The Senate

Select Committee on the Cost of Living

Paying the Price: The Cost of a Crisis on Australians' Standards of Living

Final Report

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Abbreviations and acronyms

ACCC	Australian Competition and Consumer Commission
ARITA	Australian Restructuring, Insolvency and Turnaround Association
ASBFEO	Australian Small Business and Family Enterprise Ombudsman
ASIC	Australian Securities and Investment Commission
ATO	Australian Taxation Office
CFMEU	Construction, Forestry and Maritime Employees Union
COSBOA	Council of Small Business Organisations Australia
CPI	Consumer Price Index
EBAs	enterprise bargaining agreements
GDP	Gross Domestic Product
IMF	International Monetary Fund
LCIs	Living Cost Indexes
OECD	Organisation for Economic Co-operation and Development
PEFO	Pre-election Economic and Fiscal Outlook
RBA	Reserve Bank of Australia
SANT	South Australia and Northern Territory
SMP	*Statement on Monetary Policy*
TAFE	technical and further education
VET	vocational education and training
WPI	Wage Price Index

List of recommendations

Recommendation 1

5.12 The committee recommends the Australian Government convene National Cabinet to address excessive public expenditure by all levels of government that is keeping inflation higher for longer.

Recommendation 2

5.21 The committee recommends the Australian Government convene National Cabinet to develop productivity-enhancing reforms for the economy, including establishing a national deregulation agenda.

Recommendation 3

5.26 The committee recommends that the Australian Government note the findings of the First Interim Report and accept in full all of the committee's recommendations made in the Second Interim Report.

Recommendation 4

5.33 The committee recommends that the Australian Government introduce carefully designed divestiture powers as a last resort to manage poor supermarket behaviour and address supermarket price-gouging.

Recommendation 5

5.41 The committee recommends that the Australian Government reinstate the Australian Building and Construction Commission to address lawlessness in the Construction, Forestry and Maritime Employees Union and reduce the cost of building new homes for Australians.

Recommendation 6

5.42 The committee recommends that the Australian Government bring forward legislation to ensure registered organisations work for their members and not themselves, including giving Courts the power to disqualify officials of registered organisations that do not act in the interest of members, have a history of breaking the law or are otherwise not fit and proper to hold office in a registered organisation.

Recommendation 7

5.43 The committee recommends that the Australian Government ensure that Commonwealth funding for state and territory infrastructure projects is not attached to projects with procurement arrangements that preference particular unions, driving up the cost of construction.

Recommendation 8

5.47 The committee recommends that the Australian Government support the passage of the Tax Laws Amendment (Incentivising Food Donations to Charitable Organisations) Bill 2024.

Recommendation 9

5.51 The committee recommends that the Australian Government increase the instant asset write-off threshold for small businesses to $30 000 and make it a permanent feature of Australia's taxation system.

Chapter 1
Introduction

1.1 Since the Select Committee on the Cost of Living (committee) was established in September 2022, the number one issue affecting Australian households and businesses has been a cost of living crisis that has lowered the standard of living of every Australian.[1]

1.2 Throughout the course of this inquiry, the committee has examined quantitative data, received expert evidence, and heard from everyday working Australians to better understand how the cost of living is impacting our communities, and what practical and implementable solutions governments can put in place to help Australians.

1.3 Almost unanimously, the evidence received by the committee has indicated that an increasing number of Australians are experiencing increased financial pressure and that the cost of living crisis is worsening. This evidence includes:

- economic indicators;
- information reported by food relief charities and the not-for-profit sector;
- data and reports on the pressures facing small business; and
- broader media coverage on how the cost of living crisis is affecting individuals and households.

1.4 The body of evidence received by this committee is clear: Australians are worse off compared to two and a half years ago.

1.5 This is the committee's third and final report on the cost of living crisis. Since September 2022, the committee has examined, as set out in its terms of reference:

- the cost of living pressures facing Australians;
- the Labor Government's fiscal policy response to the cost of living;
- ways to ease cost of living pressures through the tax and transfer system;
- measures to ease the cost of living through the provision of Government services; and
- related matters.

1.6 This report provides updates to the issues outlined the Second Interim Report; namely, the cost of food and groceries, energy prices, housing and the demand for services provided by not-for-profits.

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1 Phillip Coorey, 'Cost of living concerns start to moderate, but it's still number one', *Australian Financial Review*, 30 August 2024, afr.com/politics/federal/cost-of-living-concerns-start-to-moderate-but-it-s-still-number-one-20240826-p5k59b (accessed 15 October 2024).

1.7 The report examines the economic conditions that demonstrate the Australian economy is struggling (including inflation and the labour market) and looks at how the Labor Government has responded to high inflation.

1.8 The report then discusses how the cost of living crisis is affecting small business and particular industries, given the centrality of these areas to the Australian economy. The report ends with the committee's views and additional recommendations since the Second Interim Report.

Causes of the cost of living crisis and exacerbating factors

1.9 As noted in the Second Interim Report, the COVID-19 pandemic sparked a situation where demand rose above supply as governments around the world enacted widespread lockdowns and movement and manufacturing were restricted.[2]

1.10 Governments provided financial support (fiscal stimulus) to ensure their economies did not crash during this period of reduced economic activity. In Australia, the Coalition Government's stimulus packages saved lives and livelihoods, and successfully supported millions of Australians who were unable to work.[3]

1.11 Following the COVID-19 pandemic, global factors, including the Russian invasion of Ukraine, pushed Australia's domestic inflation rate higher. The Reserve Bank of Australia (RBA) subsequently decided to increase the cash rate to curb inflation, which led to increased loan burdens for mortgage holders and holders of business loans.

1.12 As outlined in the Second Interim Report, Australia's inflation challenge was exacerbated by the Labor Government's fiscal decisions in the 2022–23 October Budget, the 2023–24 Budget, the 2023–24 Mid-Year Economic and Fiscal Outlook and the 2024–25 Budget. All of these budget updates failed to respond to the urgent cost of living crisis and support the RBA's anti-inflationary measures by reducing government spending to dampen aggregate demand and by introducing measures that negatively impacted productivity, including regressive industrial relations changes and new red tape.

1.13 Instead, the Labor Government's higher spending policy response actively contributed to inflationary pressures, causing interest rates to remain higher for longer in Australia.

1.14 As economist Professor Richard Holden told the committee in evidence, Australia 'failed to get inflation under control as quickly and effectively as other

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2 See Senate Select Committee on the Cost of Living, *Second Interim Report*, May 2024, p. 9.

3 Reserve Bank of Australia, *COVID-19 Stimulus Payments and the Reserve Bank's Transactional Banking Services*, 17 June 2021, rba.gov.au/publications/bulletin/2021/jun/covid-19-stimulus-payments-and-the-reserve-banks-transactional-banking-services.html (accessed 15 October 2024).

countries have and as we should have … [T]he current Government has handed down multiple highly expansionary budgets. State governments have been even worse, particularly Queensland and Victoria'.[4]

1.15 Ultimately, the temporary shocks to the economy caused by COVID-19, the invasion of Ukraine and weather events that occurred in 2022 have largely worked their way through the system.[5] Inflation remains stubbornly high in Australia.[6] As the Governor of the RBA, Michele Bullock, said in September, inflation is 'still too high. It's still not back in the band. According to our current forecasts it's not really forecast to come back sustainably into the band until 2026'.[7]

1.16 Further, the RBA articulated risks to their projections that remain in the economy, such as higher consumption, as outlined in Graph 3.9 from the August *Statement on Monetary Policy* (see Figure 1.1).[8]

1.17 As set out in Chapter 2, the persistence, or 'stickiness', of Australia's inflation continues to be a major challenge the Federal Labor Government has failed to address.

1.18 The RBA, in its August 2024 *Statement on Monetary Policy*, was of the view that the 'slow progress on disinflation over the past year suggests that demand continues to exceed the capacity of the economy to supply goods and services, and by a little more so than previously thought'.[9]

1.19 This statement also highlighted the significance of government actions among the drivers of inflation, stating that the RBA expects 'a slightly slower return to target than forecast in May and is due to greater inflationary pressures in the economy. In part, this owes to a stronger outlook for domestic demand, led by higher public demand'. It goes on to note that 'public demand is stronger than

4 Professor Richard Holden, Private capacity, *Committee Hansard*, 7 August 2024, pp. 28–29.

5 Dr Sarah Hunter, Assistant Governor (Economic), Reserve Bank of Australia, *Committee Hansard*, 7 August 2024, pp. 9, 13; Mr Warren Hogan, Economic Adviser, Judo Bank, *Committee Hansard*, 7 August 2024, p. 28.

6 Dr Sarah Hunter, Reserve Bank of Australia, *Committee Hansard*, 7 August 2024, p. 2.

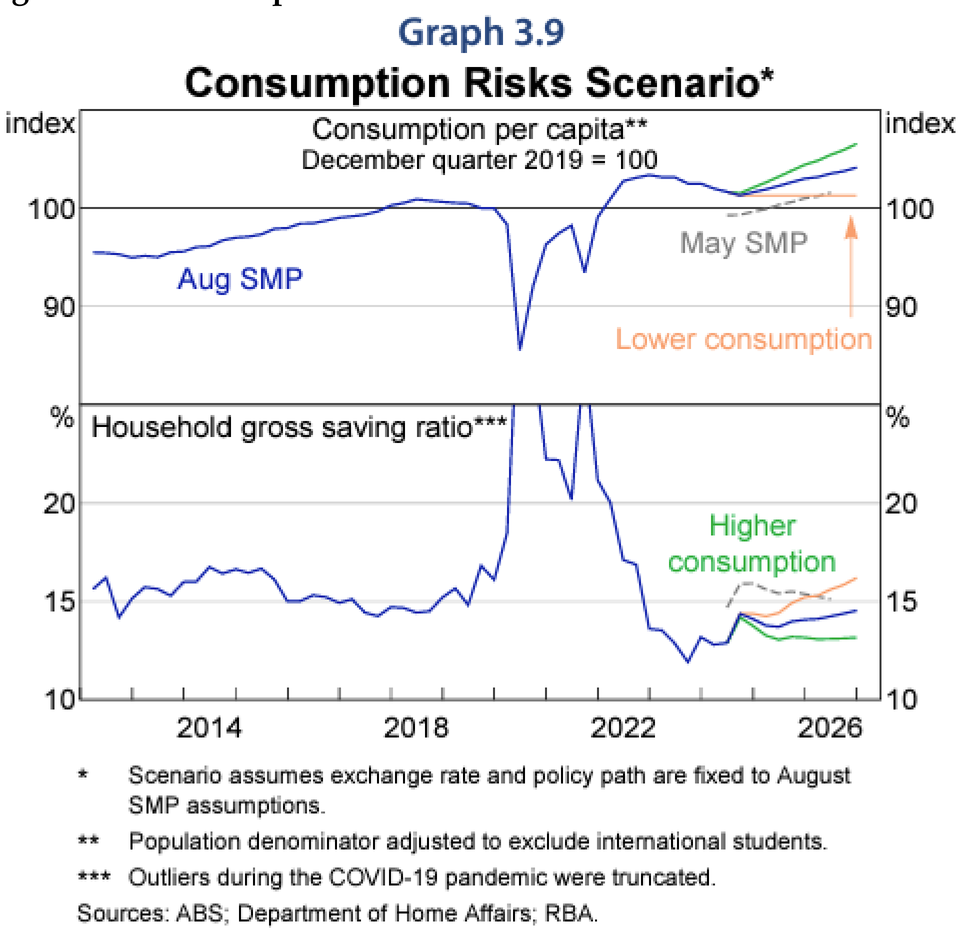
7 Reserve Bank of Australia Governor Michele Bullock, *Media Conference: Monetary Policy Decision*, Sydney, 24 September 2024, rba.gov.au/speeches/2024/mc-gov-2024-09-24.html (accessed 31 October 2024).

8 Reserve Bank of Australia, *Statement on Monetary Policy*, August 2024, p. 55.

9 Reserve Bank of Australia, *Statement on Monetary Policy – August 2024: Overview*, rba.gov.au/publications/smp/2024/aug/overview.html (accessed 31 October 2024).

previously expected, reflecting recent public spending announcements by federal and state and territory governments'.[10]

Figure 1.1 Consumption Risks Scenario: Reserve Bank of Australia



Source: Reserve Bank of Australia, Statement on Monetary Policy, August 2024, p. 55.

SMP = Statement on Monetary Policy

1.20 The RBA has noted that the root cause of inflation, measured by the underlying inflation rate, has not been materially affected by government cost of living policies which only temporarily lower headline inflation.[11]

1.21 Controlling for temporary reduction caused by energy rebates, the August 2024 *Statement on Monetary Policy* marked the fourth time since Labor came to government that the RBA extended out the timeline for headline inflation to sustainably return to the target band.[12]

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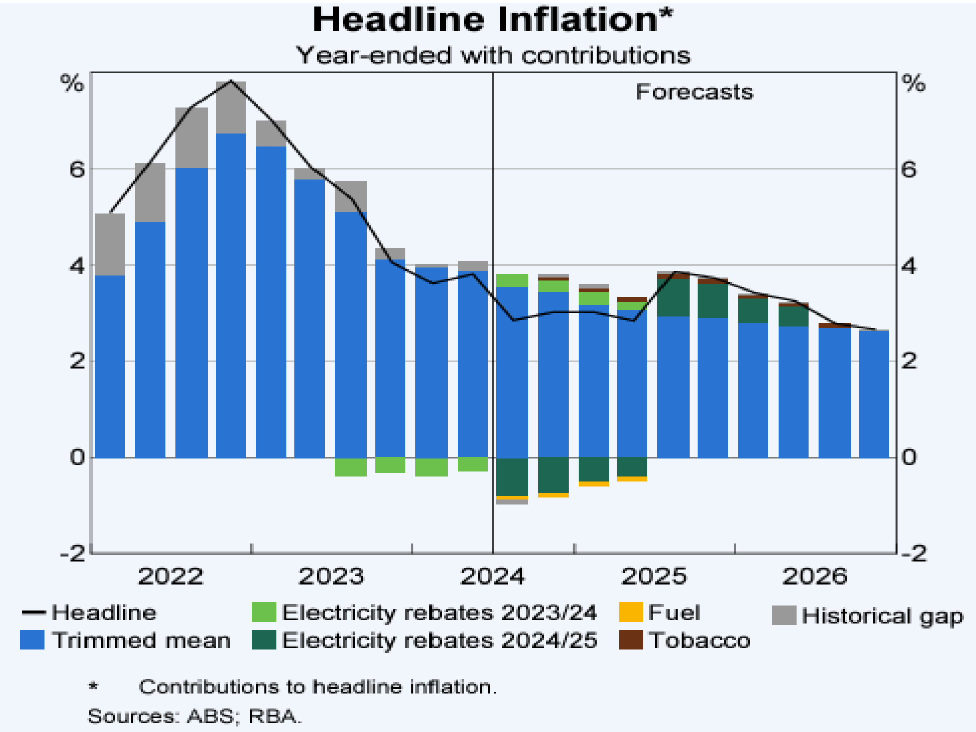
[10] Reserve Bank of Australia, *Statement on Monetary Policy – August 2024: Overview*, rba.gov.au/publications/smp/2024/aug/overview.html (accessed 31 October 2024).

