

TRANSCRIPT

LEGISLATIVE ASSEMBLY ECONOMY AND INFRASTRUCTURE COMMITTEE

Inquiry into Commonwealth support for Victoria

Melbourne—Wednesday, 15 December 2021

MEMBERS

Mr John Eren—Chair

Mr Gary Blackwood—Deputy Chair

Ms Juliana Addison

Ms Christine Couzens

Ms Steph Ryan

Ms Kat Theophanous

Mr Nick Wakeling

WITNESSES (*via videoconference*)

Ms Emma King, Chief Executive Officer, and

Ms Deborah Fewster, Director, Policy and Advocacy, Victorian Council of Social Service.

The CHAIR: Good afternoon to you, Emma and Deborah, and welcome to the hearings for the Legislative Assembly Economy and Infrastructure Committee's Inquiry into Commonwealth support for Victoria. All mobile telephones should now be turned to silent.

All evidence taken by this committee is protected by parliamentary privilege. Therefore you are protected against any action for what you say here today, but if you repeat the same things outside this hearing, including on social media, those comments may not be protected by this privilege.

All evidence given today is being recorded by Hansard. You will be provided with a proof version of the transcript for you to check. Transcripts will ultimately be made public and posted on the committee's website. Could I please remind members and witnesses to mute their microphones when they are not speaking, to minimise interference.

I invite you to make a brief 5-minute opening statement, and then we will ask questions accordingly after that. Thank you very much for being with us today.

Ms KING: Good afternoon, and thank you very much for having us. My name is Emma King. I am the CEO of the Victorian Council of Social Service, and I am joined by Deborah Fewster, who is the Director of Policy and Advocacy at the Victorian Council of Social Service.

As you know, VCOSS is the peak body for Victoria's social and community sector and the state's premier advocacy bodies. We really appreciate the opportunity to be here today. I did want, I guess, to emphasise that our strength I think comes very much through our members and the people that they serve. Our members include frontline service organisations, peak bodies, advocacy organisations and individuals who are passionate about a fair, sustainable, inclusive Victoria.

By way of context, VCOSS did not make a written submission to this Inquiry. However, we very much appreciate the opportunity to speak with committee members today. We are keen to assist with any questions that you have in terms of the Inquiry's terms of reference, but we do note that, while our policy expertise is broad and deep, we do tend to refer to our colleagues at the Australian Council of Social Service on matters pertaining to commonwealth-state financial relations and taxation. So there might be some questions either that I need to take on notice or that might be out of scope for VCOSS. I will let you know if that occurs. However, I am pleased to offer some insights on the Commonwealth support for Victoria as part of my opening statement. These comments largely draw on VCOSS's reflections from the past 20 months during the COVID-19 pandemic.

Firstly, COVID-19 fiscal stimulus measures instituted temporarily by the Commonwealth Government last year made a positive difference in Victoria. As major industries went into lockdown, JobKeeper, for all its flaws, did keep around 1.1 million Victorians connected to work in the first phase, between April and September 2020, and prevented the emergence of new forms of disadvantage for many recipients and their families. The concurrent and temporary increase to the rate of the unemployment benefit, JobSeeker, was poverty busting. For a time the boost to JobSeeker positively transformed the socio-economic map of Victoria. In the first year of the pandemic, we also saw the Commonwealth and state governments use their balance sheets to support the economy and the community, through the provision of things like fee-free child care; free kinder; payments to reduce worker mobility across high-risk workplaces, including aged care and disability; other forms of business support; rent relief grants and other measures to support commercial tenants and to prevent residential tenants from eviction into homelessness; additional mental health assistance; and wage subsidies to support new job creation.

The prominent and pre-eminent economist Professor David Hayward, who is also a life member of VCOSS, has extensively researched the impact of these measures and has described this period as a social policy fairytale. For example, Professor Hayward's research team found that people on all categories of welfare payment, except the disability pension, moved from well below the poverty line to well above it as the Commonwealth Government boosted its payments. Households of two unemployed partners were the biggest winners, seeing their incomes rise collectively from between 10 and 20 per cent below the poverty line to 35 to 65 per cent above the poverty line. Much of the financial assistance also flowed to outer urban areas, including Hume, Wyndham, Whittlesea, Casey and Brimbank, which also had 43 per cent of the city's COVID-19 infections. So the payments came not only at the right time but they landed in the right places as well.

