recovery and economic inclusion. For the Escaping Violence Payment, an evaluation in 2023 showed that of 44,373 applications, a minority of 16,190 were deemed eligible, while 10,294 were deemed ineligible, and 14,586 did not proceed for other reasons.²⁵

The Escaping Violence Payment evaluation also highlighted the challenges that victim-survivors face gathering identification and evidence of violence, separation or financial hardship. Victim-survivors may not have access to their identification or other key documents because of a perpetrator restricting access.

22 National Social Security Rights Network (NSSRN), *How well does Australia's social security system support victims of family and domestic violence?*, 2018

23 Source: Data provided by DSS

24 Whereto, *Department of Social Services Report: Evaluation of the EVP*, 2023

25 Whereto, *Department of Social Services Report: Evaluation of the EVP*, 2023

This may provide additional context for why the reason provided for 17.2% of Family Violence Crisis Payment claim rejections for being 'unable to verify circumstances by a third party'.

Timeframes for lodging government payment applications are not reasonable. For example, a 7-day application window to Centrelink for a Family Violence Crisis Payment is often too short for victim-survivors who are dealing with injury and trauma, who may have already utilised help from family and friends for immediate support before lodging.²⁶ For the 2023-2024 period, 7.7% of rejected claims (2,455 claims) were a result of the claim not being lodged within the required period.²⁷

The period for receipt of emergency support payments is often insufficient. For example, the 12-week Escaping Violence Payment period is considered insufficient for overwhelmed victim-survivors to navigate multiple service systems and to secure stable housing for themselves and their children. The pressure to utilise funds during a 12-week timeframe can also lead to rushed or inappropriate decision-making.²⁸

26 National Social Security Rights Network (NSSRN), *How well does Australia's social security system support victims of family and domestic violence?*, 2018

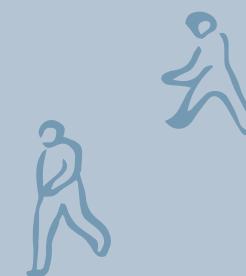
27 Source: Data provided by DSS

28 Whereto, *Department of Social Services Report: Evaluation of the EVP*, 2023

Timeframes for lodging government payment applications are not reasonable.

7.7% OF REJECTED CLAIMS (2,455 CLAIMS)

for the 2023-2024 period were a result of the claim not being lodged within the required period.



Victim-survivors aren't always available or responsive at the time of being contacted by Centrelink about their application or payment, noting Escaping Violence Payment is not administered by Centrelink. Common reasons identified in the Escaping Violence Payment evaluation include a victim-survivor's lack of access to devices, phone credit, or internet, alongside safety concerns with answering an unknown number, discomfort disclosing personal information to strangers, distrust of institutions, and a lack of culturally safe communication.²⁹ For the 2023-2024 period, the most common reason for claim rejection was that the claimant could not be contacted (48%).³⁰

"IT'S [MORE] COST EFFECTIVE TO INVEST IN PEOPLE NOW AND RATHER THAN PUTTING A VERY COSTLY BAND-AID OVER THINGS THAT DON'T ACTUALLY MEND ANYTHING LATER.... INVEST IN US SO WE CAN CONTRIBUTE IN THE BEST WAY POSSIBLE." – HAZEL

29 Where to, Department of Social Services Report: Evaluation of the EVP, https://www.dss.gov.au/system/files/resources/1609-5481_final_evp_report_050723.pdf, 2023

30 Source: Data provided by DSS

5.3 THE PREVALENCE OF FAMILY VIOLENCE

According to the PSS, approximately 2.2 million people in Australia have experienced partner violence, representing 11-12% of the total population.³¹ However, specific populations are at particular risk.

An estimated 9% of people who have experienced family and domestic violence identify as First Nations, compared with First Nations people representing only 3.8% of the Australian population.³² First Nations women are 32 times more likely than non-First-Nations women to be hospitalised and 6 times more likely to die due to violence, with the majority of cases involving intimate partner violence.³³

31 Social Ventures Australia (SVA) and R Russell, *Impact of government payments on victim survivors escaping family and domestic violence*, SVA, 2025

32 Estimate based on dividing National Aboriginal and Torres Strait Islander Health Survey 2018-19 estimate for 'First Nations people aged 15 and over who had experienced physical harm from a family member in the 12 months before the survey' by the 2021 PSS estimate of 'Experienced partner and/or family member violence in last 12 months'

33 E Buxton-Namisnyk, *Domestic violence policing of First Nations Women in Australia: 'Settler' frameworks, consequential harms and the promise of meaningful self-determination*, *The British Journal of Criminology*, 62: 1323-1340, 2022; S Meyer, and R M Stambe, *Indigenous women's experiences of domestic and family violence, help-seeking and recovery in regional Queensland*, *The Australian Journal of Social Issues*, 56(3): 443-458, 2021

Approximately 11%³⁴ of Culturally and Linguistically Diverse (CALD) people report having experienced family and domestic violence, despite representing 19.7%³⁵ of the Australian population. Data on help-seeking indicates that people born in a non-main English-speaking country seem to be less likely to report experiencing a violent relationship than those born in Australia or in a main English-speaking country (Figure 5.1). Research notes that CALD women's help-seeking behaviour can be influenced by cultural values, for example that violence within marriage is a private matter or family honour and loyalty is prioritised, and the social ramifications if these values are not adhered to.³⁶ This may partly explain the underreporting of experiences of violence.

34 Estimate based on victim survivors who were born in countries where English isn't the main language, Social Ventures Australia (SVA) and R Russell, *Impact of government payments on victim survivors escaping family and domestic violence*, SVA, 2025

35 Estimate based on people who were born in countries where English isn't the main language, Social Ventures Australia (SVA) and R Russell, *Impact of government payments on victim survivors escaping family and domestic violence*, SVA, 2025

36 E Burman, and K Chantler, *Domestic violence and minoritisation: Legal and policy barriers facing minoritized women leaving violent relationships*, *International Journal of Law and Psychiatry*, 28: 59-74, 2005; J Hulley, L Bailey, G Kirkman, G R Gibbs, T Gomersall, A Latif, and A Jones, *Intimate Partner Violence and Barriers to Help-Seeking Among Black, Asian, Minority Ethnic and Immigrant Women: A Qualitative Metasynthesis of Global Research*, *Trauma, Violence and Abuse*, 24(2): 1001-1015, 2023, accessed 16 January 2025

AN ESTIMATED 9%

of people who have experienced family and domestic violence identify as First Nations.

APPROXIMATELY 11%

of Culturally and Linguistically Diverse (CALD) people report having experienced family and domestic violence.



People with a disability represent almost half of all victim-survivors of partner violence within the PSS,³⁷ compared to 31% of the survey population, and 21% of the Australian population³⁸. The incidence of violence seems to increase as the severity of activity limitations increases (Figure 5.2).

People with disability who experience violence commonly face ‘disability specific abuse’, such as over or under medication, withholding personal care (e.g. hygiene or dressing), restricting access to assistive devices (e.g. wheelchair), controlling government payments or insulting the victim-survivor about their disability.³⁹

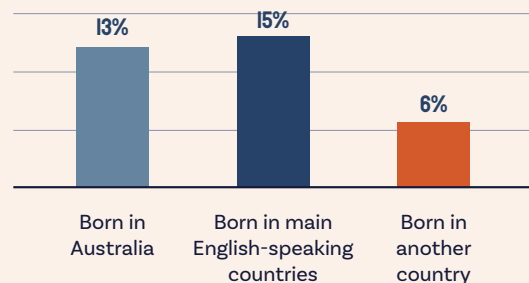
THE CONTROL OF GOVERNMENT PAYMENTS IS OF PARTICULAR CONCERN WITHIN THE CONTEXT OF THIS REPORT.

37 Social Ventures Australia (SVA) and R Russell, *Impact of government payments on victim survivors escaping family and domestic violence*, SVA, 2025

38 The reason for the discrepancy between the estimate from PSS (31%) and the estimate from the ABS Survey of Disability, Ageing and Carers (21%) is unclear. One hypothesis is that PSS includes people who self-assess as having a disability but do not have any limitations or specific restrictions. Removing this group gives an estimate from PSS of 21% of people with disability

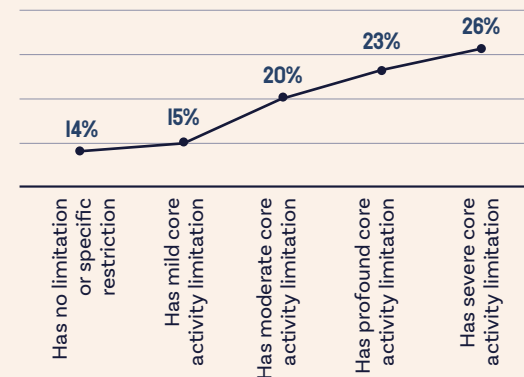
39 E Lightfoot & O Williams, *The Intersection of Disability, Diversity, and Domestic Violence: Results of National Focus Groups*; G Brewer & C Hendrikse, *Experiences of Domestic Violence and Disability*, Disabilities 3, 2023, p. 550-561; P R Martinez, *Intimate partner violence experienced by women living with-and without-disability in the European Union. A quantitative intersectional analysis*, 2022; WWDA, Submission to the House Standing Committee on Social Policy and Legal Affairs’ inquiry into family, domestic and sexual violence, 2022

FIGURE 5.1. PERCENTAGE OF PEOPLE WHO HAVE EXPERIENCED PARTNER VIOLENCE, BY COUNTRY OF BIRTH, N=18.4M



“I THINK THE WAY THE RELATIONSHIP AFFECTS PAYMENTS PUT WOMEN AND DISABLED PEOPLE ESPECIALLY IN LOTS OF DANGER....I WOULD BE AFRAID TO GO THROUGH THE [CHILD SUPPORT MAT] EXEMPTION....WHEN I WAS IN A DV RELATIONSHIP, IT WAS EXPECTED THAT HIS EARNINGS WOULD BE SHARED BY BOTH OF US. THAT WASN’T ALWAYS THE CASE – I SOMETIMES HAD TO BEG, OR BE VERBALLY ABUSED BECAUSE I WAS TAKING “HIS” MONEY WHEN MY PAYMENTS WERE AFFECTED BY HIS EARNINGS.” – CHARLOTTE

FIGURE 5.2. PERCENTAGE OF PEOPLE WITH A DISABILITY WHO HAVE EXPERIENCED PARTNER VIOLENCE, BY SEVERITY OF LIMITATIONS, N=981K



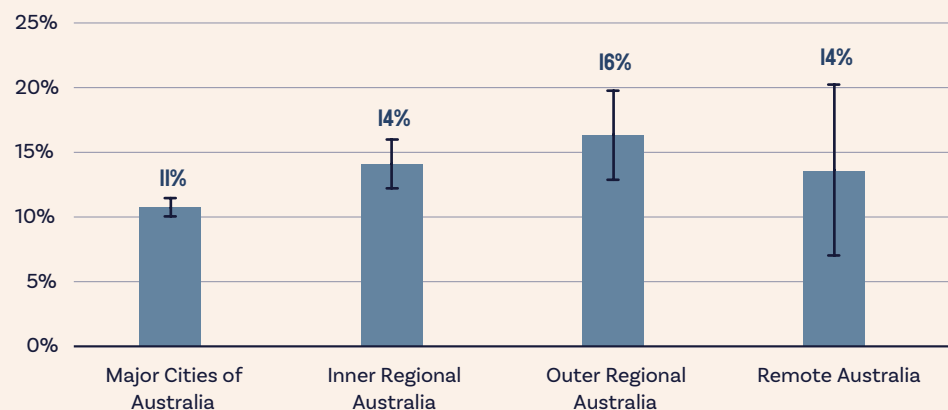
PSS data shows that a greater proportion of people outside of major cities of Australia have experienced partner violence than those within major cities (Figure 5.3). The literature highlights that family and domestic violence occurs at higher rates in rural locations. The geographic isolation of regional and remote areas, where home may be an unwalkable distance to neighbours or town and where there may not be any public transport, can be utilised by perpetrators to restrict freedom of movement and intensify social isolation for victim-survivors.⁴⁰

40 K Farhall, B Harris & D Woodlock, *The impact of rurality on women’s ‘space for action’ in domestic violence: Findings from a meta-synthesis*, International Journal of Rural Criminology, 5(2): 181-203, 2020; D Loxton, R Hussain, and M Schofield, *Women’s experiences of domestic abuse in rural and remote Australia*, National Rural Health Alliance, 2003

Source: Social Ventures Australia (SVA) and R Russell, *Impact of government payments on victim survivors escaping family and domestic violence*, SVA, 2025



FIGURE 5.3. PROPORTION OF PEOPLE WHO HAVE EXPERIENCED PARTNER VIOLENCE, BY RURALITY



International studies show that women in rural areas are particularly vulnerable to stalking, use of weapons and domestic homicide.⁴¹ This is supported by Australian research which highlights higher rates of threats and use of guns in regional and remote areas and proposes that the long distances emergency services need to travel may result in higher death rates.⁴²

41 Farhall, Harris & Woodlock, *The impact of rurality on women's 'space for action' in domestic violence: Findings from a meta-synthesis*, International Journal of Rural Criminology, 2020

42 L Murray, D Warr, J Chen, K Block, A Murdolo, R Quiazon, E Davis & C Vaughan, *Between 'here' and 'there': family violence against immigrant and refugee women in urban and rural Southern Australia*, Gender, Place and Culture, 2019

Parents with children may be disproportionately likely to be victim-survivors of partner violence, with 66% of victim-survivors reporting having any child under 18, compared to 52% of the Australian population.⁴³ The literature highlights that pregnancy can be a trigger for family and domestic violence to begin or escalate in severity. It is posited that perpetrators find the autonomy and independence that women experience during pregnancy threatening to traditional gender norms that men should control a relationship and household.⁴⁴ It is common for perpetrators to use children as part of the violence against a victim-survivor.

43 Social Ventures Australia (SVA) and R Russell, *Impact of government payments on victim survivors escaping family and domestic violence*, SVA, 2025

44 Australian Institute of Family Studies (AIFS), *Domestic and family violence in pregnancy and early parenthood*, AIFS, 2015

Young people, by contrast, seem to be less likely to experience partner violence, with 4% of victim-survivors reporting being aged 18-24, compared to 12% of the Australian population.⁴⁵ However, for young people, payment eligibility and design issues complicate their access to income support and family violence payments.

"I NO LONGER LIVE WITH MY PARENTS, DESPITE BEING A MINOR STILL DUE TO DOMESTIC VIOLENCE AND THINGS. SO I NEEDED TO APPLY [FOR INCOME SUPPORT PAYMENTS] UNDER THE INDEPENDENT RIGHT UNDER THE UNREASONABLE, TO LIVE AT HOME CRITERIA. AND IT TOOK ME 3 MONTHS I WENT THROUGH SO MANY SOCIAL WORKERS WHERE I WAS FIRST TOLD THAT THEY DIDN'T THINK I SHOULD BE ASSESSED AS AN INDEPENDENT, SO I HAD TO BE ASSESSED AS A DEPENDENT. BUT OBVIOUSLY MY PARENTS WEREN'T WILLING TO SIGN THE FORMS REQUIRED UNDER THE DEPENDENT RIGHT." – MEGAN

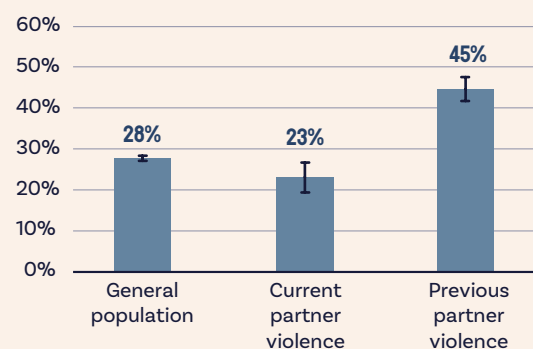
45 Social Ventures Australia (SVA) and R Russell, *Impact of government payments on victim survivors escaping family and domestic violence*, SVA, 2025

Source: Social Ventures Australia (SVA) and R Russell, *Impact of government payments on victim survivors escaping family and domestic violence*, SVA, 2025

5.4 GOVERNMENT PAYMENTS RECEIVED BY VICTIM-SURVIVORS

Victim-survivors who have left a violent relationship are more likely to receive income from government payments than the general population (Figure 5.4) and are nearly twice as likely to rely on government payments as their main source of income than those who have not left. Approximately 36-40% of victim-survivors of partner violence receive any government payment, representing 800-900 thousand people.⁴⁶

FIGURE 5.4: PROPORTION OF VICTIM-SURVIVORS OF PARTNER VIOLENCE THAT RECEIVE GOVERNMENT PAYMENTS COMPARED TO PROPORTION OF GENERAL POPULATION, PSS 2016



⁴⁶ Social Ventures Australia (SVA) and R Russell, *Impact of government payments on victim survivors escaping family and domestic violence*, SVA, 2025

In 2023-24 financial year, Services Australia made 30,140 Crisis Payment grants to income support recipients who were victims of family and domestic violence.⁴⁷ Of these grants:

- 84.4% were paid to women
- 33.2% were paid to First Nations people.

The grants were paid to recipients of a wide variety of income support payments (see Table 5.2).

TABLE 5.2. TOTAL NUMBER OF CRISIS PAYMENTS GRANTS MADE TO VICTIMS OF FAMILY AND DOMESTIC VIOLENCE BY PRIMARY PAYMENT IN 2023-24

PAYMENT TYPE	2023-24	%
ABSTUDY	80	0.3
Age Pension	165	0.6
Austudy	65	0.2
Carer Payment	1,780	5.9
Disability Support Pension	4,400	14.6
JobSeeker Payment	12,100	40.1
Parenting Payment Partnered	310	1.0
Parenting Payment Single	9,615	31.9
Special Benefit	105	0.4
Youth Allowance	1,510	5.0
TOTAL	30,140	100

⁴⁷ Figures provided by the Department of Social Services

The data reveals that a greater proportion of victim-survivors who have experienced previous partner violence receive any government payments (38-45%) than victim-survivors who experience current partner violence (21-23%). This implies there is a cohort of victim-survivors who were not eligible for government payments (or did not apply for payments) before leaving a violent relationship, who then became eligible for government payments after leaving a violent relationship and successfully applied. However, those who receive a Family Violence Crisis Payment must already have received a government payment as part of the eligibility requirements.

Comparing the datasets used in this analysis, it can be estimated that half of potentially eligible people access the Family Violence Crisis Payment (Figure 5.5).

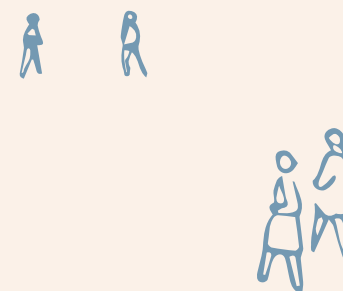
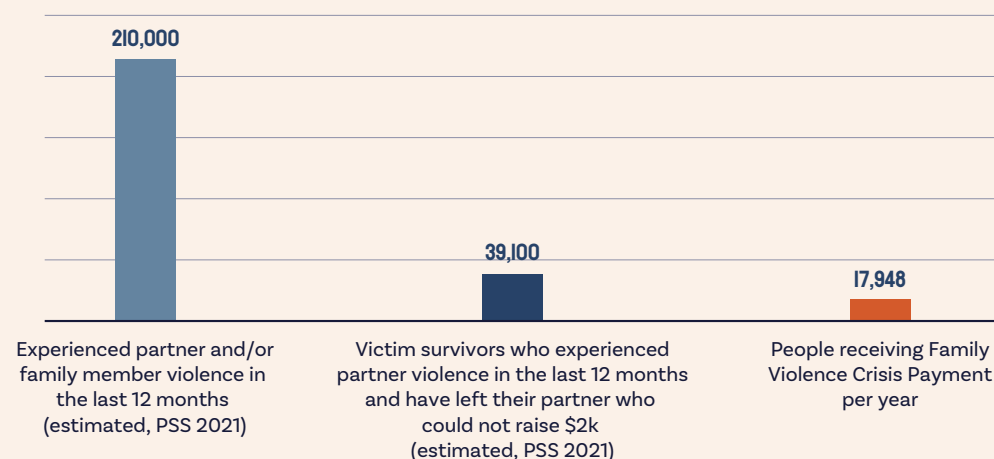


FIGURE 5.5. NUMBER OF PEOPLE ELIGIBLE FOR OR RECEIVING FAMILY VIOLENCE CRISIS PAYMENTS



Regarding payment accessibility, for the Escaping Violence Payment, an evaluation in 2023 showed that of 44,373 applications, 16,190 were deemed eligible, 10,294 were deemed ineligible, and 14,586 did not proceed for other reasons.⁴⁸

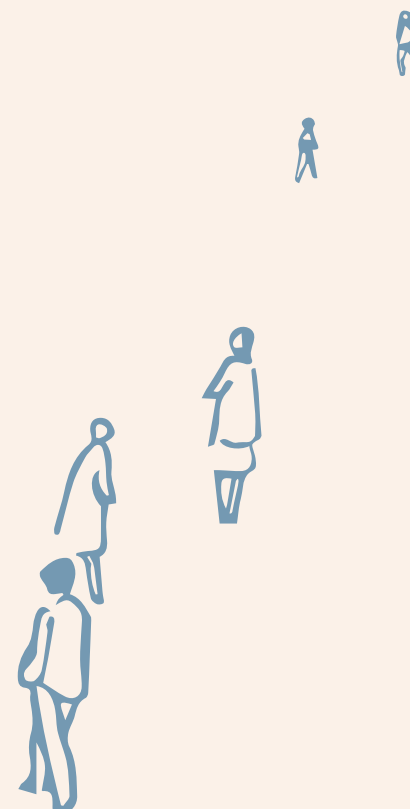
Escaping Violence Payment recipients are a particularly vulnerable cohort, with 72% of recipients receiving government payments as their main income source.⁴⁹ Of Escaping Violence Payment recipients, 85% of First Nations recipients rely on government payments as their main source of income. For EVP recipients with a disability, 78% report their main source of income is government payments.

⁴⁸ Whereto, *Department of Social Services Report: Evaluation of the EVP*, https://www.dss.gov.au/system/files/resources/1609-5481_final_evp_report_050723.pdf, 2023

⁴⁹ Social Ventures Australia (SVA) and R Russell, *Impact of government payments on victim survivors escaping family and domestic violence*, SVA, 2025

PAYMENT ELIGIBILITY SHOULD BE RECONSIDERED IN LIGHT OF THE ACCESSIBILITY REQUIREMENTS OF THOSE COHORTS MOST LIKELY TO EXPERIENCE VIOLENCE, YET WHO MAY CONCURRENTLY FACE THE MOST BARRIERS TO ACCESSING FAMILY VIOLENCE PAYMENTS.

Where the estimated number of victim-survivors who experienced partner violence in the last 12 months, have left their partner, and could not raise \$2k has been considered a proxy for the number of victim-survivors likely to be eligible for the EVP / Family Violence Crisis Payment.



5.4.1 INTERSECTIONAL EXPERIENCES OF VIOLENCE AMONG PAYMENT RECIPIENTS

First Nations people are overrepresented in recipients of government short term financial assistance, but many First Nations victim-survivors may not access the payments (Figure 5.6).

THIS MAY INDICATE THAT FIRST NATIONS PEOPLE ARE MORE LIKELY TO ACCESS OR BE ELIGIBLE FOR SHORT TERM FINANCIAL ASSISTANCE.

However, only a quarter of the estimated number of First Nations people who experience family and domestic violence in a year receive the Family Violence Crisis Payment (Figure 5.7). It is unknown what proportion of those people would be eligible for the payment.

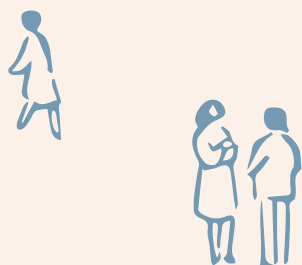
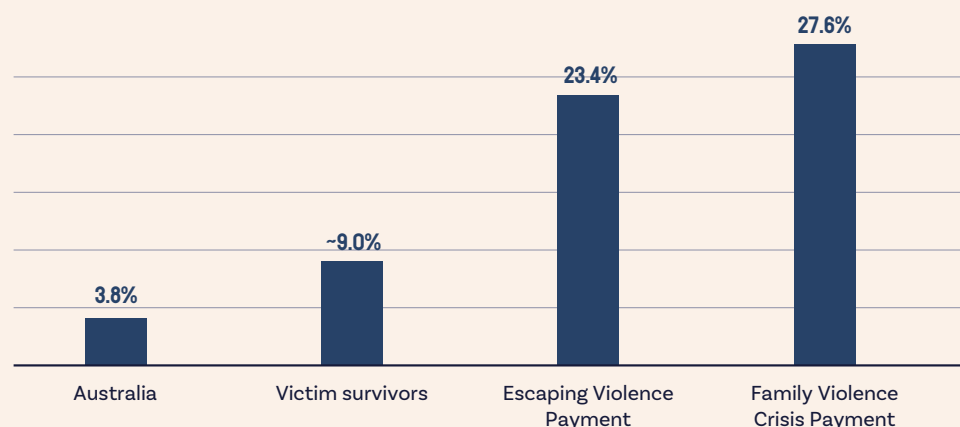


FIGURE 5.6. PERCENTAGE OF POPULATION GROUP IDENTIFYING AS FIRST NATIONS



Estimate for victim survivors based on dividing NATSIHS 2018-19 estimate for 'First Nations people aged 15 and over who had experienced physical harm from a family member in the 12 months before the survey' by the 2021 PSS estimate of 'Experienced partner and/or family member violence in last 12 months'.

FIGURE 5.7. NUMBER OF FIRST NATIONS PEOPLE EXPERIENCING FAMILY AND DOMESTIC VIOLENCE AND NUMBER ACCESSING THE FAMILY VIOLENCE CRISIS PAYMENT PER YEAR



Source: Social Ventures Australia (SVA) and R Russell, *Impact of government payments on victim survivors escaping family and domestic violence*, SVA, 2025

TABLE 5.3. PROPORTION OF POPULATION REPRESENTED BY DEMOGRAPHIC COHORTS⁵⁰

	AUSTRALIA	VICTIM-SURVIVORS OF PARTNER VIOLENCE	ESCAPING VIOLENCE PAYMENT RECIPIENTS	FAMILY VIOLENCE CRISIS PAYMENT RECIPIENTS
First Nations	3.8%	-9.0% ⁱ	23.4%	27.6%
CALD	19.7% ⁱⁱ	11.0% ⁱⁱⁱ	5.3%	7.0%
Disability	21% ^{iv}	45% ^v	15%	13% ^{vi}

Compared to the proportion of victim-survivors, CALD people and people with a disability were underrepresented in the Family Violence Crisis Payment and Escaping Violence Payment data (Table 5.3).

FURTHER INVESTIGATION IS REQUIRED TO ENSURE THAT PAYMENTS ARE ACCESSIBLE AND APPROPRIATE FOR THE POPULATIONS MOST IMPACTED BY FAMILY VIOLENCE.

5.5 THE IMPACT OF FAMILY VIOLENCE PAYMENTS ON VICTIM-SURVIVORS LEAVING AND RETURNING TO ABUSIVE RELATIONSHIPS

While intersectional experiences of disadvantage modify the likelihood of receiving a family violence payment, for payment recipients, a range of characteristics are relevant to the likelihood of returning to a violent partner. In most cases, the following relationships were not statistically significant but taken together they illustrate the difficulty that victim survivors have in escaping violence and rebuilding their lives. While the quality of the data across the datasets precludes definite analysis, the following warrant further examination:

Victim-survivors who receive government payments may be slightly more likely to return to a violent relationship than those on salary or wages. Of the cohort of victim-survivors who have left a violent partner, those who receive any government payment may be slightly more likely to have temporarily separated from a violent partner before leaving permanently than those on other sources of income (Figure 5.8).



ⁱ Estimate based on dividing NATSIHS 2018-19 estimate for 'First Nations people aged 15 and over who had experienced physical harm from a family member in the 12 months before the survey' by the 2021 PSS estimate of 'Experienced partner and/or family member violence in last 12 months'.

ⁱⁱ Estimate based on people who were born in countries where English isn't the main language, PHIDU 2021

ⁱⁱⁱ Estimate based on victim survivors who were born in countries where English isn't the main language, PSS 2016.

^{iv} Source: ABS

^v Source: PSS 2016.

^{vi} There is no disability flag in DOMINO, so this is likely an underestimate based on receipt of the Disability Support Pension.

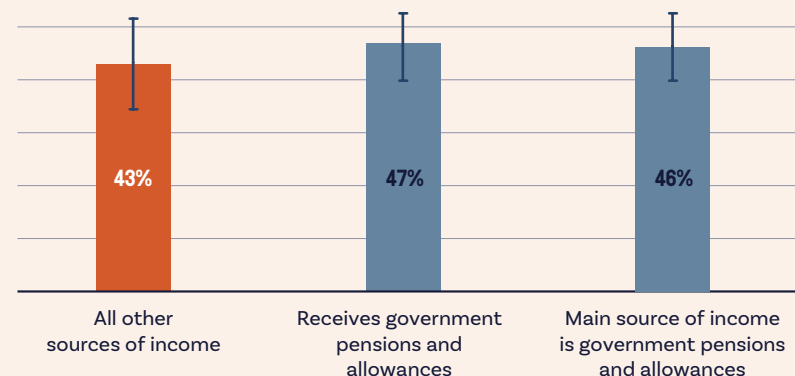
⁵⁰ Social Ventures Australia (SVA) and R Russell, *Impact of government payments on victim survivors escaping family and domestic violence*, SVA, 2025

Victim-survivors who receive government payments may be slightly more likely to temporarily separate from a violent partner more frequently before leaving permanently. Of victim-survivors who temporarily separate within the lowest 50% of gross personal weekly income, those who receive government payments seem to separate more times (39% of lower-income victim-survivors on government payments temporarily separated more than 3 times before leaving permanently) compared to those on any wages or salary (Figure 5.9). Whilst this insight is not statistically significant⁵¹, combined with literature it suggests that, when accounting for income, victim-survivors who receive government payments and are more financially vulnerable, are likely to face more challenges in permanently leaving a violent partner.

FAMILY VIOLENCE CRISIS PAYMENT RECIPIENTS WHO RETURN TO A VIOLENT RELATIONSHIP RECEIVE, ON AVERAGE, LESS GOVERNMENT PAYMENTS WHILST SEPARATED BUT SEEM TO BE MORE LIKELY TO EARN ANY EMPLOYMENT INCOME DURING THIS PERIOD.

⁵¹ As an example, the proportion of people in the lowest to fifth decile of income who receive any government pension and who return more than 3 times to a violent relationship is 39% ± 11%, meaning that the result could be 28% to 50%

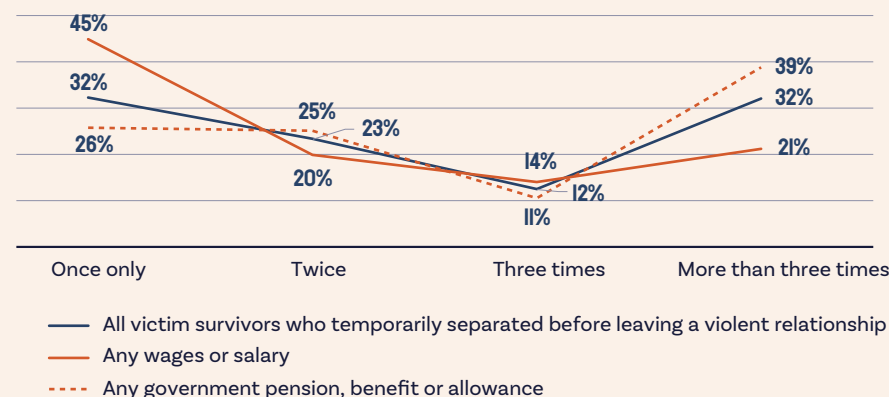
FIGURE 5.8. PERCENTAGE OF VICTIM-SURVIVORS WHO TEMPORARILY LEFT A VIOLENT PARTNER BEFORE LEAVING PERMANENTLY, N=1.7M



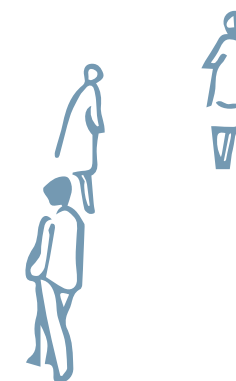
Source: Social Ventures Australia (SVA) and R Russell, *Impact of government payments on victim survivors escaping family and domestic violence*, SVA, 2025

FIGURE 5.9. NUMBER OF TIMES A VICTIM-SURVIVOR TEMPORARILY SEPARATED BEFORE LEAVING A VIOLENT RELATIONSHIP, WITHIN THE LOWEST TO FIFTH GROSS PERSONAL WEEKLY INCOME DECILE

% of victim survivors within each income source who temporarily left before sustainably leaving



Source: Social Ventures Australia (SVA) and R Russell, *Impact of government payments on victim survivors escaping family and domestic violence*, SVA, 2025



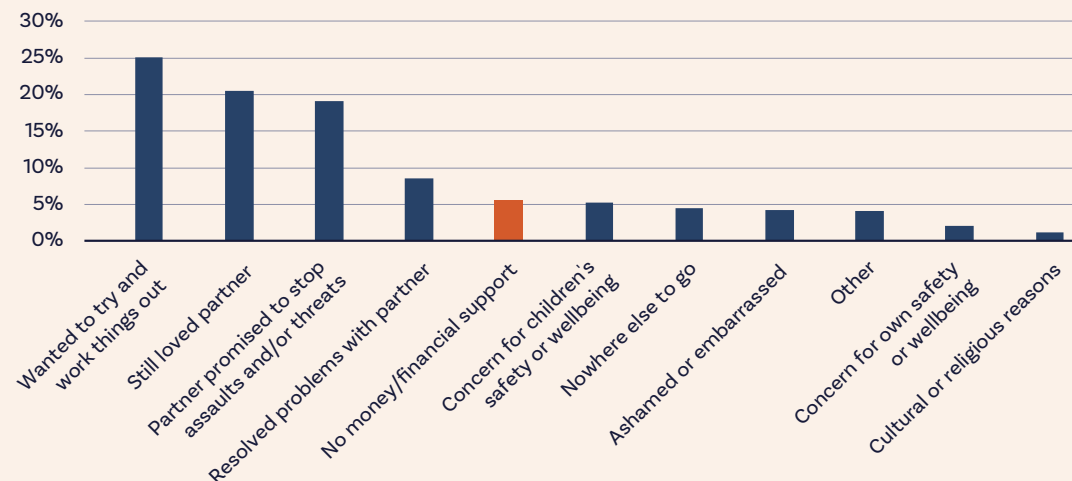
While the PSS does not capture reasons for leaving, it does capture reasons for returning to a violent partner which reflect the personal nature of the decision to leave.