[11] Reserve Bank of Australia, *Statement on Monetary Policy*, August 2024, p. 60.

[12] Reserve Bank of Australia, *Statement on Monetary Policy*, Consumer Price Index from Detailed Forecast Table in August 2022, February 2023, August 2023, August 2024.

1.22 Headline inflation is now not forecast to return to the target until at least 2026 (see Figure 1.2).

Figure 1.2 Headline Inflation: Reserve Bank of Australia



Source: Reserve Bank of Australia, Statement on Monetary Policy, August 2024, p. 60.

1.23 While the Australian cash rate remains at 4.35 per cent, other comparable jurisdictions have already commenced their easing cycle; the failure and culpability of the Government's policy response is clear.

1.24 This is further supported by data from the International Monetary Fund, which projects Australia's inflation to be the highest among advanced economies at the end of 2025, with the sole exception of the Slovak Republic (explored further in Chapter 2).[13]

1.25 In addition to the cost of living crisis, the parallel and related crisis in housing availability and affordability for both renters and owner occupiers has put further pressures on Australians.[14]

1.26 Australia is not alone in experiencing a cost of living crisis, with inflation being a significant issue in many other countries (also discussed in Chapter 2).[15]

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13 John Kehoe and Michael Read, 'Australia a laggard in the global battle to beat inflation', *Australian Financial Review*, 23 October 2024, afr.com/policy/economy/australia-a-laggard-in-the-global-battle-to-beat-inflation-20241022-p5kk9m (accessed 31 October 2024).

14 For example, Professor Richard Holden, Private capacity, *Committee Hansard*, 7 August 2024, p. 28.

15 Mr Luke Yeaman, Deputy Secretary, Macro-economic Group, Department of the Treasury, *Committee Hansard*, 16 August 2024, p. 45.

1.27 Nonetheless, as analysis by the *Australian Financial Review* in August 2024 illustrated, Australian households have experienced the largest fall in disposable incomes across the Organisation for Economic Co-operation and Development (OECD) over the last two years.[16]

1.28 This supports the body of evidence provided to the committee demonstrating that, in the last two and a half years, the cost of essential goods has increased rapidly while household incomes have not kept pace.

1.29 Put simply, Australians are worse off than they were two and a half years ago.

Structure of this report

1.30 This final report consists of five chapters:

- this chapter sets out the administration of the inquiry, the committee's work since the Second Interim Report and causes of the cost of living crisis;
- Chapter 2 gives an overview of broader economic conditions impacting the cost of living;
- Chapter 3 provides an update on issues examined in the Second Interim Report, including the cost of groceries, transport, energy and housing;
- Chapter 4 examines how the cost of living crisis has impacted business and particular industries, and looks at other key areas of inquiry, such as the impact of the cost of living crisis on children and young people; and
- Chapter 5 sets out the committee's final views and new recommendations.

The committee's work since the Second Interim Report

1.31 Since the Second Interim Report was tabled in May 2024, the committee has held four public hearings:

- Sydney, 7 August 2024;
- Canberra, 16 August 2024;
- Canberra, 13 September 2024; and
- Canberra, 11 October 2024.

1.32 The purpose of these hearings was to delve further into the deeper economic trends underpinning the cost of living crisis and to examine the impact of the cost of living crisis on business and industry.

1.33 Matters canvassed in those hearings included:

- interest rate rises;
- the impact of fiscal policy on inflation;
- productivity;
- factors leading to business insolvencies;

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16 Michael Read, 'Australia's fall in disposable income is the worst in the world', *Australian Financial Review*, 30 August 2024, afr.com/policy/economy/australia-s-fall-in-disposable-income-is-the-worst-in-the-world-20240822-p5k4ji (accessed 5 September 2024).

- particular industries affected most by inflation and consumer spending changes, such as hospitality and manufacturing;
- the Labor Government's manufacturing policies and their impact on industry; and
- Australia's supermarkets and their relationship to the cost of living crisis.

1.34 In total, the committee received 245 formal submissions (including 15 supplementary submissions) and a number of answers to questions on notice and additional documents, which are listed at Appendix 1.

1.35 The committee also received 1275 responses to its cost of living survey. Responses were completed by individual members of the public who shared their stories of the impact of the cost of living crisis with the committee.

1.36 In addition, the committee held 21 hearings across all states and territories, hearing testimony from 302 witnesses. A list of witnesses who appeared at the hearings is listed at Appendix 2.

1.37 All public submissions and Hansard transcripts of hearings are available in full on the committee's website, along with other documents received and considered by the committee.

Acknowledgements

1.38 The committee notes the significant time and effort that has been provided by individuals, organisations and officials to contribute to the First and Second Interim Reports, and this, the Final Report.

1.39 The committee extends its sincere gratitude to the individual witnesses and submitters who took time during this cost of living crisis to provide their experiences, and to better inform the findings of the inquiry. These submissions were made while these Australians were struggling with immense financial pressures and uncertainty. It is the hope of the committee that the Government adopts the recommendations of this inquiry to help these individual Australians who are suffering from the crisis.

1.40 The committee finally wishes to thank the committee secretariat and other parliamentary staff for their work to support the committee during this inquiry.

Chapter 2
Overview of economic conditions

2.1 This chapter firstly provides an overview of the broad economic conditions that reflect the cost of living crisis and, to some extent, have also contributed to it.

2.2 The also chapter considers Australia's economic growth, unemployment rate, wages, inflation and interest rates. The chapter then sets out how the Labor Government's response to high inflation has, far from addressing the crisis, actually contributed to it continuing, and discusses the negative impact of key government policies on productivity and alternative approaches that could improve productivity.

2.3 Although the committee had previously canvassed some of these issues in the interim reports, the committee sought expert analysis and potential solutions to these bigger economic questions from several of the nation's leading economists by inviting them to give evidence at the public hearing on 7 August 2024 in Sydney. The views of these economists are discussed throughout this chapter.

Economic conditions

2.4 The Australian Bureau of Statistics measures and reports on the key economic indicators that show the relative health of the economy over time. These indicators include:

- gross domestic product (GDP);
- living cost indices;
- household consumption;
- data on the labour market (including wages and workforce participation); and
- inflation, reported through the consumer price index (CPI).

Gross Domestic Product

2.5 The Australian economy grew by 1.5 per cent over the 2023–24 financial year, and by a mere 0.2 per cent in the June quarter 2024. Concerningly, the June quarter represented the sixth consecutive quarter in which GDP per capita fell, with GDP per capita over the year falling 1.0 per cent.[1] This confirmed an 18-month per capita recession.

[1] Australian Bureau of Statistics, *The Australian Economy—June quarter 2024*, abs.gov.au/articles/9-insights-australian-economy-june-2024 (accessed 4 September 2024).

2.6 In addition, the annual growth of 1.5 per cent is the weakest annual GDP growth (excluding the COVID-19 pandemic) since 1991–92, a year that included the gradual recovery from Labor's 1991 recession.[2]

2.7 Subdued household demand from reduced discretionary spending detracted 0.1 per cent from GDP growth. Government spending contributed 0.3 per cent to GDP, the same contribution as the previous quarter, with the Australian Bureau of Statistics concluding that this figure was largely driven by social benefits to households.[3] Critically, the Reserve Bank of Australia (RBA), in its August *Statement on Monetary Policy*, projected stronger than previously expected public demand, reflecting the significant increase in the Labor Government's spending, combined with additional expansionary budgets at the state and territory level.[4]

2.8 As noted by commentators, Australia is in a persistent per capita recession, given this is the sixth consecutive quarter of negative GDP per capita growth.[5] To put this another way, the population is increasing faster than GDP, so individuals on average are experiencing a 'recession' in terms of their spending ability and standard of living.

2.9 Unfortunately, the RBA has signalled that this trend may continue. The RBA's Dr Sarah Hunter told the committee that the RBA:

> … also know, too, the tangible way, I guess, that we see in the data in terms of what we have been talking about and the struggle for households and that consumption per capita has been falling now for a number of quarters. *We think it's got potentially a little bit further to go before it troughs* [emphasis added].[6]

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[2] Australian Bureau of Statistics, *Australian National Accounts: National Income, Expenditure and Product—June 2024*, 4 September 2024, abs.gov.au/statistics/economy/national-accounts/australian-national-accounts-national-income-expenditure-and-product/latest-release (accessed 4 September 2024).

[3] Australian Bureau of Statistics, *Australian National Accounts: National Income, Expenditure and Product—June 2024.*

[4] Reserve Bank of Australia, *Statement on Monetary Policy*, August 2024, p. 4.

[5] For example, Australian Institute of Company Directors, *Australia's 'per capita recession' continues*, 6 September 2024, aicd.com.au/economic-news/world/outlook/australias-per-capita-recession-continues.html (accessed 19 September 2024); The Australia Institute, 'GDP figures show per capita recession entrenched amid inequality crisis', *Media release*, 4 September 2024, australiainstitute.org.au/post/gdp-figures-show-per-capita-recession-entrenched-amid-inequality-crisis/ (accessed 19 September 2024).

[6] Dr Sarah Hunter, Assistant Governor (Economic), Reserve Bank of Australia, *Committee Hansard*, 7 August 2024, p. 15.

Living cost indices

2.10 The Australian Bureau of Statistics releases selected living cost indexes regularly. These indexes measure movements in various categories of prices, and report this data by the type of household, according to the primary source of income it receives:

- employees, whose principal source of income is wages and salaries, and who recorded the strongest annual rises in living costs in the June data release because of interest rate increases in mortgages;
- age pensioner households, who receive the age pension or veterans' affairs pension;
- recipients of other government payments; and
- self-funded retirees.[7]

2.11 A fifth index, the *Pensioner and Beneficiary Living Cost Index*, measures changes in out-of-pocket living expenses for the combined age pensioner and other government transfer recipient households.[8]

2.12 Recent releases from the Australian Bureau of Statistics show the trend in the cost of living crisis. In the June release, for both the quarter and the twelve months to the June 2024 quarter, all five indexes increased (see Figure 2.1). The main contributors to the increases were:

- insurance and financial services, driven by the rising cost of insurance and mortgage interest rates;
- housing, driven largely by rents and electricity prices; and
- food and non-alcoholic beverages, driven by price rises in fruit and vegetables because of unfavourable growing conditions.[9]

2.13 Employee households recorded the largest annual rise in living costs of all household types, at 6.2 per cent for the year. This followed a 6.5 per cent rise in the previous quarter, and 9.6 per cent in the June 2023 quarter.[10] Put simply, households' living costs increased by 15 per cent over the two years to June 2024.

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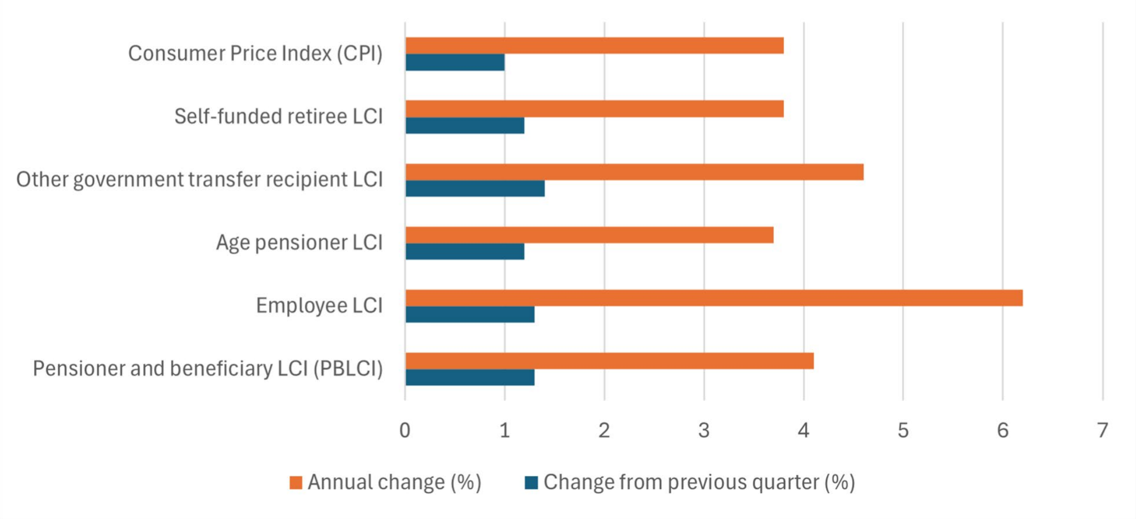
7 Australian Bureau of Statistics, *Selected Living Cost Indexes, Australia*, June 2024, abs.gov.au/statistics/economy/price-indexes-and-inflation/selected-living-cost-indexes-australia (accessed 4 September 2024).

8 Australian Bureau of Statistics, *Selected Living Cost Indexes, Australia Methodology*, June 2024.

9 Australian Bureau of Statistics, *Selected Living Cost Indexes, Australia.*

10 Australian Bureau of Statistics, *Selected Living Cost Indexes, Australia.*

Figure 2.1 Selected Living Cost Indexes (LCIs) by household type and CPI, Australia, quarterly and annual movement (%)



Source: Australian Bureau of Statistics, Selected Living Cost Indexes, Australia, June 2024, abs.gov.au/statistics/economy/price-indexes-and-inflation/selected-living-cost-indexes-australia/latest-release (accessed 4 September 2024).

Household consumption

2.14 Consumers comprise around 55 per cent of the economy.[11] Household consumption has a direct impact on the performance of particular sectors of the economy with the retail sector, for example, particularly affected by current household consumption figures.[12]

2.15 Household consumption in the June quarter 2024 experienced the weakest growth rate (-0.2 per cent) since the September 2021 quarter of the COVID-19 pandemic lockdown.[13]

2.16 Discretionary spending fell 1.1 per cent for the June quarter 2024, with this figure affected by reductions in spending on:

- transport services (-4.4 per cent); and
- hotels, cafes and restaurants (-1.5 per cent).[14]

2.17 Essential spending increased by 0.5 per cent for the June quarter 2024, with spending on food decreasing by -1.0 per cent as households chose to purchase

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[11] Mr Alan Oster, Group Chief Economist, National Australia Bank Ltd, *Committee Hansard*, 7 August 2024, p. 20.

[12] Dr Sarah Hunter, Reserve Bank of Australia, *Committee Hansard*, 7 August 2024, p. 10.