This brings me to my second point, and that is that it is time for a new conversation about tax and social assistance in Australia. We have got great public services that are the bedrock of opportunity for all Australians. Anyone who has gone to a school, driven down a road or seen a doctor has benefited from Australia's taxes. Now we have seen what is possible when governments take swift, bold and intentional action to prevent and alleviate poverty and disadvantage. So for a brief moment and for a lucky few we actually eradicated poverty in 2020 and for the first few months of 2021. In non-COVID times these settings would have also allowed people to look for work without worrying where they were going to buy their next meal or how they were going to afford clothes to wear to their job interview. It proves that ending poverty is not a pipedream. It is actually achievable, and it is about the choices that our governments make. We know that more generous social assistance reduces inequality and that when you provide more generous social assistance it enables government to achieve a whole host of other long-term social and economic benefits—so, for example, sustainable exits out of unemployment.

This then brings me to my third point, and that is that more than ever Victoria needs and deserves strong support from our national government. For much of 2020 Victoria locked down, making huge sacrifices to keep the rest of Australia safe from COVID, and for much of 2021 we continued to be the jurisdiction by far the hardest hit by the spread of the virus. And as set out in Victoria's midyear 2021–22 budget update:

Public investment and government consumption both increased strongly—
in 2020—

... reflecting increased spending on measures to support jobs and businesses and to deliver the public health response to COVID-19.

The midyear budget update also states that:

Public demand is forecast to make another strong contribution to GSP growth in 2021–22, with ongoing high levels of spending to support the economic recovery.

From VCOSS's perspective these decisions are the right ones, but they have severely impacted the state's financial position and outlook. Victoria's midyear budget update notes that risks to Victoria's economic outlook remain greater than normal and they continue to be dominated by the COVID-19 pandemic and potential changes to global and domestic economic policy responses. So to ensure an equitable economic recovery, we need to keep investing in inclusive social recovery.

It is crucial that the Commonwealth has our back and plays its part in helping us to build back better. COVID-19 has done a devastating job of revealing existing fault lines and entrenched disadvantage in our community, and we need to ensure that our Commonwealth Government walks alongside our state government in applying these lessons to policy-making, including the quantum, the type and the duration of social assistance it needs to invest in and to drive social inclusion and economic equality. We echo the recent call as well from ACOSS that as we head into a federal election whoever forms government will raise the resources needed to meet these big challenges and properly fund essential services and income supports rather than cutting them back. Thank you.

The CHAIR: Thank you, Emma. It was great to hear that at least for a brief period we were out of poverty. I suppose when you consider that JobKeeper and JobSeeker did go a long way to help people that normally lived in poverty to get out of it for a little while, that was a great sugar hit. Now that we are out of it, are you seeing more demand on services now that they are not receiving some of those payments? And how can the Commonwealth better support Victoria's economic recovery following the COVID-19 pandemic?

Ms KING: Thank you for your question. There is one other thing I would say just before I answer it, if I may. One of the other things I would note is that money went straight back into the economy, so on things like food, and there is strong evidence to demonstrate that actually it was an economic stimulus in and of itself.

In terms of the demand for frontline services, it has increased exponentially, because we have people who were already on JobSeeker, which has now been cut back to its pre-existing rate, fundamentally, and we also have a whole new cohort of people that require the assistance of frontline community service organisations who did not need that assistance before and perhaps never thought that they would actually need it as well. So the impact of that is really profound. It very much hits frontline services that are giving basic things, such as food and material aid et cetera, but it also has a compounding impact on other services within our community, whether they be community health or others, that have got those fantastic relationships more broadly with

community—they are very trusted by community—and which alongside organisations like neighbourhood houses et cetera are often the first stop. So you have got that whole spectrum of services, that ecosystem of services, within the community, and we are very much seeing our frontline organisations—those that provide assistance around housing, around material aid et cetera—having demand like they have never seen before. It truly is unprecedented.

The CHAIR: Thank you. Gary?

Mr BLACKWOOD: Thanks, John. And thanks, Emma and Deb, for your presentation. In terms of infrastructure investment, what is your view on the level of Commonwealth Government investment in Victorian infrastructure? Do you think it is effective? Do you think it is helping those that are suffering disadvantage, or is it not touching those areas?

Ms KING: Look, I would not pretend to be across the detail of the Commonwealth Government's investment in infrastructure. What I would say is we need broad investment in Victoria and in Victoria's recovery. That is going to cover a whole spectrum of different areas as to whether it is investment in infrastructure, the type of infrastructure that we are going to need going into the future and the sorts of jobs that are created through that investment in infrastructure. But it is much broader than that.