THE 4 MOST COMMON REASONS FOR RETURNING TO A VIOLENT PARTNER WERE PRIMARILY AROUND THE RELATIONSHIP WITH THE PARTNER. 'NO MONEY/FINANCIAL SUPPORT' WAS THE FIFTH MOST COMMON REASON LISTED (FIGURE 5.10).

Victim-survivors who returned to a violent relationship and received government payments were more likely to report that 'no money or financial support' as the reason for returning. Whilst this result is not statistically significant, it continues the trend of victim-survivors on government payments being more likely than those on wages or salary to have finances influence their decision making which warrants further research (Figure 5.11).

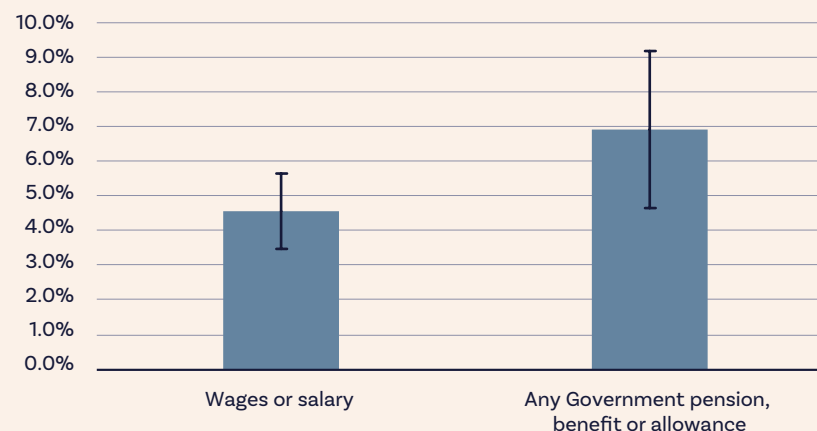


FIGURE 5.10: REASONS FOR RETURNING TO VIOLENT PARTNER



Source: Social Ventures Australia (SVA) and R Russell, *Impact of government payments on victim survivors escaping family and domestic violence, 2025*

FIGURE 5.11: PROPORTION OF VICTIM-SURVIVORS THAT PUT 'NO MONEY OR FINANCIAL SUPPORT' AS THE REASON THEY RETURNED TO A VIOLENT PARTNER



Source: Social Ventures Australia (SVA) and R Russell, *Impact of government payments on victim survivors escaping family and domestic violence, 2025*

First Nations Family Violence Crisis Payment recipients (3.4% return rate) appeared to be similarly likely to return to a violent relationship as all payment recipients (3.3% return rate). However, CALD recipients of emergency support payments appear to return at significant higher rates. Victim-survivors of previous partner violence who were born in non-main English-speaking countries appear to be less likely to have returned to a violent partner before permanently leaving (Table 5.4).

In addition, 12% of Family Violence Crisis Payment recipients who required an interpreter return to a violent relationship. This suggests that financially vulnerable CALD victim survivors may be more likely to return to a violent relationship, particularly where access to services is limited due to language constraints, although data issues preclude making definitive conclusions from these data.

Victim-survivors with a disability may be more likely to return to a violent relationship, although the PSS and DOMINO data provide somewhat divergent accounts. The PSS data indicates that victim-survivors with a disability appear more likely to return to a violent relationship before leaving permanently (Table 5.5). From DOMINO, Family Violence Crisis Payment recipients who receive the disability support pension don't seem to return at materially different rates, but Family Violence Crisis Payment recipients who have a disability (using a proxy of those who have an incapacity that leads to reduction in hours of work and/or the disability support pension) potentially return at a lower rate than those who don't appear to have a disability (Figure 5.12).

TABLE 5.4. RETURN RATES BY COUNTRY OF BIRTH

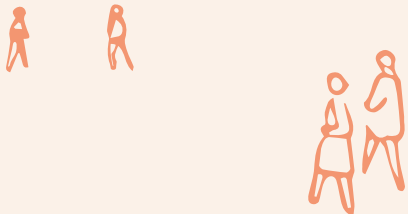
DEMOGRAPHIC	PERCENTAGE WHO TEMPORARILY LEFT BEFORE PERMANENTLY LEAVING	
	ALL	RECEIVES GOVERNMENT PAYMENTS
Victim-survivors born in Australia who experienced previous partner violence	47.0%	51.7%
Victim-survivors born in main English-speaking countries outside of Australia who experienced previous partner violence	46.0%	44.0%
Victim-survivors born in non-main English speaking countries who experienced previous partner violence	42.2%	45.0%

Source: Social Ventures Australia (SVA) and R Russell, *Impact of government payments on victim survivors escaping family and domestic violence, 2025*

TABLE 5.5. RETURN RATES BY DISABILITY STATUS AND PROXIES

DEMOGRAPHIC	PERCENTAGE WHO TEMPORARILY LEFT BEFORE PERMANENTLY LEAVING	
	ALL	RECEIVES GOVERNMENT PAYMENTS
Victim-survivors with a disability who have experienced previous partner violence	48.7%	51.6%
Victim-survivors without a disability who have experienced previous partner violence	44.6%	47.2%

Source: Social Ventures Australia (SVA) and R Russell, *Impact of government payments on victim survivors escaping family and domestic violence, 2025*



VICTIM-SURVIVORS OF FAMILY AND DOMESTIC VIOLENCE WHO LIVE OUTSIDE OF MAJOR CITIES HAVE INCREASING LIKELIHOOD TO RETURN TO A VIOLENT RELATIONSHIP THE MORE REMOTE THEY ARE.

Victim survivors of family and domestic violence who live outside of major cities have increasing likelihood to return to a violent relationship the more remote they are (Table 5.6; Figure 5.13). From PSS, it appears that there is little variation in return rates by remoteness amongst victim-survivors who receive government payments.

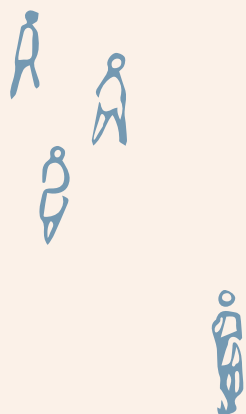
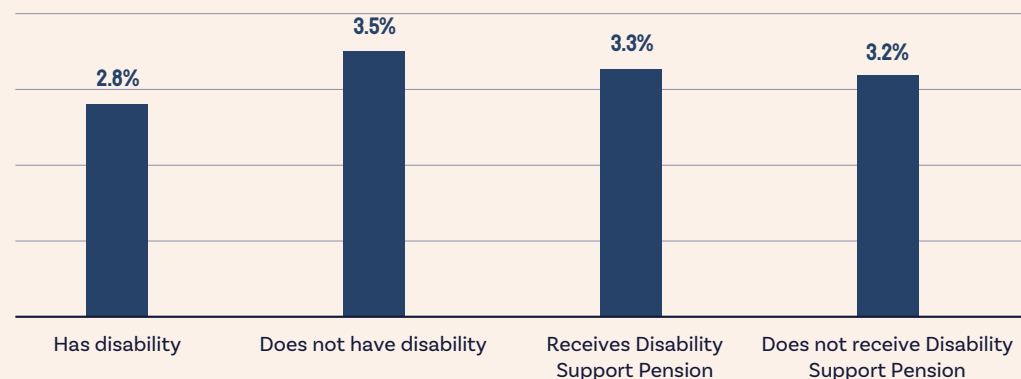


FIGURE 5.12. PREVALENCE OF FV CRISIS PAYMENT RECIPIENTS WHO RECEIVE THE DISABILITY SUPPORT PENSION AND WHO RETURN, AND PEOPLE WHO HAVE DISABILITY AND WHO RETURN, N=48K



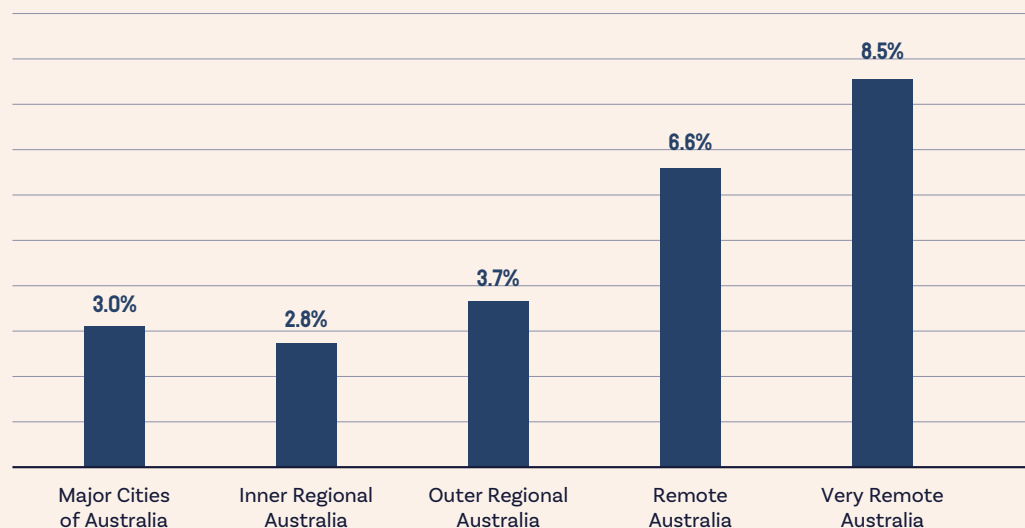
Source: Social Ventures Australia (SVA) and R Russell, *Impact of government payments on victim survivors escaping family and domestic violence, 2025*

TABLE 5.6. RETURN RATES BY REMOTENESS AREA (ARIA)

REMOTENESS	PERCENTAGE OF VICTIM-SURVIVORS WHO TEMPORARILY LEFT BEFORE PERMANENTLY LEAVING	
	ALL	RECEIVES GOVERNMENT PAYMENTS
Major Cities of Australia	45.7%	50.9%
Inner Regional Australia	45.8%	48.5%
Outer Regional Australia	49.0%	48.2%
Remote Australia	54.5%	Sample size too small
Very Remote Australia	Data not available	Data not available

Source: Social Ventures Australia (SVA) and R Russell, *Impact of government payments on victim survivors escaping family and domestic violence, 2025*

FIGURE 5.I3. PERCENTAGE OF FV CRISIS PAYMENT RECIPIENTS THAT REPORT RETURNING TO A VIOLENT RELATIONSHIP, BY RURALITY, N=48K



TAKEN TOGETHER, THESE ANALYSES SUGGEST THAT GOVERNMENT PAYMENTS MAY BE INADEQUATE FOR A VICTIM-SURVIVOR TO DECIDE TO LEAVE A VIOLENT RELATIONSHIP AND NOT RETURN.

The data allow a degree of confidence in establishing a causal relationship between domestic and family violence and financial vulnerability. Victim-survivors frequently face financial precarity due to these impacts.

The data also establish correlation between government payments and financial vulnerability. Victim-survivors who receive government payments are disproportionately represented in lower income deciles and are more likely to experience financial vulnerability compared to those on wages or salary.

Whilst it is not possible to make conclusive statements on the impact of government payments on victim-survivors given the data limitations, the following findings suggest that government payments may be inadequate to support people to escape violence. As the Committee explains in Chapter 2, working age income support payments like JobSeeker Payment and Youth Allowance are inadequate to meet basic needs and fall short of all existing benchmarks of adequacy. The analysis also suggests that many victim-survivors who leave do not access government emergency support payments despite likely eligibility.

A significant proportion of victim-survivors do not apply for or receive the Family Violence Crisis Payment or Escaping Violence Payment. Barriers cover both the program design and delivery, including include stringent eligibility requirements, short application windows, lack of awareness, difficulty providing necessary documentation, and administrative hurdles, leaving many without critical financial support during their transition out of a violent relationship.

There is evidence that victim-survivors who receive government payments experience worse outcomes than victim-survivors who do not receive government payments. This analysis is inconclusive but does more to support than disprove the hypothesis that government payments are insufficient for a victim-survivor to decide to leave a violent relationship and not return.

Source: Social Ventures Australia (SVA) and R Russell, *Impact of government payments on victim survivors escaping family and domestic violence, 2025*



5.6 BARRIERS FOR VICTIM-SURVIVORS TO MAINTAIN GOVERNMENT INCOME PAYMENTS AND STAY INDEPENDENT

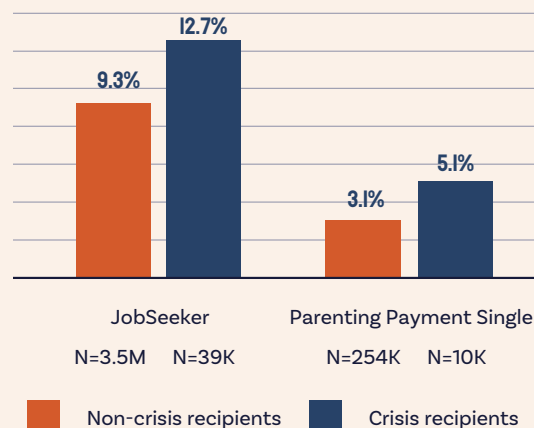
Aspects of the current government income payment design and delivery creates barriers to victim-survivors being able to maintain access to the payments that they are eligible for.⁵² The literature highlights the following barriers specific to victim-survivors of family and domestic violence being able to maintain access to government payments, and therefore maintain independence from a violent relationship.

JobSeeker and PPS recipients are required to complete mutual obligation tasks and activities, with the aim to help the recipient to find employment.

DOMINO DATA SUGGESTS THAT THOSE WHO HAVE EXPERIENCED FAMILY VIOLENCE AND RECEIVED THE FAMILY VIOLENCE CRISIS PAYMENT APPEAR TO BE MORE LIKELY TO HAVE THEIR INCOME PAYMENTS SUSPENDED OR CANCELLED DUE TO NOT MEETING MUTUAL OBLIGATIONS THAN NON-EMERGENCY SUPPORT PAYMENT RECIPIENTS.

⁵² Social Security Rights Network (NSSRN), *How well does Australia's social security system support victims of family and domestic violence?* 2018

FIGURE 5.14: GOVERNMENT INCOME PAYMENT CANCELLATIONS DUE TO NOT MEETING MUTUAL OBLIGATIONS, BY INCOME PAYMENT AND BY RECEIPT OF FAMILY VIOLENCE CRISIS PAYMENT



Further examination is needed to ensure that victim-survivors do not receive payment suspensions or cancellations as a result of their responses to and recovery from trauma.

Conversely, those who have received the Family Violence Crisis Payment appear to be less likely to have their income payments suspended or cancelled automatically due to failure to report.⁵³ Further investigation is required to examine the nature and context of family violence victim-survivor payment suspensions and cancellations.

⁵³ Social Ventures Australia (SVA) and R Russell, *Impact of government payments on victim survivors escaping family and domestic violence*, 2025

“YOU CANNOT MEET YOUR WORK REQUIREMENTS WHEN YOU KEEP HAVING TO CANCEL SHIFTS BECAUSE OF ABUSE. BUT NO ONE EVER ASKS YOU. THERE’S NO TRAUMA INFORMED ANYTHING AT CENTRELINK AND, AS I SAID, I FOUND LATELY THAT THERE’S NO POINT EVEN RINGING THEM. YOU’RE NEVER GOING TO GET ANYONE AND SOMETIMES YOU WAIT SO LONG. AND THEN, JUST AS YOU GET TO SPEAK TO SOMEONE, THE PHONE DROPS OUT, WHICH IS WHEN YOU’RE ALREADY STRESSED, YOU’RE ABSOLUTELY MENTAL. SO WHEN YOU DO ACTUALLY GET SOMEONE, YOU’RE QUITE ESCALATED, AND I’VE HAD CENTRELINK WORKERS HANG UP ON ME BECAUSE THEY THOUGHT I WAS BEING RUDE.” – ABBY

Source: Social Ventures Australia (SVA) and R Russell, *Impact of government payments on victim survivors escaping family and domestic violence*, 2025



The literature highlights that it can take significant time for a victim-survivor to heal from the experience of family and domestic violence.

As a result, a victim-survivor may not be able to effectively engage in the education or employment activities expected of others on JobSeeker until they have had the opportunity to address their physical and mental health. They may also have other post-separation responsibilities such as caring for children, searching for long-term accommodation and attending court for ongoing legal matters. These are time consuming and of greater urgency or priority than applying for jobs.⁵⁴ The Committee also recommends in Chapter 7 (Reforming Employment Services) the urgent need for reform of the employment services system to address the large number of payment suspensions under the Targeted Compliance Framework.

Recipients who are experiencing family and domestic violence may receive a temporary exemption, but this is granted at the discretion of Centrelink staff.⁵⁵ The literature also notes that victim-survivors may not be made aware of available exemptions or experience difficulty securing them.⁵⁶

⁵⁴ N Cortis & J Bullen, *Building effective policies and services to promote women's economic security following domestic violence: state of knowledge paper*, Australia's National Research Organisation for Women's Safety (ANROWS), 2015

⁵⁵ Services Australia, *Services Australia*, <https://www.servicesaustralia.gov.au/>

⁵⁶ Braaf & I B Meyering, *Seeking security: Promoting women's economic wellbeing following domestic violence*, Macquarie University, 2011

Further, government payment recipients receive financial penalties (such as a payment cut off or debt incurred) for not providing accurate or up to date information. The literature highlights that victim-survivors may not have access to critical documents or information and may be penalised for unintentionally providing misinformation. Additionally, perpetrators may intentionally commit fraud (e.g. by providing incorrect information) as a form of economic abuse. In these circumstances, the victim-survivor still faces financial penalties to their payments.⁵⁷

“THAT GAME JENGA, WHERE YOU PULL OUT ALL THE LITTLE THINGS AND PULL IT OUT, AND THEN YOU GET TO THAT LAST ONE. AND SUDDENLY EVERYTHING JUST FALLS TO THE GROUND, AND IT'S LIKE THAT'S WHAT YOUR LIFE IS LIKE.” – JENNIFER

⁵⁷ National Social Security Rights Network (NSSRN), *How well does Australia's social security system support victims of family and domestic violence?*, 2018

“AND THEN THE SUSPENSION OF YOUR PAYMENTS, WITH NO WARNING, NO HEADS UP AND THEY SHIFT YOU FROM ONE TO THE OTHER TO THE OTHER, TO THE OTHER, WITH NO NOTIFICATION. IT'S LIKE BEING SPAMMED. THERE WERE SO MANY DIFFERENT NUMBERS AND EMAILS THAT WERE COMING THROUGH TO ME. IT ADDED UP TO BEING CONTACTED 70 TIMES FROM 12 SEPARATE SOURCES IN A MONTH. IT'S DIFFERENT PHONE NUMBERS, DIFFERENT EMAILS, DIFFERENT DEPARTMENTS. AND THEN, WHEN YOU DO THE JOB PROVIDER OBLIGATIONS OF REPORTING, THAT IS SEPARATE TO THE OBLIGATIONS REPORTING FOR THE PARENTING PAYMENT AND I DO IT IN ALTERNATE WEEKS.” – HAZEL

The literature highlights that it can take significant time for a victim-survivor to heal from the experience of family and domestic violence.

The literature also provides examples of victim-survivors being cut off from payments or accruing debts due to Centrelink administrative errors. Often victim-survivors are not compensated for these errors. In addition to the loss of critical income, the paperwork, phone calls and/or in person visits required to amend these errors can consume a considerable amount of time and add to the victim-survivor's stress.⁵⁸

The literature establishes that aspects of the design and delivery of government payments are impractical or unachievable for someone experiencing the impacts of family and domestic violence. These challenges with the design and delivery of payments create barriers to victim-survivors being able to access the support that they are eligible for, when they need it. The data shows that many victim-survivors do not access government emergency support payments. It seems likely that less than half of estimated eligible people access the Family Violence Crisis Payment, while the 2023 evaluation found that 64% of applications for the Escaping Violence Payment did not end up receiving the payment. Challenges in accessing and maintaining payments appear to be compounded for key demographic groups, First Nations people, people with dependent children, people with disability, living in a regional/remote area, and people with low levels of English.

⁵⁸ R Braaf and I Barrett Meyering, *Seeking security: Promoting women's economic wellbeing following domestic violence*, Macquarie University, 2011

5.7 DEVELOPING A FAMILY VIOLENCE AND ECONOMIC INCLUSION EVIDENCE-BASED POLICY AGENDA

THE COMMITTEE IS OF THE VIEW THAT EXISTING DATA REINFORCES THE NEED TO SUBSTANTIALLY INCREASE WORKING-AGE PAYMENTS TO SUPPORT VICTIM-SURVIVORS TO ESCAPE FAMILY AND DOMESTIC VIOLENCE.

Given the scale and significance of the issue of family violence in Australia, ongoing efforts to build an evidence base from which to make informed policy and service decisions is essential. Four areas of investigation are proposed, followed by recommended changes to the way that family violence data are identified and collected:

1. A rigorous estimation of the financial costs of leaving a violent relationship.

While each situation has unique aspects, given the volume of victim-survivors of family and domestic violence, it would be possible to calculate likely expenses across various situations and to project across time periods. It is challenging to make judgements about the adequacy of emergency support payments when the actual costs of leaving a violent relationship are not well-understood and documented.

2. Understanding victim-survivor decision-making to leave or return to a violent relationship.

The factors that influence decision-making vary across time and situation and while there are unique factors for each situation, there is sufficient volume of incidents to gain a better understanding of what factors matter, when and under what circumstances. Understanding the temporal aspect of decision-making would inform what support is needed, when and how it is provided. The impact of stress and trauma on a victim-survivor's decision-making frame is also not well researched in the available literature. This could be explored through engagement with victim-survivors, in appropriate conditions and with ethical approvals, and tested across various contexts and timeframes.

3. Understanding the cost benefit to government and the community of improved supports, including financial support, to assisting victim-survivors to leave a violent relationship.

It is clear that accessing and maintaining appropriate financial support is difficult for victim-survivors leaving violent relationships. It is worth investigating the cost benefit of additional investment in better assisting victim-survivors navigate and access the services and financial supports they need when they need it, as well as improved adequacy of payments, compared to the long-term economic and social costs to government and the community of family and domestic violence (for example, through future



income support payments, health presentations, legal costs, housing and homelessness supports etc).⁵⁹

4. Analysis of additional government payments.

A number of government payments that are relevant to victim-survivors were excluded from this research due to lack of time and their complexity. This includes CRA, FTB, Youth Allowance and the Age Pension. Conducting further analysis of these payments may surface additional findings on their relationship to family and domestic violence.

5.7.1 IMPROVING DATA QUALITY

The significant lack of data regarding the experiences of victim-survivors over time limits the effective design and delivery of the Government's response. Data on the situation of victim-survivors prior to, during and after leaving a violent relationship is crucial to developing targeted payments and programs to assist victim-survivors.

There are some targeted, immediate changes which could be made to the PSS and more importantly, Services Australia data collection (captured in DOMINO) that would improve data and allow for improved analysis in the short term.

⁵⁹ For example, a 2015-2016 report found the cost to Victoria alone of family and domestic violence was \$5.3 billion with cost to individuals and families \$2.6 billion. <https://www.vic.gov.au/sites/default/files/2019-05/Cost-of-family-violence-in-Victoria.pdf>

Personal Safety Survey

- Add questions regarding First Nations status.
- Add questions regarding income and/or sources of income at the time of violence, to allow exploration of how income changes over time following leaving a violent relationship.

DOMINO

- Incorporate flags for family and domestic violence which are collected or recorded elsewhere in Services Australia systems into DOMINO.
- Incorporate additional detail that is already being collected on Family Violence Crisis Payment recipients (left home/stayed in home) into DOMINO.
- Improved data on whether someone has returned to a violent partner. This could include adding a flag to the partner table to note whether that partner has been violent (i.e. is the cause of an emergency support payment).
- Make data on unsuccessful emergency support payment applications available, inside or outside DOMINO.

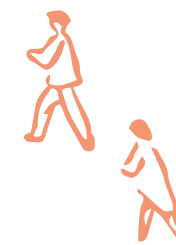
There is no data source that contains details of a victim-survivors' experience over time of both experiences of family and domestic violence and government payments. This suggests a need for large-scale longitudinal data which could be collected through either better linkages with existing data sets or creating a new dataset. To this end, the Committee supports the ongoing efforts of a Working Group that is designing a new National

Longitudinal Study of Domestic, Family and Sexual Violence. Importantly, the project includes an Indigenous Expert Group that is leading the development of culturally appropriate sampling methods and the creation of survey questions tailored to Indigenous experiences in different geographical areas. Given the shockingly high rates of violence experienced by First Nations people, there is an urgent need to complete this develop a specific evidence base that can inform culturally appropriate solutions.

5.8 CONCLUSION

With the escalating understanding of family violence, it is imperative that the Government uphold the principles of the National Plan to make the social security system safe for victim-survivors while holding perpetrators to account. The analyses presented here, while not providing definitive recommendations for payment design and delivery changes given significant data challenges, provide a vision that would improve the adequacy of payments for victim-survivors to support recovery. Program changes to recognise the trauma that is experienced by victim-survivors and the particular challenges faced by those with intersectional disadvantages, would make family violence payments more accessible to those women most excluded from the system that is designed to support them at a time of crisis.

There are some targeted, immediate changes which could be made to the PSS and more importantly, Services Australia data collection (captured in DOMINO) that would improve data and allow for improved analysis in the short term.



ADOPTING OFFICIAL POVERTY MEASURES



Lester is 60, and studying two degrees. He's been in the workforce his whole life, but when his health deteriorated a few years ago, he could no longer keep up the long hours. He thought maybe if he went back to uni, it would lead to further opportunities.

Until recently, he was receiving Austudy. It's been a struggle to get by on what the payments provide. "It's a punitive system. It really isn't designed to assist you in any way," he says. "It gives you the barest of bare minimums so that you can eke out a living, and that's all you're doing. And I've been on doing this for 3 years. I don't go out. I only go to uni and back. I am lucky enough to have kept my car running, and I do need a vehicle to get to uni. But it's a very hard existence. I had \$200 per fortnight left over after I'd paid rent, and out of that comes electricity, all the other costs, food, everything else. It's unworkable. It's really unworkable."

When Lester thinks about poverty in Australia, he thinks about a lack of income. But it's also more than that. It's about dignity. Relationships. The opportunity to contribute and feel a part of something. The ability to meet basic needs like health, and housing.

Poverty means making impossible choices. Lester has to choose whether or not he'll buy food, pick the day he pays for his medication, decide whether or not he can travel to do his errands or see friends. "I can't live a life without thinking through every decision and seeing if there is some cheaper option available. Every decision is cost related." He's drawing down on his superannuation to get by – "after that, I have nothing left."

Lester doesn't have much involvement in his community, despite wanting to. He can't afford it. "I lead a very isolated life, which leads to its own mental health issues." He wishes it was easier for people like him to get the help they needed with their health, but waiting lists are often long.

Lester wants government to increase the amount paid in income support "to above the poverty line, providing a living wage to persons who are needful, that will meet their requirements on a day-to-day basis."

HE WANTS TO BE SEEN, AND TO BE HEARD. TO BE TREATED WITH DIGNITY AND RESPECT. "CENTRELINK STAFF SEEM APATHETIC, THERE SEEMS UTTERLY NO HOPE, NO WAY TO GET THE ASSISTANCE REQUIRED... JUST SHOW A LITTLE EMPATHY!" LESTER WONDERS, "WHAT SORT OF A COUNTRY DO WE WANT TO BE?"

Lester's story is real, but his name and some identifying details may have been changed to protect his privacy. The Committee thanks him for sharing his story and insights with us.

IMPACTS OF POVERTY¹

POVERTY LEAVES SCARS THAT EXTEND ACROSS THE ARC OF PEOPLES' LIVES AND ACROSS GENERATIONS



Health impacts

Compared with the wealthiest people in Australia, those who are disadvantaged socio-economically are:



TWICE AS LIKELY

to have a long-term health condition or chronic illness



2.1 TIMES AS LIKELY

to die of something that could have been avoided



OVER 70% MORE LIKELY

to die of suicide

Educational impacts

Children living in poverty have a higher incidence of:



GRADE REPETITION



DROPPING OUT OF HIGH SCHOOL



LOWER TEST SCORES

Wealth impacts

INEQUALITY IS GROWING IN AUSTRALIA

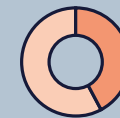


The average household wealth of Australia's highest 10% has grown by 84% over the past twenty years, compared to the wealth of the bottom 60% which has grown by 55%.

Intergenerational impacts

Growing up in poverty increases the likelihood of

EXPERIENCING POVERTY IN ADULthood



OVER 40% OF PEOPLE

in the bottom two deciles in 2001 remained there in 2022 (when income is adjusted to account for wealth)

Employment impacts

Growing up in disadvantage contributes to poorer employment outcomes in adulthood including:



LOWER HOURLY WAGES AND OVERALL EARNINGS



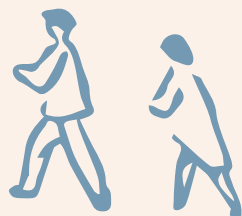
FEWER HOURS OF EMPLOYMENT

¹ See Appendix 3 for references

6.1 INTRODUCTION

Poverty is an economic and moral blight on our nation and the biggest cause of social exclusion. Government has a responsibility to measure and monitor its extent and dimensions. For this reason, the Committee repeats its 2023 recommendation that Australia adopt official, legislated measures of poverty.

Official measures of poverty are common across the world. Some 156 countries have official national poverty measures – either a monetary poverty measure, a multidimensional poverty measure, or both.¹



¹ World Bank, *Poverty and Equity Briefs*, Fall 2021 Edition, <https://worldbankgroup.sharepoint.com/sites/Poverty/Lists/PEB/AllItems.aspx>

Australia has neither – a surprising fact which puts us at odds with a large number of similar nations, including those with whom we are most often compared. Canada, for example, legislated official poverty measures as part of its *Poverty Reduction Act 2019*. New Zealand adopted official child poverty measures through its *Child Poverty Reduction Act 2018*. In both countries, the measures are part of comprehensive official anti-poverty and anti-child-poverty strategies that have reduced poverty in both countries over the last decade. Canada's poverty rate decreased from 14.5% of the population in 2015 to 9.9% in 2022 – a fall of 32%.² New Zealand's child poverty rate fell from 22.8% to 17.5% over a similar period – a fall of 23%.³

AUSTRALIA'S LACK OF AN OFFICIAL POVERTY MEASURE PUTS US AT ODDS WITH SIMILAR NATIONS.

² Government of Canada, *A time for urgent action: the 2024 report of the National Advisory Council of Poverty, Employment and Social Development*, Canada, 2024 https://www.canada.ca/content/dam/esdc-edsc/documents/programs/poverty-reduction/national-advisory-council/reports/2024-annual/4877-NACP_2024-Report-EN-Final.pdf; Statistics Canada (2024), *Canada's Official Poverty Dashboard of Indicators: Trends*, April 2024, <https://www150.statcan.gc.ca/n1/pub/11-627-m/11-627-m2024020-eng.htm>
³ M Carter, J Kereama, S Cook, M Potiki, & M Ratima, *Process evaluation of the Child and Youth Wellbeing Strategy*, Allen and Clarke, 2022

LEGISLATED OFFICIAL POVERTY MEASURES HAVE BEEN ATTRIBUTED WITH BUILDING THE NECESSARY MOMENTUM FOR SUBSTANTIAL POVERTY REDUCTION IN BOTH CANADA AND NEW ZEALAND.

Canada

- Action: Legislated official poverty measures in 2018 through the *Poverty Reduction Act*
- Progress: Poverty rates (after taxes and transfers) fell by 32% (from 14.5% to 9.9%) between 2015 & 2022

New Zealand

- Action: Legislated official poverty measures in 2018 through the *Child Poverty Reduction Act*
- Progress: Child poverty rates fell by 23% (from 22.8% to 17.5%) between 2018 & 2023⁴

⁴ StatsNZ, *Child poverty statistics: Year ended June 2022*, <https://www.stats.govt.nz/information-releases/child-poverty-statistics-year-ended-june-2022>

Canada's poverty rate fell by 32% between 2015 and 2022.

New Zealand's poverty rate fell by 23% between 2018 and 2023.



This is a propitious year for Australia to adopt an official poverty measure. It is the 50th anniversary of the tabling of the Henderson Inquiry First Main Report in 1975 which formalised the Henderson Poverty Line – a landmark event in Australian economic and social policy. The Committee believes this would be a highly fitting moment for Australia to adopt new measures of poverty that take into account the huge economic and social changes that have occurred over the last half century so we can measure poverty in all of its contemporary dimensions.

We know from recent reports that poverty remains unacceptably high in Australia. In its July 2024 report, *Fairly Equal*, the Productivity Commission explored the characteristics of people experiencing poverty in Australia. Using the OECD framework as a guide, the Productivity Commission suggested Australia's poverty rate is the highest it has been since 2001, affecting 14.4% of our population – around one in 7 people.⁵

The Productivity Commission also found that although around half of poverty spells are of a year or less, about 10% of Australians experienced poverty in at least 3 of the 5 years between 2018 and 2022. People who previously experienced poverty were around 2.5 times more likely to re-enter poverty than those who have never experienced it. Poverty is far too persistent to be dismissed as a transitory phase in people's lives, something people move through as they establish their place in the world. It demands far more serious policy attention.