[13] Australian Bureau of Statistics, *Australian National Accounts: National Income, Expenditure and Product—June 202.*

[14] Australian Bureau of Statistics, *Australian National Accounts: National Income, Expenditure and Product—June 2024.*

affordable options to reduce their supermarket bills and support increasing mortgage and rent payments.[15]

2.18 Evidence from Australia's major supermarkets themselves suggests that many consumers are shopping at two to three different supermarkets each week to buy what they can at a discount, before going to their primary or better-known retailer.[16]

2.19 The RBA informed the committee at the 7 August 2024 hearing that the recent softening of consumption 'is a big part of why we think the economy has rebalanced. We think the policy [of increased interest rates] is working'.[17]

2.20 However, Mr Warren Hogan from Judo Bank noted that the stalling of consumption growth as currently witnessed had only been experienced on four previous occasions in the last forty years—during the 1980s recession, the 1990s recession, the Global Financial Crisis and at the beginning of the COVID-19 pandemic. He pointed out that business investment during those periods was on average down by around 16 per cent:

> At the moment, investment's up by five. That's telling you that this downturn is exclusively being driven by a squeeze on household incomes because of higher inflation, the bracket creep that comes with it, and, of course, higher interest rates. That is not the usual experience for Australia. This is a genuine step backwards in people's standards of living. They can't generally live the same lifestyle that they did two years prior.[18]

The labour market

2.21 According to Dr Shane Oliver, Chief Economist at AMP, households have managed through the cost of living crisis by using their savings, remaining in employment, and by working longer hours. However, the 'problem is that if the jobs market starts to slow then the equation becomes dramatically different'.[19]

2.22 A significant rise in unemployment can indicate an economy is moving towards a recession.[20] Changes to the hourly rate of wages and the proportion of jobs recording a wage change may point to wages pressures in the labour market,

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15 Australian Bureau of Statistics, *Australian National Accounts: National Income, Expenditure and Product—June 2024*.

16 Mr Paul Harker, Chief Commercial Officer, Woolworths Supermarkets and Metro, Woolworths, *Committee Hansard*, 11 October 2024, p. 2; Mr Adam Fitzgibbons, Head of Public Affairs, Coles Group, *Committee Hansard*, 11 October 2024, p. 4.

17 Dr Sarah Hunter, Reserve Bank of Australia, *Committee Hansard*, 7 August 2024, p. 14.

18 Mr Warren Hogan, Chief Economic Advisor, Judo Bank, *Committee Hansard*, 7 August 2024, p. 30.

19 Dr Shane Oliver, Chief Economist, AMP, *Committee Hansard*, 7 August 2024, p. 18.

20 Reserve Bank of Australia, *Recession*, rba.gov.au/education/resources/ explainers/recession.html (accessed 20 September 2024); Mr Alan Oster, National Australia Bank Ltd, *Committee Hansard*, 7 August 2024, p. 24.

ultimately costing Australians' jobs and the financial stability that comes with them.[21]

2.23 If consumers' ability to purchase goods and services is reduced because prices are increasing faster than people's nominal incomes and bracket creep is increasing the amount of tax they pay relative to their income, they may then seek wage increases to compensate for their reduced ability to purchase goods and services, which may lead to more money circulating in the economy. As such, while 'real' wages (that is, wages adjusted for inflation) may not increase, or even may go backwards, inflationary pressures increase, creating an unvirtuous cycle. This can only be offset with productivity gains.

2.24 As the former Governor of the RBA, Mr Philip Lowe, noted:

> The best way to achieve a moderation in growth in unit labour costs is through stronger productivity growth, which would also underpin durable increases in real wages and our national wealth and make more resources available to fund the public services that people value.[22]

2.25 As wage increases increase costs to firms, employers may reduce the number of workers they employ and/or the number of hours they employ people.[23]

2.26 To put this another way, wages growth and unemployment data may give an indication of the direction the economy is headed by reflecting how much money may be circulating in the economy in the coming months due to an increase to the unemployment or underemployment rates.[24] Pressures in the labour market can be identified via:

- the unemployment rate;
- the underemployment rate;
- the participation rate; and
- how much wages increase (if at all).

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[21] Australian Bureau of Statistics, *Wage Price Index, Australia – June 2024*, abs.gov.au/statistics/economy/price-indexes-and-inflation/wage-price-index-australia/latest-release (accessed 5 September 2024).

[22] Philip Lowe, Former Governor of the Reserve Bak of Australia, *A Narrow Path*, Address at the Morgan Stanley 5th Australia Summit, 7 June 2023, rba.gov.au/speeches/2023/sp-gov-2023-06-07.html (accessed 31 October 2024).

[23] Reserve Bank of Australia, *Australia's Inflation Target*, rba.gov.au/education/resources/explainers/pdf/australias-inflation-target.pdf (accessed 5 September 2024).

[24] See, for example, Reserve Bank of Australia, *Unemployment: Its Measurement and Types*, rba.gov.au/education/resources/explainers/pdf/unemployment-its-measurement-and-types.pdf (accessed 20 September 2024).

The relationship between interest rates and unemployment

2.27 The RBA is required, under its mandate, to set monetary policy (through interest rates) that balances both inflation and full employment.[25] All things being equal, if inflation is within the acceptable target band of two to three per cent and unemployment begins to increase, the general expectation is that the RBA will start cutting interest rates to avoid a recession.[26]

2.28 Unlike inflation (as outlined below), the RBA does not have a numerical target for full employment, because full employment cannot be encapsulated by a single measure that can be directly observed, and it changes over time as the structure of the economy evolves.[27] As Dr Sarah Hunter of the RBA noted, the Bank does not 'focus overly on the unemployment rate'.[28]

2.29 Dr Hunter also informed the committee at the 7 August 2024 hearing that 'we are still hearing, generally speaking, when we average it all out, more reports of labour shortages than were typical pre COVID and more reports of capacity constraints than were typical pre COVID'.[29]

2.30 This view was echoed by small and medium business representatives in evidence to the committee, particularly from members of the hospitality and manufacturing sectors.[30]

2.31 Mr Alan Oster, the Group Chief Economist at National Australia Bank, told the committee that, according to quarterly consumer surveys the National Australia Bank had carried out, concern about 'the cost of living has gone up, but the worry about losing jobs has gone down'.[31]

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[25] The Treasurer and the Reserve Bank Board, *Statement on the Conduct of Monetary Policy*, 8 December 2023, rba.gov.au/monetary-policy/framework/stmt-conduct-mp-8-2023-12-08.html (accessed 20 September 2024).

[26] Mr Alan Oster, National Australia Bank Ltd, *Committee Hansard*, 7 August 2024, p. 22.

[27] Reserve Bank of Australia, *Statement on Monetary Policy – February 2024: In Depth – Full Employment*, rba.gov.au/publications/smp/2024/feb/in-depth-full-employment.html (accessed 5 September 2024); Dr Sarah Hunter, Reserve Bank of Australia, *Committee Hansard*, 7 August 2024, p. 9.

[28] Dr Sarah Hunter, Reserve Bank of Australia, *Committee Hansard*, 7 August 2024, p. 9.

[29] Dr Sarah Hunter, Reserve Bank of Australia, *Committee Hansard*, 7 August 2024, p. 12.

[30] For example, Mr Wes Lambert, Chief Executive Officer, Australian Restaurant and Cafe Association, *Committee Hansard*, 16 August 2024, p. 2; Mr Peter Angelico, President, South East Melbourne Manufacturers Alliance; *Committee Hansard*, 13 September 2024, pp. 15–16; Dr Jeffrey Wilson, Director, Research and Economics, Australian Industry Group, *Committee Hansard*, 13 September 2024, p. 18; Ms Tanya Barden, Chief Executive Officer, Australian Food and Grocery Council, *Committee Hansard*, 13 September 2024, p. 21.

[31] Mr Alan Oster, National Australia Bank Ltd, *Committee Hansard*, 7 August 2024, pp. 17, 19.

2.32 However, seasonally adjusted unemployment has marginally increased from 3.9 per cent to 4.1 per cent since Labor came to government.[32]

2.33 Professor Richard Holden expressed concern about multi-year enterprise bargaining agreements, 'which make it very hard to get inflation under control' sooner rather than later.[33]

2.34 This was supported by Mr Warren Hogan from Judo Bank who pointed out that as a result:

> … our labour market is not shifting in a way that reflects economic circumstances. There is a scenario in the next few years where, if our economy is weak enough and wages don't fall, because they're baked in at two to three years, then businesses will have to start laying off workers because they can't afford them.[34]

2.35 Mr Hogan was of the view that previously, the main macroeconomic issue for the Australian economy was unemployment. However, this has shifted and the 'the challenge for our labour market in this country over the next five to 10 years is ensuring that the workers' skillset that sits there matches up with the jobs that we've got and need to have'. This, he suggested, 'comes down to issues of education, training, incentives for business to train and, most importantly, flexibility in the labour market'.[35]

Current unemployment figures

2.36 The Treasury noted at the 16 August 2024 hearing that broad measures of capacity, such as job vacancies, 'are still at high levels but they have come off quite materially'.[36]

2.37 In broad terms, 'hours worked across the economy have also been coming off', even though the number of people in work has still been growing.[37]

2.38 Treasury expected 'at some point, that will become exhausted and you'll see a slightly larger increase in the heads [number of people in work] increase in

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32 Australian Bureau of Statistics, *Labour Force, Australia, September 2024*, Table 1: Labour force status by Sex, Australia—Trend, Seasonally adjusted and Original, Series A84423050A (Unemployment rate: Persons, Seasonally), May 2022 and September 2024, abs.gov.au/statistics/labour/employment-and-unemployment/labour-force-australia/latest-release.

33 Professor Richard Holden, Private capacity, *Committee Hansard*, 7 August 2024, p. 31.

34 Mr Warren Hogan, Judo Bank, *Committee Hansard*, 7 August 2024, p. 31.

35 Mr Warren Hogan, Judo Bank, *Committee Hansard*, 7 August 2024, p. 32.

36 Mr Luke Yeaman, Deputy Secretary, Macro-economic Group, Department of the Treasury, *Committee Hansard*, 16 August 2024, pp. 46, 47.

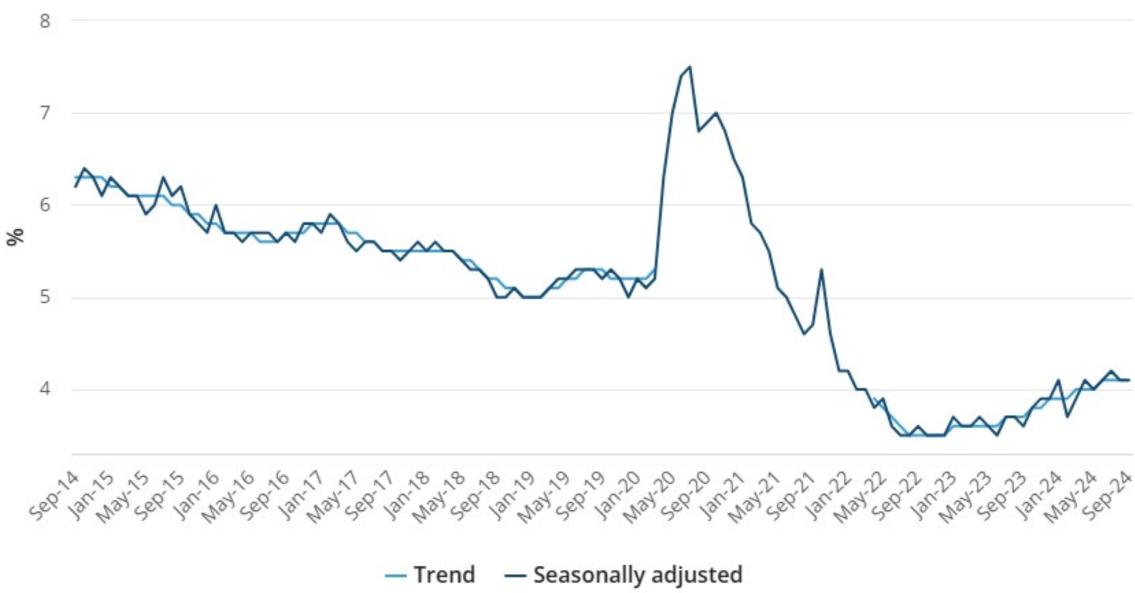
37 Mr Luke Yeaman, Department of the Treasury, *Committee Hansard*, 16 August 2024, pp. 46, 47.

unemployment'. Further, growth in wages 'appear to have peaked, and from our read, look to be coming off'.[38]

2.39 As noted, Australia's unemployment rate as at September 2024 (in trend terms), was 4.1 per cent compared to 3.9 per cent in May 2022 (see Figure 2.2). The participation rate was 67.2 per cent, while the employment to population ratio was 64.4 per cent. The underemployment rate was 6.4 per cent.[39]

2.40 In September 2024, total monthly hours worked in all jobs increased by 0.2 per cent compared with the previous month, and by 1.9 per cent across the year.[40]

Figure 2.2 Unemployment rate—September 2024



Source: Australian Bureau of Statistics, Labour Force, Australia, September 2024, [*abs.gov.au/statistics/labour/employment-and-unemployment/labour-force-australia/latest-release*](abs.gov.au/statistics/labour/employment-and-unemployment/labour-force-australia/latest-release).

Wages

2.41 The Wage Price Index (WPI) measures changes in the price of labour. As of the June quarter 2024, the seasonally adjusted WPI rose 0.8 per cent for the quarter and 4.1 per cent for the year. Although the price of labour dropped during the COVID-19 pandemic, it largely increased from June 2021 until December 2023 (see Figure 2.3). Annual growth has remained at 4.0 per cent or above since the September quarter 2023, where:

- private sector wages rose 4.1 per cent; and

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38 Mr Luke Yeaman, Department of the Treasury, *Committee Hansard*, 16 August 2024, pp. 46, 47.

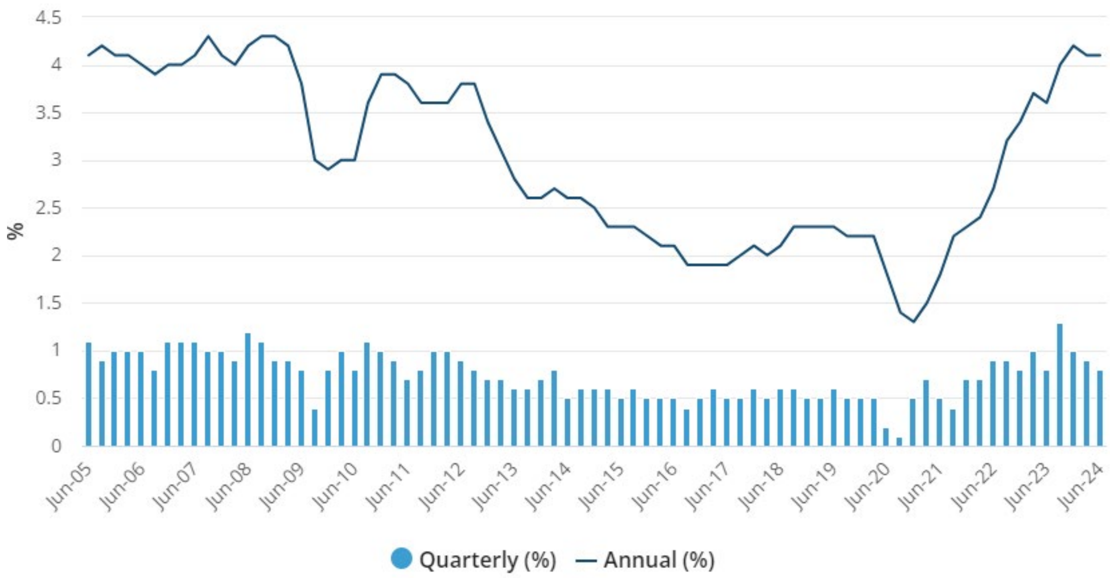
39 Australian Bureau of Statistics, *Labour Force, Australia – September 2024* (accessed 1 November 2024).