I can just point to, for example, where we know the growth in the workforce is going to be. So looking at some areas such as, for want of a better term, the care economy, when we look at the need to invest in aged care, in disability, in family violence, in early childhood services and in a workforce that cannot be replaced because it is about people, it is about catering to the needs of our community, it is really critical that when we look at future investment we do not just look at that kind of, for want of a better term, bricks-and-mortar investment but we actually look at that investment in our people and in our communities. So in terms of any reflections on federal investment, it is fair to say VCOSS is advocating, and advocating very strongly, around a wellbeing agenda and a wellbeing economy in the same way that New Zealand has, taking lessons from Wales and Iceland and other jurisdictions. It is something we would very much welcome from a Victorian perspective but also a federal perspective, because this is the time to actually change some of those—irrespective of who is in power—really tricky commonwealth-state relations that are in place and actually to say, 'Wherever we invest, we're actually investing in people', because we can have a AAA credit rating, but if we have got over 100,000 people who are homeless, what does that mean at the end of the day?

Mr BLACKWOOD: Thanks, Emma.

Ms FEWSTER: I was going to add as well just in terms of Emma's point about the care economy or social services being that engine room for job creation and really an enabler for some of those kinds of flagship Commonwealth and state systems reforms, landmark policy agendas such as reforms to disability support, to aged care et cetera, we are very much focused on really that investment in the care economy and leveraging those job opportunities. But in relation to the starting point of your question as well around that hard infrastructure, something that we would note is that Victoria has done quite well in terms of policy settings is around social procurement as well, so really leveraging that investment in the Big Housing Build, the transport investment et cetera to really create those pathways into skills and employment and really good jobs for disadvantaged jobseekers who have otherwise been locked out of opportunity. Really I think there are some lessons there in terms of not only ramping up Commonwealth investment in both social infrastructure and hard infrastructure but also those policy levers of social procurement as well really maximising the investment.

The CHAIR: I am having some technical issues here, so, Gary, can you take over?

Mr BLACKWOOD: That is fine. No problem. Any further questions, then? Chris?

Ms COUZENS: Thanks, Emma and Deborah, for your time and contribution today; we really appreciate it. I can pretty much predict what your response to this question will be, but I am going to ask it anyway. Under the new GST system Victoria is predicted to lose GST revenue when the no-worse-off guarantee ends in 2026–27. How will the provision of public services be affected when this happens, and in particular the impact on inequality and disadvantage, which we are already very much aware of? I will not go into all the detail, but I would appreciate a response to that.

Ms KING: Thank you for your question. I note that based on the current forecasts DTF estimates that Victoria will be \$4.5 billion worse off under the new system over the budget and forward estimates period without the no-worse-off guarantee. So I think it is pretty hard to categorise that in any other way than catastrophic, really—the notion that we could get by with such a significant reduction in income and think that that will not have an impact across the whole of our society wherever you look. At the end of the day when there are cuts or when there are disasters like we have just seen, we know that people who are on low incomes and who are poor and who are disadvantaged are impacted the first, the hardest and the longest. And if that much money is going to come out of our system, it is hard to see how we will not have more Victorians that are actually going to be reliant on welfare and on social assistance and who are living in poverty. And it is hard to see how frontline organisations are actually going to receive the funding and the support et cetera that they need to be able to deliver for the most vulnerable in our communities. The only way I can describe it is it would be genuinely catastrophic.

Mr BLACKWOOD: Thanks, Emma. Nick, have you got a question?

Mr WAKELING: Thanks, Gary. Emma and Deb, thanks very much for your presentation. We are all pleased to hear that JobKeeper and that provided assistance where it was needed, particularly last year. But as we come out of lockdowns, what role do you see the Federal Government—and also the State Government but particularly the Federal Government—playing in order to try to provide the support necessary for those within the community that your organisation is representing?

Ms KING: Thank you. There are a few different things I will touch on. I think firstly at a systemic level increasing JobSeeker to an amount of money so that people do not live in poverty is a no-brainer. We have been calling for \$67 a day. The reality is if people have enough money for things like food and to be able to pay their bills, it goes directly back into the economy. It is, in and of itself, an economic stimulus, and it lifts people out of poverty. So it is just a no-brainer. I would also go to other structural components that make a significant difference, and that is the funding of social services organisations indexation rates and also the funding period for which contracts are given.