The starting point to more effective poverty alleviation is to measure it in all its dimensions. While important work is continually being done on poverty measurement outside government, unofficial approaches tend to vary considerably, sometimes generating confusion.



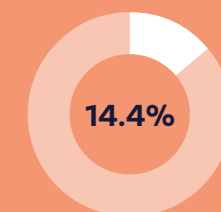
WITHOUT WELL-CONSIDERED AND WIDELY ACCEPTED OFFICIAL POVERTY MEASURES, THE EFFECTIVENESS OF RESULTING POLICIES AND PROGRAMS WILL BE HARDER TO DETERMINE, PREVENTING THE BEST POSSIBLE RETURN ON PUBLIC INVESTMENT IN POVERTY REDUCTION.

The lack of official poverty measures also puts Australia at odds with our international commitments. Despite signing the Sustainable Development Goals, which commit us to halving poverty for all adults and children by 2030 'according to national definitions', we are not making progress and do not possess an official national definition or measure of poverty. Research suggests poverty is getting worse.⁶

⁶ Australia's performance worsened between 2016 and 2022, with poverty rates after taxes and transfers rising from 12.1% to 14.1%. See J D Sachs, G Lafortune & G Fuller, *The SDGs and the UN Summit of the Future, Sustainable Development Report 2024*, Dublin University Press, 2024; Australia currently ranks 37 out of 166 countries on the SDG Index rank, which ranks countries from highest (1) to lowest (166) on their progress towards achieving all 17 SDGs. See Productivity Commission, *A snapshot of inequality in Australia*, Research Paper, Canberra, 2024

⁵ Productivity Commission, *A snapshot of inequality in Australia*, Research paper, Canberra, 2024; Productivity Commission, *Fairly Equal? Economic mobility in Australia*, Research Paper, Canberra, 2024

The Productivity Commission suggested Australia's poverty rate is the highest it has been since 2001.



Around one in seven people in Australia are affected by the poverty rate, or 14.4% of the population.

Poverty is everyone's problem

'Poverty' can be a startling, even shocking, word to use in contemporary Australian society. It throws out an unwelcome challenge to our longstanding myth of egalitarianism, and to the idea that ours is the land of opportunity for all, the land of the 'fair go'.

In fact, more than 3 million Australians are poor.

A useful definition of poverty could run something like this: a person who can't afford to participate in their society in what most people would consider a normal way can be classified as poor.

In a society like ours, 'normal' means that you're not often troubled by the thought of having to do without something you need because you can't afford it. If you're a parent, it means you can afford to feed your kids nutritious food and give them breakfast before they leave for school each day. You can afford to pay for their school uniforms and excursions. You can afford to have an occasional meal out, or take an annual holiday away from home. You can afford to go to the dentist, pay your electricity and gas bills without too much strain, and if you have a car you can get it regularly serviced. It means you can afford to keep a pet, feed it properly and take it to the vet when it's sick. It means you can afford to buy occasional non-essentials.

'Poverty' means such things are simply out of reach.

EXCERPTS FROM HUGH MACKAY, 'THE WAY WE ARE: LESSONS FROM A LIFETIME OF LISTENING', 2024.

6.2 TOWARDS AN OFFICIAL POVERTY MEASURE

In 2024 the Committee sought advice from Australian and overseas bodies to determine international best practice in the measurement of poverty. It is clear from this research that the best approach is one that measures both the monetary and multi-dimensional nature of poverty, using data provided and reported on annually by the nation's official statistical agency – in Australia's case the ABS – with the measure enshrined in legislation to ensure consistency and accountability.

A best practice Australian poverty measure will therefore have 5 characteristics:

1. A monetary measure
2. A multi-dimensional measure
3. Data supplied by the ABS
4. Annual reporting
5. Legislative enshrinement

6.2.1 A MONETARY MEASURE

The Committee believes the Government should, without delay, specify an official monetary measure of poverty, drawing on readily available data and well-established methodology conducted by non-government agencies. Monetary poverty measures have been a feature of the work of Australian welfare and academic bodies for many years, using variants of poverty lines based on percentages of household disposable

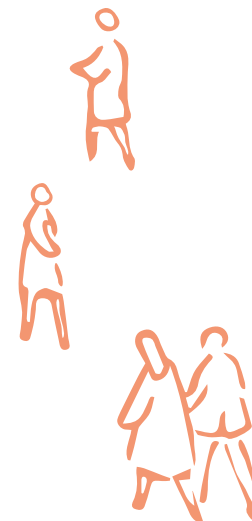
income. As much of the theoretical work has already been done, the monetary component should be able to be adopted relatively quickly.

Monetary poverty measures can provide an important snapshot of poverty rates that can be broken down by region or demographic group over time. The Henderson Poverty line was such a measure and was considered groundbreaking in its time. However, experts regard it as no longer fit for purpose. Half a century onwards, its focus on income alone, the basket of goods it used and the family structure upon which it was based no longer reflect the contemporary nature of poverty or the broad economic and social realities of today.

The Committee believes an appropriate monetary measure for Australia is one based on existing OECD approaches: a relative poverty measure set at 50% of Median Equivalised Household Total Disposable Income after housing costs, with a wealth adjustment for income. Using this OECD framework enables international comparability and benchmarking.⁷

The monetary measure should factor in the effect of wealth to avoid including those who are 'asset rich and income poor'. Existing ABS data – including the Survey of Income and Housing and the Household Expenditure Survey – can be used for this purpose. The next Survey of Income and Housing release is planned in late 2025, based on 2023-24 data (noting

⁷ OECD, Poverty rate indicator 2023, Data OECD, 2023



that income data will be released first, followed by wealth). The last Household Expenditure Survey was in 2015-16 and the next is scheduled for 2027-28, with results coming out as late as 2030. Ideally, a monetary measure would be validated by other minimum standards of consumption of essentials, including budget standards research, and complemented by other direct measures of material disadvantage, including deprivation and financial stress.

6.2.2 A MULTIDIMENSIONAL MEASURE

The Committee recommends that Government concurrently agrees to an official multidimensional poverty measure.

Multidimensional poverty measures consider the broader experiences of poverty. These factors can be combined into a single index, a multidimensional poverty index (MPI). The World Bank's 2017 *Monitoring Global Poverty Report* suggested 6 dimensions: nutrition, health status, education, housing conditions, access to work, and personal security.⁸

The World Bank's 6 dimensions of poverty:

1. Nutrition
2. Health status
3. Education
4. Housing conditions
5. Access to work
6. Personal security.

8 World Bank, *Monitoring Global Poverty: Report of the Commission on Global Poverty*, Washington, DC: World Bank, 2017 <http://hdl.handle.net/10986/25141>

There are several important reasons for complementing monetary poverty measures with multidimensional measures:

- The experiences of poverty go beyond income deprivation – for example, a person might have a stable income but lack access to adequate healthcare or housing.
- Policy can be targeted more effectively when both monetary and multidimensional poverty measures are used. In countries where both monetary and multidimensional poverty measures are used, the two measures tend to illuminate different groups of people who are experiencing disadvantage, with only some overlap. Measuring monetary poverty alone can lead to policy 'blind spots'.
- Multidimensional measures allow progress to be identified more readily. For example, introducing a policy to expand access to education or early childhood development produces immediate positive changes in people's lives and this data that will show up immediately in an MPI, whereas improvements to a child's or even adult's education may take many years to increase their income. Multidimensional poverty measures can therefore be used to celebrate progress and build support for more poverty reduction policies.

Developing a multidimensional approach to poverty is obviously a more complex task than creating a financial measure of poverty and will take longer to complete. Australia can announce a measure but delay reporting to give time for its development. This was the approach taken by New Zealand, which committed to a persistent poverty measure in its 2018 child poverty legislation, but allowed 5 years for the data and methodology to be developed before reporting commenced – a task StatsNZ completed in November 2024.⁹ We believe a faster timeframe is achievable in Australia, given the large body of recent work on multidimensional poverty that now exists internationally.

Some 84 countries currently use a multidimensional poverty measure – 43 of which have a National MPI.¹⁰ Multidimensional measurement approaches are also used by international organisations, including the United Nations Children's Fund (UNICEF), the European Union, the World Bank and the United Nations Development Program (UNDP). Australian policymakers and statisticians will be able to draw upon this extensive experience and understanding.

9 StatsNZ, *Developing a methodology to measure persistent child poverty using survey and admin data*, 2024 <https://www.stats.govt.nz/methods/developing-a-methodology-to-measure-persistent-child-poverty-using-survey-and-admin-data/>

10 S Alkire & J Dirksen, *Poverty in All its Dimensions according to National Definitions: A briefing on SDG Indicator 1.2.2*, OPHI Briefing No 58, 2024

The World Bank's 6 dimensions of poverty:

1. Nutrition
2. Health status
3. Education
4. Housing conditions
5. Access to work
6. Personal security

84 countries currently use a multidimensional poverty measure.

43 of those countries have a National Multidimensional Poverty Index (MPI).

The ABS has a range of data that could be used in a multidimensional measure, including the General Social Survey (GSS). In June 2024, the Government announced the GSS will be expanded to provide more frequent data on the wellbeing of people in Australia to inform the Measuring What Matters dashboard. The first set of data from the expanded survey is expected to be available in 2026.

Work would be needed to ensure the GSS covers the appropriate indicators and represents sufficiently the Australian population. Other potential data sources include the HILDA survey, although there are some concerns about HILDA regarding the coverage and representativeness of its cohort and the frequency of its collection. These matters can be assessed as the multidimensional measure is being designed.

TABLE 6.1 A DUAL APPROACH TO OFFICIAL POVERTY MEASUREMENT IN AUSTRALIA

	MONETARY POVERTY MEASURE	MULTIDIMENSIONAL POVERTY MEASURE
Measure	50% of Median Equivalised Household Total Disposable Income (after housing costs), with a wealth adjustment for income	Multidimensional Poverty Index (MPI) that combines a range of dimensions covering aspects like health, education and living standards into a single index
Allows	<ul style="list-style-type: none">• International comparison• Analysis of trends over time• Disaggregation by region or demographic group	<ul style="list-style-type: none">• Measurement of experiences of poverty that go beyond income deprivation• Analysis of multiple simultaneous deprivations• Measurement of progress closer to ‘real time’ (without waiting for downstream income effects)

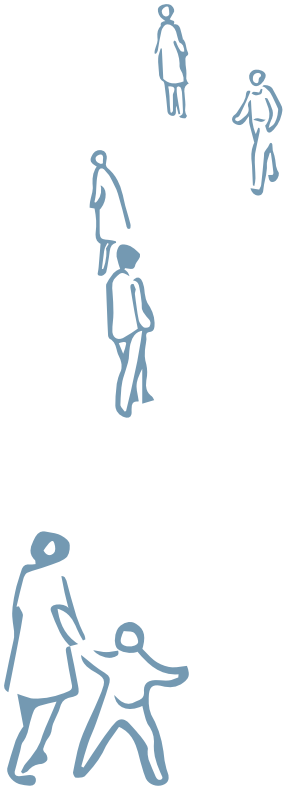
6.3 ADDITIONAL RESOURCING FOR THE ABS

As best practice dictates annual updates of poverty measures, funding would be required to ensure regular surveys and appropriate sample sizes can be undertaken. The development of an official poverty measurement approach should also include resourcing for consultation with people with direct experience of poverty, the community sector and other relevant experts.

MEASURING POVERTY WILL REQUIRE ADDITIONAL FUNDING FOR THE ABS.

RECOMMENDATION 6

The Government legislate official poverty measures for Australia: a monetary and multidimensional measure, to be publicly reported on annually and supported by sufficient resourcing of the Australian Bureau of Statistics for the necessary data. Although a monetary measure can be set and reported on immediately, reporting should not be required on a multidimensional measure until 2028 to allow for the measure and data to be appropriately developed.



SECTION 2: SERVICES SYSTEM REFORM



To broaden economic inclusion we must reform the systems that support participation in Australia's economy and society. This year the Committee focused its work on two crucial areas: employment services and early childhood development.

THE FIRST, EMPLOYMENT SERVICES, IS VITAL AND IN NEED OF SIGNIFICANT REFORM.

Yet while much attention has been paid to repairing the system over the last two years – including the Workforce Australia Review, the Employment White Paper and the Jobs and Skills Summit – little has been done. Reforms have been made to ParentsNext and Disability Employment Services, but some truly fundamental problems have not been addressed.

In this year's report, the Committee reaffirms last year's recommendations, many of which have yet to be adopted, and calls for the Government to accelerate a full-scale rebuilding of Australia's employment services system. We outline priority measures to end the harm caused by the compliance system, better support people disadvantaged in the labour market into work, and restructure the way services are commissioned.

THE SECOND AREA, EARLY CHILDHOOD DEVELOPMENT, HAS SEEN INCREASED INVESTMENT IN RECENT YEARS. THE COMMITTEE WELCOMES THIS BUT BELIEVES MORE NEEDS TO BE DONE.

This year we recommend further measures to join up child and maternal health, disability, and early learning services to create a strong early childhood development system. This includes extending the range of holistic child and family hub services and getting the best result from the proposed Early Childhood Education and Care (ECEC) pricing study. In particular, the Committee recommends moving from the current demand side subsidy scheme to a supply-side funding model for early childhood services, and ensuring high quality services reach the communities that need the benefits of early childhood education the most. We also recommend that the Government works with states and territories to better integrate free access to pre-school for 3 and 4 year olds, with the new national entitlement proposed for the childcare system.



REFORMING THE EMPLOYMENT SERVICES SYSTEM



Charlotte is a single mother of an 8-year old son who lives in social housing after leaving an abusive relationship. She lives with multiple disabilities and accesses the Disability Support Pension.

“EVERY SINGLE PATH I HAVE TAKEN TO FIND WORK FEELS LIKE A DEAD END.”

Charlotte is smart, full of passion and drive. She graduated from a Bachelor of Arts with a High Distinction, but despite everything she can contribute and her monumental efforts to land a job, she continues to face barriers as a result of inadequate support from employment services providers and the discrimination against people with disability in Australian workplaces.

A few years ago, Charlotte contacted multiple Disability Employment Services (DES) providers, not because she had to, but voluntarily to get their support to help her negotiate with prospective employers. She wanted to begin with one day a week's work, then expand to two or more days as her capacity grew.

The first hurdle was even signing up to receive their support. After battling an unduly complex process, she was paired with a young man from a DES provider who she describes as “very unkind and unhelpful”. “He basically cut me down and dashed any hope I had that a DES provider would help me find a job. He told me that it was pretty hopeless because few people would want to hire someone for one day a week, but I thought it was his job to get my foot in the door and help me grow my capacity to work.” When she stated she needed a “desk job” due to physical limitations, her provider asked if she had MYOB training. When Charlotte said no, the staff told her they couldn't get her

an administrative job because “everyone wants MYOB” and that was the end of it.

So, she found a job by herself. It looked great on paper: a part time supervisory role in a café teaching life skills to young people with disabilities, using her Youth Work qualifications. But in reality, it was very physically demanding – far beyond the job description – and she was unable to sustain it.

Going back to the DES provider, she sought support to find a different role, but was only greeted by criticism. “I was crying with pain, and he was telling me that nobody else would want to hire me so I should stick with it”. She complained and swapped workers, “but because I was voluntary they didn't really give a hoot about me,” and she didn't get referred to a single job. So, she transferred to a different provider who offered an opening that simply never materialised.

The new job network used language that she found to be “cruel and abusive”, and she felt “they were too busy being paid for compliance measures... It was clear they used their power to disconnect people from payments unfairly and brutally.” Things came to a head when they pressured her to come in for an interview for a job when she had no childcare, causing her to ask her abusive ex to take her daughter. She feared that at some point, this would affect her custody arrangements, as it was proof that she “trusted” him with her daughter's care. “I only did it because I was that desperate for a job, and my savings were running out, but they didn't even have a job for me.”

Eventually, she found another job on her own by telling employers about the wage subsidies available if they employed someone like her – this time, with an acquaintance. “I was over the moon.” But once again, things went sour, with poor training putting a lot of pressure on her to do tasks she didn’t fully understand, and the supervisor making demands on her time that resulted in her doing unpaid overtime. “I became trapped in the job because I knew nobody else would hire me... There aren’t really many disability-friendly jobs for people who need a few hours to augment their low government benefits, and who are unable to do the 2-3 days a week that make them more employable as ‘part time’ workers.”

Recently, Charlotte received a notice that her rent in community housing would be raised as a result of her employment income. She did the maths, and “realised I would no longer make any money off that horrible job. I quit that week and it felt amazing.”

“When someone on the DSP works, they can ‘keep’ around \$200 of that income, then their Centrelink payment reduces by 50c for every dollar they earn. That might seem fair if all agencies worked together and there were no more reductions. But when rent is calculated in community housing, they charge 25% of ALL income as rent. Jobs come with extra costs for people like me with disabilities too - it was just not financially viable for me to work, and I was ending up with very little in my pocket.”

SHE TALKS OF THE STRUGGLE OF MAKING ENDS MEET AS A SINGLE MOTHER AND PERSON WITH DISABILITY, PARTICULARLY WITH ALL OF THE EXTRA COSTS THAT COME WITH DISABILITY – LIKE NEEDING TO PAY FOR CLEANERS, CARERS AND THE PREMIUM FOR PRE-PREPARED FOODS.

She says work is not only good for her mental health and sense of giving back to the community, but could also be a real help to supplement the payments she receives through the Disability Support Pension. But when her payment reduces with extra hours that she works, and with all the extra costs involved, sometimes it feels like it’s just not worth the effort.

Now, she’s looking for work as a carer, which she hopes will grant her the flexibility to work for only 1-2 days a week. It’s not what she trained to do with her Bachelor degree, but it’s a job and an opportunity to contribute. “I think it’s really good for my child and for me and for everybody, if I am working and earning. I don’t want to be somebody who’s dependent on payments for the rest of my life,” she says.

Charlotte strongly advocates for employment conditions that are ‘disability-friendly’, including greater flexibility in the number of hours worked, and for reform to employment services to offer more meaningful support, particularly for people with partial capacity to work. She also feels that the financial realities for people on the Disability Support Pension should be considered, so that they can keep more of their payments if they can prove they need extra supports to engage with work.

Charlotte’s story is real, but her name and some identifying details may have been changed to protect her privacy. The Committee thanks her for sharing her story and insights with us.

Sasha is a portrait of tenacity and her story is one of extraordinary perseverance. Now in her 40s, she recently received an autism diagnosis and lives with complex post-traumatic stress disorder.

Growing up in out-of-home care and youth housing after her mother's mental health declined, Sasha identifies as a Care Leaver and is a Forgotten Australian¹. Her lived experiences have shaped her into a fierce advocate for others who have walked a similar path.

"There is no support or recognition after a Care Leaver turns 24, even though we are overrepresented in unemployment, homelessness, corrections, mental health challenges, disability, and aged care," Sasha explains. "We literally cease to exist. I want to see us recognised as a cohort prone to disadvantage across generations by social services and recognised on general forms so that we can get the support and equity we need."

SASHA IS DEEPLY PASSIONATE ABOUT IMPROVING SYSTEMS THAT FAIL TO SUPPORT THOSE FACING ADDITIONAL BARRIERS TO WORK, INCLUDING PEOPLE WITH NEURODIVERSITY, 'INVISIBLE' DISABILITIES, AND CARE LEAVERS AT RISK OF HOMELESSNESS.

Despite being highly skilled and exceptionally capable, Sasha has struggled in mainstream employment. "I don't last long in traditional employment," she shares. "I have to work as a contractor to be able

to control my environment. I've also had to hide my identity due to discrimination. Plus, it means I rarely receive benefits like leave entitlements and superannuation."

Her experience reflects the systemic challenges neurodivergent individuals and Care Leavers face in workplaces that are often ill-prepared to foster inclusion. While her autism allows her to deliver highly focused content, quality tailored work and connect with people from diverse backgrounds, she also faces a relentless cycle of burnout. "I burn out every 4 to 5 years because I have to work twice as hard as my colleagues," she says. This pattern leads to income instability and declines in her health. Employment services and income support systems remain poorly designed to support those with episodic work histories. For Sasha, the fear and trauma of returning to these 'systems' has left a lifelong impact.

Yet, Sasha's vision is clear: experts by lived experience are an untapped asset in the workforce. "We are the most coachable people, especially those of us who have experienced poverty. When we show up, we are incredibly committed if you can understand our way of learning and processing, respect our experiences, and create accessible space for us to contribute meaningfully."

Sasha's story underscores the need for Care Leaver economic inclusion by way of systemic reform, recognition, tailored support, and inclusive workplaces to ensure people like her can thrive, not merely survive.

Sasha's story is real, but her name and some identifying details may have been changed to protect her privacy. The Committee thanks her for sharing her story and insights with us.

¹ Forgotten Australians was the term used in the 2004 Senate Inquiry on Australians who experienced institutional or out-of-home care as children.

7.1 INTRODUCTION

Despite employment services being one of the strongest levers we possess to increase economic inclusion, many believe the current employment services system to be fundamentally broken. The Government has accepted that reform is necessary and intends to create a more responsive system that meets the needs of people and industry.¹

Initial reforms have abolished ParentsNext, replaced the Community Development Program with the Remote Jobs and Economic Development Program, and begun the replacement of the Disability Employment Services with a new specialist disability employment program with expanded eligibility and more meaningful engagement with service users. None of these changes, however, affect the primary employment services system – Workforce Australia.

¹ DEWR, *Release of the Australian Government response to the House Select Committee on Workforce Australia Employment Services report*, 2024

The Committee urges the Government to give priority to fundamental reforms that will allow Workforce Australia to contribute to national productivity increases and remove the harm done by the Targeted Compliance Framework and Work for the Dole. The system's aim should change from policing payments to removing barriers to employment for those currently not in the workforce. The Committee's consultations have uncovered much evidence that the current system actually hinders people from moving into employment. As the Select Committee on Workforce Australia Employment Services has put it: the current approach to mutual obligations "is like using a nuclear bomb to kill a mosquito."²

THE CURRENT EMPLOYMENT SERVICES SYSTEM IS FUNDAMENTALLY BROKEN.

7.2 REBUILDING OF AUSTRALIA'S EMPLOYMENT SERVICES SYSTEM

Despite lower unemployment in recent years, too many people in Australia struggle to find work. The Government's Working Future White Paper found there are around 3 million people who either want work or want to work more hours.³

² Select Committee on Workforce Australia Employment Services, *Rebuilding Employment Services Final report on Workforce Australia Employment Services*, Commonwealth of Australia, 2023, p.xii

³ *Working Future: The Australian Government's White Paper on Jobs and Opportunities*, 2023

More than 385,000 people have been in the employment services (Workforce Australia) system for over 12 months, and 125,000 people have been in the system for more than 5 years.⁴ The proportion of people long-term unemployed within the employment services system has grown substantially (an increase from 51% of all people in receipt of payments in January 2012 to 60% in September 2024) and the number of people long-term unemployed as a proportion of the overall labour market has largely not improved over the past decade.⁵ Many of these people face complex and overlapping barriers to employment, including insufficient education, reduced capacity to work, significant caring responsibilities and discrimination. Lacking help to develop their skills and link up with employers, these people remain stuck in the system.

⁴ Caseload data: There are 635,375 people in the Workforce Australia system (data at November 2024). Of these, 128,380 people have been in employment services for more than 5 years. 386,280 people have been in employment services for more than 12 months. 223,510 people have not finished year 12 (35%). 120,730 people have partial capacity to work (19%). <https://www.dewr.gov.au/employment-services-data/workforce-australia-caseload-data>

⁵ See ACOSS, *Faces of Unemployment 2024*, p.8 <https://www.acoss.org.au/faces-of-unemployment-2024/>

There are 3 million people who either want work or want to work more hours.

MORE THAN 385,000 PEOPLE

have been in the employment services system for over 12 months

125,000 PEOPLE

have been in the employment services system for more than 5 years

Australia's current approach does not work. Our own consultations with over 60 service users bear out the House of Representatives' finding that the system is failing.⁶ In July 2024, the Government released its response to the report from the Select Committee and identified 8 major issues:⁷

1. Poor service experience for many people using the system
2. Overemphasis on mutual obligations and compliance
3. A lack of alignment with employer and industry needs
4. Missed opportunities for place-based servicing
5. Substandard market design and delivery modes
6. A lack of responsiveness, innovation and evidence-based improvements
7. Opportunities to improve transparency and accountability in the system
8. Supporting functions need to be improved.

In its response, the Government recognised the system needs to change and become more responsive to the needs of those out of work but set no timeline for reform. Little has changed since.

6 Select Committee on Workforce Australia Employment Services, *Rebuilding Employment Services Final report on Workforce Australia Employment Services*, Commonwealth of Australia, 2023

7 Release of the Australian Government response to the House Select Committee on Workforce Australia Employment Services reports - Department of Employment and Workplace Relations, Australian Government

A GRAND OPPORTUNITY TO IMPROVE AUSTRALIA'S ECONOMIC PERFORMANCE IS BEING MISSED.

With a better employment services system we can unlock more of the potential of Australia's human capital, offer meaningful work to people unemployed, supply more of our workforce needs, and help Australia make the transition to a cleaner and more modern economy. Instead, we are paying a high price for our inactivity. According to the latest available data, there are:

- 635,375 people in the Workforce Australia system⁸
- 249,435 people in the Disability Employment Services system⁹
- 41,717 people in the remote employment service, the Community Development Program¹⁰
- Workforce Australia will cost \$7 billion over the current 4-year period¹¹.

8 DEWR, *Workforce Australia Caseload Data*, <https://www.dewr.gov.au/employment-services-data/workforce-australia-caseload-data>, 2025

9 DSS, *DSS Disability Employment Services Caseload and Commencements Data* (by ESA and Postcode), <https://data.gov.au/data/dataset/disability-employment-services-caseload-and-commencementsdata>, 2025

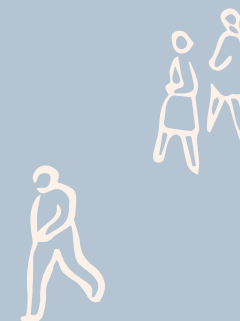
10 NIAA, *Community Development Program Regional Data Report*, <https://www.niaa.gov.au/resource-centre/community-development-program-regional-data-report>, 2024

11 Select Committee on Workforce Australia Employment Services, *Rebuilding Employment Services Final report on Workforce Australia Employment Services*, Commonwealth of Australia, 2023

Testimony from the Committee's consultations

The Committee heard from over 60 users of the social security and employment services systems, hearing stories of the employment services system in failure. Overwhelmingly, we heard that people want to work, but face genuine barriers, including: a lack of available childcare or transport; limited local networks; mental health, chronic health or disability; employer discrimination; and a lack of money for necessary qualifications. Rather than helping them overcome these challenges, our employment services system often put more barriers in their way, requiring them to perform inappropriate or demeaning activities that did not make them employable (for example, we heard from people attending 'get dressed for work' classes and someone with coeliac disease being taught how to cook pasta in a mandatory life skills course). The system forced them into the first employment opportunity that came up, regardless of its appropriateness whether it was a good fit, with the result that they often found themselves without employment again when it inevitably didn't work out. Finding a job was often the result of their own efforts and networks, and seldom through their service provider.

Even worse, we heard that employment services providers sometimes destroyed job seekers' confidence, making it even harder to find work. People described being treated like 'criminals' and 'dole bludgers'. One person reported post-traumatic stress disorder following their interactions with employment services. The system meant to be helping people find work was making it harder.



We heard that people's payments were suspended—often without reasonable notice—through system errors. Sometimes a person was unable to travel to make their appointment. Other times they were subjected to unrealistic expectations. Such failure often leads to stress and financial hardship. Once cut off, it could take significant effort to have payments reinstated, with the onus usually on the person, not the system, to resolve unfair outcomes. As one person told us, when you're constantly in crisis mode as a result of such unnecessary pressures, it's difficult to perform well in a job interview. Several people likened the mutual obligations and compliance system to financial abuse.

We heard that people with partial capacity to work and with disability are poorly served by employment services. People constantly found it difficult to get accepted by a DES provider, often finding they weren't eligible. If they had capacity to work for a small number of hours, DES providers were of limited help finding suitable employers. Many struggled to find workplaces that were accessible, especially if they are neurodivergent, sometimes being forced to accept work that would do them harm and wouldn't last. Some enterprising people started their own businesses as a way of making work fit their needs, but struggled to get start-up capital – they told us more small business support would go a long way.

When people moved in and out of employment, the system did not support them between jobs. We heard from people burning through their savings, selling personal items, or drawing into their superannuation while they were waiting for payments to be re-instated. Some were reluctant to take the leap into a new job, because if it didn't work out, they weren't confident of surviving financially during the time it would take them to get back onto income support payments. Many of the people we heard from concluded that "it wasn't worth it" to find more work, because if they earned more from employment they would lose concessions and their income support payments would be tapered, meaning that they would still be left struggling to make ends meet. Many of the people we heard from worked in casual or insecure jobs with hours that fluctuated—making it difficult to report earnings to Centrelink and calculate the effect this might have on their overall payments.

People wanted to see the system fundamentally change. They wanted to receive help from employment services that aligned with their needs and interests to genuinely help them find work, and to be treated as a person with a valuable contribution to make rather than as a 'dole bludger'. They wanted more notice before payments were suspended, and an expansion of what counted to meet activity requirements so they were not being forced to "jump through impossible hoops". They wanted to increase the amount that they could earn from employment before income support payments taper

off, and to keep access to concessions. And they wanted to make it easier to get onto income support payments between episodes of employment. The overarching message people wanted government to hear was, "You'll get out what you put in."

"HONESTLY GET RID OF THE ENTIRE EMPLOYMENT SERVICES INDUSTRY, BECAUSE IT IS NOW AN INDUSTRY... NO ONE I'VE SPOKEN TO HAS EVER BEEN HELPED BY THEM... I THINK MAYBE TWO OF THE JOBS THAT I GOT WERE JUST FROM COLD CALLING. EVERYTHING ELSE HAS BEEN THROUGH CONTACTS OR NETWORKING AND WHATNOT, AND PEOPLE CAN DO THAT THEMSELVES. IT SEEMS LIKE WE'RE WASTING A LOT OF MONEY AS A COUNTRY ON THIS INDUSTRY, SO THAT POLITICIANS CAN SELL THIS IMAGE THAT THEY'RE MAKING THE UNEMPLOYED [WORK]."
– JARED (JOBSEEKER PAYMENT)

“I’D LIKE TO SEE A TRANSITION OF SOME SORT FOR PEOPLE LIKE ME, WHO ARE OVER 60 ...I’M VIRTUALLY UNEMPLOYABLE BECAUSE OF MY AGE. AS SOON AS I WALK INTO INTERVIEWS YOU CAN SEE THE FACES SHUT DOWN BECAUSE OF MY AGE... I’VE GOT ALL THIS CONCENTRATED DISTILLED WISDOM AND KNOWLEDGE, YOU KNOW. I CAN JUMP INTO A JOB AND THERE’S NOT MUCH THAT I HAVEN’T SEEN BEFORE, SO I CAN, YOU KNOW, GET IN THERE AND MAKE A DIFFERENCE.”

– LANA (JOBSEEKER PAYMENT)



7.2.1 THE ECONOMIC IMPERATIVE FOR REFORM

The Australian economy will benefit hugely if we get our employment participation policies right. In our 2024 report, we explained how a new employment services system could help us achieve full employment and reduce the national unemployment rate. The Committee has shown how the inadequacy of the JobSeeker Payment currently leaves 830,000 JobSeeker recipients at risk of poverty.

RAISING WORKING AGE PAYMENTS WOULD BOOST ECONOMIC AND SOCIAL PARTICIPATION.¹²

In 2018, Deloitte Access Economics estimated that increasing JobSeeker by \$75 a week would grow the economy by \$4 billion and create 12,000 jobs.

One significant issue is the way the Workforce Australia system interacts with the JobSeeker Payment and paid work. For example, the Working Credit scheme, which smooths the transition into work for people who receive income support recipients, has not been updated, evaluated, or indexed since it was introduced in 2003.¹³ This is why we recommended changes to the accrual rate and the maximum balance of Working Credit settings in our report last year. Around one quarter of JobSeeker

¹² Deloitte Access Economics, *Analysis of the impact of raising benefit rates*, 2018

¹³ Unlike the Age Pension Work Bonus, which was updated in 2022

Payment recipients receive some income from employment. By allowing JobSeeker recipients to accumulate credits while not working that can be drawn down to reduce withdrawal rates when working, the Working Credit can support people to work part-time as a stepping stone to full-time employment and self-sufficiency.

The Committee heard how Effective Marginal Tax Rates (EMTRs) – the proportion of each additional dollar earned that is lost through increasing tax and decreasing transfer payments – prevent people in part-time work from increasing their hours of work, especially those who earn less than \$30,000 per annum.¹⁴ This is largely due to the withdrawal of their income support payments as their income from work increases.