40 Australian Bureau of Statistics, *Labour Force, Australia—September 2024*.

- public sector wages rose 3.9 per cent.[41]

2.42 By industry sector, the mining industry recorded the highest quarterly rise in wage growth, with an increase of 1.3 per cent. Retail trade and the health care and social assistance industries recorded the lowest quarterly rise in wages, at 0.2 per cent. However, the health care and social assistance industry recorded the highest wages growth through the year, of 5 per cent.[42]

Figure 2.3 All sector Wage Price Index, quarterly and annual movement (%), seasonally adjusted



Source: Australian Bureau of Statistics, Wage Price Index, Australia—June 2024, *abs.gov.au/statistics/economy/price-indexes-and-inflation/wage-price-index-australia/latest-release*.

2.43 The RBA informed the committee at the 7 August hearing that their view was 'real wages growth will pick up a bit from here over the forecast horizon', although the 'process is going to be a bit choppy as we go through the next couple of years'.[43]

2.44 Dr Shane Oliver, of AMP, noted that wages growth has not kept pace with CPI inflation:

> Since the end of 2019—and most of the problems started in 2022—the cost of living, CPI, has gone up 19 per cent and wages have gone up 13 per cent. The wage number is one-quarter out. If you assume one per cent wages

41 Australian Bureau of Statistics, *Wage Price Index, Australia—June 2024*, abs.gov.au/statistics/economy/price-indexes-and-inflation/wage-price-index-australia/latest-release (accessed 5 September 2024).

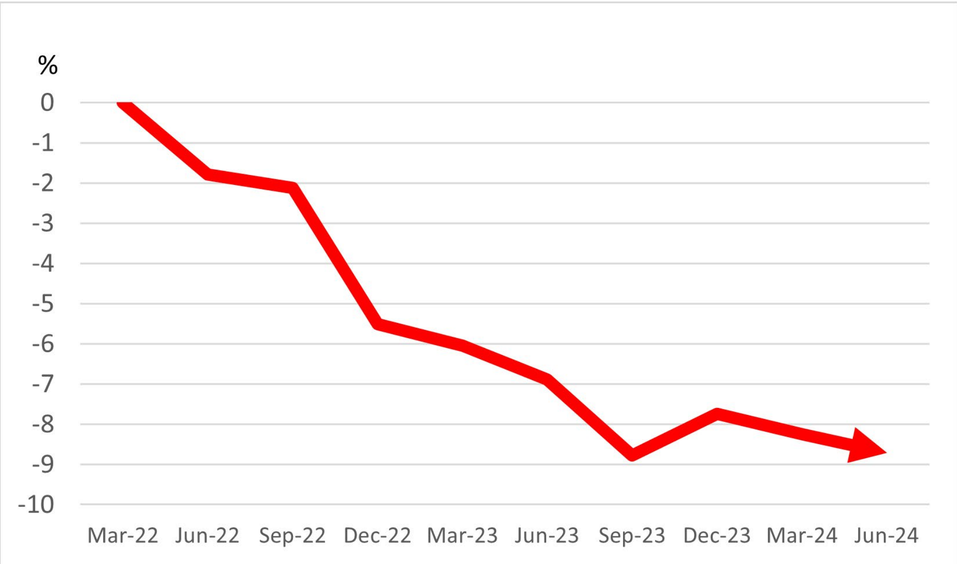
42 Australian Bureau of Statistics, *Wage Price Index, Australia—June 2024*.

43 Dr Sarah Hunter, Reserve Bank of Australia, *Committee Hansard*, 7 August 2024, p. 9.

> growth in the June quarter then it's gone up 14 per cent, which means a five per cent gap. People's real wages have gone down five per cent.[44]

2.45 Taking into account other factors such as bracket creep, real disposable income has fallen 8.7 per cent on a per capita basis from March 2022 to June 2024 (see Figure 2.4). This has been driven by the combination of anaemic GDP growth and persistently high inflation, and the accompanying stagnant real wages growth.

Figure 2.4 Cumulative decline in living standards under Labor since March 2022



Source: Derived from ABS data on Gross Disposable Income, Final Household Consumption Expenditure and Estimated Resident Population

2.46 This highlights the finding of the committee's First Interim Report, published in May 2023, that 'real wages are not growing and have deteriorated due to high inflation'.[45]

2.47 The Labor Government is yet to note or acknowledge the findings of that report.

Inflation and the Consumer Price Index

2.48 Inflation in Australia is measured through the CPI.[46] The CPI measures household inflation by reporting on changes in prices to categories of household expenditure, through both headline inflation (or the average price increase of all goods and services that Australian households are consuming) and underlying inflation, which excludes more volatile items that have particularly large price changes, like petrol prices because of global market developments, or food

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[44] Dr Shane Oliver, AMP, *Committee Hansard*, 7 August 2024, p. 18.

[45] Senate Select Committee on the Cost of Living, *Interim Report*, May 2023, p. 2.

[46] Reserve Bank of Australia, *Australia's Inflation Target*.

prices impacted by adverse weather events.[47] Headline CPI does not measure mortgage payments, but it does look at the cost of rents and building new dwellings for owner-occupiers. The impact of interest rate increases is measured in the living cost indexes for employees (see previous discussion above).[48]

2.49 Australia's inflation target is between two and three per cent. Many other central banks around the world have a similar target.[49] The RBA's target of between two and three per cent inflation on a sustained basis is aimed at headline inflation.[50]

2.50 The CPI rose 1.0 per cent for the 2024 June quarter and 3.8 per cent for the twelve months to the June 2024 quarter, up from 3.6 per cent in the March quarter.[51] This increase in annual CPI inflation was widely seen by economists and commentators as demonstrating the 'stickiness' of domestic inflation and its 'homegrown' nature, given that inflation is declining in almost all other comparable jurisdictions.[52]

2.51 The release of quarterly CPI on 30 October 2024 reflected a slowing in the rate of CPI increase,[53] resulting from the temporary and artificial mechanism of energy price rebates implemented by the Federal Labor Government and some state Labor governments. However, annual Trimmed mean inflation, discussed below, was 3.5 per cent—still above the RBA's target range.

2.52 Underlying inflation is measured using the Trimmed mean, which reduces the effects of irregular or temporary price changes that may impact the CPI. The Trimmed mean annual inflation ending in the September quarter was 3.5 per cent, the eleventh quarter in which Trimmed mean annual inflation was above the RBA's target band of two to three per cent.[54] This followed the June 2024 quarter figure of 3.9 per cent annual Trimmed mean inflation.[55]

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47 Dr Sarah Hunter, Reserve Bank of Australia, *Committee Hansard*, 7 August 2024, pp. 1–2; Reserve Bank of Australia, *Inflation and Its Measurement*, rba.gov.au/education/resources/explainers/pdf/inflation-and-its-measurement.pdf (accessed 5 September 2024).

48 Dr Sarah Hunter, Reserve Bank of Australia, *Committee Hansard*, 7 August 2024, p. 1.

49 Reserve Bank of Australia, *Australia's Inflation Target*.

50 Dr Sarah Hunter, Reserve Bank of Australia, *Committee Hansard*, 7 August 2024, p. 9.

51 Australian Bureau of Statistics, *Consumer Price Index, Australia, June Quarter 2024.*

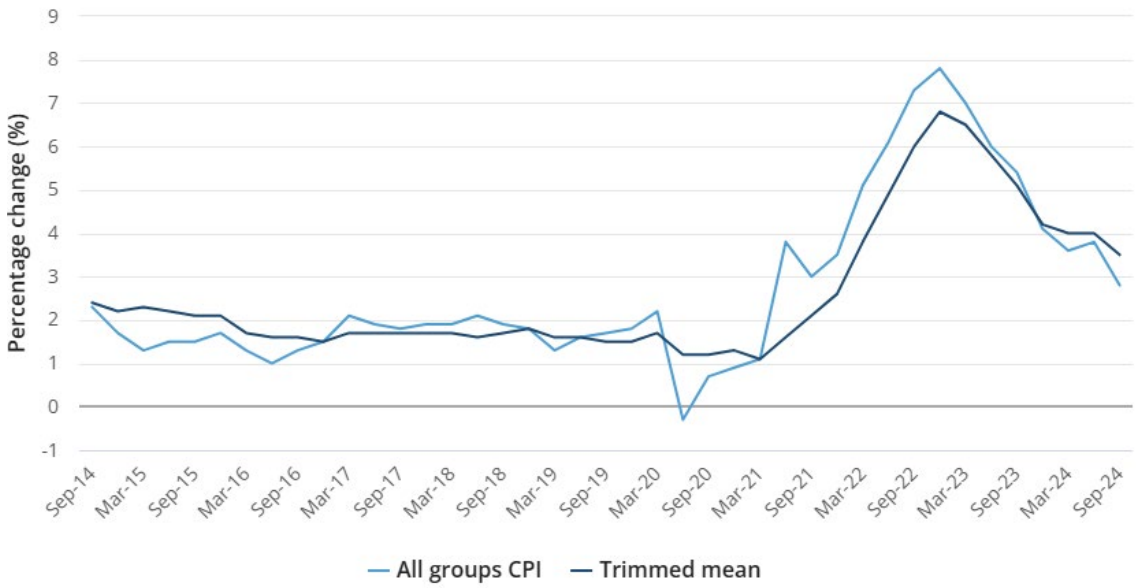
52 For example, Jack Campbell, 'Experts weigh in on the RBA cash rate hold', *brokerdaily*, 8 August 2024, brokerdaily.au/economy/19347-experts-weigh-in-on-the-rba-cash-rate-hold (accessed 31 October 2024).

53 Australian Bureau of Statistics, *Consumer Price Index, Australia, September Quarter 2024*, abs.gov.au/statistics/economy/price-indexes-and-inflation/consumer-price-index-australia/latest-release (accessed 31 October 2024).

54 Australian Bureau of Statistics, *Consumer Price Index, Australia, September Quarter 2024*.

55 Australian Bureau of Statistics, *Consumer Price Index, Australia, June Quarter 2024*.

Figure 2.5 All groups CPI and Trimmed mean, Australia, annual movement (%)



Source: Consumer Price Index, Australia, Consumer Price Index, Australia, September Quarter 2024, *abs.gov.au/statistics/economy/price-indexes-and-inflation/consumer-price-index-australia/latest-release*.

2.53 Annual price increases for particular goods and services as at the September 2024 quarter included:

- **rental prices**: 6.7 per cent;
- **cost of new dwellings**: 4.8 per cent, with significant differences between capital cities, for example, with Perth experienced annual price rises of 19.1 per cent, compared with 2.7 per cent in Sydney and 3.6 per cent in Melbourne;
- **electricity prices**: a decrease of 17.3 per cent because of the Labor Government's $3.5 billion Energy Bill Relief Fund subsidy and state government electricity rebates in Queensland, Western Australia and Tasmania;
- **insurance prices**: 14 per cent, easing from a 16.4 per cent annual rise at the March 2024 quarter; and
- **food prices**: 3.3 per cent, unchanged from the previous quarter.[56]

2.54 Capturing the need for vigilance on inflationary pressures, Professor Richard Holden expressed concern that with inflation, 'everything's fine until it's not. And things change very rapidly'.[57]

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56 Australian Bureau of Statistics, *Consumer Price Index, Australia, June Quarter 2024*.

57 Professor Richard Holden, Private capacity, *Committee Hansard*, 7 August 2024, p. 34.

2.55 Mr Warren Hogan of Judo Bank agreed, noting 'if we wait until we see long-term inflation expectations rising in the surveys and the other ways that we try and measure it … it's too late'.[58]

2.56 In its May 2024 Second Interim Report, the committee called for the Labor Government to 'reduce its aggregate spending to support the RBA in its efforts to curb inflation'.[59]

2.57 The Labor Government has not yet responded to this recommendation, and in both its rhetoric and policy announcements shows no sign of heeding the committee's warning.

The Reserve Bank of Australia's response to inflation

2.58 As noted above, the RBA's primary approach to implementing monetary policy is through varying the cash rate target.[60] Interest rates are used to slow down demand relative to supply to rebalance the economy when inflation is above the RBA's target range of two to three per cent.[61]

2.59 In 2022 and 2023, the RBA Board voted to increase interest rates 13 times. At the time of this report tabling, there had been no changes to interest rates in 2024.

2.60 The persistence, or 'stickiness', of Australia's inflation continues to be a major challenge for the Labor Government.[62]

2.61 The RBA, in its August 2024 *Statement on Monetary Policy*, was of the view that the 'slow progress on disinflation over the past year suggests that demand continues to exceed the capacity of the economy to supply goods and services, and by a little more so than previously thought'.[63]

2.62 As noted above, the RBA does not believe underlying inflation will be convincingly inside the target range of two to three per cent until late 2025, and will approach the midpoint of the band in 2026.[64]

2.63 For the year to September 2024, mortgage interest charges increased by 18.9 per cent. This represented a downward trend compared with a peak of 91.6 per cent

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58 Mr Warren Hogan, Judo Bank, *Committee Hansard*, 7 August 2024, p. 24.

59 Senate Select Committee on the Cost of Living, *Second Interim Report*, May 2024, p. 15 (Recommendation 1).

60 The Treasurer and the Reserve Bank Board, *Statement on the Conduct of Monetary Policy*, 8 December 2023, rba.gov.au/monetary-policy/framework/stmt-conduct-mp-8-2023-12-08.html (accessed 12 November 2024).

61 Dr Sarah Hunter, Reserve Bank of Australia, *Committee Hansard*, 7 August 2024, p. 14.

62 Business Council of Australia, *Supplementary submission to submission 1*, p. 2.

63 Reserve Bank of Australia, *Statement on Monetary Policy*, August 2024, pp. 3, 4.

64 Reserve Bank of Australia, *Statement on Monetary Policy*, August 2024, pp. 3, 4.

in the June 2023 quarter for the previous year, largely reflecting the RBA's more recent decisions to keep interest rates on hold.[65]

2.64 However, since the RBA started its tightening cycle, the cash rate has increased by 400 basis points, costing the average Australian mortgage holder thousands.[66]

The impact of interest rate increases

2.65 Determining the overall impact of interest rate increases on Australians is not straightforward—around a third of Australians rent, around a third own their homes outright and about a third own their homes with a mortgage.[67] In practice, this means that tighter monetary policy (i.e. interest rate increases) generally initially impacts home owners with a mortgage through higher interest costs and subsequently impacts renters if mortgage costs are passed on through higher rents.

