

# Submission to the Community Affairs Legislative Committee on the Economic Inclusion Advisory Committee Bill 2023

3 November 2023

The Australian Council of Social Service (ACOSS) welcomes the opportunity to make a submission to this inquiry into the Economic Inclusion Advisory Committee Bill 2023. ACOSS is a national voice in support of people affected by poverty, disadvantage and inequality and the peak body for the community services and civil society sector. ACOSS consists of a network of approximately 4000 organisations and individuals across Australia in metro, regional and remote areas. Our vision is an end to poverty in all its forms; economies that are fair, sustainable and resilient; and communities that are just, peaceful and inclusive.

## Put reducing poverty at the core of the Economic Inclusion Advisory Committee's remit

ACOSS warmly welcomed the establishment of the Economic Inclusion Advisory Committee (EIAC). If done well, the legislated EIAC offers an excellent opportunity to improve policy making to lift the incomes of people with the least in Australia.

In ACOSS's view, the EIAC must focus on poverty reduction: specifically, the circumstances and needs of people with low incomes who are at risk of financial hardship, including:

- people in the lowest 40% of the household income distribution (noting Australia's commitment to the United Nations Social Development Goal to lift the incomes of people in the lowest 40%); and
- people receiving income support payments who have limited assets, together with people on very low incomes excluded from income support.

The work of the Committee should promote gender equality and greater equality for people who face specific barriers to economic security including First Nations people, people with disability, people with chronic illness, people who are long-term unemployed, carers, people in rural and remote areas, people from migrant or refugee backgrounds, younger people, and single parents.

To this end, ACOSS recommends that the EIAC's remit be to:

- Reduce poverty in Australia by reference to poverty reduction targets and a national poverty measure or measures;
- Improve adequacy, effectiveness and sustainability of income support;
- Lift the lowest incomes, where those incomes are insufficient to meet socially defined essential living costs and participate in the economy and society; and
- Strengthen economic security for people with the least resources.

As part of meeting these objectives, the EIAC should:

- Advise government on measures and targets for minimum incomes and policies to reduce poverty and avoid financial hardship/stress and deprivation. In doing so, the Committee should have regard to the different income needs of different people depending on circumstances. For example, a person with disability will need a higher rate of income to achieve the same standard of living as someone without a disability, all else being equal.
- Set benchmarks and recommend changes to income support and supplementary payments to meet minimum household incomes, as well as combinations of wages/hours, needed to meet those minimum standards.
- Recommend policies to improve income security for people on the lowest incomes, including access to social security, activity requirements and penalties, and employment security for people in entry-level paid employment.
- Recommend changes to other factors that may affect income, including means testing and waiting periods.
- Recommend changes to payment indexation.
- Recommend policies and programs to support secure, decent paid employment for people who can participate but are excluded from paid work (such as people unemployed long term) including:
  - services and supports to strengthen people's resources, skills and capabilities and overcome barriers to paid employment
  - maintaining adequate gains/returns from increased hours of employment
  - strengthening employment opportunities (including policies to promote full employment and diversity in recruitment).

ACOSS recommends that the EIAC bill set out a process and timeline for the development of national poverty targets and a national poverty measure or measures. It should highlight the primacy of the poverty reduction objective. In this way, the Committee can advise on policies to meet achieve poverty reduction as well as report on progress made against these targets.

**Recommendation 1:** The Economic Inclusion Advisory Committee Bill set out a process and timeline for the development of national poverty targets and a national poverty measure or measures, highlighting the primacy of the poverty reduction objective.

## Reports must be published in advance of budget

ACOSS strongly recommends that subclause 8(9) be amended so that it specifies that the EIAC pre-budget report be published at least two weeks in advance of the Federal Budget. The Federal Government made this commitment with respect to the interim

committee<sup>1</sup> and this commitment should be reflected in the legislation governing the EIAC, in the interests of transparency and to ensure this is a commitment and practice that survives changes of Government and leadership.

In addition, the work of the Committee should be made public. This could include:

- Its work program
- Communiqués of meetings
- Engagement strategy and activities

ACOSS also recommends that government be required to publish formal responses to EIAC reports and recommendations.

**Recommendation 2:** Amend subclause 8(9) to specify that reports must be published at least two weeks ahead of the Federal Budget.

**Recommendation 3:** The Bill be amended to require the Committee to regularly publish details of its work including communiqués of meetings and its work program.

**Recommendation 4:** The Bill be amended to require the Government to publish a formal response to EIAC reports and their recommendations, with specific deadline for the response.

## Committee membership

ACOSS recommends that the Chair be appointed as a full time, independent paid position, while other members be appointed and paid on a part time basis. The Chair and ordinary members should be appointed through an open competitive process in which the positions are publicly advertised and selections are made in accordance with published criteria. This would support the integrity of the Committee and boost transparency.

Members should be appointed in a personal capacity for their policy and/or research expertise. People directly affected as well as people working in organisations representing people with lived experience must form a minimum proportion of the Committee Membership. There should be a range of experience represented (for example, including, but not limited, to people with disability and single parents).

In the aftermath of the rejection of the Voice to Parliament, ACOSS strongly urges the government to consult with First Nations bodies to ensure there is sufficient representation of First Nations people on the Committee to provide expert advice on economic exclusion experienced by First Nations peoples and communities.

ACOSS urges the government to avoid tokenistic representation; the operation of the independent Committee must respect genuine authority of First Nations experts about economic inclusion matters important to them and their communities.