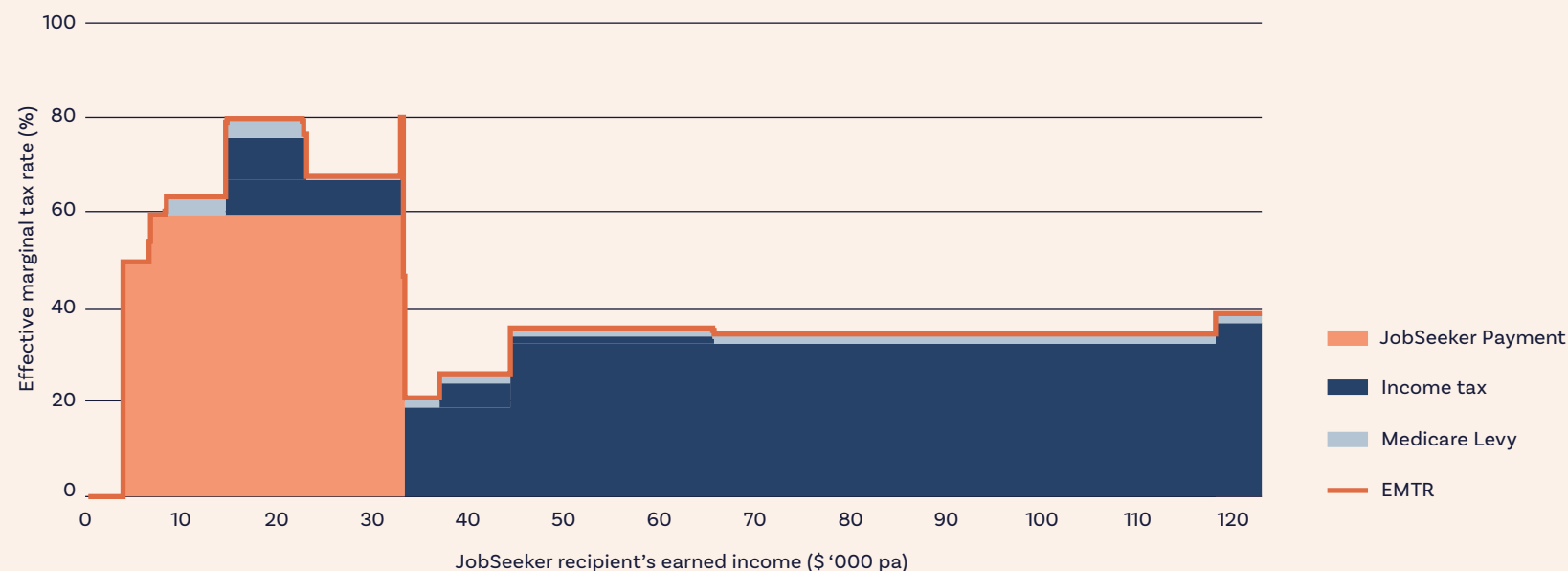
The chart below shows analysis from the Australian Treasury that indicates a single person on JobSeeker Payment with no children on an annual income of less than \$33,000 will generally face an EMTR of more than 60% when working while still receiving payment. That is, for every dollar of income they earn from work, 60 cents will be lost.

As we emphasised in our 2024 report, changes to employment credit schemes must be part of the answer. We proposed reform to the Working Credit system, but no action has yet been taken.

¹⁴ S Kennedy, *Incentives for secondary earners and income support recipients*, Address to the Policy Research Conference, 2024, <https://treasury.gov.au/sites/default/files/2024-03/p2024-495252-04-incentives.pdf>

In 2018, Deloitte Access Economics estimated that increasing JobSeeker by \$75 a week would grow the economy by \$4 billion and create 12,000 jobs.

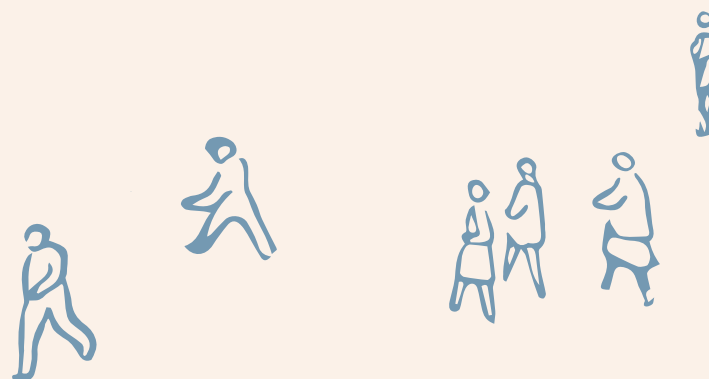
FIGURE 7.1 EMTRS FOR A SINGLE PERSON ON JOBSEEKER PAYMENT WITH NO CHILDREN (2022–23)



Source: Treasury's CAPITA model, retrieved at <https://treasury.gov.au/sites/default/files/2024-03/p2024-495252-04-incentives.pdf>

The Committee reaffirms its recommendations in relation to employment services from last year's report, many of which have not yet been adopted, and calls for the Government to accelerate a full-scale rebuilding of Australia's employment services system.

THE REST OF THIS CHAPTER SUGGESTS 6 PRIORITY ACTIONS THE AUSTRALIAN GOVERNMENT CAN TAKE AS IT REBUILDS THIS SYSTEM.



7.3 SIX PRIORITY ACTIONS FOR REFORM

7.3.1 COMMIT TO A TIMEFRAME TO ACHIEVE COMPREHENSIVE EMPLOYMENT SERVICES SYSTEM REFORM AND CONSIDER A NEW LEGISLATIVE FRAMEWORK

A timeline for comprehensive reform

Government must not continue to delay ambitious reform of the employment services system. In its report, the Select Committee on Workforce Australia Employment Services proposed a staged approach to the changes proposed, noting that while some could be implemented quickly, other more complex reforms needed a longer implementation timeframe. It recommended that a detailed implementation timeline be released within 12 months. The Government's response to the report in July 2024 acknowledged this and agreed to "release further detail on employment services reforms, including the phasing and priority for implementation".¹⁵ No timeline has yet been released.

The Committee reiterates its recommendations from the 2024 report that the Government should commit to a full-scale redesign of Australia's employment services system by adopting the recommendations in the report from the Select Committee on Workforce Australia

¹⁵ DEWR, *Australian Government response to the House Select Committee on Workforce Australia Employment Services reports, 2024*, <https://www.dewr.gov.au/employment-services-reform/resources/australian-government-response-houseselect-committee-workforce-australia-employmentservices>

Employment Services. We recommended that Government should give priority to a full redesign of the mutual obligations and compliance settings in the Workforce Australia system that build capability and confidence in people seeking work. It should also build a new practice model that meets the needs of people furthest from the labour market. The Committee also urged the Government to immediately end automatic payment suspensions while broader reforms are progressed.

We reiterate how essential it is for the Government to release a timeline for the reforms and how they are to be sequenced.

A new legislative framework for a cohesive employment services system

IT IS TIME TO TURN OUR EMPLOYMENT SERVICES SYSTEM FROM ONE THAT POLICES PEOPLE RECEIVING INCOME TO ONE THAT PREPARES PEOPLE FOR WORK.

This means loosening the tight ties between our employment services and social security systems – a task that will require a new legislative framework.

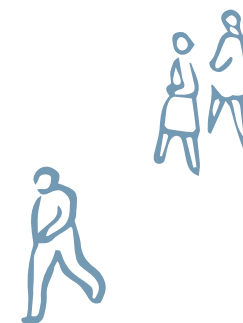
A high-quality employment services system is more important than ever. People are moving in and out of work, taking insecure or casual jobs, and transitioning through multiple careers as we face big economic shifts and demographic pressures from an ageing population – meaning we need a system that supports people's mobility

through their working lives. This is an economic imperative independent from the core structure of the income support payment system.

"It is harsh but true to say that Australia no longer has an effective coherent employment services system; we have an inefficient outsourced fragmented social security compliance management system that sometimes gets someone a job against all the odds. The system does not effectively serve job seekers or engage service partners, and it is overly focused on supply (job seekers) rather than demand (employers)." - Select Committee on Workforce Australia Employment Services, 2023, p.xi

There is currently no legislative framework specifically focused on employment services. Rather, the *Social Security Act 1991* authorises expenditure relating to employment services. By comparison, other human service sectors are supported by legislation that ensures the provision of assistance and regulates the behavior of service providers. For example, the early childhood education and care sector is subject to a National Quality Framework and the *Education and Care Services National Law 2010*; aged care is regulated through the *Aged Care Act 1997*; and vocational education comes under the Vocational Education and Training Quality Framework through the *National Vocational*

The Committee reiterates its recommendations from the 2024 report that the Government should commit to a full-scale redesign of Australia's employment services system by adopting the recommendations in the report from the Select Committee on Workforce Australia Employment Services.



*Education and Training Regulator Act 2011.*¹⁶

The absence of a unifying legislative framework for employment services means that the core purpose of the system remains confused; is it about helping people into sustainable employment, or policing social security payments? The current legislative framework stifles innovation, adds unnecessary complexity, and makes it harder to establish high quality services. It has led to parallel systems, each currently undergoing their own separate reform processes.

The Government currently administers 3 different employment programs across several departments, including Workforce Australia Employment Services from the Department of Employment and Workplace Relations (DEWR), DES from the Department of Social Services (DSS), and the CDP from the National Indigenous Australians Agency (NIAA). Each system is currently undergoing reform. Reforms to the DES aim to “improve the employment and career outcomes for people with disability through high quality, individualised and effective specialist disability employment services”.¹⁷ CDP will be replaced by a Remote Jobs and Economic Development program aimed at creating 3,000 new jobs over 3 years, in addition to a new remote employment

16 Select Committee on Workforce Australia Employment Services, *Rebuilding Employment Services Final report on Workforce Australia Employment Services*, Commonwealth of Australia, 2023, p.216

17 DSS, *Ministers for the Department of Social Services: New Specialist Disability Program open for tender*, <https://ministers.dss.gov.au/media-releases/16301>, 2024

service.¹⁸

While there have been efforts to unify and align these reform processes, the Committee’s assessment is that the siloed nature of our current system has limited the extent of the reforms possible and made it harder to reach a fully cohesive system.

To complicate matters further, state and territory governments have often implemented their own programs in response to perceived gaps or failures in the Australian Government supports. The Select Committee heard that stakeholders were concerned by the sheer number of programs, artificial siloes between services, and the confusing landscape this presented for users.¹⁹ An overarching, employment services-specific legislative framework, should go some way to unifying this system.

As part of its disentanglement with the social security system, the purpose of the employment services system should be clarified. The Select Committee found that “new modern objectives should...explicitly value economic security, sustainable employment, productivity, skills, and workforce participation and respond to industry transition and the workforce needs of employers, while preventing and addressing long-term unemployment and

18 NIAA, *Remote Jobs*, <https://www.niaa.gov.au/our-work/employment-and-economic-development/remote-jobs>

19 Select Committee on Workforce Australia Employment Services, *Rebuilding Employment Services Final report on Workforce Australia Employment Services*, Commonwealth of Australia, 2023, p.31

intergenerational disadvantage.”²⁰

7.3.2 END HARM CAUSED BY THE COMPLIANCE SYSTEM

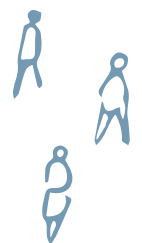
In our 2024 report, we argued for a “full redesign of the mutual obligations and compliance settings in the Workforce Australia system... consistent with the directions outlined in the Select Committee’s report.” We called for this to be grounded in a complete cultural shift towards building people’s capability and confidence to find work, rather than deficit and punishment. In this year’s report, we re-iterate this recommendation. We also call for more immediate measures to reduce the harm caused by the system while broader changes are progressed. We note that since delivering the 2024 report, the Government has revealed that payment cancellations may have been applied incorrectly and people’s rights breached through misapplication of social security law.²¹

The Select Committee found Australia’s compliance system to be unduly harsh and counterproductive²² – a finding reinforced in our consultations. We heard about the

20 Select Committee on Workforce Australia Employment Services, *Rebuilding Employment Services Final report on Workforce Australia Employment Services*, Commonwealth of Australia, 2023, p. xiv

21 DEWR, *TCF Public Data - July to September 2024*, <https://www.dewr.gov.au/employment-services-data/resources/tcf-public-data-july-september-2024>, 2024

22 Select Committee on Workforce Australia Employment Services, *Rebuilding Employment Services Final report on Workforce Australia Employment Services*, Commonwealth of Australia, 2023, p. xii



harms caused by the compliance system and how they often make it even harder to find a job. Almost every organisation we consulted wanted changes to the current system of mutual obligations and compliance, beginning with engaging with job seekers with greater trust.

AUSTRALIA'S COMPLIANCE SYSTEM IS UNDULY HARSH AND COUNTERPRODUCTIVE.

We welcome the Government's recognition that mutual obligations are at times punitive and excessive.²³ We also welcome the initial steps the Government made in its 2024 Budget to better recognise individual circumstances and strengthen the integrity of employment services – though we note this must be an initial step only to pave the way for much more significant reform to the compliance and mutual obligation system.

In the Budget, the Government announced a series of changes including:

- extending the time period from two days to 5 for people to re-engage with their employment services provider if they have not met a mutual obligation requirement, to allow more time before their income support payment is suspended

²³ Minister for Employment and Workplace Relations, Murray Watt 'Address to National Employment Services Association National Conference 2024' <https://ministers.dewr.gov.au/watt/address-national-employment-services-association-national-conference-2024>

- assurance that any application of financial penalties is approved by a human decision maker in the Australian Public Service (noting that this does not extend to payment suspensions, only cancellations)
- waiving compliance measures the first time a person has not met a mutual obligation requirement
- strengthening the complaints mechanism for people who use employment services; and offering people with medical incapacity and certain caring responsibilities greater flexibility to meet their requirements.

Ultimately, the Committee's view is that the Targeted Compliance Framework should be replaced with one grounded in human rights and a commitment to investing in people's capability. The Select Committee suggested this be called a 'Shared Accountability Framework'. Our view is that a new framework should be grounded in important principles including:

- Designing the whole system consistent with the overwhelming evidence that the vast majority of job seekers receiving income support want to get into work and will 'do the right thing' where the system allows them to do that.
- The compliance system should be focused on only a small minority of participants, similar to the 'regulatory pyramid' model used by the Australian Tax Office in tax system compliance, or by the Aged Care Quality and

Safety Commission.²⁴

- Any compliance action should be proportionate to the seriousness of the breach and take full account of people's circumstances including the risk of financial hardship.
- People should receive sufficient warning before the imposition of payment suspension or cancellation.
- Providers should contact people in advance of appointments to agree a suitable time and place (virtual or in person), and in advance of deadlines for mutual obligation requirements to offer help where a person has fallen well behind in meeting their target.
- Ultimately, decisions involving suspension or cancellation of payments should be made by a human, not an automated system, and within government.
- The community sector and service users should be consulted over the development of a new framework.

In general, mutual obligation requirements should be tailored to individual circumstances, to better serve people and employers alike. The need for tailoring will increase the higher a person's barriers to finding work. As the Government summarised in its Working Future White Paper:

"Well-designed activity requirements improve labour market outcomes. However, if requirements are too onerous or are not

²⁴ See, for example: ATO, Compliance model, <https://www.agedcarequality.gov.au/media/94534> and <https://www.ato.gov.au/about-ato/managing-the-tax-and-super-system/strategic-direction/how-we-help-and-influence-taxpayers/compliance-model>

accompanied by genuine quality support to find suitable employment, they can have harmful effects. Overly strong obligations can push people to become 'the hidden unemployed' as they stop searching for work and move on to payments with less onerous conditions or leave payment without finding work.

The type of activity requirements also matter. Poorly-designed obligations can tie up job seekers in low quality programs that exhaust both time and financial resources to attend, reducing capacity to search for suitable work. They can have consequences for employers too, such as high administrative burden from large volumes of low-quality or unsuitable application submitted for the purpose of meeting obligations rather than genuine applications for work. Well-designed obligations can support better outcomes for both job seekers and employers.²⁵

Tailored requirements would mean a broader spectrum of support available for people, and a broader definition of 'success', acknowledging that a job may not be a realistic result for some people. This means a move away from a 'work first' approach towards greater investment in people. Individual participant and job plans should be co-developed between people and providers to chart realistic, tailored pathways to employment based on a person's needs, capabilities, strengths, and goals, in addition to a commitment by the service partner to provide support.

"Mutual obligations need to move away from a one-size-fits-all approach that ties the system up in red tape, drives employers away, and makes people less employable, and must be broadened and tailored to the individual."

– Select Committee on Workforce Australia Employment Services, p.xi

As well as complete system re-design, we recommend more immediate measures to reduce the harm caused by the system while broader changes are progressed. The subsections that follow outline these recommendations.

**"YOU KNOW, I JUST WANTED THE COMMITTEE TO HEAR THAT THE SYSTEM MAKES ME FEEL LIKE I'M NOT WORTHY, THAT I'M STUPID, THAT I'M AN IDIOT. PEOPLE WONDER WHY WE DON'T YOU HAVE CONFIDENCE IN YOUR ABILITIES."
– REBECCA (JOBSEEKER PAYMENT)**

"WE ALSO HAVE A DIMINISHED CAPACITY, EMOTIONALLY AND PHYSICALLY AT THIS TIME [AFTER LEAVING AN ABUSIVE RELATIONSHIP]. THAT'S NEVER TAKEN INTO ACCOUNT. NO ONE KNOWS WHAT'S GOING ON INDIVIDUALLY, AND THEN THEY DON'T TALK, AND YOU JUST GET HANDBALLED. EVEN THOUGH I WAS DOING FULL TIME STUDY, I WAS STILL TOLD I HAD TO DO 15 HOURS A WEEK OF PAID WORK. SO, HOW AM I MEANT TO DO PARENTING AND UNPAID PLACEMENT TO GET THE QUALIFICATION? MEANWHILE, THEY [THE ABUSER] WHO LEFT YOU IN THIS SPOT, THERE ISN'T LIMITATION ON THEIR WORKING CAPACITY OR THEIR ABILITY TO FURTHER THEIR CAREER AND GROW." – HAZEL (PPS, CHILD SUPPORT, FTB)

The Targeted Compliance Framework (TCF) should be replaced with one grounded in human rights and a commitment to investing in people's capability.



²⁵ Working Future White Paper, pp.160-161

Removing automated payment suspensions

Removing automated payment suspensions is a priority to end harm caused by the compliance system. This is particularly important in the wake of the Robodebt scandal.

A payment suspension is a temporary withholding of an income support payment until a mutual obligation condition is met. From July to September 2024, 239,040 people received payment suspensions. The most common causes were a missed provider appointment (50%), or failure to meet points or job search requirements in reporting period (45%).²⁶ Around one third of people (36%) who received a payment suspension were able to resolve it before it affected their payment (i.e. within the grace period), but we heard testimony that the need to resolve suspensions places considerable pressure and stress on recipients.

As with Robodebt, these suspensions are automated, with no Centrelink decision-maker reviewing individual circumstances. Suspensions are often applied before a person's circumstances are considered, including whether they had a valid reason for not meeting requirements, meaning payment suspensions are often imposed when there was no actual breach of a requirement.

²⁶ DEWR, *Job seeker compliance data*, <https://www.dewr.gov.au/employment-services-data/job-seeker-compliance-data#toc-targeted-complianceframework-tcf>, 2025

There is little evidence to suggest payment suspensions effectively improve job outcomes for recipients,²⁷ but there is substantial evidence showing that these suspensions pose a real threat to people's economic and housing security and mental health.²⁸ Payment suspensions can create a poverty trap, making it harder for individuals to effectively search for work.

The Committee calls for immediate action to end the automation of payment suspensions, reduce their frequency, and create a fairer system grounded in human rights and natural justice principles.

²⁷ Literature review: *What does a review of quantitative research on Mutual Obligation tell us about how the system should be designed?*, Paper prepared for the Economic Inclusion Advisory Committee by J Borland, Department of Economics, University of Melbourne, See Appendix 10

²⁸ S Casey, *Back to the future: coercive conditionality in the jobactive era*, RMIT University, 2022, <https://research.curtin.edu.au/businesslaw/wp-content/uploads/sites/5/2022/03/AJLE251casey.pdf>

“JOBACTIVE [WORKFORCE AUSTRALIA] AND CENTRELINK’S ABILITY TO TURN OFF PAYMENTS AT WHIM AND THE NULLIFYING TERMINOLOGY USED BY ‘MUTUAL OBLIGATION’ IN ANY OTHER CONTEXT WOULD CONSTITUTE COERCIVE CONTROL AND FINANCIAL ABUSE.”
– CLAIRE (JOBSEEKER PAYMENT)

“I HAD MY PAYMENTS CUT OFF BECAUSE THE EMPLOYMENT SERVICES PROVIDER HADN’T TICKED A BOX. I TRIED FOR 3 DAYS TO GET IN TOUCH AND THEY ONLY CALLED ME BACK WHEN I GOT A TEXT AFTER HOURS TO SAY THE PAYMENTS WERE CUT OFF AND I SENT A MESSAGE THROUGH THEIR WEBSITE TO SAY, ‘CALL ME OR I’M CALLING THE COMPLAINTS LINE.”
– REBECCA (JOBSEEKER PAYMENT)

Implementing the Digital Protections Framework to protect people's basic human rights and ensure the system complies with administrative law principles

The Committee emphasises the need for a robust Digital Protections Framework to safeguard people's human rights and afford people natural justice amidst increasing digitalisation and automation in employment and human services. The Framework must safeguard people's right to social security and work to reduce harm caused by unfair policies that disadvantage people on the lowest incomes. Implementation of a Digital Protection Framework was recommended in the report of the Select Committee on Workforce Australia Employment Services (Recommendation 36).

The framework should ensure that decisions with financial consequences are made by humans, provide accessible complaint processes, protect individuals from intrusive surveillance, and secure personal data. It should also allow effective data sharing for system functionality, to avoiding people needing to repeat their experiences to multiple organisations. The framework should align with broader government measures, particularly those stemming from the Robodebt Royal Commission.

Recent evidence has come to light that income support payments may have been unlawfully cancelled, affecting at least 1,000 people between April 2022 and July 2024.²⁹ A Digital Protections Framework would have gone some way to protecting these people.

Relaxing the Points Based Activation System targets while broader changes are progressed

The Points Based Activation System (PBAS) was introduced in 2022 to give people "choice and flexibility in the way they manage their mutual obligation requirements in return for their income support".³⁰ Prior, people were required to apply for up to 20 jobs per month to retain income support payments. Under PBAS, different activities earn points: applying for a job earns 5 points, attending a job interview earns 25 points, and so on. Most people are expected to reach 100 points per month, but the target is reduced for some people, including those who live in remote areas, have caring responsibilities, have reduced capacity to work, or are over 55.

29 ACROSS, *ACROSS demands immediate suspension of Targeted Compliance Framework and full, open legal investigation*, <https://www.acoss.org.au/media-release/acoss-demands-immediate-suspension-of-targeted-compliance-framework-and-full-open-legal-investigation>, 2024

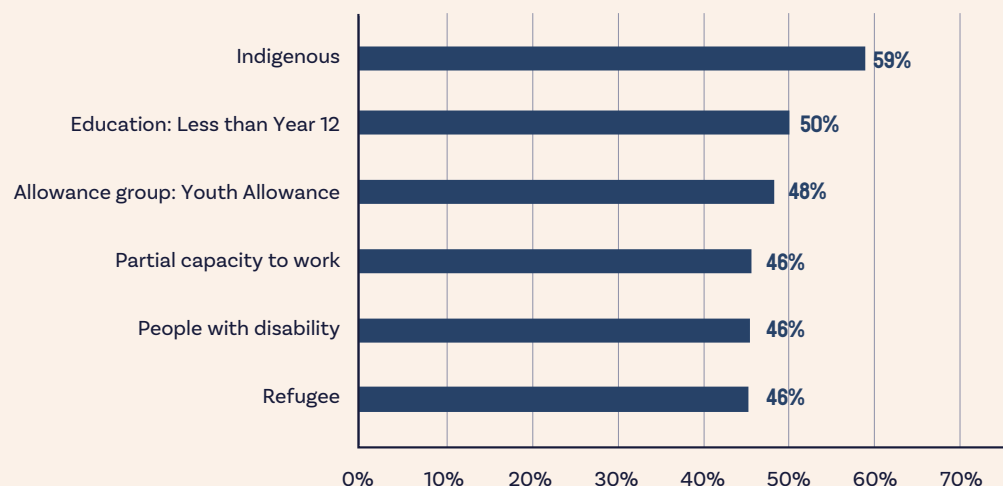
30 DEWR, PBAS Public Data Report – 1 July to 30 September 2024, <https://www.dewr.gov.au/employment-services-data/resources/pbas-public-data-report-1-july-30-september-2024>, 2024

Sadly, the PBAS has not fulfilled its promise. Data from July to September 2024 shows that 42% of people in the Workforce Australia system were unable to complete their points target every month.³¹ Groups who struggled the most were First Nations people (59%), young people (48%), people with disability (46%), and people with less than a year 12 level of education (50%) (see figure 7.2).



31 DEWR, PBAS Public Data Report – 1 July to 30 September 2024, <https://www.dewr.gov.au/employment-services-data/resources/pbas-public-data-report-1-july-30-september-2024>, 2024

FIGURE 7.2 COHORTS LEAST LIKELY TO MEET POINTS REQUIREMENT



An independent evaluation of Workforce Australia found that two-thirds of participants had little or no knowledge about how the points system worked, and that providers also needed more confidence in their ability to tailor targets appropriate to individual participants' circumstances.³² This would suggest that the 42% failure rate is a problem not of the job seekers, but rather the system.

Recommendation 57 from the Select Committee on Workforce Australia Employment Services outlines immediate measures to reduce the harm from the PBAS while broader changes to the compliance system are underway.

This includes halving the default points requirement to 50 points, with human case managers afforded greater discretion to relax the points target based on their professional judgement. This would come in addition to the welcome change announced in the 2024 - 2025 Federal Budget to extend to 5 days the period in which a person must reconnect with the system after committing a breach.

Ensuring there are exemptions to mutual obligations for people where they are unreasonable and counterproductive, noting it appears many have difficulty receiving exemptions

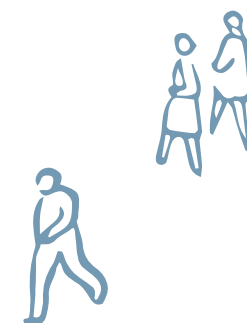
Another way in which the more harmful aspects of the compliance system can be eased while broader reform is undertaken is to extend exemptions to mutual obligation requirements for people where they appear unreasonable and counterproductive.

Currently, where a person is temporarily unable to meet mutual obligation requirements, they can apply for an exemption – for example, because of illness, temporary caring responsibilities or domestic violence.³³ Through our consultations, we heard these exemptions can be difficult to access. We also heard that people may be ineligible for an exemption, despite facing severe challenges to meeting their mutual obligation requirements, adding to their economic insecurity and thus worsening their job-search capacity. The most affected groups were single parents caring for children, parents engaged in reunification processes with child protection, and survivors of family and domestic violence (who called for exemptions for 12 months, rather than the temporary period currently allowed). Our hearings with organisations, including Single Mother Families Australia, echoed the call for exemptions to be considered for such people. They also called for mutual obligations to be paused during school holidays if an employer shuts down, and to allow voluntary work to fulfil mutual obligation requirements for those under 55.

Source: DEWR, 2024

32 Parliament of Australia, *Legislated Review of Workforce Australia*, https://www.aph.gov.au/Parliamentary_Business/Tabled_Documents/7306, 2024

33 Select Committee on Workforce Australia Employment Services, *Rebuilding Employment Services Final report on Workforce Australia Employment Services*, Commonwealth of Australia, 2023, p. 431



7.3.3 USE THE LICENSE REVIEW TO REFORM THE SYSTEM AND INTRODUCE A NEW APPROACH TO COMMISSIONING AND STEWARDSHIP

At 30 June 2025, all 176 Workforce Australia licences will cease, following a licence review that will consider extensions, conditions, or non-extensions. This is the same time (1 July) that the new specialist disability employment program (replacing DES) will commence, for which the tender process closed in late 2024. 2025 is also the year in which a new remote employment service will commence.

The Workforce Australia licence review offers a chance to wind up parts of the system at odds with the reform agenda. Extending licenses that perpetuate a failed system would be counter-productive.

One important way forward would be to change the way services are commissioned. Commissioning should provide incentives for collaboration and learning, rather than competition, and rebuild the public core and evidence base of the system.

The Select Committee on Workforce Australia Employment Services concluded that “full marketisation has failed”. It found that “the level and nature of competition is excessive and counterproductive, resulting in high levels of service saturation, fragmentation, and duplication yet without specialisation or localisation.”³⁴ Competition between providers erodes trust and creates

³⁴ Select Committee on Workforce Australia Employment Services, *Rebuilding Employment Services Final report on Workforce Australia Employment Services*, Commonwealth of Australia, 2023, p. xiii

a fragmented system of overlapping and disconnected services and supports. The current contracting system also destroys local networks. Despite consistent evidence that effective services leverage local social capital and relationships with employers and other human services, 22% of regions saw all providers removed in the last round of contracting of the Workforce Australia system.³⁵

A new approach to commissioning of employment services could include:

- transitioning the system to a less competitive model in which there is one generalist provider per region, alongside a substantial increase to the number of employment regions to reflect natural labour markets
- a reduction in competition and service fragmentation
- an increase in the number of Aboriginal Community Controlled Organisations (ACCOs) and specialist providers (e.g. for young people and for CALD communities)
- a simplified tendering process which gives greater weight given to service partners who demonstrate strong community connections
- a new funding model allowing experimentation to improve outcomes
- a revised performance management framework that would encourage broader and more flexible support instead of the current ‘work first’ approach.

³⁵ Select Committee on Workforce Australia Employment Services, *Rebuilding Employment Services Final report on Workforce Australia Employment Services*, Commonwealth of Australia, 2023, p. xiii

The Government should consider which of these steps can be taken forward through the licence review process. Priority should be given to elevating ACCOs and specialist providers with deep connections to community and a willingness to collaborate. This would release resources needed to rebuild the system.

“BEING IN A CORNER OF THOSE OFFICES BAWLING MY EYES OUT BECAUSE I FELT LIKE I WASN’T BEING HEARD. AN EMPLOYMENT SERVICE IS SUPPOSED TO HELP YOU, IT’S SUPPOSED TO LISTEN! BUT IT’S ALL ABOUT TICKING BOXES AND RUSHING YOU THROUGH THE DOOR... THAT REJECTION ONCE IS ENOUGH, IMAGINE HAVING TO KEEP DOING IT PLUS JUMP HOOPS TO RECEIVE A PAYMENT FROM CENTRELINK.”
— AMANDA (JOBSEEKER PAYMENT)

One important way forward would be to change the way services are commissioned. Commissioning should provide incentives for collaboration and learning, rather than competition, and rebuild the public core and evidence base of the system.



7.3.4 TRIAL A NEW COMMISSIONING MODEL AND GROW INNOVATION ZONES

THE COMMITTEE IS CONCERNED ABOUT THE CURRENT “ARM’S LENGTH” COMMISSIONING PROCESSES.³⁶

This transactional contracting approach relies on a compliance-driven regulatory model which is “unhelpfully costly and defensive”.³⁷ The Committee is also conscious the approach to commissioning employment services has stifled experimentation. The Select Committee found that “existing contractual arrangements severely limit opportunities to innovate, including by discouraging providers from trialing new initiatives”. Evidence presented to the Committee by the Paul Ramsay Foundation suggested it is still very difficult to secure support for experimentation within the system.

We endorse the recommendation from the Select Committee on Workforce Australia Employment Services that “government must have a much stronger role, both as an active steward of the system providing enabling services in each region and a direct provider of services.”³⁸ This is consistent with the world’s best employment systems and other human services systems like TAFE, education, health, aged care. Similarly, the Committee backs the Select Committee recommendation for dedicated sandboxes and innovation zones to enable testing of new approaches and the reduction of barriers to innovation within the system.

The Committee recommends trialing a formal relational contracting approach within these innovation zones, including in partnership with state and local governments. Formal relational contracting uses long-term relationships to improve performance. Relational contracting may help to resolve some of the problems that emerge in employment services where the outcomes being sought are not easily specified, the external environment is changeable, and regulation tends to be onerous and ineffective.³⁹

Innovation zones should be used to build the evidence base for the new system more broadly. These innovation zones would build on those already announced by the Government to target entrenched disadvantage and transform funding models.⁴⁰ They could also accelerate pilots announced by the Government on local jobs hubs and streamlining employment services.⁴¹

7.3.5 BETTER SKILLS MATCHING

The employment services system should be more closely connected with the skills and training system. This means providing more integrated support with the vocational education and training system for job seekers wishing to upskill or retrain. It also means supporting people to move into sustainable work that is aligned with their long-term goals, needs, and skills, rather than forcing them into the first job that they are offered. Further, it requires reform to Australia’s skills and qualifications recognition policy that holds back skilled people—particularly migrants—from moving into work aligned with their skills.

36 Select Committee on Workforce Australia Employment Services, *Rebuilding Employment Services* Final report on Workforce Australia Employment Services, Commonwealth of Australia, 2023, p. 465

37 Select Committee on Workforce Australia Employment Services, *Rebuilding Employment Services* Final report on Workforce Australia Employment Services, Commonwealth of Australia, 2023, p. 492

38 Select Committee on Workforce Australia Employment Services, *Rebuilding Employment Services* Final report on Workforce Australia Employment Services, Commonwealth of Australia, 2023, p. xiv

39 See, for example, Brotherhood of St Laurence, *Inquiry into Workforce Australia Employment Services*, Centre for Policy Development, University of Melbourne, 2023 https://library.bsl.org.au/bsljspui/bitstream/1/13323/1/Joint_subm_Inquiry_into_Workforce_Australia_Employment_Services_2023.pdf.

40 Ministers for the Department of Social Services, *Minister Rishworth speech at the Investment Dialogue for Australia’s Children Second Roundtable*, DSS, 2024, <https://ministers.dss.gov.au/speeches/16751>

41 Ministers’ Media Centre, *Local Jobs Hub boosts Vic job opportunities*, DEWR, 2024, <https://ministers.dewr.gov.au/watt/local-jobs-hub-boosts-vic-job-opportunities>

We heard from the Federation of Ethnic Communities Councils of Australia (FECCA) and Committee for Economic Development of Australia (CEDA) of the untapped potential this could unlock. Research shows that 44 per cent of permanent skilled migrants find work beneath their skill level, resulting in a \$1.25 billion loss in wages (including losses in superannuation).⁴² We heard of many skilled engineer migrants driving delivery vans when engineers are in strong demand.