2.66 The RBA's decisions to tighten rates and keep them higher for longer is directly impacting Australian households. Data from the National Australia Bank indicates that both mortgage holders and renters are experiencing 'stress' because of historically high interest rates and inflation, a proposition that was supported in evidence to the committee from charities and not-for-profits and individuals.[68]

2.67 Anglicare Australia pointed to research suggesting that 31 per cent of households are now in mortgage stress, with 20 per cent facing extreme risk.[69]

2.68 The RBA correctly noted that high inflation is 'particularly challenging for those with lower incomes'. Further:

> The longer it takes for inflation to return to target, the greater the cost of living pressures on households and the greater the risk that inflation and wage expectations drift higher. History shows that, should this occur, it would require more monetary policy tightening and a costly period of higher unemployment to stabilise inflation expectations and return inflation to target. At the same time, a sustained period below full employment can

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65 Australian Bureau of Statistics, *Selected Living Cost Indexes, Australia*, September 2024, abs.gov.au/statistics/economy/price-indexes-and-inflation/selected-living-cost-indexes-australia/latest-release (accessed 7 November 2024).

66 Reserve Bank of Australia, *Cash Rate Target*, November 2024, rba.gov.au/statistics/cash-rate/ (accessed 11 November 2024).

67 Australian Bureau of Statistics, *Housing Occupancy and Costs: 2019–20 Financial Year*, abs.gov.au/statistics/people/housing/housing-occupancy-and-costs/2019-20 (accessed 5 September 2024).

68 Mr Alan Oster, National Australia Bank Ltd, *Committee Hansard*, 7 August 2024, p. 17. See Chapter 3 for a discussion of the evidence from charities and not-for-profits indicating increased stress on Australian households.

69 Anglicare Australia, *Supplementary to Submission 36*, p. 1.

have long-lasting effects on those who lose their jobs or are unable to find work.[70]

2.69 In August 2024, the RBA provided the committee with arrears and mortgage burden data by region and state or territory to demonstrate the proportion of borrowers particularly impacted by the current cash rate. The Northern Territory (0.74 per cent), Victoria (0.67 per cent) and Western Australia (0.62 per cent) had the highest share of borrowers in 90-day arrears.[71]

2.70 Victoria had the highest share of borrowers with a high mortgage burden (12 per cent), followed by Tasmania (11.4 per cent) and Western Australia (10.6 per cent). A high repayment burden is defined as households in the lowest income quartile spending more than 30 per cent of their income on mortgage payments.[72]

2.71 The Australian Banking Association suggested in August 2024, that mortgage 'arrears remain lower than before the pandemic, as do repossessions', with 1.6 per cent of residential mortgage loans in arrears at the end of March 2024.[73]

2.72 However, arrears data does not show what proportion of mortgage holders have moved to interest-only mortgage payments. Evidence to the committee from charity groups suggested that mortgage repayments were the last thing Australians would go without, looking to reduce discretionary spending and then even necessities like food before their mortgage repayments.[74] Media reports indicate that households may be choosing to default on other bills rather than their home loans.[75]

2.73 A survey by Finder of 1062 respondents, published in July 2024, found that 21 per cent had shifted to interest-only loans in the past two years, with six per cent doing this to avoid falling behind on repayments. Finder extrapolated these findings to conclude that more than half a million people had shifted to interest-only repayments over the past two years alone, and almost 200 000 Australians

70 Reserve Bank of Australia, *Statement on Monetary Policy*, August 2024, p. 5.

71 Answers to questions on notice taken at the hearing on 7 August 2024 by the Reserve Bank of Australia, received 28 August 2024, p. 5

72 Answers to questions on notice taken at the hearing on 7 August 2024 by the Reserve Bank of Australia, received 28 August 2024, p. 5.

73 Australian Banking Association, *Supplementary to Submission 40*, p. 1.

74 Anglicare Australia, *Supplementary to Submission 36*, p. 2.

75 David Chau and Lucia Stein, 'Mortgage borrowers choosing to default on other bills before missing a repayment as arrears rates tick up', *ABC News*, 6 August 2024, abc.net.au/news/2024-08-06/mortgage-hardship-rates-are-slowly-going-up/104176212 (accessed 23 September 2024).

were servicing interest-only loans to avoid falling behind in their mortgage repayments.[76]

2.74 More and more mortgage holders may be forced into a position where selling their home is the only viable option, with the number of homes that have been resold in the last three years increasing by 16 per cent, as of May 2024.[77]

2.75 Mr Warren Hogan suggested that the RBA's 'narrow path strategy' of keeping interest rates lower than other countries, or 'running inflation above target for an extended period of time', leaves Australia 'more vulnerable' to shocks to the economy 'than other nations that have less patience than we have for inflation and this cost of living crisis'.[78]

2.76 The impact of heightened interest rates has also had flow-on effects on the private and not-for-profit sectors. For example, the Australian Charities and Not-for-profits Commission's June 2024 *Australian Charities Report—10th Edition* highlighted that the cost of interest and other expenses—including rent, insurance, cost of goods sold and other costs—had increased by 52.4 per cent for charities compared with three years ago.[79] This supports findings in the Second Interim Report that 'at the same time as meeting increased demand, charities have also been struggling with higher operational costs'.[80]

The Labor Government's response to inflation

Fiscal Policy

2.77 As noted in the First Interim Report's Finding 2, the 'most effective way to reduce inflation is to have monetary policy and fiscal policy working in the same direction'.[81] Unfortunately, as outlined in the Second Interim Report, this has not been the experience in Australia under Labor.[82]

2.78 The Labor Government's policy response to inflation and the accompanying cost of living crisis has been wrongheaded, and Australians have paid the price for this. The Second Interim report noted:

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76 Taylor Blackburn, 'Survival mode: 1 in 5 mortgage holders go interest only', *Finder*, 9 July 2024, finder.com.au/news/mortgage-holders-interest-only-2024 (accessed 13 September 2024).

77 David Chau and Lucia Stein, 'Mortgage borrowers choosing to default on other bills before missing a repayment as arrears rates tick up', *ABC News*.

78 Mr Warren Hogan, Judo Bank, *Committee Hansard*, 7 August 2024, p. 35.

79 Australian Charities and Not-for-profits Commission, *Australian Charities Report—10th Edition*, June 2024, p. 45.

80 Senate Select Committee on the Cost of Living, *Second Interim Report*, May 2024, p. 67.

81 Senate Select Committee on the Cost of Living, *Interim Report*, May 2023, p. 2.

82 Senate Select Committee on the Cost of Living, *Second Interim Report*, May 2024, p. 11.

> As the economic plight of Australians has dramatically deteriorated over the past two years, it is clear there has been no effective plan to manage the spiralling costs faced by Australian households. Instead, the Government has pursued policies that has kept inflation higher for longer, and worked contrary to the RBA's management of economic settings to keep interest rates high.[83]

2.79 This position was echoed by senior public sector economists in the lead-up to the 2024–25 Budget, who called on the Government to reduce expenditure to take pressure off inflation.[84]

2.80 Chris Richardson of Rich Insights said:

> If the government wants to do something about the cost of living, then more than anything else it wants something to be done about inflation … You can play around with the symptoms all you like but the cause here is inflation.[85]

2.81 Similarly, Jonathan Kearns, Chief Economist at Challenger noted that:

> Monetary policy has been doing the heavy lifting, but having contractionary fiscal policy can spread the load. The tighter fiscal policy is, the sooner and faster interest rates can come down.[86]

2.82 Unfortunately, in the six months since the release of the Second Interim Report, the Labor Government has failed to change its approach, and instead continued its focus on temporary solutions focused on political outcomes, rather than effective measures.

2.83 This was exemplified in the Government's 2024–25 Budget, delivered in May 2024.

2.84 Following the 2023–24 Budget, the financial year ending June 2024 saw an increase in general government expenditure of 4.7 per cent, compared with 0.5 per cent for households. As noted above, general government expenditure contributed 0.3 per cent to GDP, while household consumption contributed -0.1 per cent.[87]

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83 Senate Select Committee on the Cost of Living, *Second Interim Report*, May 2024, p. 15.

84 Ronald Mizen, 'No inflation room for budget stimulus, say economists', *Australian Financial Review*, 23 April 2024, afr.com/politics/federal/budget-must-help-not-hinder-rba-s-inflation-challenge-20240423-p5flwl (accessed 31 October 2024).

85 Simon Benson and Joe Kelly, 'Chalmers faces $12bn fiscal year overspend', *The Australian*, 30 April 2024, pp. 1 and 4.

86 Ronald Mizen, 'No inflation room for budget stimulus, say economists', *Australian Financial Review*.

87 Australian Bureau of Statistics, *Australian National Accounts: National Income, Expenditure and Product—June 2024*.

2.85 In the 2024–25 Budget, new policy decisions from the Labor Government will mean around $22.4 billion in government spending over the forward estimates.[88] This will contribute to an aggregate additional expenditure of $315 billion since Labor came to government compared to the 2022 Pre-election Economic and Fiscal Outlook (PEFO).[89]

2.86 Dr Shane Oliver noted that 'in a world of high inflation, where you need to raise taxes or cut spending, that is politically unpopular and so governments don't do it'. Dr Oliver considered that 'the government should be cutting government spending' to reduce inflation. He argued:

> … the economy will slow under the weight of high interest rates, but the RBA's job would be a lot easier if they didn't have the surge in government spending that has been occurring over the last few years. It's like two forces operating in different directions …
>
> Governor Bullock [made a reference in August 2024] to demand being too strong. She actually said that's consumer and public spending. It's hard to say that's consumer because demand growth there is close to zero; I think it is more government. And when asked, 'Why have the forecasts gone up?' she specifically referred to, 'We've got some numbers on high government spending since the May meeting,' which was before the last budget and before the state budgets. There are other things in there as well. But I have a feeling that, if we had much lower growth in government spending, the Reserve Bank would either be considering cutting or much closer to cutting whereas … they are still considering hiking.[90]

2.87 Professor Richard Holden was of the view that 'the current government has handed down multiple highly expansionary budgets'. Professor Holden further argued that government 'fiscal policy, both state and federal, has been very expansionary and is putting upward pressure on inflation'.[91]

2.88 Similarly, Mr Warren Hogan suggested that the government sector (at all levels) comprises at least a quarter of the Australian economy. As such, if government spending:

> … is rising at a pace more quickly than the capacity of the economy, which it is, at both the state and the federal level, then it will be adding to the demand pressures in our economy and adding to the inflation pressures in our economy.[92]

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88 Kate Wagner, *Government spending and inflation*, Parliamentary Library 2024–25 Budget Review, aph.gov.au/About_Parliament/Parliamentary_departments/Parliamentary_Library/Budget/reviews/2024-25/governmentSpendingInflation (accessed 20 September 2024).

89 Calculated from Treasury, *Pre-election Economic and Fiscal Outlook 2022* and Australian Government, *Budget 2024-25*.

90 Dr Shane Oliver, AMP, *Committee Hansard*, 7 August 2024, pp. 18, 21.

91 Professor Richard Holden, Private capacity, *Committee Hansard*, 7 August 2024, pp. 29, 33.

92 Mr Warren Hogan, Judo Bank, *Committee Hansard*, 7 August 2024, pp. 32–33.

2.89 In its 2024–25 update on the fiscal outlook and sustainability, the Parliamentary Budget Office stated that over the long term, continued 'fiscal sustainability requires ongoing policy discipline'. Further, future 'considerations of tax reform will need to consider how to raise alternative sources of tax revenue, as well as how to target government spending to ensure the Budget's resilience and sustainability'.[93]

2.90 Dr Stephen Halmarick, Chief Economist at the Commonwealth Bank of Australia, summarised the impact of Labor's third Budget on inflation and the ability of the RBA to reduce rates, saying:

> The risk is now more real the first interest rate cut could be delayed, and that the neutral cash rate is higher than we currently estimate due to the expansionary fiscal setting and the high level of investment in the economy.[94]

2.91 This appears to have been borne out, with the RBA deciding not to reduce rates at any meeting since the 2024–25 Budget, and Governor Michele Bullock telling the media following the August Board meeting that 'a rate cut is not on the agenda in the near-term'.[95]

2.92 This additional expenditure and fiscal pressure on inflation has added to expansionary pressure from state and territory governments. As noted by the International Monetary Fund (IMF):

> State and Territory budgets have proven more expansionary than expected in the near-term, incorporating further cost-of-living support and infrastructure spending. Should disinflation stall, expenditure rationalization at all levels of government could help lower aggregate demand and support a faster return of inflation to target.[96]

2.93 The RBA also noted this, telling the committee in August 2024 that state 'governments accounted for around two-thirds of the additional spending announced in recent budgets, with the Australian Government accounting for the remainder'.[97]

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93 Parliamentary Budget Office, *Beyond the Budget 2024–25: Fiscal Outlook and Sustainability*, June 2024, p. 15.

94 Ronald Mizen, '"Expansionary" budget at odds with RBA rate push', *Australian Financial Review*, 15 May 2024, afr.com/politics/federal/enormously-expansionary-budget-backs-rates-higher-for-longer-20240515-p5jdq4 (accessed 31 October 2024).

95 Governor Michele Bullock, *Media Conference: Monetary Policy Decision*, 6 August 2024, rba.gov.au/speeches/2024/mc-gov-2024-08-06.html (accessed 31 October 2024).

96 International Monetary Fund, *Australia: Staff Concluding Statement of the 2024 Article IV Mission*, 2 October 2024, imf.org/en/News/Articles/2024/10/02/mcs-australia-staff-concluding-statement-of-the-2024-article-iv-mission (accessed 6 November 2024).

97 Answers to questions on notice taken at the hearing on 7 August 2024 by the Reserve Bank of Australia, received 28 August 2024, p. 3.

2.94 Analysis has suggested the expansionary budgets pursued by state and territory governments have added to the fiscal pressure on total aggregate demand, with some analysis suggesting that 'state governments are recording some of the largest deficits in the developed world'.[98]

2.95 As noted above, in May 2023, the committee found that the 'most effective way to reduce inflation is to have monetary policy and fiscal policy working in the same direction'.[99] In May 2024, the committee called for the Labor Government to 'reduce its aggregate spending to support the Reserve Bank of Australia in its efforts to curb inflation'.[100]

2.96 The committee also called for the Labor Government to 'legislate to deliver a lower, simpler and fairer tax system that fights bracket creep and enshrines aspiration in our tax system'.[101]

2.97 The Labor Government has not yet responded to these recommendations and has shown no inclination to alter its fiscal approach.