I think you would struggle to find anyone in the pure business economy that would be taking contracts on that are six months and 12 months et cetera when you are providing essential services around things like family violence, yet it is something that community sector organisations are expected to do on a very regular occurrence. They are fundamentally underfunded and for very small periods of time that do not give business certainty, despite the fact that they are businesses but they are providing first and foremost for people. The Productivity Commission has recommended that funding contracts are given for seven years. So I would go to JobSeeker—an adequate amount of JobSeeker. I would talk about indexation and the importance of indexation so that organisations are funded fairly and they are funded at being able to provide the true cost of services—and the length of the funding contracts. I think those three things would make a really significant difference. Deb, I am not sure if there is anything that you would like to add.

Ms FEWSTER: I will add one more thing, which is that we would love to see a national commitment to a big housing build at that Commonwealth level as well. Again Victoria is really playing its part with its \$5.3 billion investment in the Big Housing Build, which is going to deliver 9,300 new social housing homes and then I think it is around 2,700 affordable housing properties, which is fantastic. But we need that kind of long-term pipeline for around 100,000 people waiting, I think, for housing on the Victorian Housing Register. The Commonwealth does have a role to play, and we need to see that national investment in social housing growth, including here in Victoria, really leveraging that existing state government investment.

Mr BLACKWOOD: Thanks very much.

The CHAIR: Very good. I am back now. Thank you, Gary. Any further questions? I have got internet issues here which are really bothering me, but anyway we will push through. Any further questions or comments? Kat, yes.

Ms THEOPHANOUS: Thank you, Chair. And thank you, Emma and Deb, for all of the work that you do, as well as your contribution today. We all know intuitively that the social services sector does an extraordinary amount on a shoestring of funding. I guess I would like a sense from you around how Victoria's social services sector compares to other states in terms of the support that it gets from the Commonwealth.

Ms KING: Thank you. It is a very good question, because I think it depends often on which segment of the social services sector you look at. I would point out that not too long ago we had a number of our members, I would say, kind of set up against each other in terms of looking at the funding contracts that were offered by the Federal Government, which had a pretty devastating commitment around small communities in particular, where we saw often existing niche organisations that are embedded in community put up against each other for contracts and often expected to cover a broader geographic area for less money. There has been quite a bit of work. I am thinking particularly of one of our member organisations in Shepparton where they had fundamentally some different organisations come in that were not as embedded in community. So I think one of the things that is really important is actually understanding that part around what local community needs, who is trusted in local community and how we do not have people fall through the gaps.

Going to your question around how the Federal Government supports local organisations, I would say it differs and differs fairly broadly depending on the contracts that are available, but it is fair to say that we need the Commonwealth Government to step up more. Deb just gave a perfect example in terms of looking at housing, the delivery of housing, and that also goes to not only the structure of the building of housing and that—that true investment in housing—and then looking at the other wraparound services that sit with that. We have seen our state government take the lead, and take the lead on a national basis, on that front, and we need the Commonwealth Government to step up. When you look at the provision of actual services it is pretty patchy depending on which exact service you are looking at. I think that is a fair description. There is lots to go.

I think what we did see through the pandemic was that interesting thing about the will and the fact that certain things are a choice, and it comes down to the choice of governments about: where do you put your money and where do you put your investments? Again, if you can bear with me, I go back to that wellbeing agenda and that wellbeing economy, because I think it provides an overarching framework for any government to say, ‘Well, actually this is where we invest and this is why, because this is where we are delivering to. We are delivering to our people’. New Zealand is a great example, in that it has that happening through the department of treasury and finance. There is a very rigorous financial framework that sits against that. But fundamentally, if government are going to invest in something, they have got to be able to show why, and I would love to be able to see the Commonwealth Government take that approach, because it would be such a seismic shift from where we are now, and I think it would deliver much more to the people of Australia let alone the people of Victoria. Deb, I am not sure if you want to add in there at all?

Ms FEWSTER: I think you have covered it really well, thank you, Emma.

The CHAIR: Thank you. I have just turned my camera off. It improves the connection apparently. I am still here. Thank you very much. Are there any further comments or questions that people want to put? No. Would you like to say anything further, Deb or Emma?

Ms KING: No, Chair. If I can just thank you for persisting through your internet troubles. I think we all feel your pain in this strange world that we are living in. So thank you, and thank you for the opportunity. We really do appreciate it. Lovely to see you all today, albeit virtually. So thank you.

The CHAIR: Thank you so much for your presentation. Take care.

Witnesses withdrew.