The Committee agrees with the analysis and suggestions by the Activate Australia's Skills campaign – an alliance of businesses, unions, social services and community organisations convened by Settlement Services International – calling on government to improve skills and qualifications recognition policy.⁴³ Complicated systems, expensive fees, outdated paperwork, and slow processes often overshadow valuable skills and experience, contributing to widespread skills shortages in crucial areas like healthcare, education and housing, especially in regional areas.

42 CEDA Media releases, *Skilled migrant job mismatch cost \$1.25 billion: CEDA report*, CDA, 2021, [https://www.ceda.com.au/newsandresources/mediareleases/population/skilled-migrant-job-mismatch-cost-\\$1-25-billion-ce](https://www.ceda.com.au/newsandresources/mediareleases/population/skilled-migrant-job-mismatch-cost-$1-25-billion-ce)

43 Activate Australia, *Activate Australia skills*, 2024, <https://activateaustralia.org.au/>

With over a third of occupations facing shortages⁴⁴, we need to activate these vital skills. It could boost Australia's economy by \$9 billion annually.⁴⁵

“YOU’VE BECOME RESENTFUL OF THE FACT THAT YOU KNOW, YOU’VE GOT NO CONTROL OVER YOUR OWN LIFE...THERE’S RESTRICTIONS ON WHAT SORT OF WORK YOU CAN AND CAN’T DO, WHERE YOU CAN AND CAN’T DO IT. YOU CAN’T SORT OF DECIDE WHERE YOU WANT TO GO AND WHAT YOU’D LIKE TO DO. YOU JUST FEEL AS IF YOU’RE LESS THAN HUMAN TO THESE PEOPLE.”
– KATHY (JOBSEEKER PAYMENT)

44 Jobs and Skills Australia, *Occupation Shortages Analysis*, Australian Government, 2024, <https://www.jobsandskills.gov.au/data/occupation-shortages-analysis>

45 Activate Australia, *Activate Australia skills*, 2024, <https://activateaustralia.org.au/>

7.3.6 REPLACE WORK FOR THE DOLE

The Committee recommends ineffective and punitive programs such as Work for the Dole be abolished and replaced with programs that offer genuine support for people excluded from the labour market. The Select Committee on Workforce Australia Employment Services found that Work for the Dole was “overwhelmingly ineffective in terms of enabling job seekers to increase employability, fails to enable social participation, and creates risk to the job seeker’s safety”.⁴⁶

The Committee recommends redirecting investment to interventions that boost the employment prospects of those facing barriers to the labour market, including vocational education and training and subsidies for work placements. We welcome as an initial step, the *Real Jobs, Real Wages* pilot announced in the 2024-25 Federal Budget, which will run for two years and assist 1,500 people who face high barriers to work.⁴⁷ The lessons from this pilot should inform broader investment into ongoing active labour market policies targeting the most disadvantaged job seekers.⁴⁸

46 Select Committee on Workforce Australia Employment Services, *Rebuilding Employment Services Final report on Workforce Australia Employment Services*, Commonwealth of Australia, 2023, p. 409

47 DEWR, *Real Jobs, Real Wages*, Australian Government, 2024,, <https://www.dewr.gov.au/real-jobs-real-wages>

48 Card et al, *What Works? A Meta Analysis of Recent Active Labor Market Program Evaluation*, 2018 <https://academic.oup.com/jeea/article-abstract/16/3/894/4430618>

44 PER CENT

of permanent skilled migrants find work beneath their skill level

This results in a loss in wages of

\$1.25 BILLION



7.4 THE ENABLING ARCHITECTURE OF A TRANSFORMED SYSTEM

This chapter has outlined our priority recommendations to underpin a redesigned employment services system—one that works to support people into work, unlock untapped potential in the Australian population, and help employers and industries face a changing economy.

Australia must also build the infrastructure that will enable system-wide transformation to take place. We therefore re-iterate crucial recommendations from last year's report, including:

- an independent Employment Services Quality Commission to set minimum quality standards, drive improvements in qualifications and skills of frontline staff, share best practice, and handle licensing and complaints
- a client council (or councils) to include the voices of those using the system who can help with its design.

There should be a formal stakeholder engagement process that includes people directly affected, their representative organisations, employers and other experts to guide the Government on these reforms.

“IT’S [MORE] COST EFFECTIVE TO INVEST IN PEOPLE NOW AND RATHER THAN PUTTING A VERY COSTLY BAND-AID OVER THINGS THAT DON’T ACTUALLY MEND ANYTHING LATER.... INVEST IN US SO WE CAN CONTRIBUTE IN THE BEST WAY POSSIBLE.”
— HAZEL (PPS, CHILD SUPPORT, FTB)

“YOU’LL GET BACK WHAT YOU PUT IN. SO MANY PEOPLE HERE ARE PROBABLY SKILLED AND HAVE HAD CAREERS. THEY CAN’T GO BACK TO THEM ANYMORE BECAUSE OF MEDICAL PROBLEMS AND THINGS LIKE THAT. YOU WILL GET WHAT YOU PUT IN, THAT’S ALL. THAT’S THE MOST IMPORTANT THING.”
— SALLY (JOBSEEKER PAYMENT)

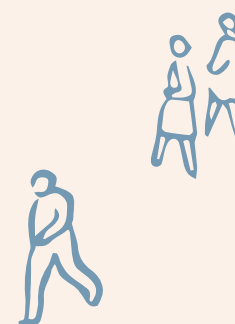


RECOMMENDATION 7

The Committee reaffirms its recommendations from last year's report, many of which have not yet been adopted, and calls for the Government to accelerate a full-scale rebuilding of Australia's employment services system.

Priority actions include:

- a. Commit to a timeframe to achieve comprehensive reform and consider a new legislative framework for Australia's employment services system, aligning reforms to Workforce Australia Employment Services, Disability Employment Services, and the Remote Jobs Program.
- b. End harm caused by the compliance system by:
 - i. removing automated payment suspensions
 - ii. implementing the Digital Protections Framework to protect people's basic human rights and ensure the system complies with administrative law principles
 - iii. relaxing Points Based Activation System targets while broader changes are progressed
 - iv. ensuring there are exemptions to mutual obligations for people where they are unreasonable and counterproductive, noting it appears many have difficulty receiving exemptions.
- c. Use the Workforce Australia license review to wind up parts of the system at odds with the reform agenda, rather than extend licenses that perpetuate a failed system. In doing so, change the commissioning approach to enable better outcomes and longer-term system stewardship.
- d. Trial a formal relational contracting approach to shift government's role from contract manager to active participant and steward, including in partnership with state and local governments, and use innovation zones to build the evidence base for the new system, including adequate payment levels, voluntary participation, and reconceptualising mutual obligations.
- e. Facilitate better matching of skills for people seeking paid work, including better recognition of overseas skills and qualifications, and supporting participants to find employment that is aligned to their skills and interests rather than requiring them to take the first job they are offered.
- f. Replace the ineffective and punitive Work for the Dole program with investment in vocational education and training and subsidies for work placements to support people who are disadvantaged in the labour market.



See Appendix 10 *Literature Review: What does a review of quantitative research on Mutual Obligation tell us about how the system should be designed?*, Paper prepared for the Economic Inclusion Advisory Committee by Jeff Borland, Department of Economics, University of Melbourne, February 2024.

REFORMING EARLY CHILDHOOD DEVELOPMENT SERVICES



Laura lives in a small farming community in regional Victoria with her husband and two young kids. Her story is emblematic of many of the challenges facing Australia's early childhood system and the barriers they create for women's economic inclusion.

The town of 1,000 people has just 8 places in family day care (recently doubled from 4), and a kinder at the local school. The family day care hasn't taken on any new families in several years. The kinder suffers from staffing shortages, which means they can "pull the pin" at 8am or drop a day of care at a week's notice. They also only offer childcare during the school term, which leaves parents in the lurch for 12 weeks a year during the holidays.

Recently, the kinder dropped down from 3 to two days per week. Laura's worried about what impact it will have on kids who might not have a chance outside of kinder to regularly play with other kids, and what it will do for their learning. For Laura, it means she can no longer take one of her children to swimming lessons because she has no care arrangements for the other child. One of Laura's friends had to stop working on that day of the week. Laura has ended up looking after a couple of her friends' kids alongside her own so that her friends can get back into work. "Everyone's been to my house," she laughs.

LAURA'S FAMILY'S MAIN SOURCE OF INCOME IS FROM FARMING. THEY RECEIVE THE CHILD CARE SUBSIDY, AND LAURA NEEDS TO REPORT THEIR EXPECTED INCOME TO CALCULATE THE SUBSIDY. BUT FORECASTING THE PRICE OF WOOL OR MEAT IS COMPLEX.

Her friend working casual hours finds it similarly hard to calculate the subsidy. It's stressful and expensive—Laura just wishes that childcare was affordable and predictable.

The whole community suffers from the lack of childcare. When she was 27, Laura went back to uni to study a social work degree. She was 3 months from finishing when she had her first child. All she had left to do was a 3-month full-time placement—"unpaid, of course". But the lack of childcare meant she was unable to complete the placement before the qualification timed out. So she's had to forego the entire degree. "It's our community that's going to be missing out," she says. 40% of the children at the local school in out-of-home care, and the town could do with more social workers.

It's a similar story at the school. They're short of teachers— but Laura's friend, who is a teacher, can only work there two days a week because that's all the childcare she can get, even though she'd love to be doing more hours. Even then, she's had to split her hours across more days because there's no before or after school hours care. It was a juggle to make a timetable that fit. The school principal recently lost 3 more teachers because of the lack of childcare.

AFTER SIGNIFICANT ADVOCACY FROM THE LOCALS, LAURA IS EXCITED THAT THE GOVERNMENT HAS ANNOUNCED A NEW KINDERGARTEN WILL BE BUILT IN THE TOWN. BUT SHE'S ALSO A BIT NERVOUS. "THERE WILL BE 40 PAID POSITIONS UP AT THE KINDERGARTEN WHEN IT OPENS. SO FROM A DEVELOPMENT PERSPECTIVE, WHERE ARE THEY GONNA LIVE? WHICH IS AN ISSUE. SO HOUSING IS THE NUMBER ONE THING. THERE ARE NOT REALLY ANY RENTALS AVAILABLE IN TOWN."

There is such high demand for childcare at the moment, Laura observes. She thinks the reason is not necessarily because women want to be returning to work so soon after having kids, but because of the financial pressure they're under in today's cost of living crisis. She'd love to see more generous paid parental leave, set at a level that means a family can get by, and based on what is best for their situation.

Laura's story is real, but her name and some identifying details may have been changed to protect her privacy. The Committee thanks her for sharing her story and insights with us.

8.1 INTRODUCTION

The Committee welcomes the Government's commitments of 11 December 2024 to invest further in early childhood education and care, including:

- the abolition of the Activity Test for the childcare subsidy and its replacement with a 3 day per week early learning guarantee (the 3 Day Guarantee)
- the establishment of the Building Early Education Fund
- co-location of early learning centres on school sites – at existing and greenfield sites
- encouragement of the colocation of child and maternal health services with early learning to create multidisciplinary hubs
- a focus on underserved markets in the regions and outer suburban areas
- building the capacity of non-profit providers.

These initiatives are a significant step towards a better child development system for Australia, which will help families struggling with the cost of raising children, support women's participation in the workforce, and improve economic inclusion and productivity.

The abolition of the activity test will provide access for the most disadvantaged children to 3 days of ECEC per week. These children are consistently found to benefit the most from access to early childhood education and care, and this reform will improve school readiness and future productivity of these children.

The recommendations in this report build on these positive developments to propose further measures to promote the joining-up of the child and maternal health, disability, and early learning systems with a focus on how the proposed reforms can benefit families and communities most in need.

Communities underserved by childcare services typically experience high rates of economic exclusion and disadvantage.

FOCUSING ON CHILD AND FAMILY WELLBEING PROVIDES AN EFFECTIVE WAY TO CREATE A MORE INCLUSIVE SOCIETY.

The 10,000 hours Australian children can spend in ECEC services offer important developmental opportunities that can deliver lifelong benefits. Such services also provide a focal point for community engagement and community-level change.

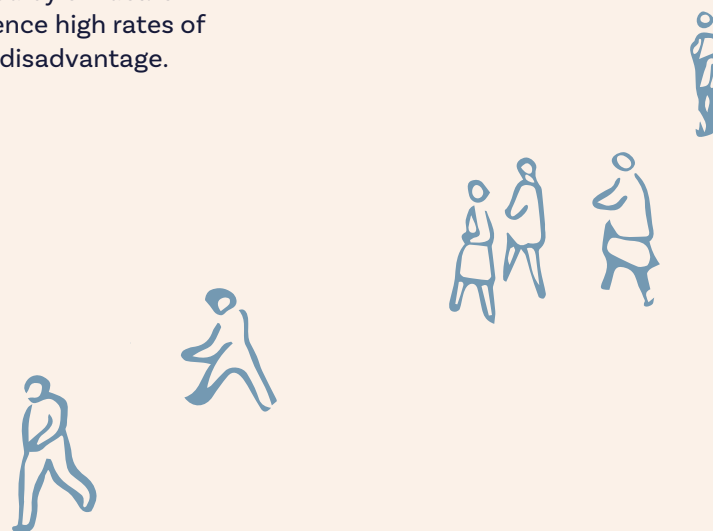
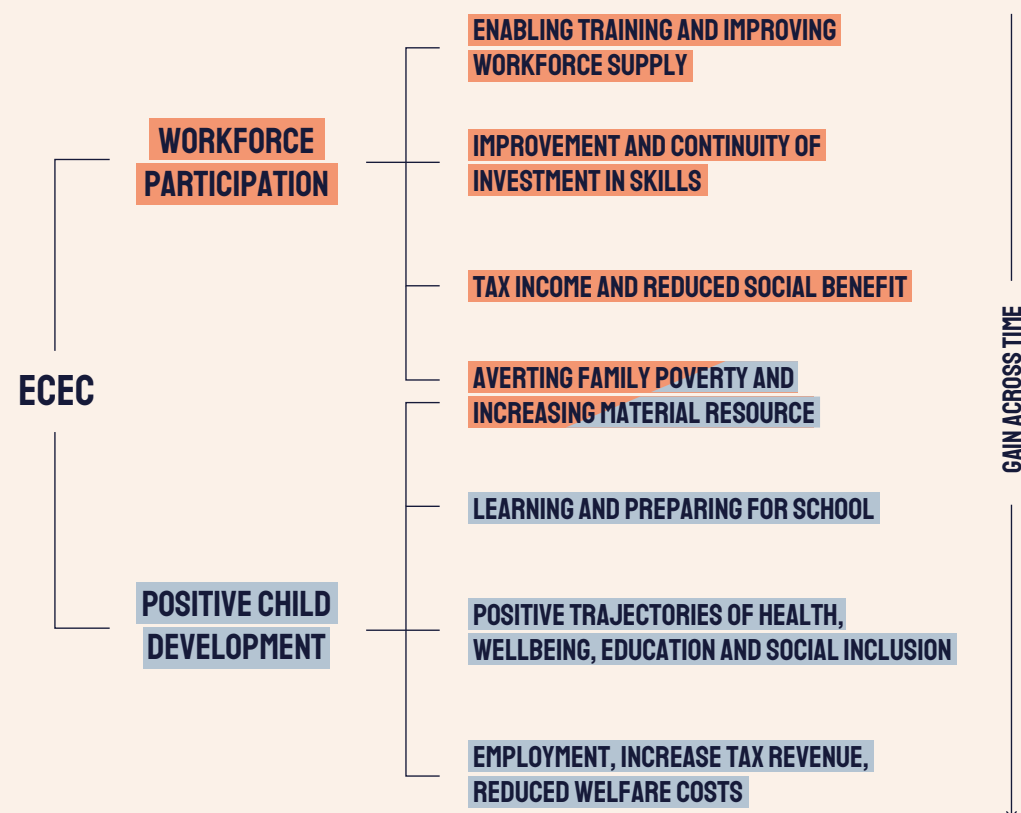


FIGURE 8.1 SUMMARY OF BENEFITS OF ECEC ACROSS TIME



8.2 A RARE REFORM MOMENT ACROSS MULTIPLE SYSTEMS

This is a rare and important moment for early childhood services reform. Not only has the Government committed to a broad overhaul of Early Child Development, it has made specific commitments to (1) improve services for children with disability and developmental delays and (2) progress the idea of “full service schools” through the current *Better and Fairer Schools Agreement* (the *BFSA*). Taken together, these changes will significantly advance the Government’s *Early Years Strategy 2024-2034*.

This year, the Committee focused on how to maximise the benefits these reforms can bring by suggesting the best ways to:

- a. **join up reforms** across the systems serving our young children and their families to create the spine of a greatly improved child development system
- b. **calculate the costs, funding requirements and funding models required** to sustainably support an improved, connected child development system
- c. **progress work with states and territories** to reform service delivery and funding to improve integration across early childhood services.

Source: Thorpe Lab, Queensland Brain Institute, Response to Productivity Commission Interim Report November 2023.

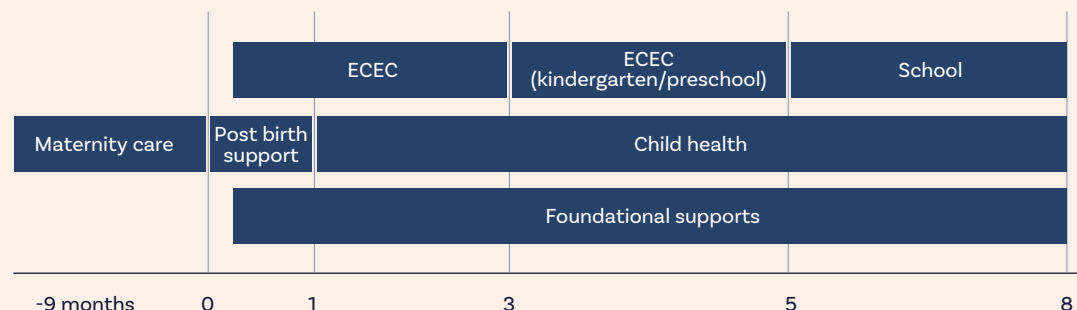
8.3 JOINING UP SYSTEMS

The aspiration of the Government's *Early Years Strategy 2024-2034* is for a high-quality, holistic, integrated, inclusive and equitable early child development system for all children in Australia.

Joining up and strengthening early childhood education and care services and maternal and child health (MCH) services provides the core ingredients of this new universal ECD system. Weave it together with the disability and developmental supports envisaged through the proposed Foundational Supports system – and connect all of this to school communities – and the spine of a robust early child development system stretching from pregnancy to school becomes visible. Mental health, family and many other supports can coalesce around these essential elements.

ALL CHILDREN REGARDLESS OF THEIR LOCATION AND LEVEL OF ADVANTAGE SHOULD BE ENTITLED TO THE BENEFITS OF SUCH AN ECD SYSTEM, BUT IT IS PARTICULARLY RELEVANT TO THE NEEDS OF OUR MOST EXCLUDED CHILDREN.

FIGURE 8.2 THE SPINE OF A UNIVERSAL ECD SYSTEM



So how should Australia go about capturing the opportunities in front of us, connecting current reforms and joining up our new ECD system? The Committee has engaged across the early years sectors and considered a wide variety of ideas for doing so, including those:

- **at a local level** – through integrated service models, shared community infrastructure and local multi-system planning and commissioning
- **at the agency and portfolio level** – through integration incentives across funding streams and common approaches to workforce development
- **at the system level** – through quality standards, intergovernmental agreements and whole-of-government planning and reporting mechanisms.

Details of these joining up mechanisms are summarised in the table below. Progressing these reforms will require engagement and alignment with the many areas of service delivery that are the province of state and territory governments.



TABLE 8.1 JOINED UP SERVICES

JOINING UP MECHANISM	DETAIL
Integrated services	Support local proponents to develop holistic service models where ECEC, health, disability and family supports are delivered in welcoming local neighbourhood settings.
Integrated facilities	Leverage existing community infrastructure such as schools, community centres and existing ECEC services and build these out as multi-function hubs.
Local planning and commissioning	Work with existing local bodies to create local planning and commissioning committees which work across policy areas to plan facilities and services that are the right fit for local needs.

Joining up at the agency and portfolio level

JOINING UP MECHANISM	DETAIL
Conditioning funding to encourage joining up	Where ECEC, health, disability or social support services are funded, condition funding to require integration with complementary services. This will be greatly enhanced if ECEC funding embraces supply-side funding elements.
Capital funding	Where capital funding may be provided – for instance to address service provision in under-served markets – design facilities for delivery of multiple service types.
Common approaches to workforce development	Work across the ECEC, school, health and social sector workforce to develop a common skill base around child development and inter-disciplinary working.

Joining up at the system level

JOINING UP MECHANISM	DETAIL
Quality standards	Introduce integration requirements into quality standards such as the ECEC National Quality Framework.
Governance and accountability	Create whole-of-government accountability mechanisms at the Commonwealth level similar to those in place for other significant cross-government agendas such as the Working for Women gender equality strategy.
An Early Child Development Commission	Establish a new Commission accountable to National Cabinet to drive reform and integration across the early years.
National agreements	Agree an Early Child Development National Partnership with National Cabinet, replacing the Preschool Reform Agreement, and an Early Years Accord with civil society to drive cooperation in addressing the needs of under-served communities.



8.4 SCOPE OF THE PROPOSED ECEC PRICING STUDY

The Government has announced its intention to undertake a pricing study to better establish the costs of delivery of early learning services in different community contexts and for children of different levels of need around the country. This is a positive development.

The scope of the study should widen to investigate the costs of delivery of the high-quality, needs-based, integrated child development services envisaged in the Government's *Early Year Strategy 2024-2034*. This should include consideration of the costs of:

- high quality provision, underpinned by a high-skill workforce, in communities with high rates of child vulnerability
- an improved system of inclusion support for children with developmental difference
- integration of early learning services with child and maternal health, disability, family and other supports
- more intensive, lower ratio, services for higher-needs children
- delivery in outer urban, rural, regional and remote locations.

The pricing study should also compare the relative merits of the current demand-side subsidy scheme and proposed supply-side funding arrangements. In its recent inquiry into the early learning system, the Productivity Commission noted a likely

role for supply-side funding mechanisms in underserved markets but did not explore this in detail. The proposed pricing study should pick up this challenge.

THE COMMITTEE ALSO BELIEVES THERE MAY BE A CASE FOR A WIDER APPLICATION OF SUPPLY-SIDE MECHANISMS IN A REFORMED SYSTEM, PARTICULARLY ONCE STATE FUNDING FOR PRESCHOOL IS RECONCILED WITH FEDERAL FUNDING FOR ECEC.

8.5 FUNDING MODEL REFORMS

The Committee has explored how choices about ECEC funding affects access to services and service quality, especially in underserved communities. The Government's moves towards a universal national early education system also brings into focus the coherence of funding arrangements across the early learning system, with diverse arrangements across states and territories for the funding of 3 and 4 year old pre-school. Here we present preliminary evidence which suggests a more fundamental consideration of the model for early childhood funding is warranted.

8.6 SERVICE ESTABLISHMENT IN LOW SES COMMUNITIES

Low SES areas currently have 41% fewer long day care places than high SES areas.¹ While the Committee acknowledges that the proposed Building Early Education Fund will help address this problem, broader funding reform is needed to stamp out this inequity.

RECENT RESEARCH HAS FOUND THAT IN COUNTRIES THAT IMPLEMENT A COMBINATION OF DEMAND AND SUPPLY-SIDE FUNDING MECHANISMS, INCREASED GOVERNMENT PROVISION CORRELATES WITH IMPROVED ACCESS IN DISADVANTAGED REGIONS.²

The Committee believes this warrants consideration as part of the proposed ECEC pricing study.

¹ Mandala, *Paving the path: Addressing market imbalances to achieve quality and affordable childcare in more places*, 2024

² P Hurley, M Tham & H Nguyen, *International childcare: Mapping the deserts*. Mitchell Institute, Victoria University, 2024



TABLE 8.2 COUNTRIES WITH SUPPLY SIDE SUBSIDIES ACHIEVE BETTER ACCESS FOR DISADVANTAGED AREAS

MAIN FORM OF CHILDCARE FUNDING	COUNTRY	BEST ACCESS NEIGHBOURHOODS	CHILDREN LIVING IN A CHILDCARE DESERT
Supply-side	France (3 to 5 years)	Lowest SES	1%
Supply-side	Norway	Lowest SES	6%
Supply-side	Sweden	Lowest SES	7%
Supply-side	Netherlands	Lowest SES	25%
Demand-side	Australia	Highest SES	24%
Demand-side	Wales	Highest SES	27%
Demand-side	England	Highest SES	45%
Demand-side	France (under 3 years)	Highest SES	86%

Source: P Hurley, M Tham & H Nguyen, *International childcare: Mapping the deserts*, Mitchell Institute, Victoria University, 2024.

Managing supply and demand in the early childhood sector often requires a delicate balancing act, particularly as providers tend to establish themselves in areas that promise increased profitability. Research indicates that government policies significantly influence the equitable distribution of accessibility for ECEC across different regions.

For instance, Australia's means-tested subsidy model is designed to offer targeted financial assistance, promoting a wider distribution of childcare services. This model aims to encourage providers to operate in underserved areas (where parents are more likely to receive subsidies), ultimately fostering improved supply. However, despite these efforts, certain regions still exhibit notably low accessibility scores, indicating that more

needs to be done to spread services equitably. Currently services concentrate in areas that can charge higher fees.

By contrast, the United Kingdom's approach, which tends to provide families with subsidised 'free' childcare hours, results in a more uniform distribution of services. This type of government support encourages providers to operate across regions, but may limit service provision in particularly disadvantaged communities. The effects of these incentive structures needs to be understood as we move towards a more equitable system.

The Mitchell Institute analysis highlights the critical role incentives play in the distribution of childcare places. In Australia's early learning sector, providers consist of a mix of for-profit, not-for-profit,

and government organisations, with their primary revenue coming from hourly fees charged to families.

EVIDENCE SUGGESTS THAT PROVIDERS RESPOND NOT ONLY TO PARENTAL DEMAND BUT ALSO TO THE POSSIBILITY OF CHARGING HIGHER FEES.

In this context there would be value in the Government considering reforms to replace the current system that relies on demand side subsidies with supply side subsidies. Under this model an equitable ECEC price would be set by government, taking into account the different costs associated with providing care to certain cohorts and

in certain areas. Providers would be paid this set fee, with parents asked to provide a co-contribution set by government. Such reform would align Australia with international reforms towards supply side subsidies.

The Committee is aware of proposals to implement such an approach with a flat \$10 a day co-contribution, which would be consistent with supply side funding. There would also be benefits in maintaining means testing within a supply side funding model by varying the level of co-contribution based on household income (e.g. \$10 a day for low- and middle-income earners, and a higher, stepped co-contribution amount for higher income households).

The science behind the early years and the role of ECEC

THE IMPORTANCE OF THE EARLY YEARS IN HUMAN DEVELOPMENT IS WELL ESTABLISHED AND OUR UNDERSTANDING OF THE IMPACTS OF QUALITY IN ECEC IS GROWING.

The early years of life are hugely consequential in terms of development trajectories and later life outcomes. They are a period of intense brain development, a time when behavioural and emotional regulation are mastered and they provide early intervention opportunities for developmental difference or disability which can have lifelong positive impacts.

Converging evidence from Neuroscience, Developmental Science and Economics underscore the importance of the quality of early education and care in impacting life outcomes:

- **Neuroscience:** animal models and neuroimaging studies shows responsive and attentive care environments (High quality) are associated with denser brain architecture and attendant improvements in life trajectories.^{3 4 5 6}

- **Developmental Science:** randomised control trials of preschool education show positive effects on life course into adulthood. Longitudinal effectiveness studies show measures of ECEC quality are associated with improved educational trajectories. Effects are particularly pronounced for children living in circumstances of disadvantage.^{7 8 9}
- **Economics:** modelling of cost benefit of ECEC programs show high return on investment: both averting costs of remediation of later problems and in promoting productivity.¹⁰

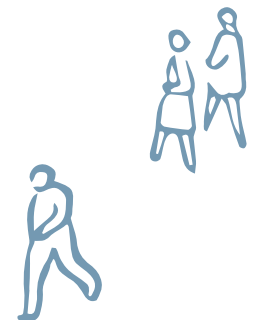
7 A J Reynolds, J A Temple, D L Robertson & E A Mann, *Long-term Effects of an Early Childhood Intervention on Educational Achievement and Juvenile Arrest: A 15-Year Follow-up of Low-Income Children in Public Schools*, Journal of the American Medical Association, 285(18), 2001

8 A J Reynolds, J A Temple, D L Robertson & E A Mann, *Long-term Effects of an Early Childhood Intervention on Educational Achievement and Juvenile Arrest: A 15-Year Follow-up of Low-Income Children in Public Schools*, Journal of the American Medical Association, 285(18), 2001

9 L J Schweinhart, *Outcomes of the high/scope Perry preschool study and Michigan school readiness program*, in M E Young & L M Richardson (Eds.), *Early Child Development: From Measurement to Action*, p. 87-102, World Bank Publications, 2007

10 J J Heckman, *Skill Formation and the Economics of Investing in Disadvantaged Children*, Science, 312(5782), 2006: 1900-1902

The early years of life are hugely consequential in terms of development trajectories and later life outcomes.



8.7 THE ECEC FUNDING MODEL – AFFECTING SERVICE QUALITY AND LIFE CHANCES

Quality ECEC services produce improvements in life chances which have been measured through better NAPLAN performance and beyond.¹¹ Maintaining quality is crucial.

The ECEC sector is governed by a set of 7 National Quality Standards established by the Australian Children’s Education and Care Quality Authority (ACECQA):

1. Educational program and practice
2. Children’s health and safety
3. Physical environment
4. Staffing arrangements
5. Relationships with children
6. Collaborative partnerships with families and communities
7. Governance and leadership.

Across these 7 standards, services are assessed on a 5 point scale:

- Excellent
- Exceeding National Quality Standard
- Meeting National Quality Standard
- Working Towards National Quality Standard
- Significant Improvement Required.

¹¹ K Thorpe, A H Potia, T Beaton, P Rankin & S Staton, *Educational outcomes of Queensland’s investment in early childhood education and care (2007-2020)*, Education Horizon Report to Queensland Government, The University of Queensland, 2020

Research has found that ECEC services rated *Exceeding* or above consistently address child developmental vulnerability. It finds that the 3 most important quality standards for predicting childhood development success to be:

1. Educational program and practice
2. Physical environment
3. Relationships with children.

These findings have several profound implications for how services in communities with high rates of child vulnerability might be funded:

- To alter child development trajectories in disadvantaged areas, the sector funding model must support high quality provision – with loadings to attract and develop highly skilled staff, reduce staff-to-child ratios, and build links across the health, disability and social support systems.
- The wellbeing of and support for early educators operating these services is paramount – educators who are underpaid, under pressure and undervalued cannot do the job properly.
- The current subsidy model, which relies on market forces and regulation, is not fit for purpose.
- The physical environment matters – meaning capital grants will be needed to enrich learning environments in underserved areas. The proposed Fund is a welcome step.

The Committee also notes that for-profit providers, who make up 70% of all providers,¹² are less likely to have exceeding quality standards than not-for-profit providers.¹³ While 35% of not-for-profit providers achieve exceeding quality standards, only 12% of for-profit providers do so.¹⁴

Reforms like supply-side funding and others that encourage greater quality competition are crucial if we are going to improve the ECEC system to help the most disadvantaged children.¹⁵ While establishing such a supply-side system, great care obviously needs to be taken not to disrupt the current market. Government must ensure prices were not set below the marginal cost of delivering quality care.¹⁶ In Quebec, for example, the introduction of supply side funding under the \$5 per day reforms was associated with a fall in the quality of provision.

¹² Mandala, *Paving the Path: Addressing Market Imbalances to Achieve Quality and Affordable Childcare*, 2024

¹³ Impact Economics and Policy, *Time to Stop Throwing Good Money After Bad: Delivering Universal Childcare Through Market Reform*, 2024

¹⁴ The Australian Children’s Education and Care Quality Authority, National Quality Standards Data, 1 October 2024

¹⁵ OECD, ‘Competition and regulation in the care industry’, *OECD Roundtables on Competition Policy Papers*, No. 315, OECD Publishing, Paris, 2024 <https://doi.org/10.1787/cef35d7c-en>

¹⁶ Nuffield Trust, *The state of social care in England, and the case for a comprehensive social care strategy*, 2024

The 3 most important quality standards for predicting childhood development success are:

1. Educational program and practice
2. Physical environment
3. Relationships with children.

8.8 BRINGING COHERENCE TO EARLY LEARNING FUNDING

Partnerships with state and territory governments will be essential if early child health and development supports are to be joined-up into a well-supported early years system. Moving to a reformed national ECD system will also require early learning funding to be aligned with different age cohorts. Currently kindergarten or pre-school program funding varies considerably across the country – a legacy that goes back to the Second World War. Some States now fund 3 and 4 year old preschool whilst others fund only 4 year old. In Queensland 4 year old preschool is predominantly delivered through long day care, along with stand-alone kindergartens. By contrast, in Western Australia, 4 year old preschool is mainly delivered through the state education system from primary schools. This diversity of delivery and funding arrangements will test attempts by the Commonwealth to create a better system. Better alignment of 3 and 4 year old preschool with the rest of the early learning system should be a national priority. The answer is to replace the *Preschool Reform Funding Agreement*, which expires in 2025, with an *Early Childhood Reform Agreement*.