Energy subsidies

2.98 The RBA was of the view that the largest government policy expected to have the most impact on headline inflation is the Labor Government's energy rebates (along with state government rebates), which the RBA anticipated would reduce headline inflation in the September quarter. However, the RBA further forecast that the unwinding of those policies would elevate headline inflation beginning from the September quarter 2025.[102]

2.99 Both the short- and medium-term effectiveness of these policies have been widely questioned by economists.[103]

2.100 In the short term, the reduction does little to reduce actual aggregate demand, as Australians may spend the money they would have otherwise paid in energy

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98 Michael Read, '"World-leading deficits": Australia's state debts could hit $800b', *Australian Financial Review*, 19 June 2024, afr.com/policy/economy/world-leading-deficits-australia-s-state-debts-could-hit-800b-20240619-p5jmzg (accessed 23 September 2024).

99 Senate Select Committee on the Cost of Living, *Interim Report*, May 2023, p. 2.

100 Senate Select Committee on the Cost of Living, *Second Interim Report*, May 2024, p. 15 (Recommendation 1).

101 Senate Select Committee on the Cost of Living, *Second Interim Report*, May 2024, pp. 18–19 (Recommendation 2).

102 Dr Sarah Hunter, Reserve Bank of Australia, *Committee Hansard*, 7 August 2024, p. 5. See Department of Climate Change, Energy, the Environment and Water, *Energy Bill Relief Fund 2024–25*, energy.gov.au/energy-bill-relief-fund (accessed 5 September 2024).

103 For example, Steven Hamilton, 'Why you can't argue the $300 energy rebate will lower inflation', *Australian Financial Review*, 21 May 2024, afr.com/politics/federal/you-can-t-argue-chalmers-300-electricity-handout-will-lower-inflation-20240520-p5jexy (accessed 31 October 2024).

prices on other goods and services. In the medium term, the RBA's projections show inflation rising as soon as the rebates cease in 2025.[104] As Dr Holden told the committee:

> … whether you take $300 off people's energy bills or write them a cheque for $300, the effect is basically the same. Subsidies of any kind are stimulatory, and they put upward pressure on inflation. This claim that they're magically knocking 60 basis points off inflation is nothing more than a national accounting trick. The RBA has been incredibly clear that they see through that, and so the idea that there is some sort of new magic formula where we can spend government money and have it reduce inflation is a trick, and it's not fooling anybody.[105]

2.101 HSBC's Chief Economist Paul Bloxam stated that while the energy subsidy (combined with Labor's rent assistance increase) would 'mechanically' lower CPI:

> … clearly the subsidies also boost real household disposable incomes—giving households more income to spend. Many households that receive these subsidies are also likely to be up against their budget constraints—due to cost of living pressures … We expect some of this additional income will be spent, supporting consumer demand and adding to inflation.[106]

2.102 Expert economists widely critiqued the payments in a similar vein, with KPMG Chief Economist Brendan Rynne describing the measures as 'smoke and mirrors' and Warwick McKibbin, economist and former RBA Board member calling the payments a 'political trick'.[107] Carlos Cacho, economist at Jarden, similarly noted that, while 'the government argues that cost-of-living support measures such as energy and rent subsidies will bring down CPI, we fear they are likely to stoke broader inflation'.[108]

2.103 The IMF similarly noted in its analysis that 'while the cost-of-living support lowers the price level on a temporary basis, it may inject some additional stimulus into the broader economy'. It further noted that a 'a stronger-than-

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[104] Dr Sarah Hunter, Reserve Bank of Australia, *Committee Hansard*, 7 August 2024, p. 5. See Department of Climate Change, Energy, the Environment and Water, *Energy Bill Relief Fund 2024–25*.

[105] Professor Richard Holden, Private capacity, *Committee Hansard*, 7 August 2024, pp. 29, 33.

[106] Jack Quail, 'Chalmers unleashes billions more in spending threatening inflationary rebound', *The Australian*, 14 May 2024, theaustralian.com.au/news/latest-news/chalmers-unleashes-billions-more-in-spending-even-as-budget-shows-improved-inflation-outlook/news-story/55f022c879607b692fc8d6b1b5e2a03f (accessed 31 October 2024).

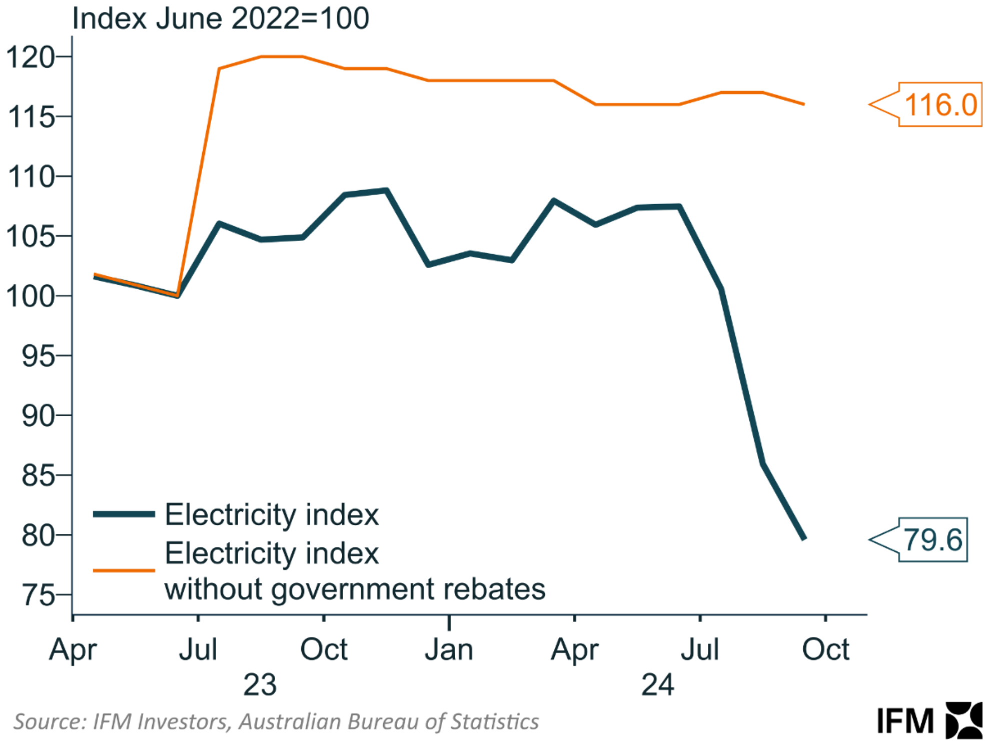
[107] Ronald Mizen, ''Expansionary' budget at odds with RBA rate push'.

[108] Ronald Mizen, ''Expansionary' budget at odds with RBA rate push'.

expected fiscal impulse' constituted a domestic risk that disinflation would stall.[109]

2.104 IFM Investors Chief Economist, Alex Joiner, noted that, following the release of the September 2024 quarter CPI, the 'fall in electricity costs without subsidies is modest at best, and should rebates end the impact on inflation to the upside will be material' (see Figure 2.6 below).[110]

Figure 2.6 Electricity rebates in the CPI, 2023–24



Source: Alex Joiner, post on X, 30 October 2024, x.com/IFM_Economist/status/1851431255356870695 (accessed 31 October 2024).

2.105 As Michael Read of the *Australian Financial Review* observed:

> Out-of-pocket electricity costs would have increased by 29 per cent nationally since June 2022 without state and federal government intervention, according to the Australian Bureau of Statistics. Bills have instead declined by 5.3 per cent on average due to the rebates.[111]

2.106 However, the temporary nature of these subsidies was highlighted in Read's analysis, which stated that, based on future price forecasts (from Westpac), out-of-pocket household electricity expenses could rise by almost 50 per cent on

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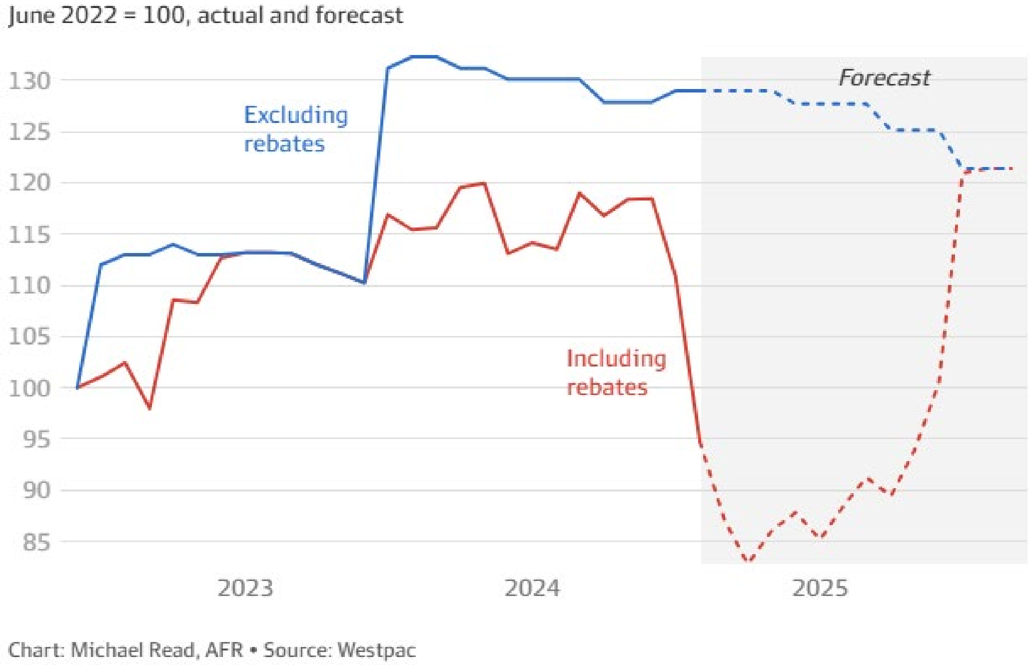
[109] International Monetary Fund, *Australia: Staff Concluding Statement of the 2024 Article IV Mission*.

[110] Alex Joiner, post on *X*, 30 October 2024, x.com/IFM_Economist/status/1851431255356870695 (accessed 31 October 2024).

[111] Michael Read, 'Electricity bills to surge 47pc next year as government support ends', *Australian Financial Review*, 25 September 2024, afr.com/policy/economy/inflation-hits-3-year-low-of-2-7pc-but-rate-cuts-remain-distant-20240925-p5kda7 (accessed 31 October 2024).

average nationally between October 2024 and September 2025 if all energy rebates ceased (see Figure 2.7).[112]

Figure 2.7 Household electricity bill price index, 2023–25



Source: Michael Read, 'Electricity bills to surge 47pc next year as government support ends', Australian Financial Review, 25 September 2024.

2.107 Following the announcement of the energy payments, the RBA's Assistant Governor (Economic) Dr Sarah Hunter told the committee that the RBA was 'now looking and focusing quite closely on Trimmed mean inflation, as we know that headline inflation is going to be impacted by the government's energy rebates and other cost-of-living measures that were announced in federal and state budgets earlier this year'.[113] This suggests that while it may lead to a shift in the data points by the Australian Bureau of Statistics, the Government's energy subsidies' impact on inflation was, at best, cosmetic.

2.108 The RBA Governor highlighted the importance of the Trimmed mean measure, noting:

> The Board needs to be confident that inflation is moving sustainably toward the target band before any decision about a reduction in interest rates. We really need to see progress on *underlying inflation* coming back down toward the target.[114]

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112 Michael Read, 'Electricity bills to surge 47pc next year as government support ends'.

113 Dr Sarah Hunter, Reserve Bank of Australia, *Committee Hansard*, 7 August 2024, p. 2.

114 Emphasis added. Michael Read, 'Inflation to hit three-year low, but don't expect a rate cut: Bullock', *Australian Financial Review*, 24 September 2024, afr.com/policy/economy/rba-leaves-rates-on-hold-signals-no-near-term-cut-20240924-p5kcz8 (accessed 31 October 2024).

2.109 The Governor was even more explicit in dismissing the effectiveness of the Labor Government's temporary subsidy of energy prices on inflation, noting:

> So I think the point I would make is that if tomorrow we get an inflation number which has got a 2 in front of it so it's back in the band, that doesn't mean that we've got inflation under control. It doesn't mean that inflation is sustainably back within the band. It just means it's back there at the moment. So I think what I want to draw out with sustainably is that we need to see that there's a consistent trend down to the band and it's going to stay in the band rather than dip in and out.[115]

2.110 As noted above, the RBA's *Statement of Monetary Policy* released in August 2024 shows headline inflation falling to three per cent in December 2024 and 2.8 per cent in June 2025, before increasing again to 3.7 per cent in December 2025 and remaining above three per cent until December 2026.[116]

Productivity

2.111 Improving productivity is a key lever through which inflation can be reduced. Productivity refers to 'how much output can be produced with a given set of inputs'. Productivity increases 'when more output is produced with the same amount of inputs or when the same amount of output is produced with less inputs'.[117] In short, productivity arises because of the interaction between capital and labour—or, the existing labour force making better use of technology to improve their output.[118]

2.112 As Dr Shane Oliver from AMP put to the committee, governments can reduce inflation to boost productivity:

> But we also need measures to boost the efficiency of the economy: deregulation; make it easier for businesses to get production up to start producing things; tax reform; and competition reforms. There is a long list of this stuff. I don't think it is necessarily the role of government to start setting up petrol stations, but there is maybe a role for a tougher competition response … and obviously investment incentives ...
>
> Really, the role of government in the first instance is to make life easier for the Reserve Bank—get government spending down—and, in the second instance, *to focus on long-term productivity-enhancing reforms*.[119]

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[115] Reserve Bank of Australia Governor Michele Bullock, *Media Conference: Monetary Policy Decision*, 24 September 2024, rba.gov.au/speeches/2024/mc-gov-2024-09-24.html (accessed 31 October 2024).

[116] Reserve Bank of Australia, *Statement on Monetary Policy – August 2024*, p. 6.

[117] Reserve Bank of Australia, *Productivity*, rba.gov.au/education/resources/explainers/pdf/productivity.pdf?v=2 (accessed 5 September 2024), p. 1.

[118] Mr Stephen Walters, Chief Economist, Business Council of Australia, *Committee Hansard*, 7 August 2024, p. 42.

[119] Emphasis added. Dr Shane Oliver, AMP, *Committee Hansard*, 7 August 2024, p. 19.