In addition, to ensure there is gender equality, women should comprise at least half the membership.

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<sup>1</sup> The Hon Dr Jim Chalmers, Treasurer (2022) Members appointed to Economic Inclusion Advisory Committee, 16 Dec, <https://ministers.treasury.gov.au/ministers/jim-chalmers-2022/media-releases/members-appointed-economic-inclusion-advisory-committee>

**Recommendation 5:** The Bill be amended to require that the appointment of the Chair and Committee members be through an open and competitive process.

**Recommendation 6:** The Bill be amended to require that the EIAC membership include a minimum proportion of people directly affected, with a range of experience represented.

**Recommendation 7:** In the aftermath of the rejection of the Voice to Parliament, ACOSS strongly urges the government to consult with First Nations bodies to ensure there is sufficient representation of First Nations people on the Committee to provide expert advice on economic exclusion experienced by First Nations peoples and communities.

**Recommendation 8:** The Bill be amended to require that women should comprise at least half the membership of the Committee.

## Remuneration

The draft bill states that Committee members would not be remunerated. ACOSS recommends that the Chair and members of the committee be remunerated. This is particularly critical for people with lived experience and organisations representing them, who should be appropriately remunerated for their contribution as Members and advisors, in addition to allowances for expenses directly incurred. Allowances should take full account of any barriers to participation faced (such as poor internet access) and the need for representative organisations to consult with their members. This is critical to ensure people directly affected have seats at the table of the EIAC, as participation will be hindered, if not impossible, without remuneration.

Unless roles are paid, greater inequities in representation may occur on the Committee, with the least resourced members either not being able to participate, or having limited capacity to participate due to impacts on their other roles or organisations.

**Recommendation 9:** The Bill be amended to provide that committee members be remunerated. This is particularly important for members directly affected by economic exclusion and grassroots organisations representing them, who should be remunerated for their time, including sufficient allowances for costs incurred in undertaking work for the Committee.

## Consultation

In addition to ensuring a minimum proportion of Committee members are people directly affected, it is important that there be mechanisms to ensure the Committee hears from, and its recommendations are shaped by, people with direct experience of financial disadvantage. The Committee requires appropriate resourcing to undertake research, consultations and codesign activities with people directly affected. This could include (but not be limited to) surveys, focus groups, consultations and other research methodologies and engagement strategies that recognise the expertise provided by people with lived experience and the organisations that represent them.

**Recommendation 10:** The Government should adequately resource the Committee to undertake genuine consultation and engagement with people directly affected to guide the Committee's work.

## The Committee must be independent

ACOSS recommends that the Committee operate independently of government. To this end, ACOSS recommends the removal of section 8(6)(b), which allows a Minister to “ensure that a particular report ... only addresses specified matters falling within the parameters of the matters set out in section 8(2), *and deals with no other matters*”<sup>2</sup> (emphasis added). While it may be constructive for the government to seek specific advice within the scope of section 8(2), as set out under section 8(6)(a); it is essential that the Committee be free to advise government on the policy settings it believes needs reform (within the scope of section 8(2)). The government of the day should not be able to silence the Committee on issues that fall within the scope of section 8(2), as set out in section 8(6)(b).

**Recommendation 11:** Remove section 8(6)(b) allowing a Minister “to ensure that a particular report under this section addresses specified matters mentioned in subsection (2) and no other matters.”

## Termination

ACOSS notes the inclusion of ‘misbehaviour’ as a reason to terminate a Committee Member’s appointment. ACOSS believes Committee members should have clear guidance of what would constitute ‘misbehaviour’ as grounds for termination (eg., is there a code of conduct to abide by?). ACOSS recommends this term be defined to make clear what would constitute ‘misbehaviour’ for the purpose of termination from the Committee.

**Recommendation 12:** Define ‘misbehaviour’ as grounds for termination from the Committee.

## Content of the report

Section 8(3) of the draft legislation states that

- In preparing the report, the Committee must have regard to the following matters:
- (a) the Commonwealth Government’s economic and fiscal outlook and fiscal strategy;
  - (b) workforce participation;
  - (c) relevant Commonwealth Government policies;
  - (d) the long-term sustainability of the social security system.

Section 8(4) then states that the Committee must demonstrate how it has had regard to these matters.

ACOSS is concerned about the practicalities of implementing this requirement, along with the extent to which it will limit the Committee’s independence.

In relation to paragraph (a), how will the Committee know what the Commonwealth Government’s economic and fiscal outlook and strategy are, in a pre-budget context, and therefore be able to have regard to those matters? Even if there was a mechanism

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<sup>2</sup> Explanatory Memorandum, p. 7

by which the Committee were made aware of the government's economic and fiscal outlook, these can change rapidly, or change with a change of government.

It is important that the Committee be free to draft its report independent of government in order to provide independent advice.

The requirement in paragraph (c) to have regard to "relevant Commonwealth Government policies" is very broad and would be difficult to implement. Likewise, ACOSS considers the "long-term sustainability of the social security system" to be too broad - eg., what length of time is the Committee to consider the sustainability of the income support system?

This part of the legislation should be amended so as to ensure the Committee is independent and is not bound by requirements that are impossible to fulfill. Ideally, this would be done by identifying considerations that the Committee could take into account, without requiring it to do so. If a requirement is to remain, amendments will be necessary to ensure that the Committee remains independent and that the requirements are possible to address.

**Recommendation 13:** Amend Section 8(3) to replace the word 'must' with 'may'; and delete 8(4).