8.9 UNDERSERVED MARKETS ARE A LOGICAL STARTING POINT FOR REFORM

The Committee has reviewed recent evidence commissioned by Social Ventures Australia examining the relationship between underserved childcare markets and communities with high rates of child vulnerability and disadvantage. Their report found that 25,400 children with high levels of adversity, spread across 131 communities, enjoy unacceptably limited access to early learning services. A sample of this analysis is presented in the table below.¹⁷

¹⁷ Social Ventures Australia, Deloitte Access Economics and Mitchell Institute, Victoria University, *Targeting Investment Where it Counts: A model to identify communities for priority investment in integrated early learning models*, Social Ventures Australia, 2024

We should replace the Preschool Reform Funding Agreement, which expires in 2025, with an Early Childhood Reform Agreement.



TABLE 8.3 CORRELATION OF EARLY CHILDHOOD DISADVANTAGE AND UNDERSERVED CHILDCARE MARKETS**Top 5 regional areas that have high early childhood disadvantage, and are in an underserved childcare market**

RANK (OVERALL N=131)	SA2	STATE	ESTIMATED POPULATION OF 0-6 YEAR OLD CHILDREN IN NEED
10	Herberton	Queensland	54
12	Longford	Tasmania	60
14	Yarrabah	Queensland	311
18	George Town	Tasmania	114
21	Palm Island	Queensland	309

Top 5 outer metropolitan areas that have high early childhood disadvantage, and are in an underserved childcare market

RANK (OVERALL N=131)	SA2	STATE	ESTIMATED POPULATION OF 0-6 YEAR OLD CHILDREN IN NEED
13	Risdon Vale	Tasmania	69
19	Bridgewater - Gagebrook	Tasmania	504
22	Wacol	Queensland	143
26	Elizabeth	South Australia	468
40	Maddington - Orange Grove - Martin	Western Australia	216

Top 5 inner metropolitan areas that have high early childhood disadvantage, and are in an underserved childcare market

RANK (OVERALL N=131)	SA2	STATE	ESTIMATED POPULATION OF 0-6 YEAR OLD CHILDREN IN NEED
52	Fawkner	Victoria	246
65	Chester Hill - Sefton	New South Wales	407
68	Balga - Mirrabooka	Western Australia	497
77	Berriedale - Chigwell	Tasmania	67
85	Girrawheen	Western Australia	178

Overall Top 10 areas that have high early childhood disadvantage, and are in an underserved childcare market

RANK	SA2	STATE	CHILDCARE DESERT RESULTS	ESTIMATED POPULATION OF 0-6 YEAR OLD CHILDREN IN NEED	SEIFA DECILE	% OF CHILDREN DEVELOPMENTALLY VULNERABLE ON TWO OR MORE AEDC DOMAINS	ABORIGINAL OR TORRES STRAIT ISLANDER % OF POPULATION
1	Meekatharra	Western Australia	0.05	119	1	44%	24%
2	Sandover - Plenty	Northern Territory	0.10	362	1	54%	85%
3	Victoria River	Northern Territory	0.12	376	1	57%	75%
4	Daly	Northern Territory	0.07	174	1	48%	69%
5	Tiwi Islands	Northern Territory	0.27	227	1	81%	86%
6	East Pilbara	Western Australia	0.03	220	1	26%	23%
7	Elsy	Northern Territory	0.10	193	1	42%	71%
8	Halls Creek	Western Australia	0.20	435	1	51%	78%
9	Aurukun	Queensland	0.14	108	1	37%	89%
10	Herberton	Queensland	0.11	54	1	28%	14%

The answer lies in giving priority for new joined up early childhood services to the most disadvantaged communities. This would simultaneously:

- increase workforce participation
- assist with cost of living in what are mostly low-income communities
- boost child development outcomes for known populations of vulnerable children
- improve parental wellbeing and confidence
- reduce youth justice interactions
- model pricing and needs-based funding models for wider implementation across the early years sectors.

8.10 EVIDENCE FROM THE UK'S SURE START INITIATIVE

AS THE GOVERNMENT MOBILISES ITS EARLY YEARS REFORM AGENDA, IT IS TIMELY TO CONSIDER EVIDENCE FROM OTHER LARGE-SCALE EARLY YEARS SCHEMES IN COMPARABLE COUNTRIES.

The UK's Sure Start initiative was a large program delivered across England to provide holistic support to families with children under 5 years of age with successive waves of expansion between 1999 and 2010. The center of the initiative was a network of early childhood hubs – “one-stop-shops” – providing early learning, child and maternal health and family support services from local community settings.



Fifteen years on, research commissioned from the Institute of Fiscal Studies found:¹⁸

- access to a Sure Start centre improved children's academic performance through primary and secondary school, including graduation
- results were disproportionately strong among low-income children and children from ethnic minority backgrounds
- it achieved a decrease in demand for special assistance in high school by addressing special needs early.

In December 2024 the UK Government has announced a new strategy to reinvigorate Sure Start by creating 3,000 new or expanded early years centres across the country.

IN THE UK, ACCESS TO A SURE START CENTRE HAS IMPROVED CHILDREN'S ACADEMIC PERFORMANCE THROUGH PRIMARY AND SECONDARY SCHOOL RIGHT THROUGH TO GRADUATION.

Recommendations

The Committee's objective in this year's report is to demonstrate the benefits of joined up early childhood development services. We have sought to highlight practical ways that this might be achieved. We have also argued that the broad diversity of need across different child cohorts and

¹⁸ P Carnerio, S Cattam & N Ridpath, *A comprehensive evaluation of the short and medium term impacts of Sure Start*, Institute of Fiscal Studies, 2024

communities has consequences for the funding model to be chosen, favouring the adoption of a supply-side model.

Linking up reform with states and territories will be crucial for delivering the integrated services the Government is seeking – for instance, by co-locating holistic early learning services on school sites. A partnership with state and territory governments will need to include service design, planning and alignment of responsibilities and funding roles – for instance by better integrating funding for 3 and 4 year old preschool with the proposed new childcare guarantee. Local place-based planning and commissioning across early years systems will be important. Accordingly, we recommend:

RECOMMENDATION 8

The Government should work with states and territories to implement planning, budgeting and administration reforms to integrate child and maternal health, disability, and early learning services more effectively.

These reforms should include a place-based capacity to plan and commission services locally and should extend delivery of holistic early years hub models. The first priority should be to address needs in underserved communities.

RECOMMENDATION 9

The proposed *Early Childhood Service Delivery Price* should consider the limitations of the current demand-side childcare subsidy scheme and the potential benefits of introducing supply-side funding elements for early childhood funding.

Modelling of future ECEC service costs should account realistically for high quality provision, inclusion support, joined up delivery with maternal and child health, and more intensive support models in the communities where they are needed most.

RECOMMENDATION 10

The Government should work with states and territories to integrate free access to pre-school for 3 and 4 year olds with the new national entitlement (*3 Day Guarantee*) proposed for the early education system, turning the *Preschool Reform Agreement* (which expires in 2025) into the *Early Childhood Reform Agreement*.

SECTION 3: GOVERNMENT RESPONSE

In this section, the Committee discusses the Government's responses to recommendations made in its first and second reports of 2022-23 and 2023-24.



ASSESSMENT OF GOVERNMENT RESPONSES TO THE EIAC'S RECOMMENDATIONS



Jaimee is a 20-year old who loves animals and enjoys gaming. She receives Youth Allowance and is looking for work. Jaimee is passionate about raising the rate of Youth Allowance, especially for young people “It’s just not enough to be able to get by, especially whilst living alone.”

JAIMEE RECOUNTS THE STRESS OF TRYING TO ACCESS YOUTH ALLOWANCE. IN HER EXPERIENCE, THE SYSTEM IS COMPLEX, REALLY CONFUSING TO GET AROUND, AND YOU OFTEN GET TREATED LIKE YOU’RE DOING SOMETHING WRONG, RATHER THAN JUST TRYING TO GET THE SUPPORT YOU NEED TO GET ON WITH LIFE.

It took Jaimee’s claim over 6 months to be accepted. Despite being an adult, Centrelink still required information and contact with her family in order to approve the ‘unreasonable to live at home’ independent payment rate. Not only was this process traumatic – Jaimee recounts how she felt like the staff at Centrelink had no real understanding of what she was going through or the bigger picture of why she was needing this help – the delays to getting the payment had a huge impact on her life. She became homeless and then ended up in a mental health ward through this period. “It’s stupid as well for the government,” she comments, “because it costs so much more to fix all these problems.”

Eventually, Jaimee started receiving the payments. But she found that they weren’t enough to cover her costs. “I load up the grocery cart, then I’m screwed for the next

two weeks”. She often ends up having to ask family members for help, but she feels terrible having to ask them for money because she knows they struggle as much as she does. She feels “selfish” just for getting by. One of the worst days was when she had to give up her cats because she couldn’t afford them.

Jaimee has autism and mental health concerns, but she hasn’t been able to get diagnosed. She hopes she can get a diagnosis and gain access to the National Disability Insurance Scheme (NDIS), so she can get more support with mental health services and looking for jobs. This will help her become more confident in herself, able to take better care of herself, and therefore have a better chance of securing employment. Currently though, she’s stuck in a loop: she needs help from a psychologist to get a diagnosis, but this costs several thousand dollars which she doesn’t have. Then she needs to wait to get access to the support. All the while, her mental health is getting worse. She wishes access was based on need, not whether you can pay. All she wants is a little bit of support, so she can get on with it and achieve her goals in life.

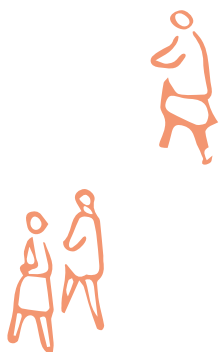
Despite the challenges she has faced, Jaimee is optimistic about the future. She has completed her white card (construction induction training) course, and is looking for an apprenticeship and future employment in traffic control or similar jobs. Her hope for the future is for a stable job, a house, and something big to work towards.

Jaimee’s story is real, but her name and some identifying details may have been changed to protect her privacy. The Committee thanks her for sharing her story and insights with us.

9.1 INTRODUCTION

In our first two reports, in 2023 and 2024, the Economic Inclusion Advisory Committee recommended priority actions to improve economic inclusion in Australia and create a more equal and prosperous nation.

Guided by our Terms of Reference and our Economic Inclusion Framework, we made recommendations in areas that will have the most impact on strengthening economic inclusion, concentrating on the needs of the largest number of Australians experiencing poverty and disadvantage: people on JobSeeker, Youth Allowance and related working age payments.



WE WELCOME THE GOVERNMENT'S ACTION ON SOME OF THE COMMITTEE'S RECOMMENDATIONS.

Below we summarise the responses to date. At the end of this chapter we have included a table dividing the Committee's recommendations into 3 categories: recommendations adopted, recommendations advanced in part, and recommendations still live, awaiting a response.

We reiterate the need for accelerated action to lift support for those facing economic exclusion and broaden economic and social participation.

9.2 ADEQUACY OF WORKING AGE PAYMENTS AND RENT ASSISTANCE

The Committee's priority recommendation in both its 2023 and 2024 reports has been a substantial increase in the base rates of the JobSeeker Payment and related working age payments.

In the 2023-24 Budget, the Government increased working age and student payments by \$40 per fortnight, increased the Commonwealth Rent Assistance maximum rates by 15%, and expanded eligibility for the Parenting Payment Single to single parents with a youngest child under 14 years. In the 2024-5 Budget, the Government extended the higher rate of the JobSeeker Payment to single recipients with an assessed partial capacity to work of less than 15 hours per week, recognising

the greater barriers to employment faced by these people. The 2023-24 and 2024-25 Budget income support measures taken together have provided an additional \$11.5 billion of social safety net investment.

Changes to date fall far short of what is needed to lift people on income support payments out of poverty.

While these changes are welcome, they fall far short of the substantial increase in payment rates required to lift people receiving income support payments out of poverty. Increasing the JobSeeker Payment to 90% of the Age Pension (plus supplements) would constitute a \$243.20 per fortnight increase in payments. Current rates are between 21% and 27% below the poverty line, depending on which poverty measure is used. The Committee continues to hear evidence from people receiving these payments that they regularly go without life's essentials because they cannot afford them, and the low level of payments prevent them securing employment and participating in the economy and society.

In addition to substantially increasing base rates of JobSeeker Payment and related payments, the Committee has called in both its reports for an increase in CRA to address its long-term reduction in adequacy and better reflect rents paid. In the 2023-24 Budget, the Government announced a 15% increase to CRA, followed by a 10% increase to the maximum rates in the 2024-25 Budget. Since March 2022, maximum rates of CRA have increased by around 45%, including indexation.

Changes to date fall far short of what is needed to lift people on income support payments out of poverty.

The Committee's analysis shows that these increases in CRA, in addition to increases in the base rates of payments, have resulted in a small decline in the number of households in rental stress, and the Government is to be congratulated for these changes. However, the data also shows that at December 2024, high levels of rental stress persist, with 39.3% of households who receive CRA paying more than 30% of their income on rent, and 15.3% of people paying more than half of their income on rent.

DESPITE RECENT WELCOME INCREASES, CRA STILL LEAVES 4 IN 10 RECIPIENTS IN HOUSING STRESS.

Moreover, from December 2023 to December 2024, levels of rental stress have increased slightly, suggesting that further increases are needed if the situation is not to deteriorate again.

The Committee welcomes additional measures that the Government has introduced, beyond payments, to help people pay for essentials. This includes changes to Medicare and the Pharmaceutical Benefits Scheme (PBS) including tripling the bulk billing incentive and expanding access to cheaper medicines by reducing the maximum PBS co-payment.

9.3 COMMITTING TO FULL EMPLOYMENT AND REDUCING BARRIERS TO EMPLOYMENT AND PARTICIPATION

The Committee has continued to emphasise the importance of a commitment to full employment, noting that reforming employment services system is one of the best ways to boost economic inclusion.

We welcome the Government's commitment to full employment in its Employment White Paper. We also welcome clarification through the Statement on the Conduct of Monetary Policy that the Reserve Bank's mandate for monetary policy is to contribute to both price stability and full employment.

We recognise the announcement in the 2024-25 Budget of a new specialist disability employment program to commence on 1 July 2025, which includes an expansion of eligibility to people with an assessed work capacity of less than 8 hours per week and those not receiving an income support payment. We also recognise the commitment to replace the Community Development Program with the Remote Jobs and Economic Development Program and new remote employment service.

The Government adopted the Committee's recommendation to adjust the 25-hour participation rule for the Carer Payment to give carers greater flexibility to undertake paid work, which will help 32,000 people each year better balance care and work.

The decision to end ParentsNext is a welcome reform. This was an example of where the social security system reduced economic inclusion, especially for women, and caused additional hardship and disadvantage for children.

Despite these changes, the foundations of Australia's employment services system have not shifted. There is widespread agreement that the current employment services system is fundamentally broken. Yet more than a year from the release of Select Committee Inquiry into Workforce Australia Employment Services, 18 months on from Employment White Paper, and more than two years after the Jobs and Skills summit, little has changed.

Importantly, the Government has accepted reform is necessary. It has committed to creating a responsive employment services system so that it actively supports meaningful participation and secure and sustainable employment of people, and the workforce needs of employers and industry, based on the principles set out in the Employment White Paper.

Commonwealth rent assistance still leaves

4 IN 10 RECIPIENTS IN HOUSING STRESS



THE COMMITTEE URGES GOVERNMENT TO PRIORITISE AND ACCELERATE FUNDAMENTAL REFORMS REQUIRED FOR THIS SYSTEM TO FULFILL OUR NATION'S PRODUCTIVITY POTENTIAL AND TO PREVENT THE HARMS CAUSED THROUGH THE CURRENT SYSTEM.

9.4 SUPPORT FOR FAMILIES AND CHILDREN

The Committee has continued to call for the creation of a national early child development system in partnership with the states and territories, including making Early Childhood Education and Care (ECEC) services available to every child.

We also welcome the commitments announced by the Government on 11 December 2024 to invest further in ECEC, including its support of wage increases across the sector. The Committee notes and supports the key measures the Government has announced including:

- the abolition of the Activity Test for the childcare subsidy and its replacement with a 3 day per week early learning guarantee (*3 Day Guarantee*)
- the establishment of the Building Early Education Fund
- co-location of early learning centres on school sites – at existing and greenfield sites

- encouragement of the colocation of child and maternal health services with early learning to create multidisciplinary hubs
- a focus on underserved markets in the regions and outer suburban areas
- building the capacity of non-profit providers.

These initiatives are a significant step towards a better child development system for Australia, will help families struggling with the cost of raising children, will support women's participation in the workforce, and will enhance economic inclusion and productivity into the future.

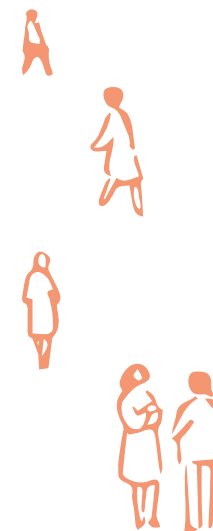
We will continue to propose further measures to enhance the joining-up of the child and maternal health, disability, and early learning systems with an emphasis on how the proposed reforms can benefit the families and communities most in need.

9.5 ADDRESSING DISADVANTAGE IN PLACES WHERE IT IS CONCENTRATED

The Committee recognises that although disadvantage exists across Australia, it is also highly concentrated. A tailored effort is needed in places of entrenched disadvantage and where communities face rapid economic, social or environmental dislocation. We have recommended a greater focus on place-based approaches to rewire investment in areas where the biggest lift in economic inclusion can be achieved.

A TAILORED EFFORT IS NEEDED IN PLACES OF ENTRENCHED DISADVANTAGE AND WHERE COMMUNITIES FACE RAPID ECONOMIC, SOCIAL OR ENVIRONMENTAL DISLOCATION.

The Government has made significant progress towards increasing place-based approaches and directing investment to communities experiencing intergenerational disadvantage, notably through the \$200 million *Targeting Entrenched Disadvantage* package announced in the 2023-24 Budget. Key related measures include funding for the Investment Dialogue on Australia's Children (IDAC), Stronger Places Stronger People initiative, Life Course Data Initiative, whole-of-government Framework to Address Community Disadvantage, and Outcomes Fund. The Government has also established *Partnerships for Local Action and Community Empowerment* (PLACE), a not-for-profit, independent national entity that will support and promote place-based approaches to advance social and public welfare in Australia.



9.6 THE CULTURE, PURPOSE AND INTENT OF THE SOCIAL SECURITY SYSTEM

In its 2024 report, the Committee exposed the misrepresentation of Australians who receive income support payments as ‘dole bludgers’, and called-out the punitive attitude towards them so dominant in parts of the media, the Parliament, the Government, and the administration of the social security system. We called for leadership to replace ill-informed, negative and discriminatory language and attitudes towards people receiving income support. We recommended the Government adopt a set of guiding principles to renew culture and practice across the social security system and inform a new charter, as well as make changes to language guidance, aspects of the compulsory activation and compliance framework and practices that delay access to payments.

Changing the culture of an entire system is a big undertaking. We are pleased to see the commitment in the 2024-25 Budget of \$2.8 billion to improve the way Services Australia delivers services. This investment included \$1.8 billion over 3 years from 2023-24 for additional frontline staff to help stabilise Services Australia claims backlogs and services standards. We hope this is the first step in a broader process of reforming the way in which the Australian social security system is structured, so it can do its job as a safety net and enabler of opportunity.

We also note that while the Government has acted on many of the Robodebt Royal Commission recommendations, some remain to be implemented, including the recommendation to reinstate the statute of limitations on debt recovery.

9.7 LEGISLATED MEASURES OF POVERTY AND ECONOMIC EXCLUSION

In our 2023 report, the Committee’s final 4 recommendations called for the establishment of official, legislated measures of poverty and economic inclusion.

Without official national measures of poverty, Australia is an outlier on the international stage and hamstrung in our ability to measure progress on poverty reduction or evaluate the effectiveness of associated policies.

This recommendation is yet to be implemented, and is the focus of further recommendation in this year’s report.

Without official national measures of poverty, Australia is an outlier on the international stage.



TABLE 9.I ECONOMIC INCLUSION ADVISORY COMMITTEE RECOMMENDATIONS

COMMITTEE RECOMMENDATION (SUMMARISED) (R = 'RECOMMENDATION')	RELEVANT GOVERNMENT ACTIONS	ASSESSMENT OF PROGRESS
ADEQUACY OF WORKING AGE PAYMENTS AND RENT ASSISTANCE		
Base rates: That the Government commits to a substantial increase in the base rates of JobSeeker Payment and related working age payments as a first priority. (R1 2023, R1 2024)	<p>In the 2023-24 Budget, the Government made increases to working age and student payments by at least \$40 per fortnight, increases to Commonwealth Rent Assistance maximum rates by 15%, and the expansion of eligibility to Parenting Payment Single to single parents with a youngest child under 14 years.</p> <p>In the 2024-25 Budget, the Government extended the higher rate of JobSeeker Payment (currently \$833.20 per fortnight) and Energy Supplement (currently \$9.50 per fortnight) to single recipients with an assessed partial capacity to work of less than 15 hours per week, recognising the additional barriers to employment that these recipients face.</p>	Recommendation advanced in part
Timeframe: That the Government commits to a timeframe for the full increases of JobSeeker and related payments to be implemented, if increases are to be staged. (R3 2023, R2 2024)	Nil	Recommendation still live, awaiting a response
Indexation: The Government improve the adequacy of indexation of working-age payments immediately, and regularly reviews and monitors the relationship between working age payments levels and widely accepted measures of community living standards, including wages. (R3 2024)	Nil	Recommendation still live, awaiting a response
Commonwealth Rent Assistance: That the Government commits to increase Commonwealth Rent Assistance and reform its indexation to better reflect rent paid. (R2 2023, R5 2024)	Since March 2022, maximum rates of CRA have increased by around 45%, including indexation. In the 2024-25 Budget the Government announced \$1.9 billion to increase the maximum rates of CRA by 10%. This increase followed the 2023-24 Budget measure of a 15% increase.	Recommendation advanced in part
Remote Area Allowance: That the ABS or an appropriate researcher or research centre in partnership with remote communities should be funded to undertake analysis of the additional costs of living in remote areas, but the case for an immediate increase in the Remote Area Allowance seems particularly strong. (R4 2024)	Nil	Recommendation still live, awaiting a response

COMMITTEE RECOMMENDATION (SUMMARISED) (R = 'RECOMMENDATION')	RELEVANT GOVERNMENT ACTIONS	ASSESSMENT OF PROGRESS
FULL EMPLOYMENT, AND REDUCING BARRIERS TO EMPLOYMENT AND PARTICIPATION		
<p>Full employment: That the Government commits to an appropriate full employment target for labour utilisation, based on recent labour market outcomes, at a rate of unemployment close to 3.5%.</p> <p>That the Government commits to a full employment objective:</p> <ul style="list-style-type: none"> • as a critical means of maximising economic inclusion • receiving increased weight in the design of macroeconomic policy – both monetary and fiscal • including a target for labour utilisation that encompasses both unemployment and underemployment; ideally expressed as a (hours-based) rate of labour underutilisation • incorporating the objective of achieving high rates of labour utilisation for specific groups who face high barriers to employment and economic inclusion. <p>That the Government explores broadening the full employment objective to encompass issues of job quality, for example, for inclusion in the set of Wellbeing Indicators for the 2023-24 Budget and through the Employment White Paper process. That similarly, the House Select Committee Inquiry into Workforce Australia Employment Services takes a broad perspective on the objectives of the employment services system. (R5-10 2023)</p>	<p>The Employment White Paper articulates a commitment to full employment. So too does the Statement on the Conduct of Monetary Policy, which clarifies that the Reserve Bank's mandate for monetary policy is to contribute to both price stability and full employment.</p> <p>The Employment White Paper does not specify a numerical target for full employment, but rather recommends a “broad suite of measures to gauge the extent of current underutilisation and track progress towards the longer-term full employment objective”. By calling for a suite of measures, the Employment White Paper shifts policymaking towards the Committee's recommendation, and away from basing policy on a target based on unemployment alone. The Government has committed to invest in significantly improving the data available to measure underemployment, variation in employment outcomes across cohorts and barriers to work.</p>	<p>Recommendation advanced in part</p>
<p>Employment services reform: That the Government commits to a full-scale redesign of Australia's employment services system by adopting the recommendations in the report from the Select Committee on Workforce Australia Employment Services. (R4 2023, R6 2024)</p>	<p>The Government response to the House Select Committee on Workforce Australia Employment Services, tabled 4 July 2024, indicates the policy directions for reform and is committed to releasing further detail on reforms to employment services, including the phasing and priority for implementation. The Government response builds on the principles for employment services reform outlined in the Employment White Paper. No timeframe or further details on the reforms to the system have been announced.</p>	<p>Recommendation advanced in part</p>

COMMITTEE RECOMMENDATION (SUMMARISED) (R = 'RECOMMENDATION')	RELEVANT GOVERNMENT ACTIONS	ASSESSMENT OF PROGRESS
<p>End immediate harms: That the Government takes immediate actions to end automatic payment suspensions and the damaging effects of current settings while broader reforms are progressed, including by:</p> <ul style="list-style-type: none"> a. Tripling the Liquid Assets Waiting Period (LAWP) amount threshold, consistent with increases in inflation and its relativity to payments, and have a single waiting period of 4 weeks, and reconsidering the need for the LAWP given the complexity it adds to the system when there are already income and asset tests in place. b. Reviewing the role of Sickness Allowances, the length for which medical exemptions are granted and the process to obtain them, and eligibility for the Disability Support Pension (DSP). (R7 2024) <hr/> <p>Reform compliance framework: That the Government reforms aspects of the compulsory activation and compliance framework within the social security system that are at odds with its proposed mandate to support economic inclusion and wellbeing. This will require the systematic improvement of many practices over time. A priority focus should be on rethinking processes and rules that risk harmful effects on people who are more at risk – such as people with long-term barriers to employment who rely on the JobSeeker Payment. The Government should establish co-design, feedback and consultation structures with people directly affected and other stakeholders to inform the program of reform. (R19 2024)</p>	<p>In the 2024-25 Budget the Government announced changes to employment services to better recognise individual circumstances and strengthen the integrity of employment services, including to:</p> <ul style="list-style-type: none"> • Extend the time period for people to re-engage with their employment services provider from 2 to 5 business days to avoid suspension of their income support payment. • Waive compliance measures the first time a person does not meet a mutual obligation requirement. • Remove payment suspensions for failing to attend an appointment at an employment services provider for people who are working 30 hours or more per fortnight. • Ensure application of financial penalties is approved by an APS decision maker. • Strengthen the complaints mechanism for people who use employment services. • Determine the period of a person's medical exemption from mutual obligations based on a medical practitioner's assessment, rather than a set limit of 13 weeks. <p>No more fundamental changes to the compliance system have been made, and no changes have been announced relating to the Liquid Assets Waiting Period, Sickness Allowance, or eligibility for the Disability Support Pension.</p>	<p>Recommendation advanced in part</p> <hr/> <p>Recommendation advanced in part</p>

COMMITTEE RECOMMENDATION (SUMMARISED) (R = 'RECOMMENDATION')	RELEVANT GOVERNMENT ACTIONS	ASSESSMENT OF PROGRESS
<p>Work limit rules: That the Government relaxes work limit rules on payments to encourage and enable workforce participation, particularly for people who have fluctuating or episodic conditions or caring responsibilities, including by:</p> <ul style="list-style-type: none"> a. Removing the 30 hour per week work limit for DSP recipients. b. Adjusting the 25-hour participation rule for the Carer Payment to give carers greater flexibility to undertake paid work, by: <ul style="list-style-type: none"> • Changing the 25 hours per week work participation limit to an allowance of 100 hours over 4 weeks, and applying the participation limit only to employment (not study, volunteering or transport time). • Suspending, rather than cancelling, the Carer Payment where a carer exceeds a participation hours or earnings limit. • Allowing the single Temporary Cessation of Care days provision to be applied to one-off or occasional instances of exceeding the participation hours limit. (R9 2024) 	<p>In the 2024-25 Budget, the Government announced \$18.6 million to change the 25 hour per week participation rule for Carer Payment recipient to 100 hours over a 4 week settlement period and removing education and volunteering activities from the participation limit.</p> <p>No changes have been made to the DSP work limit.</p>	<p>Recommendation advanced in part</p>
<p>Working Credit: That the Government changes Working Credit settings that have not been updated since 2003, to bring the Working Credit system more closely in line with other employment credit schemes such as the Pension Work Bonus and help smooth the transition to work. (R8 2024)</p>	<p>Nil</p>	<p>Recommendation still live, awaiting a response</p>
<p>Local Jobs Deals framework: That the Government should set out a Local Jobs Deals framework to guide future decision making and resourcing by governments, industry, the community sector and philanthropy. This framework should build on work underway through the Net Zero Economy Taskforce, Employment White Paper, Local Jobs Program, the House Select Committee inquiry into Workforce Australia Employment Services, and employment initiatives priorities under the Closing the Gap Implementation Plan.</p> <p>That the Government commits to an innovation, evaluation and strategic learning framework to be designed as an intrinsic part of any Local Jobs Deals framework to support agile development of localised schemes and the wider framework to support them. The evaluation strategy should be fully funded and should be developed simultaneously with program design. (R17-18 2023)</p>	<p>In the 2024-25 Mid-Year Economic and Fiscal Outlook, the Government committed to improving place-based employment services by providing \$62.6 million over 3 years from 2024-25 to extend and improve the Local Jobs Program. This program helps bring a local focus to employment services and supports employment outcomes. Key changes include two Employment Hub pilots with the Victorian and Tasmanian state governments testing stronger linkages to local employers, skills and services to create better job pathways, and simplifying funding arrangements to support region-specific pre-employment and employment projects.</p>	<p>Recommendation advanced in part</p>

COMMITTEE RECOMMENDATION (SUMMARISED) (R = 'RECOMMENDATION')	RELEVANT GOVERNMENT ACTIONS	ASSESSMENT OF PROGRESS
<p>Aboriginal and Torres Strait Islander housing: That the Government urgently commits substantial investment to address need in public housing and homelessness for Aboriginal and Torres Strait Islander peoples, including maintenance and upgrades, community infrastructure and the Aboriginal and Torres Strait Islander housing sector.</p> <p>To improve the economic efficiency of investments, the Government should fund a National Aboriginal and Torres Strait Islander Housing Data Register to improve data availability, quality and sharing.</p> <p>To better target existing investment, including from the Housing Australia Future Fund and Social Housing Accelerator Fund, the Government should:</p> <ol style="list-style-type: none"> Negotiate improved performance reporting and data sharing within intergovernmental agreements and arrangements. Undertake rapid needs assessments of homelessness and overcrowding, maintenance, repair and community infrastructure requirements in remote hotspot areas. <p>Commission a redesigned Community Housing Infrastructure Needs (CHINS)-like survey, which considers limitations of earlier iterations and subsequent advancements in data collection. (R10 2024)</p>	<p>The Government has committed to a range of actions to address need in public housing and homelessness for Aboriginal and Torres Strait Islander peoples, as well as related data improvements:</p> <ul style="list-style-type: none"> On 12 March 2024, the Commonwealth and Northern Territory Governments announced a joint \$4 billion remote housing investment with the Northern Territory Government to improve housing outcomes and reduce overcrowding in remote Northern Territory communities. The Government has committed \$200 million over 5 years from 2024-25 from the returns of the Housing Australia Future Fund for the repair, maintenance and improvements of housing in remote Indigenous communities in Western Australia, South Australia, Queensland and the Northern Territory. The Government announced, as part of the new 5-year National Agreement on Social Housing and Homelessness which commenced on 1 July 2024, that states and territories will share \$9.3 billion in funding to help combat homelessness, provide crisis support and build and repair social housing. First Nations people are the only priority homelessness cohort specified in the Agreement. On 14 May 2024, the Commonwealth signed an agreement with the University of Adelaide to deliver a report to highlight key gaps in Indigenous housing data and make recommendations on how to address these gaps. 	<p>Recommendation advanced in part</p>
SUPPORTING CHILDREN AND FAMILIES		
<p>Abolish ParentsNext: That the Government abolishes the ParentsNext program. Its resources should be redirected to a co-designed set of voluntary support programs, alongside a fully-funded evaluation strategy to inform ongoing service improvements. (R32 2023)</p>	<p>ParentsNext was abolished on 31 October 2024, and replaced by Parent Pathways, a new voluntary pre-employment service for parents of young children.</p>	<p>Recommendation adopted</p>

COMMITTEE RECOMMENDATION (SUMMARISED) (R = 'RECOMMENDATION')	RELEVANT GOVERNMENT ACTIONS	ASSESSMENT OF PROGRESS
<p>Wages for early childhood workforce: That the Government supports applications in the Fair Work Commission that seek to raise the wages and improve the job quality of early childhood educators. As a step to remedying historical undervaluation of educators' work, the Government should ensure that the outcomes of these cases are fully funded. (R13 2024)</p>	<p>On 8 August 2024, the Australian Government announced it will support a wage increase for the ECEC workforce through a new worker retention payment.</p> <p>The payment, which started in December 2024 and runs for two years, will support a wage increase of:</p> <ul style="list-style-type: none"> • 10% on top of the current national award rate in the first year • 15% above the current national award rate in the second year • a minimum of 20% towards eligible on-costs. <p>The payment is on top of the 3.75% increase to award wages that started on 1 July 2024 following the 2024-25 annual wage review.</p> <p>The Payment is an interim measure while the Fair Work Commission's Gender Undervaluation Priority Award Review is being finalised and the Government considers its response to the Productivity Commission's final report.</p>	<p>Recommendation adopted</p>
<p>Integrated child and family models: As an early action of the new Early Years Strategy, the Government should commit to wider scale delivery of integrated child and family centres and holistic "full service" school models targeted to communities of highest need.</p> <p>a. To deliver on this commitment the Government should create a national framework, funding scheme and evaluation and learning framework.</p> <p>b. The Commonwealth should accept an ongoing stewardship role of the network of integrated centres and full-service school models in partnership with states and territories, using opportunities such as the National Schools Reform Agreement to embed long term commitments from all parties.</p> <p>c. As a supporting measure the Government should take further steps to advance place-based approaches in target communities.</p> <p>That the Government commits to an audit of existing integrated models and secures resourcing provided for those that are (or have the potential to be) high performing. (R21-22 2023, R14 2024)</p>	<p>On 7 May 2024, the Australian Government Early Years Strategy was launched. Its <i>Priority Focus Area 4: Strengthen Accountability and Coordination</i> sets out actions for better integration, collaboration and coordination with Government partners, including state, territory and local governments, service providers, and philanthropic partners and communities.</p> <p>On 11 December 2024, the Government announced its commitment to support co-location of early learning centres on school sites (at existing and greenfield sites) and encouragement of the colocation of child and maternal health services with early learning to create multidisciplinary hubs.</p>	<p>Recommendation advanced in part</p>