2.113 Australia is primarily a services economy, like most other developed economies, with the services sector generating around 80 per cent of Australia's GDP and services industries employing 90 per cent of the workforce.[120] There are significant challenges associated with measuring productivity in services industries and with achieving productivity gains.[121]

2.114 After the late 1980s, when productivity growth was around 3.0 per cent, productivity growth slowed to around 1.4 to 1.5 per cent through to the early 2000s. Australia's better economic performance during this period has been largely attributed to micro-economic and macro-economic reforms implemented by successive governments.[122]

2.115 According to the Productivity Commission, labour productivity for the whole economy fell by 3.7 per cent in 2022–23, because output growth failed to keep pace with a record increase in hours worked. Further, workers had access to less capital on average, which weighed down labour productivity.[123]

2.116 Growth in productivity is the main driver of long-term income growth. Although labour productivity fell in 2022–23, gross national income grew by 0.4 per cent, driven by increased labour utilisation as Australians worked more hours. The Productivity Commission was of the view that labour utilisation is unlikely to be a key driver of future income growth, because Australia was at near historical high levels of workforce participation at the end of 2022–23.[124]

2.117 The RBA outlined for the committee at the 7 August 2024 hearing, how events in the last few years may have impacted productivity:

> The COVID run-up in the early years of the pandemic meant some relatively low productivity sectors around some of the hospitality services and things like that, which were under lockdown conditions. Those sectors weren't able to fully operate so we had a spike in productivity. We then re-opened the economy. That spike was unwound. Since then we've had productivity falling below pre COVID levels. Now we've seen a bit of a recovery over the last little while … It is very hard to read from that what is happening to the underlying trend and structural pace of productivity growth, which is why

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120 Productivity Commission, *Things you can't drop on your feet: An overview of Australia's services sector productivity – PC Productivity Insights*, April 2021, p. v.

121 Mr Stephen Walters, Business Council of Australia, *Committee Hansard*, 7 August 2024, p. 42.

122 Rodney Bogaards, 'Australia's productivity slowdown', *Parliamentary Library Briefing Book: Key Issues for the 47th Parliament*, June 2022, aph.gov.au/About_Parliament/Parliamentary_departments/Parliamentary_Library/pubs/BriefingBook47p/AustraliasProductivitySlowdown (accessed 13 September 2024).

123 Productivity Commission, *Annual Productivity Bulletin 2024*, pc.gov.au/ongoing/productivity-insights/bulletins/bulletin-2024/productivity-bulletin-2024.pdf (accessed 5 September 2024), p. 1.

124 Productivity Commission, *Annual Productivity Bulletin 2024*, p. 4.

> we look at a longer period to give us an anchor point for the forecast … [W]e expect it to get back to around one per cent.[125]

2.118 The Treasury noted that if productivity were to remain below its long-term, pre-COVID trend level, this will see 'more pressure on businesses and costs, and that could flow through to inflation. But equally, if it comes back a bit quicker, then you'd see downward pressure on inflation'.[126] Unfortunately for Australian businesses and consumers, there is little evidence that productivity is improving under this Labor Government.

2.119 Multiple economists at the Sydney hearing in August 2024 expressed concern about Australia's productivity.[127] For example, Dr Oliver noted that 'the pandemic seems to have allowed a permanently higher level of government spending as a share of the economy, which can have impacts on productivity through time, because you end up with a smaller private sector'.[128] When asked how Australia could improve its productivity, economists made the following suggestions:

- tax reform;[129]
- increased flexibility in the industrial relations system;[130]
- reducing regulation; [131]
- reducing Federal Government spending as a proportion of GDP;[132]
- improving education and training;[133]
- focusing Australia's migration program on skills;[134]
- upskilling of the workforce;[135]

125 Dr Sarah Hunter, Reserve Bank of Australia, *Committee Hansard*, 7 August 2024, p. 16.

126 Mr Luke Yeaman, Department of the Treasury, *Committee Hansard*, 16 August 2024, p. 48.

127 Mr Warren Hogan, Judo Bank, *Committee Hansard*, 7 August 2024, p. 31.

128 Dr Shane Oliver, AMP, *Committee Hansard*, 7 August 2024, pp. 24–25.

129 Dr Shane Oliver, AMP, *Committee Hansard*, 7 August 2024, p. 26; Mr Alan Oster, National Australia Bank Ltd, *Committee Hansard*, 7 August 2024, p. 27; Mr Stephen Walters, Business Council of Australia, *Committee Hansard*, 7 August 2024, p. 42.

130 Dr Shane Oliver, AMP, *Committee Hansard*, 7 August 2024, p. 26; Mr Warren Hogan, Judo Bank, *Committee Hansard*, 7 August 2024, p. 32; Mr Stephen Walters, Business Council of Australia, *Committee Hansard*, 7 August 2024, p. 41.

131 Dr Shane Oliver, AMP, *Committee Hansard*, 7 August 2024, p. 26; Mr Stephen Walters, Business Council of Australia, *Committee Hansard*, 7 August 2024, p. 42.

132 Dr Shane Oliver, AMP, *Committee Hansard*, 7 August 2024, p. 26.

133 Dr Shane Oliver, AMP, *Committee Hansard*, 7 August 2024, pp. 26–27; Professor Richard Holden, Private capacity, *Committee Hansard*, 7 August 2024, p. 32.

134 Dr Shane Oliver, AMP, *Committee Hansard*, 7 August 2024, pp. 26–27.

135 Mr Alan Oster, National Australia Bank Ltd, *Committee Hansard*, 7 August 2024, p. 27.

- reskilling of the workforce to move within their current organisation;[136]
- ensuring that workers are the right fit for the jobs they are in;[137]
- improved business investment in equipment, software and organisational arrangements;[138] and
- reducing income tax.[139]

2.120 In 2012, the then Chair of the Productivity Commission, Gary Banks, provided a 'to-do' list of productivity policies to improve productivity. These included:

- ending selective industry subsidies that cannot deliver demonstrable net social benefits; and
- conducting rigorous evaluations of all government innovation programs.[140]

2.121 The Labor Government has not pursued these approaches, but instead appears to be doubling down on a programme of 'picking winners' through its Future Made in Australia policy (discussed further in Chapter 4).

2.122 Mr Hogan suggested that the Productivity Commission could look at the role of the labour market in Australia's productivity and how the Australian economy has performed in the last decade, including through the pandemic. He argued that there 'is something … different between our economy and those overseas, and I think the labour market is very much at the core of it'. Mr Hogan also suggested the Productivity Commission could examine how to promote increased investment in Australia's business community, given business investment 'is shown in most economies to drive future productivity'[141]—a conclusion supported by evidence presented in the Second Interim Report.[142]

2.123 Mr Stephen Walters, Chief Economist at the Business Council of Australia, argued that over the last 30 years, productivity across the construction sector has 'gone nowhere' despite 'productivity in the rest of the economy' expanding 'quite substantially'.[143] Professor Holden proposed that the Productivity Commission be tasked with examining 'what's happened to productivity in the

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136 Mr Warren Hogan, Judo Bank, *Committee Hansard*, 7 August 2024, p. 36.

137 Professor Richard Holden, Private capacity, *Committee Hansard*, 7 August 2024, p. 32; Mr Stephen Walters, Business Council of Australia, *Committee Hansard*, 7 August 2024, p. 42.

138 Mr Warren Hogan, Judo Bank, *Committee Hansard*, 7 August 2024, p. 32; Mr Stephen Walters, Business Council of Australia, *Committee Hansard*, 7 August 2024, p. 42.

139 Mr Warren Hogan, Judo Bank, *Committee Hansard*, 7 August 2024, p. 32.

140 See Gary Banks, *Productivity policies: The 'to do' list*, speech given to the Economic and Social Outlook Conference, 'Securing the Future' in Melbourne on 1 November 2012, pc.gov.au/media-speeches/speeches/productivity-policies (accessed 13 September 2024).

141 Mr Warren Hogan, Judo Bank, *Committee Hansard*, 7 August 2024, p. 33.

142 Senate Select Committee on the Cost of Living, *Second Interim Report*, May 2024, p. 20.

143 Mr Stephen Walters, Business Council of Australia, *Committee Hansard*, 7 August 2024, p. 42.

building sector over the last several years and what's happened to costs', given ongoing issues in Australia with the construction sector are impacting housing costs and the economy more broadly.[144]

2.124 Industry representatives supported potential policies to improve productivity. For example, Ms Tanya Barden from the Australian Food and Grocery Council stated that she 'would welcome a productivity agenda … I think that changes we've seen in industrial relations haven't been coupled with a productivity agenda'.[145] In addition, Dr Jeffrey Wilson from the Australian Industry Group suggested that labour 'hire and the industrial relations agenda are … moving … in the opposite direction to where the productivity agenda needs to go'.[146] For a discussion of the impact of higher energy prices of the last two and a half years on productivity, see Chapter 3.

2.125 In May 2024, the committee made multiple recommendations to the Labor Government intended to improve productivity. These included:

- carrying out a stocktake of Commonwealth regulation relating to small-to-medium enterprises, with a view to reducing the 'costs of doing business' that have exacerbated the cost of living crisis;
- repealing business-harming industrial relations policies, particularly for small-to-medium sized businesses, and focusing on delivery of a more flexible and more productive workplace;
- removing the heavy vehicle charge increases introduced in the 2023–24 Budget;
- removing the Biosecurity Levy increases introduced in the 2023–24 Budget; and
- removing arbitrary price controls from interventions that have the impact of discouraging the investment that will deliver greater supply and lower energy prices for individuals and businesses.[147]

2.126 The Labor Government is yet to respond to these recommendations.

2.127 Given the immensity of the challenge to improve Australia's productivity, and the dispersed nature of the relevant policy levers across jurisdictions, there is a need for greater coordination, particularly between Commonwealth and state and territory governments. As such, a continuing forum or specific agenda item for National Cabinet should be considered. The committee's recommendations on this matter are set out in Chapter 5.

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144 Professor Richard Holden, Private capacity, *Committee Hansard*, 7 August 2024, p. 34.

145 Ms Tanya Barden, Australian Food and Grocery Council, *Committee Hansard*, 13 September 2024, p. 20.

146 Dr Jeffrey Wilson, Australian Industry Group, *Committee Hansard*, 13 September 2024, p. 20.

147 Senate Select Committee on the Cost of Living, *Second Interim Report*, May 2024, p. ix.

International conditions and the Australian economy

2.128 International conditions provide a useful comparison for the state of Australia's cost of living crisis, and the effectiveness of the Government's response to it, particularly as other developed economies have experienced similar economic circumstances following the COVID-19 outbreak.

2.129 In its *World Economic Outlook Update* of July 2024, the IMF projected global economic growth of 3.2 per cent in 2024 and 3.3 per cent in 2025. The IMF noted that globally, services 'price inflation is holding up progress on disinflation', which in turn is complicating the normalisation of monetary policy. As a result, upside 'risks to inflation have thus increased, raising the prospect of higher-for-even-longer interest rates'. In particular, the IMF highlighted slowing momentum on global disinflation, 'signalling bumps along the path', and flagged that 'fiscal discipline … in some countries is … strained by the inability to rein in spending or raise taxes'.[148]

2.130 As of September 2024, multiple developed countries had already begun to cut interest rates, including the United States, the United Kingdom, Canada, New Zealand, Sweden and the European Union, along with China.[149] The Governor of the RBA explained in August 2024, that overseas interest rate movements (particularly in the United States) may impact inflation in Australia:

> … [I]f the interest rates in the US start to decline, which people are expecting, that will probably give a bit more support to our exchange rate ... The exchange rate … impact[s] particularly exporters, so as the exchange rate declines it's good for exporters that are selling in US dollars because they get more income, and when the exchange rate appreciates, as you note, that's more difficult for exporters, but the exchange rate does play a role in helping to keep inflation in the band as well. So, when we put up interest rates normally, if no-one else was moving interest rates, that would put a bit of upward pressure on our exchange rate, that would mean that imports would be a bit cheaper, exports would be a bit more expensive, and that would help to lower inflation. At the moment, everyone had increased their interest rates coming out of the pandemic so we didn't really get much action from the exchange rate. But over the next while, as different countries go different ways, it is going to come back into play.[150]

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148 International Monetary Fund, *World Economic Outlook Update: The Global Economy in a Sticky Spot*, July 2024, pp. 1–2.

149 For example, Gareth Hutchens, 'Why is the US cutting interest rates? What does it mean for Australia?', *ABC News*, 18 September 2024, abc.net.au/news/2024-09-18/why-is-the-us-cutting-interest-rates/104365084 (accessed 23 September 2024); Peter Martin, 'No RBA rate cut yet, but Governor Bullock is a about to find the pressure overwhelming', *ABC News*, 25 September 2024, abc.net.au/news/2024-09-25/no-reserve-bank-rate-cut-yet-michele-bullock-pressure-inflation/104388612 (accessed 30 September 2024).

150 Michele Bullock, Reserve Bank of Australia Governor, 'Transcript of Question & Answer Session: Economic Conditions in Post-Pandemic Australia with a Regional Lens', *Reserve Bank of Australia*,

2.131 In evidence at the 16 August 2024 hearing, the Treasury noted that Australian inflation places Australia roughly in 'the middle of the pack … or even at the lower end of that compared to some of the key G7 countries that we look at'. Further, Australia's peak inflation was 'lower than some other countries, but it was somewhat later … [W]e may in some cases be just lagging other countries' experiences by a few months or a quarter as we come down … Every country is at slightly different stages now in terms of both its inflation cycle and its monetary policy cycle'.[151]

2.132 However, this characterisation of 'middle of the pack' is not reflected in international comparison data. For example, the IMF advanced economies inflation forecasts, released in later October 2024, suggested that Australian inflation would be the highest of 40 comparable countries save only the Slovak Republic. The IMF's data suggest that by 2025, headline inflation would still be 3.6 per cent, almost an entire percentage point above the next highest country, Slovenia (see Figure 2.8).[152]

8 August 2024, rba.gov.au/speeches/2024/sp-gov-2024-08-08-q-and-a-transcript.html (accessed 23 September 2024).

151 Mr Luke Yeaman, Department of the Treasury, *Committee Hansard*, 16 August 2024, p. 45.

152 John Kehoe and Michael Read, 'Australia a laggard in the global battle to beat inflation', *Australian Financial Review*, 23 October 2024, afr.com/policy/economy/australia-a-laggard-in-the-global-battle-to-beat-inflation-20241022-p5kk9m (accessed 31 October 2024).