COMMITTEE RECOMMENDATION (SUMMARISED) (R = 'RECOMMENDATION')	RELEVANT GOVERNMENT ACTIONS	ASSESSMENT OF PROGRESS
Shovel-ready pipeline: That the Government commits to establish a forward program of projects creating a pipeline of shovel-ready capital and services projects that can be accelerated in the event that economic stimulus is required in a future downturn. (R23 2023)	Nil	Recommendation still live, awaiting a response
Aboriginal Child and Family Centre model: That the Government works with the Secretariat of National Aboriginal and Islander Child Care (SNAICC) and other First Nations stakeholders to re-invigorate, re-fund and expand the Aboriginal Child and Family Centre model, learning the lessons of past successes and challenges. This should include a robust evaluation strategy and funding which is linked to outcomes. (R24 2023)	<p>An independent National Commission for Aboriginal and Torres Strait Islander Children and Young People is officially operational from 13 January 2025. The National Commissioner will be dedicated to protecting and promoting the rights, interests and wellbeing of Aboriginal and Torres Strait Islander children and young people across a range of issues, including the over representation of Indigenous children in out-of-home care.</p> <p>In the 2024-25 Mid-Year Economic and Fiscal Outlook, the Government committed \$70.4 million in a two-year investment into First Nations early childhood development initiatives, to extend funding for 188 activities.</p>	Recommendation advanced in part
Closing the Gap – early childhood: That the Government progresses all actions from the Closing The Gap Implementation Plan relating to early childhood. (R26 2023)	<p>The Government continues to progress the Commonwealth Closing the Gap 2023 Annual Report and 2024 Implementation Plan with more to do in the coming years. The Productivity Commission's latest data on Closing the Gap shows that 5 out of 19 targets are currently on track.</p> <p>The Early Childhood Care & Development Policy Partnership is a Government commitment to bring together governments and Aboriginal and Torres Strait Islander representatives to work in genuine partnership to drive community-led, early childhood care and development outcomes for Aboriginal and Torres Strait Islander children and families.</p>	Recommendation advanced in part

COMMITTEE RECOMMENDATION (SUMMARISED) (R = 'RECOMMENDATION')	RELEVANT GOVERNMENT ACTIONS	ASSESSMENT OF PROGRESS
<p>Early childhood funding: That the Government builds upon the recommendations from the Productivity Commission and the Australian Competition and Consumer Commission (ACCC) to support access to ECEC services for all children in Australia.</p> <p>a. As an immediate first step the Government should abolish the Activity Test on the Child Care Subsidy and guarantee all children access to a minimum 3 days of ECEC.</p> <p>b. The Government should further progress funding model reform to make appropriate use of supply as well as demand side supports and consider block funding if necessary to ensure access.</p> <p>c. The Government should support through the reformed funding mechanism the delivery of new, more holistic models of ECEC that include opportunities for health and family support services. (R31 2023, R12 2024)</p>	<p>The Government is considering the findings and recommendations of the Productivity Commission inquiry alongside those of the ACCC inquiry and has not yet released a formal response.</p> <p>On 11 December 2024, the Government announced that from January 2026, the 3 Day Guarantee will replace the current Activity Test. The 3 Day Guarantee will support universal access to ECEC and will benefit around 66,700 families, and more than 100,000 families will be eligible for additional hours of subsidised care. The Government will invest \$426.7 million over 5 years from 2024-25, including implementation costs for Services Australia. The Early Childhood Education and Care (Three Day Guarantee) Act 2025 No. 12, 2025 received Royal Assent on 20 February 2025 to abolish the Activity Test and deliver the 3 day per week early learning guarantee.</p> <p>The Government has committed \$10.4 million in 2024-25 for the development of an <i>Early Education Service Delivery Price</i>, to provide a data-driven understanding of the reasonable costs of quality ECEC service delivery.</p>	<p>Recommendation advanced in part</p>
<p>National early childhood development system: That the Government commits to developing a national early childhood development system in partnership with the states and territories.</p> <p>a. This system should connect child and maternal health services, early learning, family supports, and other services into a well joined-up pipeline of supports for children and families through the early years.</p> <p>b. The system should be built upon proportionate universalism principles and particularly focus on improving supports for families with the lowest incomes or with extra needs.</p> <p>c. The commitment to Australia's new childhood development system should be enshrined in legislation and a new or expanded national partnership agreement.</p> <p>d. The Government, in collaboration with state and territory governments, should establish an Early Childhood Development Commission to oversee the coordination and implementation of the early years reform agenda that will deliver the new system over time. (R11 2024)</p>	<p>On 7 May 2024, the Australian Government Early Years Strategy was launched. It will be implemented through Action Plans and will be supported by an Outcomes Framework to measure its progress and effectiveness.</p> <p>On 11 December 2024, the Government announced a series of commitments to take the next steps in building a universal ECEC system by expanding access to quality early education. These included a \$1 billion <i>Building Early Education Fund</i>, a 3 Day Guarantee to replace the current Activity Test, and development of an <i>Early Education Service Delivery Price</i>.</p> <p>In its inquiry into early childhood education and care, publicly released on 18 September 2024, the Productivity Commission recommended establishment of an independent ECEC Commission to support, advise and monitor governments' progress towards universal access to ECEC. The Government has not yet released an official response to this inquiry.</p>	<p>Recommendation advanced in part</p>
<p>Family Tax Benefit: That the Government removes the Maintenance Income Test (MIT) from the calculation of Family Tax Benefit Part A (FTBA) for child support customers. Affected families should be provided with a similar amount of family benefits as would have resulted under the MIT. (R33 2023, R15 2024)</p>	<p>As part of the Government's response to the Family Law Inquiry, the Department of Social Services has established the Child Support Expert Panel and the Child Support Stakeholder Consultation Group. The expert panel and consultation group will have a role in the department's work to examine interactions between Family Tax Benefit and the Child Support Program.</p>	<p>Recommendation still live, awaiting a response</p>

COMMITTEE RECOMMENDATION (SUMMARISED) (R = 'RECOMMENDATION')	RELEVANT GOVERNMENT ACTIONS	ASSESSMENT OF PROGRESS
ADDRESSING DISADVANTAGE IN THE PLACES WHERE IT IS CONCENTRATED		
<p>National energy transition framework and authority: That the Government establishes an independent and properly resourced National Energy Transition Authority to manage an orderly and fair transition process for workers in emissions intensive industries and affected communities to support economic and social inclusion – that has governance of governments, industry, community and unions.</p> <p>That the Government establishes a national framework to manage an equitable and inclusive energy transition for people experiencing poverty and disadvantage, including coordination, monitoring and recommending reforms to reduce energy inequity and stress, promote access to household electrification, efficiency and renewables, and other measures to ensure people experiencing disadvantage benefit from the transition. (R19-20 2023)</p>	<p>The Net Zero Economy Authority officially commenced on 11 December 2024. The Net Zero Economy Authority focuses on facilitating investment, supporting workers, fostering inclusive engagement, and ensuring coherent and effective policies to empower communities, regions, and industries significantly impacted by Australia's transition to a net zero emissions economy.</p>	<p>Recommendation adopted</p>
<p>Aboriginal Community Controlled Organisations (ACCOs): That the Government continues to build support for ACCOs so these multidisciplinary service models are led by Aboriginal and Torres Strait Islander organisations, and create a dedicated fund to support ACCO-led innovation, monitoring and evaluation. (R25 2023)</p>	<p>Support for ACCOs remain a priority under Closing the Gap with 'Building the Community-Controlled Sector' as the fourth Priority Reform.</p>	<p>Recommendation adopted</p>
<p>Evidence, evaluation and learning: That the Government commits to a whole-of-government strategic learning framework to coordinate evidence, evaluation, learning, innovation and adaptive decision-making. This includes leading cross-jurisdictional efforts to ensure data held by all levels of government is made readily available to inform and evaluate place based approaches. (R29 2023)</p>	<p>The Department of Social Services and the Treasury are developing a whole-of-government Framework to Address Community Disadvantage to identify strategic objectives and key principles to guide how Government works in partnership with communities and to support more impactful investment in initiatives.</p> <p>The Australian Centre for Evaluation was established to help put evaluation evidence at the heart of policy design and decision-making, and the ABS is leading the Life Course Data Initiative as a component of the Targeting Entrenched Disadvantage package.</p> <p>Partnerships for Local Action and Community Empowerment, announced on 30 October 2024, is a not-for-profit, independent national entity that will support and promote place-based approaches to advance social and public welfare in Australia. It will support the uptake, use and strengthening of place-based approaches to empower communities, find local solutions and combat systemic and complex social problems like entrenched disadvantage.</p>	<p>Recommendation adopted</p>

COMMITTEE RECOMMENDATION (SUMMARISED) (R = 'RECOMMENDATION')	RELEVANT GOVERNMENT ACTIONS	ASSESSMENT OF PROGRESS
<p>Funding certainty and whole-of-government framework: That the Government provides long-term certainty around funding provision for place based strategies, with a priority on ensuring operational continuity for successful existing initiatives.</p> <p>That the Government agrees to a whole-of-government policy and investment framework for place based initiatives, informed by an audit of current place based initiatives and their funding, administrative and support arrangements across different levels of government and philanthropy. This work should also embrace the priorities set out by the Closing the Gap Implementation Plan. (R11-12 2023)</p>	<p>Various measures in the Targeting Entrenched Disadvantage package, including the whole-of-government framework to address community disadvantage, will likely go some way to addressing the issue of funding certainty and coordination of investment for place-based work, along with the Partnerships for Local Action and Community Empowerment.</p>	<p>Recommendation advanced in part</p>
<p>Data infrastructure: That the Commonwealth and state and territory governments should proceed with the creation of key enabling infrastructure such as a Community Data Asset to inform decision-making and measure progress. This Community Data Asset might best be developed leveraging the National Disability Data Asset which should be fully funded and progressed without delay. The voices and agency of people in communities should be reflected in the design and implementation of data strategies. The data initiatives underway via the Closing the Gap Implementation Plan should be supported and linked where appropriate. (R13 2023)</p>	<p>The ABS-led Life Course Data Asset will make a valuable contribution to building cross-Government data sharing capability. The National Disability Data Asset, which is expected to be fully operational in 2026, released its first data on 19 December 2024.</p>	<p>Recommendation advanced in part</p>
<p>Shared local decision-making and investment: That the Government progresses two key administrative instruments to support place based strategies:</p> <p>a. Mechanisms to coordinate and control services investment into target communities from across multiple agencies and multiple levels of government.</p> <p>b. Mechanisms to support shared local decision making at scale. These should be designed in concert with similar work underway via the Closing the Gap agenda. (R14 2023)</p>	<p>There are processes currently underway that aim to progress shared local decision-making and coordination, including:</p> <ul style="list-style-type: none"> • The Closing the Gap Implementation Plan • The Targeting Entrenched Disadvantage Package (and related Whole-of Government Framework to Address Community Disadvantage) • Program level work through Empowered Communities and Stronger Places Stronger People • Partnerships for Local Action and Community Empowerment. 	<p>Recommendation advanced in part</p>
<p>Innovation zones: That the Government creates “innovation zones” in partnership with a select number of communities to allow the trial and learning of new social and economic development strategies, including as part of the Employment White Paper and Early Years Strategy. This opportunity should also be open to First Nations communities if it is of value to them. (R15 2023)</p>	<p>The Government has committed to developing “innovation zones” in 3 of 50 communities in which it delivers place-based funding. The trials will be able to explore how to transform funding models to achieve better community outcomes.</p>	<p>Recommendation advanced in part</p>

COMMITTEE RECOMMENDATION (SUMMARISED) (R = 'RECOMMENDATION')	RELEVANT GOVERNMENT ACTIONS	ASSESSMENT OF PROGRESS
Evaluation: That the Government commits to systematic developmental and summative evaluation of all existing and new place based strategies. Funding should be re-allocated from things that do not work to things that do, so that approaches that are found to deliver the best outcomes can be scaled up. (R16 2023)	The Australian Centre for Evaluation was established to help put evaluation evidence at the heart of policy design and decision-making. A new national organisation known as Partnerships for Local Action and Community Empowerment, announced on 30 October 2024, will also play a role in promoting the exchange of research, tools and practices relating to place-based approaches.	Recommendation advanced in part
Public service capability: That the Government reviews public service capability to deliver a place based agenda and an appropriate skilling and workforce development program be introduced. This review should consider what arrangements, tools, capacity and resources are required for effective policy-to-practice implementation, including in cross departmental governance and coordination. (R30 2023)	The whole-of-government framework to address community disadvantage will focus on building APS capability to put community voice at the centre of policy and service design, and aligning investment to achieve better social and economic outcomes.	Recommendation advanced in part
Priority Investment Approach: That the Government commits to use actuarial and whole-of-society modelling such as the Priority Investment Approach to underpin long-range investment in alleviation strategies, with returns tracked and savings through cost avoidance reported. (R28 2023)	Nil	Recommendation still live, awaiting a response
THE CULTURE, PURPOSE AND INTENT OF THE SOCIAL SECURITY SYSTEM		
Mandate for social security system: That the Government adopts a refreshed mandate for Australia's social security system and that this mandate should be to promote economic inclusion and wellbeing. (R16 2024)	Nil	Recommendation still live, awaiting a response
Guiding principles for social security system: That the Government adopts a set of guiding principles to support an ongoing process of renewal in culture and practice across the social security system. These guiding principles should align with the system's primary purpose to support economic inclusion and wellbeing. The Committee proposes that these principles be: <ul style="list-style-type: none"> • Adequacy • Dignity and autonomy • Equity and fairness • Accountability and acting on evidence • Person-centredness • A safety net for all. (R17 2024) 	Nil	Recommendation still live, awaiting a response

COMMITTEE RECOMMENDATION (SUMMARISED) (R = 'RECOMMENDATION')	RELEVANT GOVERNMENT ACTIONS	ASSESSMENT OF PROGRESS
Language guidance: That the Government regularly updates language guidance with respect to people receiving income support and that terms like “dole” and “welfare” are replaced in legislation. This language guidance should be extended as a requirement for contracted service providers who engage with people receiving income support and be incorporated into their performance and contract review framework. (R18 2024)	The Government is updating language, accounting for outcomes of recent inquiries such as the Royal Commission into the Robodebt Scheme.	Recommendation advanced in part
Lived experience: That people with current, direct experience of receiving income support and/or economic exclusion be members of the Committee. Attention must be given to ensuring there is sufficient representation of different experiences in the Membership. (R20 2024)	The <i>Economic Inclusion Advisory Committee Act 2023</i> sets out the requirements for appointments to the Committee and requires the Minister have regard to the Committee reflecting the diversity of the general community.	Recommendation advanced in part
Timely access to payments: That the Government revises strategies that delay access to payments for those who need them by addressing the underlying policy, legislative and resourcing drivers of these delays. This should include: a. Taking urgent action to reduce wait times for claims. b. Reconsidering the need and rationale for waiting periods for payments that currently attract them. (R21 2024)	In the 2024-25 Budget, the Government committed \$2.8 billion to improve the way Services Australia delivers services. This investment included \$1.8 billion over 3 years from 2023-24 for additional frontline staff to help stabilise Services Australia claims backlogs and services standards.	Recommendation advanced in part
Charter for the social security system: That the Government should consider a collaborative process to develop a new charter for the Australian social security system. This charter should be centred upon the proposed new mandate for the social security system to promote economic inclusion and wellbeing. a. This co-design process should involve people receiving social security payments and a broad range of other stakeholders. b. The Government should consider legislating the resulting statement, so it guides reform, policy development and practice long term. c. The charter legislation should contain mechanisms that hold public servants, political representatives and others engaged with the social security system to standards of behaviour that prevent use of stigmatising language or other forms of vilification of people receiving income support. (R22 2024)	Nil	Recommendation still live, awaiting a response

COMMITTEE RECOMMENDATION (SUMMARISED) (R = 'RECOMMENDATION')	RELEVANT GOVERNMENT ACTIONS	ASSESSMENT OF PROGRESS
LEGISLATED MEASURES ON ECONOMIC INCLUSION AND POVERTY REDUCTION		
<p>Legislated poverty measures: That the Government ensures that the Measuring What Matters reporting includes legislated measures on economic inclusion and poverty, and expands 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.</p> <p>That the Government includes measures on economic inclusion and poverty reduction in the legislation to establish an EIAC. The legislation should follow the release of the Measuring What Matters statement and specify the process to agree targets and track progress against economic inclusion and poverty measures over time.</p> <p>That the Government develops a data, evidence and consultation strategy to support the legislated measures and agreed targets.</p> <p>That the Government establishes 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. (R27, 34-36 2023)</p>	<p>The legislation to establish the Committee does not include the establishment of poverty measures, and poverty measures are not yet included in the Measuring What Matters framework.</p>	<p>Recommendation still live, awaiting a response</p>
<p>Treasury responsibility for economic inclusion: That the Government includes Economic Inclusion and Poverty Reduction in the Treasury Portfolio, with the Treasurer to be the responsible Minister for setting targets and driving whole of government implementation. (R37 2023)</p>	<p>This has not been formally specified, although the Treasury and the Treasurer have been very active in promoting the themes of economic inclusion as central considerations within Treasury's mandate, in partnership with the Social Services portfolio.</p>	<p>Recommendation advanced in part</p>

APPENDIX I - LIST OF MEMBERS

MEMBERS OF THE COMMITTEE

Hon Jenny Macklin AC

Chair

Professor Jeff Borland

Melbourne University

Professor Robert Breunig

Australian National University

Ms Emily Carter AM

Marninwarntikura Women's Resource
Centre

Professor Kay Cook

Swinburne University of Technology

Mr Matthew Cox

The Bryan Foundation

Dr Cassandra Goldie AO

Australian Council of Social Service

Dr Angela Jackson

Impact Economics and Policy

Dr Travers McLeod

Brotherhood of St Laurence

Ms Sally McManus

Australian Council of Trade Unions

Associate Professor Ben Phillips

Australian National University

Ms Leah van Poppel

Independent Advisory Council to the
National Disability Insurance Scheme

Professor Peter Whiteford

Australian National University

EX-OFFICIO MEMBERS

Dr Steven Kennedy PSM

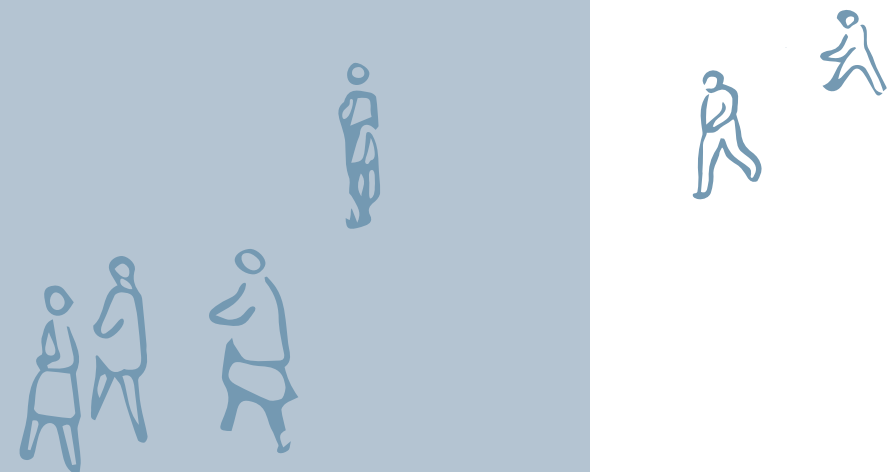
Secretary of the
Department of the Treasury

Mr Michael Lye

Secretary of the Department of
Social Services

APPENDIX 2 - ECONOMIC INCLUSION ADVISORY COMMITTEE ACT 2023

Refer to appendices document.



APPENDIX 3 - IMPACTS OF POVERTY REFERENCES

Poverty leaves scars that extend across the arc of peoples' lives and across generations.

Health impacts

Compared with the wealthiest people in Australia, those who are disadvantaged socio-economically:

- Are twice as likely to have a long-term health condition or chronic illness
- Are 2.1 times as likely to die of something that could have been avoided
- Are over 70% more likely to suicide¹.

Educational impacts

Children living in poverty have a higher incidence of:

- Grade repetition²
- Dropping out of high school³

1 ACOSS and cohealth, *Poverty and Inequality Makes us Sick infographic*, 2019, viewed 16/10/24 <https://povertyandinequality.acoss.org.au/wpcontent/uploads/2019/10/ACOSS_Cohealth_health-inequality-infographic.pdf>

2 G J Duncan & J Brooks-Gunn, 'Family Poverty, Welfare Reform, and Child Development', *Child Development*, 71, 2000: 188-196. <https://doi.org/10.1111/1467-8624.00133>

3 G J Duncan & J Brooks-Gunn, 'Family Poverty, Welfare Reform, and Child Development', *Child Development*, 71, 2000: 188-196. <https://doi.org/10.1111/1467-8624.00133>

- Lower test scores^{4 5}
- Not being in employment, education or training at age 18-19⁶.

Employment impacts

Growing up in disadvantage contributes to poorer employment outcomes in adulthood including:

- Lower hourly wages⁷
- Lower overall earnings⁸
- Fewer hours of employment⁹.

4 A Dickerson & GK Popli, 'Persistent Poverty and Children's Cognitive Development: Evidence from the UK Millennium Cohort Study', *Journal of the Royal Statistical Society Series A: Statistics in Society*, Volume 179, Issue 2, 2016: 535 -558, <https://doi.org/10.1111/rssa.12128>

5 A van Zwieten, A Teixeira-Pinto, S Lah, N Nassar, J C Craig & G Wong, 'Socioeconomic status during childhood and academic achievement in secondary school', *Academic Pediatrics*, 21(5), 2021: 838-848

6 C Wong, B Quinn, B Rowland & L Mundy, *Parents' welfare receipt and their children's employment and education outcomes*, Melbourne: Australian Institute of Family Studies, 2023

7 E Vera-Toscano & R Wilkins, *Does poverty in childhood beget poverty in adulthood in Australia?*, Melbourne Institute: Applied Economic & Social Research, University of Melbourne, 2020

8 G J Duncan, A Kalil & K M Ziol-Guest, 'Early childhood poverty and adult achievement, employment and health', *Family Matters*, (93), 2013: 27-35

9 G J Duncan, A Kalil & K M Ziol-Guest, 'Early childhood poverty and adult achievement, employment and health', *Family Matters*, (93), 2013: 27-35

Intergenerational impacts

- Growing up in poverty increases the likelihood of experiencing poverty in adulthood¹⁰
- When income is adjusted to account for wealth, over 40% of people in the bottom two deciles in 2001 remained there in 2022¹¹.

Wealth impacts

- Inequality is growing in Australia.
- The average household wealth of Australia's highest 10% has grown by 84% over the past twenty years, compared to a 55% increase in the wealth of the bottom 60% of households¹²

10 N Tilahun, J Persky, J Shin & M Zellner, 'Childhood Poverty, Extended Family and Adult Poverty', *Journal of Poverty*, 27(1), 2021: 1 -14. <https://www.tandfonline.com/doi/full/10.1080/10875549.2021.2010860>

11 Productivity Commission, *A snapshot of inequality in Australia*, Research paper, Canberra, 2024

12 Davidson P, Bradbury B, Wong M (2024), *Inequality in Australia 2024: Who is affected and how*, Australian Council of Social Service and UNSW Sydney. Viewed 23/12/24 <<https://povertyandinequality.acoss.org.au/news/new-data-shows-wealth-gap-widening/>>



APPENDIX 4 - THE SOCIAL DIVIDEND: AN ACTUARIAL CASE FOR HIGHER INCOME SUPPORT BY MANDALA

Refer to appendices document.

APPENDIX 5 - UPDATED BUDGET STANDARDS ESTIMATES BY THE UNIVERSITY OF NEW SOUTH WALES

Refer to appendices document.

APPENDIX 6 - LITERATURE REVIEW ON BUDGET STANDARDS BY THE UNIVERSITY OF NEW SOUTH WALES

Refer to appendices document.

APPENDIX 7 - THE IMPACT OF GOVERNMENT PAYMENTS ON VICTIM-SURVIVORS ESCAPING DOMESTIC VIOLENCE BY SOCIAL VENTURES AUSTRALIA

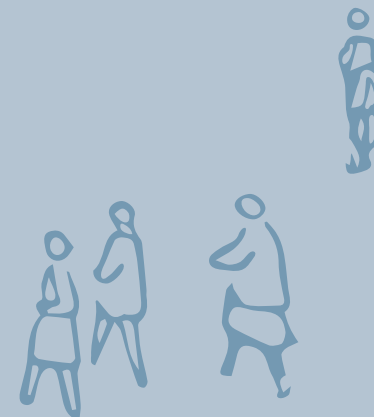
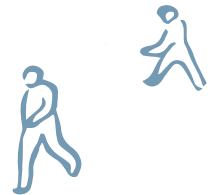
Refer to appendices document.

APPENDIX 8 - THE IMPACT AND COSTS OF POVERTY TO AUSTRALIA BY THE UNIVERSITY OF NEW SOUTH WALES

Refer to appendices document.

APPENDIX 9 - EAC CONSULTATIONS 2025-26: SUMMARY REPORT BY THE BROTHERHOOD OF ST. LAURENCE

Refer to appendices document.



APPENDIX IO - LITERATURE REVIEW: WHAT DOES A REVIEW OF QUANTITATIVE RESEARCH ON MUTUAL OBLIGATIONS TELL US ABOUT HOW THE SYSTEM SHOULD BE DESIGNED?

Jeff Borland, Department of Economics, University of Melbourne, February 2024

Paper prepared for the Economic Inclusion Advisory Committee

EXECUTIVE SUMMARY

Reciprocity, or welfare conditionality, is currently a core part of Australia's social security system. It is operationalised through mutual obligations (MO), which are described by Services Australia as the 'tasks and activities that you agree to do while you get some payment from us.'

A system of welfare conditionality includes multiple design elements:

- a. Which job seekers are required to participate
- b. Activities required of job seekers
- c. The system for achieving compliance/accountability by job seekers
- d. Obligations of government.

The impacts of the system are likely to vary depending on its specific details; and it is known that the activities that constitute MO differ in their impacts according to the characteristics of job seekers and the external environment (such as labour market conditions). The right

(policy) question to be asking about MO therefore is: What is the specific design of MO system that will best promote their employment prospects and well-being?

Existing evidence provides a limited basis for deciding on the optimal design of MO. Matching a description of the elements of the MO system to what can be learned from the existing quantitative research on its impacts, reveals large gaps. As an example, there is little guidance on how to structure a penalty regime. There is consistent evidence that imposition of penalties increases compliance with activity requirements and the rate of exit from income support payments. But in Australia, responsiveness of meeting requirements to changes in the size of penalty seems muted. And internationally, the evidence is that payment recipients who move off income support, go to inactivity as well as employment. It is also important to note evidence of negative impacts on health and well-being of payment recipient, as well as their children.

It follows that much of the task of the design of MO has to be guided instead by general principles of policy design:

- First, deciding on the MO system that is best for society's well-being should be based on a holistic assessment of the impact of the system on job seekers (and other members of society, such as their children), and incorporate the opportunity cost of resources used in operating the system.
- Second, there appears to be sufficient evidence on impacts of the main types of active labour market programs on

different populations to justify and support tailoring activity requirements to characteristics of job seekers. David Card and co-authors conclude from a meta-analysis: '...these results suggest that there may be potential gains to matching specific participant groups to specific types of programs....'¹ A corollary is that the overall orientation of a MO program – in terms of activities for job seekers – should be matched to the characteristics of the population of job seekers.

- Third, in the absence of guidance from quantitative evidence on how to structure a penalty regime, the best starting point for design is therefore to be genuinely guided by the principles that: (i) the vast majority of income support (IS) recipients do want to get into work and hence will not need any or much external motivation to do activities that will assist them in doing that; and (ii) it is a relatively small proportion of IS recipients for whom this is not the case, and who will need external motivation via a penalty regime.

THE VAST MAJORITY OF INCOME SUPPORT RECIPIENTS DO WANT TO GET INTO WORK AND DO NOT NEED ANY OR MUCH EXTERNAL MOTIVATION TO DO ACTIVITIES THAT WILL ASSIST THEM TO DO THAT.

¹ D Card, J Kluve & A Weber, 'What works?: A meta analysis of recent active labour market program evaluations', Journal of the European Economic Association, 16(3), 2018, p.924.

ONLY A RELATIVELY SMALL PROPORTION NEED EXTERNAL MOTIVATION VIA A PENALTY REGIME.

BACKGROUND

The Australian Mutual Obligation (MO) system is how welfare conditionality is currently operationalised in Australia.² The system is described by Services Australia as the ‘tasks and activities that you agree to do while you get some payment from us.’

Participants in Workforce Australia Services and Workforce Australian Online with MO requirements must:

- enter into a Job Plan that identifies their compulsory MO requirements
- meet their points requirement under the Points Based Activation System (PBAS) each reporting period under the PBAS, individuals are set a number of points, or a ‘points target’, they need to achieve each monthly reporting period. This points target can be tailored to consider the individuals’ personal circumstances and their local labour market conditions. The maximum points target to meet each month is 100 points. This includes a minimum job search requirement of 4 per month (for a total of 20 points)
- complete a mandatory activity if they have not engaged in sufficient work, activities, training or education before a specified period, with Work for the Dole

² House of Representative Select Committee on Workforce Australia Employment Services, 2023, sections 14.4-14.5.

being the default activity

- attend scheduled appointments with their provider (or the Digital Services Contact Centre if they self-manage through Workforce Australia Online)
- attend job interviews which can lead to work opportunities
- be willing to look for and accept suitable work.³

MO incorporates the Targeted Compliance Framework (TCF).⁴ The basis of TCF is the set of required MO activities (such as agreeing to a job plan, attending provider appointments, and meeting job search requirements). A job seeker who does not meet a MO requirement is deemed to have committed a ‘MO failure’. If the job seeker does not resolve this failure within two days, their payment is suspended until resolution. If a participant does not have a valid reason for not meeting the requirement, they accrue a demerit point and enter the ‘Warning Zone’. Demerit points stay recorded against a participant for 6 months. A participant who accrues 3 demerit points in 6 months must attend a Capability Interview (CI), and 5 demerit points triggers a Capability Assessment (CA). At these meetings, participants are assessed for their capacity to meet their MO requirements. A participant who is found to be capable of meeting their

³ Department of Employment and Workforce Relations, ‘Inquiry into Workforce Australia Employment Services: Submission to the House of Representatives Select Committee on Workforce Australia Employment Services’ (Canberra), 2023, p.98.

⁴ Department of Employment and Workforce Relations, 2023, pp.109-110.

requirements after the CA, who accrues extra demerits in the 6 months, enters the ‘Penalty Zone’. A sixth demerit point causes loss of one week’s payment, a seventh point the loss of two weeks of payment, and an eighth point brings payment cancellation with a minimum 4 weeks before reinstatement. In addition, payment cancellation occurs when a participant, regardless of their accrued demerit points, is deemed to have: (i) refused or failed to accept a suitable offer of work, or to commence suitable work; or (ii) voluntarily leaves a suitable job or is dismissed from a suitable job as a result of their misconduct as an employee.

THE COMPLEX DESIGN OF SYSTEMS OF WELFARE CONDITIONALITY

Any system of welfare conditionality is necessarily complex. The system will have many moving parts, and hence could potentially take many forms. The main elements of any system that must be specified in the design of a system of welfare conditionality are:

- a. Which job seekers are required to participate
- b. Activities required of job seekers:
 - i. Requirements for job search and readiness to accept employment
 - ii. Amount/Type/Timing of other activities required + Extent of choice + How requirements are expressed to job seekers, etc.
 - iii. Conditions on reporting on job search and other activities undertaken

- c. System for achieving compliance/ accountability by job seeker:
 - i. Monitoring
 - ii. Conditions defined as non-compliance
 - iii. Penalties framework
 - iv. Details of implementation of penalties – e.g. who implements and extent of discretion?
- d. Obligations of government (+ employers?).

Diversity in the potential design of a welfare conditionality system such as MO means that its impacts are likely to vary depending on its specific details. Moreover, it's known that the activities that constitute MO differ in their impacts according to the characteristics of job seekers (for example, duration of unemployment spell), the external environment (such as labour market conditions), and the time period being considered. The right (policy evaluation) question to be asking about MO therefore, is not whether it works or doesn't work in improving employment outcomes and well-being of job seekers. The right question is instead whether in some circumstances for some job seekers, there is a design (or designs) of MO that will improve employment and well-being. Or to turn this around: For specific job seekers and circumstances, what is the design of MO system that will best promote their employment prospects and well-being?

THE MAIN QUESTION FOR US IS: WHAT IS THE DESIGN OF MO SYSTEM THAT WILL BEST PROMOTE PEOPLE'S EMPLOYMENT PROSPECTS AND WELLBEING?

Adopting this approach seems the only way to engage seriously with criticisms made of MO, which are (almost universally) not about whether welfare conditionality should exist, but rather about specific details of the system. Criticisms of MO presented to the recent House of Representatives Select Committee on Workforce Australia Employment Services exemplify this point.⁵ Criticisms were focused on details of the system such as types of activities required/allowed, extent of job search requirements, the extent and type of compliance requirements, who is allowed/not allowed exemptions, whether compliance requirements are consistent with job seekers obtaining jobs to which they are well-suited, and the degree of difficulty for job seekers in understanding their obligations and interacting with Centrelink.

Asking the right question has direct implications for how we should read and learn from existing literature. Take, for example, my study with Yi-Ping Tseng of the JobSeeker Diary. The correct lesson to take from that study is not that requiring

⁵ House of Representatives Select Committee on Workforce Australia Employment Services 2023, chapter 14.

job seekers to make a minimum number of job contacts each week and to complete a diary recording those contacts can increase the rate at which they move off income support. The correct lesson to draw is that a requirement to make about 4 job contacts per week in the early stages (first 3 months) of an unemployment spell increased the likelihood of exit from income support, with that effect being larger in geographic areas with stronger labour market conditions.⁶

A REQUIREMENT TO MAKE ABOUT 4 JOB CONTACTS PER WEEK IN THE EARLY STAGES (FIRST 3 MONTHS) OF AN UNEMPLOYMENT SPELL INCREASED THE LIKELIHOOD OF EXIT FROM INCOME SUPPORT.

Recognising the complexity of the MO system also has implications for benchmarking the Australian system against other systems of welfare conditionality. It seems almost impossible to create simple measures to represent differences between countries in, for example, the extent of requirements placed on job seekers or the severity of the penalty regime.

⁶ J Borland & Yi-Ping Tseng, 'Does 'Work for the dole' work?: An Australian perspective on work experience programs', *Applied Economics*, 43, 53-68, 2011.

As one example, a recent OECD study has ranked Australia's sanctions framework as the most lenient from member countries. Stringency of sanctions is defined as a weighted aggregate of the severity of potential penalties (classified into categories) for:

- i. voluntary resignation from employment;
- ii. refusal of job offers;
- iii. refusal to participate in Active Labour Market Policies (ALMPs).

This is a fairly limited and rudimentary way to represent a regime such as the Targeted Compliance Framework (TCF). For example, for Australia, the coding of penalties is based on the first instance of a requirement not being met, which fails to adequately represent the TCF demerit points system. Also puzzling is that repeated job refusals and voluntary unemployment are coded as resulting in a penalty of 0-4 weeks, which seems to contradict the TCF which states that those actions would result in cancellation of payments.⁷

DECIDING ON THE BEST MO SYSTEM

Deciding on the MO system that is best for society's well-being should be based on a holistic assessment of the impact of the system on job seekers (and other members of society, such as their children), and incorporate the opportunity cost of

⁷ OECD, Activity Related Eligibility Conditions for Receiving Unemployment Benefits: Results 2022, Tax-Benefit Policies Team (OECD Publishing, Paris, 2022), passim and p.40.

resources used in operating the system. The assessment should take account of the impacts of the MO system on the likelihood of an Income Support (IS) recipient moving off payments, or moving into employment and their earnings from labour market activity. But it should also take into account potential negative consequences of the system for IS recipients and others, and the administrative cost of running the system – estimated, for example, to be \$1.7 billion in 2017-18 (or over 10% of the value of IS payments to job seekers in the same time period).⁸

DECIDING ON THE BEST MO SYSTEM SHOULD BE BASED ON A HOLISTIC ASSESSMENT OF THE IMPACT OF THE SYSTEM ON JOB SEEKERS AND THE OPPORTUNITY COST OF RESOURCES USED IN OPERATING THE SYSTEM, INCLUDING ITS ADMINISTRATIVE COST, WHICH CAN BE CONSIDERABLE.

WHAT DOES THE EVIDENCE FROM QUANTITATIVE RESEARCH SAY?

Matching a description of the elements of the MO system to what can be learned from the existing quantitative research on its impacts, reveals large gaps. That is, there

⁸ A Wright & B Dollery, 'The impact of varying penalty values on compliance with unemployment payment requirements: An analysis using 2015/16 National data', Australian Journal of Labour Economics, 23(1), 1-20, 2020, p.2.

are many specific design elements of the MO system about which existing research has little to say. As a few examples, there does not appear to be research on topics such as: which groups of job seekers should be subject to/excluded from MO; the optimal amount of activation; the impact of a points-based method of aggregating MO requirements (compared to alternatives); or the optimal structure of penalties. Nor does there appear to have been an attempt to undertake a cost-benefit analysis of the overall MO system.

There is, nevertheless, some Australian quantitative research that is relevant to the design of MO. This literature is of 3 main types:

- a. Studies of the overall impact of the MO system via analysis of reforms to parenting-related payments (studies listed in Table 1)
- b. Analysis of specific types of active labour market programs⁹
- c. Analysis of compliance related elements of MO (see studies listed in Table 2).

⁹ P Davidson, 'Did 'work first' work? The role of employment assistance programs in reducing long-term unemployment in Australia', Australian Bulletin of Labour, 37, 51-96, 2011; J Borland, 'Dealing with unemployment: What should be the role of labour market programs?', Evidence Base, 4th quarter, 2014; accessed at: https://anzsog.edu.au/app/uploads/2022/06/10.21307_eb-2014-004.pdf; J Borland, 'Wage subsidy programs: A primer', Australian Journal of Labour Economics, 19(3), 131-44, 2016.

International literature needs to be interpreted keeping in mind institutional differences with Australia, but can also be useful for adding to direct evidence from Australia.¹⁰

THE OVERALL IMPACT OF MO, STUDIED VIA CHANGES TO PARENTING-RELATED PAYMENTS

A set of reforms to parenting-related payments have been used to study the impact of IS recipients being required to do MO (compared to not having a MO requirement). The main reforms are:

- a. Marc Chan and co-authors study abolition of the Partner Allowance from 1 July 1996 for females born after 1 July 1955, which meant that if they wished to remain on IS, it was necessary to transfer to Newstart Allowance (NSA), which provided the exact same payment, but required MO.¹¹
- b. Barbara Broadway and Anna Zhu study the decrease in the age of youngest child required for a recipient of

Parenting Payment Single (PPS), from 16 years to 8 years from 1 July 2006, so that anyone becoming a single parent with youngest child aged above 8 years wishing to obtain IS after that date would need to apply for NSA, which required MO and also involved a lower base payment/higher taper rate.¹²

- c. Kristen Sobeck and Robert Breunig study introduction of MO for single parents receiving PPS whose youngest child was 7 years of age for PPS recipients whose payment conditions had been grandfathered as part of the 2006 reforms, compared to a requirement for new PPS recipients to do MO from when their youngest child turned 6 years; and the removal of grandfathering for pre-2006 PPS recipients as part of reforms from 1 January 2013.¹³

SUMMARY OF MAIN FINDINGS

- **Time on IS.** Moderate to very large effects of time on IS are estimated from the introduction of a MO requirement. Chan and co-authors find a 50% decrease in receipt of IS. A more moderate effect is estimated by Broadway and Zhu; and a smaller effect again by Sobeck and Breunig. Perhaps counter-intuitively, the MO requirement introduced by the 1996

reform studied by Chan and co-authors appears to have been more limited (job search and Jobseeker Diary) than the later reforms (15 hours of activities per week). However, the study of the 1996 reforms is of the effect of a permanent difference in MO conditions, whereas the studies of the later reforms investigate how time on IS is affected by a one-year difference in the age of youngest child at which an MO requirement is introduced. Another explanation of the larger impact size estimated by Chan and co-authors may be that it studies a population of females aged in their 40s, who may have been in a better position to enter the workforce compared to, for example, females still having children aged 8 to 15 years and with average age in early 30s, who are the population studied by Broadway and Zhu.

MODERATE TO VERY LARGE EFFECTS OF TIME ON INCOME SUPPORT ARE ESTIMATED FROM THE INTRODUCTION OF A MUTUAL OBLIGATION REQUIREMENT.

- **Employment and income.** The evidence is less conclusive but suggests that a MO requirement is likely to have increased the extent of paid employment and employment income, but had a negative impact on total income. Chan and co-authors provide indirect evidence that the largest proportion of those moving off IS moved into employment. Sobeck and Breunig find that the impact of

10 A Brown & J Koettl, 'Active labor market programs – employment gain or fiscal drain', IZA Journal of Labor Economics, 4(12): 1-36, 2015; Card et al; M Vooren, C Haelermans, W Groot & H Maassen van den Brink, 'The effectiveness of active labour market policies: A meta analysis', Journal of Economic Surveys, 33(1), 125-49, 2019; D McVicar, 'The impact of monitoring and sanctioning on unemployment exit and job finding rates', IZA World of Labor; doi: 10.15185/izawol.49. v2, 2020; S Pattaro, N Bailey, E Williams, M Gibson, V Wells, M Tranmer & C Dibben, 'The impacts of benefit sanctions: A scoping review of the quantitative research evidence', Journal of Social Policy, 51(3), 611-53, 2020.

11 M Chan, N Herault, Ha Vu & R Wilkins, 'The effect of job search requirements on family welfare receipt', Journal of Labor Economics, forthcoming, 2024.

12 B Broadway & A Zhu, 'Spatial heterogeneity in welfare reform success', Life Course Centre, Working Paper series 2023-25, 2023.

13 K Sobeck & R Breunig, 'Does decreasing the generosity of payments to single parents have employment and earnings effects? Evidence from Australian administrative data', mimeo, 2023.

MO is to increase employment income. Broadway and Zhu find quite a large decrease in employment income, but argue that this was likely mainly due to weaker incentives for employment under NSA compared to PPS, due to the higher taper rate. Sobeck and Breunig find a negative impact on total income – that is, the impact of higher employment income is more than outweighed by the decrease in IS.

MUTUAL OBLIGATION IS LIKELY TO INCREASE THE EXTENT OF PAID EMPLOYMENT AND EMPLOYMENT INCOME, BUT REDUCE TOTAL INCOME.

THE IMPACT OF ACTIVE LABOUR MARKET PROGRAMS

An Australian literature, consisting mainly of studies done in the 2000s and earlier, has investigated the impact of specific types of active labour market programs, primarily on receipt of IS payments. This Australian literature is reviewed by Peter Davidson¹⁴ and Jeff Borland.¹⁵ Reviews of international studies of active labour market programs are provided by Alessio Brown and Johannes Koettl, David Card and co-authors, and Melvin Vooren and co-authors.¹⁶

Active labour market programs are a set of interventions for individuals who

are currently unemployed or at risk of becoming unemployed that aim to raise their likelihood of employment. One type of active labour market program seeks to increase the amount or effectiveness of job search undertaken by the unemployed. A second type of program provides work experience and may also provide on-the-job training. A third type of program provides formal training and education.

- **Job search programs** are intended to affect the behaviour of job seekers. This can happen in two main ways. First, the programs can raise the intensity of job search, generally by imposing a requirement for a minimum number of job applications to be made in a specified time period, and monitoring to verify that the requirement is met. Second, the programs can improve the effectiveness of job search – for example, by providing extra advice and assistance about job search.
- **Work experience programs** can involve support to obtain employment in the private sector or placement in public sector jobs created for that purpose. The objective of providing work experience is to increase the human capital and job readiness of participants, and to potentially provide a credible signal of job readiness to employers. The main means of support to obtain private sector employment has been via wage subsidy programs whereby employers are paid a subsidy for giving a job to an eligible unemployed job seeker. Programs to directly create public sector jobs have mainly involved the Commonwealth Government providing funding to

community groups or service providers to undertake labour-intensive projects designed to provide facilities or services of community benefit.

- **Formal training and education programs** seek to increase the skills and job readiness of participants in a classroom environment.

SUMMARY OF MAIN FINDINGS ON IMPACT OF ACTIVE LABOUR MARKET PROGRAMS

- **Job search programs.** Counselling for job seekers appears to have small effects – especially programs implemented on a limited scale and for groups such as long-term unemployed. Job search monitoring programs by contrast have been found to have an appreciable impact in shifting job seekers off IS payments. These programs seem to work mainly by increasing participants' job search activity, and hence their largest impact is for job-ready job seekers in the early stages of an unemployment spell, and in local labour markets with the strongest demand conditions. The impact of job search programs tends to be concentrated at the time of doing the program – as Card and co-authors explain from their meta-analysis of the international literature: '... programs that include monitoring of job search are designed to push participants into the labour market quickly, with little or no investment component' and therefore 'it is unlikely these programs can have large long-run effects'.¹⁷

¹⁴ Davidson.

¹⁵ Borland 2014; Borland 2016.

¹⁶ Brown & Koettl; Card et al; Vooren et al.

¹⁷ Card et al., p.916; Vooren et al., pp.133-34.

- **Wage subsidy programs.** Wage subsidy programs can increase employment and exits from IS payments; although it is important to acknowledge that empirical studies find mixed evidence of positive and negative impacts. The increase in employment is generally much less than the number of subsidised jobs due to offsetting effects (such as subsidies paying for jobs that would have been created anyway) being substantial. The potential benefit of a wage subsidy program varies between job seekers according to the extent of their barriers to employment. Wage subsidies are not likely to be necessary for job seekers with low barriers to obtain employment; and job seekers with high barriers to employment will require more substantial assistance than just a wage subsidy program. Instead, it is job seekers who are job ready, but who need an opportunity to demonstrate their capabilities to an employer, who seem to benefit most from wage subsidy programs. Evidence suggests that a major role of wage subsidy programs is allowing employers to learn about the capabilities of workers; with those who they find to be a good match being retained once the subsidy payment ends. Details of the design of wage subsidy programs and labour demand conditions at the time they are introduced are major determinants of their impact.

JOB SEEKERS WHO ARE JOB READY BUT NEED AN OPPORTUNITY TO DEMONSTRATE THEIR CAPABILITIES TO AN EMPLOYER, SEEM TO BENEFIT MOST FROM WAGE SUBSIDY PROGRAMS.

- **Public sector job creation programs.** Evaluations of public sector job creation schemes generally find them to have zero or negative impacts. In Australia, evaluations have found negative impacts or only small positive effects on the rate of exits from IS associated with participation in the Work for the Dole (WfD) program.¹⁸ From the international literature, Card and co-authors conclude that public sector job creation programs ‘...tend to have small or even negative average outcomes at all horizons’.¹⁹ Poor outcomes from public sector job creation programs can be explained mainly by two features that they commonly share: a lack of skill development and a failure to provide a pathway to a permanent job.²⁰ By contrast, those public sector

¹⁸ J Borland & Y-Ping Tseng, ‘Does a minimum job search requirement reduce time on unemployment payments? Evidence from the Jobseeker Diary in Australia’, *Industrial and Labor Relations Review*, 60(3), 357-78, 2007; N Biddle & M Gray, ‘The short-term effect of a compulsory Work for the Dole trial’, Centre for Social Research and Methods, Australian National University, Working Paper no.6/2018.

¹⁹ Card et al., p.896; Vooren et al., pp.133-34.

²⁰ OECD, *Activating Jobseekers: How Australia Does It* (OECD Publishing, Paris), 2012, p.206.

job creation programs that have been successful have mainly been ‘bottom up’ schemes, small-scale initiatives targeted to meet local needs of job seekers and employers.

SUCCESSFUL PUBLIC SECTOR JOB CREATION PROGRAMS TEND TO BE SMALL-SCALE INITIATIVES TARGETED TO MEET LOCAL NEEDS OF JOB SEEKERS AND EMPLOYERS.

- **Formal education and training.** There is little (and especially recent) evidence of the impact of training programs in Australia, the only studies being of programs from the Working Nation strategy and Structured Training and Employment Projects (STEP) for Indigenous job seekers. These studies reach mixed conclusions. International evidence is slightly more favourable towards education and training programs, although still somewhat mixed (see for example, the differing findings from the meta-analyses of Card and co-authors and Vooren and others.²¹ One important finding from international studies of training programs is that their impact tends to increase with time elapsed since program participation. This can be explained by job seekers reducing their job search during the time of program participation, and only realising the benefits from training following

²¹ Card et al., p.906; Vooren et al., p.139.

completion of the program.²² It appears that programs with the largest positive impacts have been targeted at providing unemployed participants with skills that are needed for available jobs in their local labour market, and where a formal qualification is obtained.²³

THE BEST EDUCATION AND TRAINING PROGRAMS GIVE PEOPLE RECOGNISED SKILLS FOR AVAILABLE JOBS IN THEIR LOCAL LABOUR MARKET.

THE IMPACT OF PENALTIES

Several main channels by which a penalty regime might affect receipt of IS and associated outcomes can be distinguished:

- **Take-up effect.** Potential IS recipients are deterred from applying by knowing that penalties will be applied for not meeting MO conditions.
- **Threat effects.** IS recipients are induced to meet MO conditions or to move off IS due to knowing that they would be penalised for not meeting conditions.
- **Warning effects.** IS recipients are

22 Card et al., p.916; J Hotz, G Imbens & J Klerman, 'Evaluating the differential effects of alternative welfare-to-work training components: A reanalysis of the California GAN program', Journal of Labor Economics, 24, 521-66, 2006.

23 J Martin, 'What works among active labour market policies: Evidence from OECD countries' experiences', pages 276-302 in G Debelle & J Borland (eds.) Unemployment and the Australian Labour Market (Reserve Bank of Australia), 1998, p.289.

motivated to meet MO conditions or to move off IS due to receiving notification that they may be close to being penalised for not meeting conditions.

- **Imposition effects.** IS recipients are motivated to meet MO conditions in the future or to move off IS after they have been penalised for not meeting conditions.

A set of recent papers by Andrew Wright and co-authors (see Table 2) have analysed different aspects of the imposition of sanctions for failure to meet MO conditions – specifically, investigating the impact on receipt of IS for job seekers as a result of:

- i. suspension of payments;
- ii. varying sizes of financial penalties;
- iii. having varying levels of accumulated demerit points under the TCF.

Other Australian studies of the impact of requiring job seekers to do MO activities or introducing monitoring of their job search activity are also implicitly testing the overall impact of the penalty regime – for example, the impact of introducing the Jobseeker Diary is likely to have depended in part on the penalty regime that accompanied it. However, it is difficult to use those studies to make direct inferences on the specific impact of the penalty regime.²⁴ Major reviews of the international literature on penalties have been done by McVicar and Pattaro and others.²⁵

24 McVicar, p.3.

25 McVicar; Pattaro et al.

The available recent Australian studies, as well as international literature, focus on the effect of imposing penalties. Of the studies by Wright and co-authors, the analysis of the impact of imposing a penalty of 10% or 20% on job seekers who failed to meet a MO requirement relies on what was effectively random assignment between those penalties. It finds that the likelihood of attending their next meeting was higher for job seekers receiving the higher penalty by 2.4 ppts (62.7% compared to 60.3% for the low penalty group). This is a relatively low responsiveness to penalty size. It suggests that a 1% increase in penalty size is associated with only a 0.04% increase in meeting attendance. Other studies by Wright and co-authors use empirical approaches that may confound causal impacts with other factors. The estimated impact of suspension of payment is to increase the probability of attending the next meeting by 13ppts (69% against 56% for a control group who did not have their payment suspended) and about 7-8ppts for the next 3 meetings (compared to about 62% for the control group). The analysis of the impact of having accumulated different numbers of demerit points provides some (although not consistent) evidence for high demerit points driving job seekers to be less likely to fail to meet another obligation (in the 3 months after incurring their last

demerit point).²⁶

The review by Duncan McVicar considers 12 studies from Europe that investigate penalty imposition effects. The main conclusion is that all studies find: 'receiving a sanction considerably increases the rate of exit from unemployment benefits, the rate of job entry or both'; but that: 'it is difficult to draw general conclusions about the relationship between sanction duration, severity, and effects from this source'.²⁷

The review by Serena Pattaro and others considers 94 studies from the USA, United Kingdom, Continental Europe, Nordic countries and Australia. The vast majority (about four-fifths) of these studies examine penalty imposition effects. The main findings are:

- **Impacts on employment and benefit receipt.** A large proportion of studies (and especially those using empirical methods more likely to identify causal impacts) find that penalties are associated with a positive impact on employment outcomes. Equally, however, a large proportion of studies find that imposition of a penalty is associated with significant movement to economic inactivity. Almost all studies find that benefit receipt

26 Wright & Dollery; A Wright, B Dollery, M Kortt & S Leu, 'Examining the effects of zero-dollar unemployment payment sanctions', *Economic Record*, 96(395), 490-505, 2020; A Wright, Brian Dollery, M Kortt & S Leu, 'The effect of varying sanction values on future compliance with unemployment benefit requirements: An empirical analysis using Australian administrative data', *Public Administration Quarterly*, 46(2), 155-77, 2022.

27 McVicar, pp.6 & 9.

decreased. Studies using empirical methods better suited to identifying causal effects find mixed effects on earnings/income due to penalties; compared to more descriptive methods which find mainly negative effects.

- **Impacts on well-being.** Studies of broader impacts of penalties overwhelmingly find negative effects, on outcomes including material hardship, health problems and child maltreatment. A caveat is that these studies almost all apply descriptive empirical methods.

Overall, the review concludes that: 'The evidence does not seem to show that sanctions 'work'. Rather it shows that, while there may be some positive outcomes in relation to often stated goals for sanctions, these are accompanied by a range of null and negative outcomes'.²⁸

EVIDENCE DOES NOT SHOW THAT SANCTIONS 'WORK', BUT RATHER THAT THEIR POSITIVE EFFECTS ARE ACCOMPANIED BY NEGATIVE ONES.

In summary, there is little guidance from quantitative evidence on how to structure a penalty regime. There is consistent evidence that imposition of penalties increases compliance with activity requirements and the rate of exit from IS payments. But in Australia, responsiveness of meeting requirements to changes in size of penalty seems muted.

28 Pattaro et al., *passim* and p.647.

And internationally, the evidence is that payment recipients who move off IS, go to inactivity as well as employment. It is also important to note evidence of negative impacts on health and well-being of payment recipient, as well as their children. A final point is that these studies focus on outcomes for IS recipients on whom penalties are imposed – which means that for Australia, they are providing evidence relevant to a relatively small proportion of payment recipients.

INTERNATIONAL EVIDENCE SUGGESTS THAT PAYMENT RECIPIENTS WHO MOVE OFF INCOME SUPPLEMENTS GO TO INACTIVITY AS WELL AS EMPLOYMENT. AUSTRALIA IS NOT PROACTIVE IN CHANGING PENALTY SIZES TO MATCH THE MEETING OF MUTUAL OBLIGATION REQUIREMENTS.

GENERAL LESSONS FOR DESIGN

The welfare conditionality system in Australia should be what is best for society – judged using a complete accounting of the costs and benefits of the system. By contrast, at present 'giving back' seems to have become the sine qua non of the MO system. That is made explicit in the Services Australia statement that MO is 'tasks and activities that you agree to do while you get some payment from us.' That a benefit can derive from IS recipients undertaking MO requirements – job search

and other related activities – doesn't seem in dispute; and is certainly confirmed by a review of quantitative evidence. But that is not a sufficient justification for the existence of MO, nor for its current form. The welfare conditionality system that is best for Australia can only be determined by also taking account of costs of the system – primarily, the negative impacts on IS recipients and others (such as their children), and the substantial administrative cost of operating the system.

Existing research that uses quantitative methods to study the impact of the MO system (and similar systems in other countries) can only take us so far in guiding decision-making on what is the best design for a welfare conditionality system. Many questions that must be answered to design a system do not have a counterpart in quantitative analyses of the impact of MO. Hence, much of the task of design has to be guided instead by qualitative evidence and general principles of policy design.

There appears to be sufficient evidence on impacts of the main types of active labour market programs on different populations to justify and support tailoring activity requirements to characteristics of job seekers. Card and co-authors conclude from their meta-analysis: '...these results suggest that there may be potential gains to matching specific participant groups to specific types of programs...'²⁹

29 Card et al., p.924.

LABOUR MARKET PROGRAMS SHOULD BE TAILORED TO THE CHARACTERISTICS OF INDIVIDUAL JOBSEEKERS.

As a few examples: (i) Job search requirements and verification programs are best focused on job seekers who are relatively job-ready (for example, new entrants to unemployment with low barriers to job-finding); (ii) Wage subsidy programs appear to have the largest value-added for job seekers who benefit from an opportunity to demonstrate their capability to employers; and (iii) Public sector job creation programs will only benefit job seekers if they allow them to acquire job-relevant skills and provide a pathway to longer-term employment. For that reason, there seems no rationale for the continued role of Work for the Dole as a default activation program.

THERE SEEMS NO RATIONALE FOR THE CONTINUED ROLE OF WORK FOR THE DOLE AS A DEFAULT ACTIVATION PROGRAM.

A corollary is that the overall orientation of a MO program – in terms of activities for job seekers – should be matched to the characteristics of the population of job seekers. For example, at present that would mean orienting program design towards a population of JobSeeker recipients that includes relatively high proportions with

partial capacity to work and with long spells of payment receipt.

Quantitative evidence provides little guidance on how to structure a penalty regime; and what evidence it does provide suggests limits on the extent of benefits, and that there are also costs to be taken into account. The best starting point for design of a penalty regime is therefore to be genuinely guided by the principles that: (i) the vast majority of IS recipients do want to get into work and hence will not need any or much external motivation to do activities that will assist them in doing that; and (ii) it is a relatively small proportion of IS recipients for whom this is not the case, and who will need external motivation via a penalty regime. That 70% of participants in Workforce Australia Services with MO requirements had at least one suspension during a 15 month period, and that 16% of participants in Workforce Australia Services and Workforce Australia Online had 5 or more suspensions during a single period of assistance, suggests that the system is a long way from being founded on those principles.³⁰ To have a MO system that is genuinely guided by these principles would therefore seem to require revolution rather than evolution.

OUR MUTUAL OBLIGATION SYSTEM NEEDS REVOLUTION NOT EVOLUTION TO CONFORM WITH BROADLY ACCEPTED PRINCIPLES.

30 House of Representatives Select Committee on Workforce Australia Employment Services 2023, p.439.

TABLE I: STUDIES OF MUTUAL OBLIGATIONS CHANGES TO FAMILY RELATED PAYMENTS

STUDY	POLICY CHANGE	ASPECT OF MO IDENTIFIED	EMPIRICAL METHOD	MAIN FINDINGS
Chan et al. (2024)	Dependent spouses of Newstart Allowance (NSA) recipients, aged 40 years and above, made ineligible for Partner Allowance from July 1 1995. Must instead apply for NSA. Partner Allowance and NSA have same payment and tapering etc. Job search requirement for NSA cf. No job search requirement for Partner Allowance.	Impact of conditionality of payment receipt on job search/completion of Jobseeker Diary (and at end of sample period, a more extensive activity requirement).	<ul style="list-style-type: none"> Regression discontinuity. Compare dependent spouses turning 40 immediately before and after 1 July 1995. Outcome = Average proportion of population on welfare payments from 1998 to 2003. 	<ul style="list-style-type: none"> Reduces proportion of eligible population on welfare payments by about 50% (from around 1 ppt to 0.5ppt). Indirect evidence that flow off welfare is mainly into employment.
Broadway and Zhu (2024)	Eligibility for Parenting Payment Single (PPS) restricted to parents with a youngest child of 8 years or less, compared to previously 16 years or less, from 1 July 2006. Those with a youngest child above 8 years and already receiving PPS prior to 1 July 2006, remain eligible. Those no longer eligible for PPS must instead apply for Newstart Allowance. Participation/Job search requirement for NSA from start of payment spell cf. Same requirement for PPS recipients only after 12 to 15 months on payment. PPS has higher base rate and lower taper rate than NSA.	Joint impact of: <ul style="list-style-type: none"> Conditionality of payment receipt on MO activities/job search (15 hours per week of paid employment, training and employment related activities (e.g., job search)) for first 12 to 15 months of payment spell. Moving to payment with lower base rate and higher taper rate. 	<ul style="list-style-type: none"> Regression discontinuity. Compare females with youngest child between 8 and 15 years who separated from their partner (and hence became eligible for PPS/ NSA) 3 months prior to and 3 months after 1 July 2006. Outcomes = Total welfare payments received/Total annual income in years 1,2,...,6 after separation. 	<ul style="list-style-type: none"> Welfare receipt: Average decrease of 34 days in year 1; 24 days in year 2 Employment income: Average decrease of \$800 in year 1; \$1100 in years 2 and 3
Sobeck and Breunig (2023)	Grandfathering of eligibility for PPS for parents with a youngest child aged above 8 years removed from 1 January 2013. Those made eligible for PPS must instead apply for Newstart Allowance. Grandfathered PPS recipients complete MO from when youngest child is 7 years, compared to 6 years for non-grandfathered PPS recipients.	Joint impact of: <ul style="list-style-type: none"> Decrease in expected time that can spend on PPS. Increase in requirement to undertake MO activities by 1 year (15 hours per week of paid employment, training and employment related activities (e.g., job search)). 	<ul style="list-style-type: none"> Difference-in-difference. Compare between: a] Grandfathered PPS recipients prior to announcement of policy change (GF, 2011); b] Non-grandfathered PPS recipients after policy change (NGF, 2016); and c] Grandfathered PPS recipients after policy change (GF, 2013). Sample who ever received PPS. Outcomes = 3 years after policy change: a] Labour-supply related; and b] Average daily wages; c] Total quarterly income. 	<ul style="list-style-type: none"> Employment: Extra year of MO has no significant effect on employment. Receipt of welfare payments: Share who move off payments entirely increases from 31.1 to 36.1%; One-third of impact due to extra year of MO. Gross daily wages increase by 18.3 to 26.1%; Two-thirds due to impact of extra year of MO. Total income declines by 32 to 65%.

STUDY	POLICY CHANGE	ASPECT OF MO IDENTIFIED	EMPIRICAL METHOD	MAIN FINDINGS
Fok and McVicar (2013)	Same as Broadway and Zhu (2023) plus extra aspect of the 2006 policy reform: Grandfathered Parenting Payment (PP) recipients required to undertake MO/job search activities once their youngest child reaches 7 years of age from 1 July 2007.		<ul style="list-style-type: none"> • Difference-in-difference. • Compare between grandfathered PP recipients with ongoing spells at 1 July 2006 whose: a] Youngest child turns 7 after 1 July 2007; and b] Youngest child already reaches 7 years of age by 1 July 2007. Compare rate of exit between: a] 1 July 2006 and 30 June 2007; and b] 1 July 2007 and 30 June 2009. 	<ul style="list-style-type: none"> • Receipt of PP: Estimated decrease in proportion on PP of about 10 ppts. Exit occurs both to other IS and off IS. • Larger impact for Parenting Payment Partnered than PPS recipients, mainly due to high rate of exit from IS.

TABLE 2: STUDIES OF MUTUAL OBLIGATIONS CHANGES RELATING TO COMPLIANCE AND PENALTIES

STUDY	POLICY CHANGE	ASPECT OF MO IDENTIFIED	EMPIRICAL METHOD	MAIN FINDINGS
Dollery and Wright (2020)	From July 2015 to July 2018, job service providers able to impose a penalty on a NSA recipient who missed a compulsory appointment without a valid reason. The penalty was generally either 10% or 20% of fortnightly payments; and size of penalty depended on whether NSA recipient attends re-engagement interview 1 or 2 business days after penalty applied - with the timing of that interview effectively being randomly determined.	Size of penalty imposed for not attending compulsory meeting with job service provider.	<ul style="list-style-type: none"> • Comparison of NSA recipients who had 10% penalty versus 20% penalty from 1 October 2015 to 30 September 2016. • Propensity score matching. • Outcome = Whether attended subsequent meeting (excluding re-engagement meeting). 	<ul style="list-style-type: none"> • Higher penalty group have higher attendance at next meeting by 2.4 ppts (62.6% compared to 60.3%).
Wright et al. (2020)	From July 2015 to July 2018, job service providers - in response to a NSA recipient who missing a compulsory appointment without a valid reason - could: a] Use discretion to take no action; b] Temporarily suspend payment until a re-engagement meeting with full back-payment once reengagement occurs or if 2 business days pass; c] Temporarily suspend payment until a re-engagement meeting together with a 10 or 20% penalty against that fortnight's payment.	Imposition of temporary payment suspension (with full back-payment when re-engage).	<ul style="list-style-type: none"> • Comparison of NSA recipients who missed a compulsory appointment without a valid reason from 1 October 2015 to 30 September 2016 who: a] Had no action taken against them; and b] Had a temporary payment suspension imposed. • Propensity score matching. • Outcome = Whether attended subsequent meetings (excluding re-engagement meeting). 	<ul style="list-style-type: none"> • Temporary suspension associated with higher probability of attending subsequent meetings (1, 2, 3 and 4) of respectively 13.1, 8.1, 7.3 and 7.1 ppts respectively (cf. attendance rate for control group at those meetings 56, 63, 62 and 61%).

STUDY	POLICY CHANGE	ASPECT OF MO IDENTIFIED	EMPIRICAL METHOD	MAIN FINDINGS
Wright et al. (2022)	Targeted Compliance Framework introduced on 1 July 2018. Within a 6 month period: a] Accruing 3 demerit points -> Capability Interview (CI); b] If judged capable of meeting MO requirements at CI and accrue 5 demerit points -> Capability Assessment (CA); c] If judged capable of meeting requirements at CA and accrue 6 demerit points -> Loss of 1 week of payment; d] If accrue 7 demerit points -> Loss of 2 weeks of payment; e] If accrue 8 demerit points -> Cancellation of payment and 4-week waiting period for reinstatement. [No discretion for service providers about whether to report missed meetings.]	Impact of penalties for not meeting MO requirements.	<ul style="list-style-type: none"> Hazard function analysis. Comparison between job seekers who accrue a demerit point in January 2019 according to number of demerit points accrued from 1 July 2018 to 31 December 2018. [With impact of penalties being identified from variation in impact of an extra demerit point – e.g., going from 1 to 2 points does not bring any penalty, whereas going from 5 to 6 points causes a loss of payment.] Outcome = Time to another demerit point after January 2019 (up to April 2019). 	<ul style="list-style-type: none"> [Difficult to interpret but appear to show that] Likelihood of accruing extra demerit point is lower once 5 demerit points are reached. But other patterns not entirely consistent with how it would be expected that demerit points should affect behaviour.

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