Figure 2.8 IMF advanced economy inflation forecasts: Year-ended headline inflation 2024–25

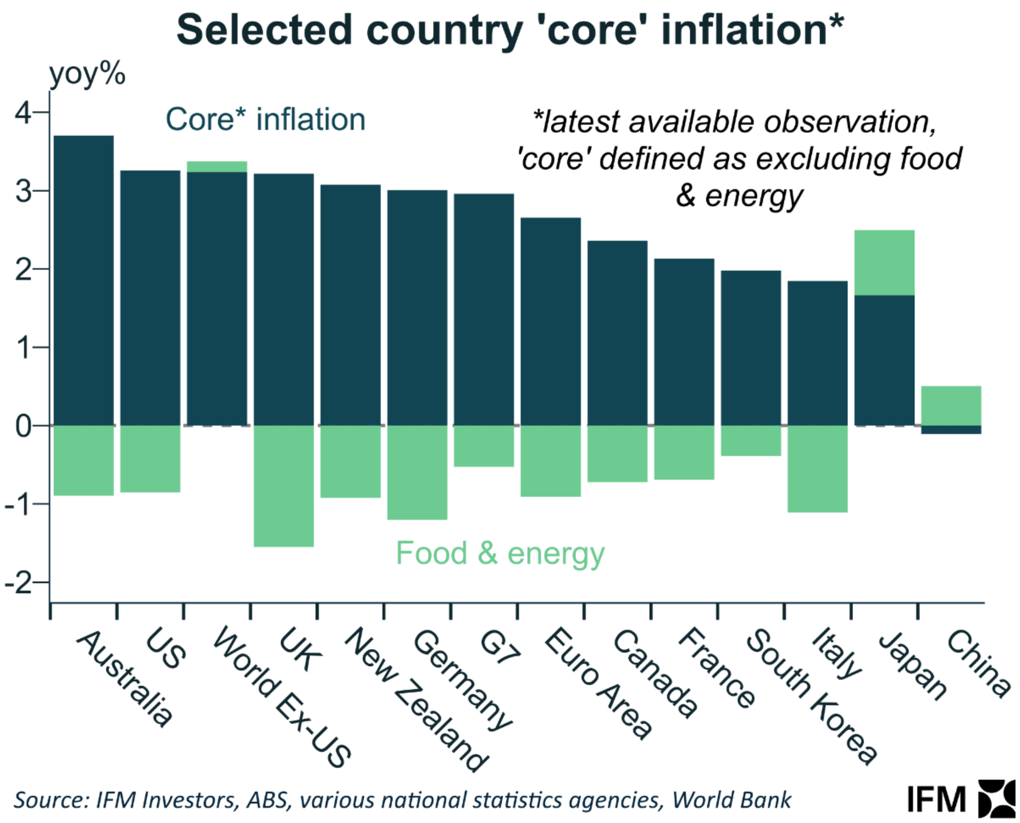
	Jurisdiction	2024	2025		Jurisdiction	2024	2025
1	Slovak Republic	2.4%	4.8%	**22**	Andorra	3.2%	2.0%
2	Australia	3.0%	3.6%	**23**	San Marino	1.3%	2.0%
3	Slovenia	1.7%	2.7%	**24**	Portugal	2.2%	2.0%
4	Luxembourg	1.9%	2.7%	**25**	Greece	2.8%	2.0%
5	Israel	3.4%	2.6%	**26**	Estonia	2.5%	2.0%
6	Iceland	5.2%	2.6%	**27**	Cyprus	2.0%	2.0%
7	Austria	1.9%	2.6%	**28**	Euro area	2.0%	2.0%
8	Hong Kong	2.3%	2.4%	**29**	Canada	2.0%	1.9%
9	Lithuania	1.9%	2.4%	**30**	Taiwan	2.3%	1.9%
10	Norway	2.7%	2.2%	**31**	Czech Republic	2.5%	1.9%
11	New Zealand	1.9%	2.2%	**32**	United States	2.3%	1.9%
12	Croatia	3.3%	2.2%	**33**	Japan	1.8%	1.8%
13	Malta	2.6%	2.2%	**34**	France	1.5%	1.8%
14	Singapore	2.2%	2.1%	**35**	Italy	2.1%	1.8%
15	Germany	2.0%	2.1%	**36**	Spain	1.9%	1.8%
16	Belgium	2.7%	2.1%	**37**	The Netherlands	3.3%	1.8%
17	United Kingdom	2.5%	2.0%	**38**	Finland	2.1%	1.7%
18	South Korea	2.1%	2.0%	**39**	Puerto Rico	2.2%	1.6%
19	Sweden	1.6%	2.0%	**40**	Latvia	2.9%	1.6%
20	Denmark	2.3%	2.0%	**41**	Ireland	1.5%	1.4%
21	Macau	1.5%	2.0%	**42**	Switzerland	1.2%	1.0%

Source: adapted from John Kehoe and Michael Read, 'Australia a laggard in the global battle to beat inflation', Australian Financial Review, 23 October 2024.

2.133 Australia's position compared to like nations was further highlighted in analysis following the September 2024 quarter CPI release, which showed the Trimmed mean inflation (also known as 'underlying' or 'core') inflation remained relatively high at 3.5 per cent (see Figure 2.9).[153]

153 Alex Joiner, post on X, 'Selected country "core" inflation', 30 October 2024, x.com/ifm_economist/status/1851435127009931774?t=9x1hevoC-igksntkSVT1yw (accessed 31 October 2024).

Figure 2.9 Selected country "core" inflation



Source: Alex Joiner, post on X, 'Selected country "core" inflation', 30 October 2024, x.com/ifm_economist/status/1851435127009931774?t=9x1hevoC-igksntkSVT1yw (accessed 31 October 2024).

Chapter 3
Key areas of stress for Australians: updates since the Second Interim Report

3.1 This chapter provides an update on key issues that the committee examined in the Second Interim Report, on the major areas of stress for Australians struggling with the cost of living crisis—namely:

- food and groceries, including concerns expressed about the Australian supermarket sector;
- travel and transport;
- energy prices, including the proportion of energy customers experiencing hardship;
- housing; and
- not-for-profits, including the extent to which demand for food and other services from charitable organisations has increased.

3.2 The committee's views concerning the above issues are set out in Chapter 5 of this report. As noted in that chapter, the Labor Government is yet to respond to the committee's previous recommendations on measures that would alleviate cost pressures for Australians in these areas.

Food and groceries

3.3 In the 12 months to September 2023, food inflation was 4.8 per cent.[1] Over the 12 months to June 2024, food inflation was 3.3 per cent.[2]

3.4 In the May 2024 Second Interim Report, the committee noted that Australians are generally spending more money at the checkout but ending up with less and less of groceries. The committee also drew on data from the food charity sector, which showed a significant increase in people asking for assistance, particularly for food.[3]

3.5 The evidence received since then shows the pressure on Australian families has not retreated, and in fact, may have worsened. For example, Anglicare Sydney pointed to its own research indicating 'severe food insecurity' for some

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1 Australian Bureau of Statistics, *Consumer Price Index, Australia – October Quarter 2023*, 25 October 2023, abs.gov.au/statistics/economy/price-indexes-and-inflation/consumer-price-index-australia/sep-quarter-2023 (accessed 11 November 2024).

2 Australian Bureau of Statistics, *Consumer Price Index, Australia – June Quarter 2024*, 31 July 2024, abs.gov.au/statistics/economy/price-indexes-and-inflation/consumer-price-index-australia/latest-release (accessed 15 October 2024).

3 Senate Select Committee on the Cost of Living, *Second Interim Report*, May 2024, p. 34.

Australians, with adults 'cutting back on meals to protect their children', reducing or not taking medications and not keeping specialist and medical appointments to ensure their children have access to food. Anglicare Sydney also suggested some households are:

- reducing the number and size of meals;
- switching to cheaper, carbohydrate-based foods;
- reducing fresh fruit and vegetables; and
- rationing food to make it last.[4]

3.6 The Salvation Army reported, based on a survey of 1500 people who were largely in receipt of income support payments, that:

- 69 per cent of households with children were skipping meals to ensure their children could eat;
- 47 per cent experienced severe food insecurity, going a full day without eating because of financial difficulties; and
- 21 per cent of households with children said their children went to school without lunch.[5]

3.7 This is supported by evidence collected by the committee through its community survey, and in reporting on the crisis in the last six months. Of the 1275 community survey responses, more than 93 per cent agreed that they had experienced cost of living pressures in the past six months, and more than 90 per cent said they had to re-prioritise expenditure or go without due to cost of living pressures. The primary cause of cost of living pressures among respondents was food and grocery prices (ahead of energy and power bills, health, and travel and transport costs).

3.8 In responses to the community survey received since the Second Interim Report, one respondent highlighted the cost of food and groceries, stating 'I have bought less and cheaper kinds of groceries. I have stopped getting takeaway'[6] while another said:

> I do not eat out. I do not socialise in pubs or go to paid cultural events with my friends because it is an added cost. I have to plan and organise my meal schedule to prioritise the cheapest ingredients, while balancing attention to health.[7]

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4 Anglicare Sydney, *Submission 193*, p. 50.

5 The Salvation Army, *Supplementary to Submission 11*, pp. 22–24.

6 Cost of Living Survey Responses 1089–1275, *Submission 243*, [p. 32], Respondent 1106, Lachlan Neville.

7 Cost of Living Survey Responses 1089–1275, *Submission 243*, [p. 36], Respondent 1108, name withheld.

Concerns raised about the supermarkets sector

3.9 Between them, Woolworths, Coles, Aldi and IGA (Metcash) held 82 per cent of the market share of grocery retailers in Australia in the 2022–23 financial year, with Woolworths and Coles holding almost two-thirds of the market share:

- Woolworths Group (37 per cent);
- Coles Group (28 per cent);
- Aldi (10 per cent);
- IGA/Metcash (seven per cent); and
- other (18 per cent).[8]

3.10 Multiple survey respondents stated they believed Australian supermarkets engaged in price gouging activities.[9]

3.11 Chato International called for unit pricing standards to be aligned with the principles of transparency and consumer protection. It proposed specific amendments to the Competition and Consumer (Industry Codes - Unit Pricing) Regulations 2021 to 'enhance clarity and uniformity in the way prices are displayed'.[10]

3.12 The price gouging allegations were put to representatives of the major supermarkets who were called to give evidence directly to the committee. The Chief Commercial Officer of Woolworths Supermarkets and Metro stated that Woolworths is 'acutely aware of the cost of living pressures on households and vulnerable Australians, and we understand many of our customers are under immense cost of living pressure'. He told the committee that the same pressures of interest rates, rents, energy, insurance, fuel and transport costs are faced by suppliers and 'have been the significant drivers of grocery price inflation'. Further:

> Since I last updated the committee, approximately 1,000 suppliers have asked for cost price increases on an additional 12 500 items. The average ask from these suppliers has continued to be more than 10 per cent.[11]

3.13 Similarly, the Head of Public Affairs at Coles Group, Mr Adam Fitzgibbons, acknowledged that 'many of our customers are dealing with the challenges of rising cost of living right now and have been for some time'. He further stated that Coles has 'a very small' profit margin that has not increased with the rise in inflation 'and is consistent with profit margins made by supermarkets overseas. The Australian grocery sector is highly competitive'. In addition, he argued that

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8 Statista, *Market share of grocery retailers in Australia in financial year 2023*, statista.com/statistics/994601/grocery-retailer-market-share-australia/ (accessed 15 October 2024).

9 For example, Cost of Living Survey Responses 1089–1275, *Submission 243*, [p. 51].

10 Chato International Pty Ltd, *Submission 192*, p. 2.

11 Mr Paul Harker, Chief Commercial Officer, Woolworths Supermarkets and Metro, Woolworths, *Committee Hansard*, 11 October 2024, p. 1.

'I don't think that a high level of concentration automatically equals a lack of competition'.[12]

3.14 The Chief Commercial Officer of Woolworths Supermarkets and Metro expressed a similar the view that 'Australia has one of the most efficient and competitive grocery sectors in the OECD [Organisation for Economic Co-operation and Development], which, in comparison, has shielded us from the worst of global inflation'. Further, he was of the view that a 'concentrated supermarket sector … [is] not determinative of a lack of competition'. On the matter of increased costs of groceries, he stated that 'food inflation at Woolworths has moderated', with 'deflation in the financial year 2024'.[13]

3.15 On the matter of supermarket competitiveness, the Chief Commercial Officer of Woolworths Supermarkets and Metro suggested that, on average at the national level, 'there are three major competitors within two kilometres of a Woolworths supermarket'. He further noted that Australians now have access to 'three of the world's biggest and most competitive retailers—Aldi,[14] Costco and Amazon—… and that's a good thing'.[15]

3.16 Evidence from the Australian Competition and Consumer Commission (ACCC) acknowledged that while a duopoly or a highly concentrated oligopoly could be highly competitive, 'history and economic theory tell us that, the more concentrated the market is, the more there is a risk that competition isn't working the way you would want it to'.[16]

3.17 When questioned regarding the number of products that were providing a smaller serving for the same or higher price over time (a phenomenon referred to as 'shrinkflation'), witnesses from both Coles and Woolworths suggested that the issue was a matter for manufacturers, who decide to reduce the size of packaging while charging the same price for that product.[17] Both flagged that unit pricing is an important component customers may rely on to determine value for money.[18]

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12 Mr Adam Fitzgibbons, Head of Public Affairs, Coles Group, *Committee Hansard*, 11 October 2024, pp. 3, 8.

13 Mr Paul Harker, Woolworths, *Committee Hansard*, 11 October 2024, pp. 1, 9.

14 Aldi is not present in all Australian states and territories.

15 Mr Paul Harker, Woolworths, *Committee Hansard*, 11 October 2024, p. 2.

16 Mr Mick Keogh, Deputy Chair, Australian Competition and Consumer Commission, *Committee Hansard*, 11 October 2024, pp. 21–22.

17 Mr Paul Harker, Woolworths, *Committee Hansard*, 11 October 2024, p. 12; Mr Adam Fitzgibbons, Coles Group, *Committee Hansard*, 11 October 2024, p. 13.

18 Evidence from Coles and Woolworths at the public hearing on 11 October 2024 also addressed questions about why the cost of Tim Tams is cheaper in the United Kingdom than Australia, where Tim Tams are manufactured (see *Committee Hansard*, 11 October 2024, pp. 5–6). Mr Harker from

3.18 Mr Adam Fitzgibbons from Coles told the committee that:

> … certainly from a Coles perspective … inflation is the enemy of keeping prices low. We see continued inflation, particularly in shipping, at a significant level, and that's a concern for us going forward, because it is those inflationary pressures that affect not just Coles, but also up the supply chain. Those are the types of pressures that certainly make it more expensive for Coles to buy goods, but also make it more expensive for us to sell them. So that's of concern to us going forward.[19]

3.19 The committee reserved commentary in the Second Interim Report on the Government's review of the Food and Grocery Code of Conduct. The Labor Government announced, on release of the review report on 24 June 2024, that:

- the Food and Grocery Code of Conduct will be made mandatory;
- Coles, Woolworths, Aldi and Metcash will be subject to multi-million-dollar penalties for serious breaches of the Code;
- the Federal Government will create an anonymous supplier and whistle-blower complaints pathway through the ACCC; and
- the Federal Government will introduce additional obligations intended to protect suppliers from retribution by supermarkets.[20]

3.20 On 23 September 2024, the ACCC announced that it had commenced proceedings in the Federal Court against Woolworths Group Limited and Coles Supermarkets Australia 'for allegedly breaching the Australian Consumer Law by misleading consumers through discount pricing claims on hundreds of common supermarket products'. In particular, the ACCC alleged that 'Woolworths and Coles breached the Australian Consumer Law by making misleading claims about discounts, when the discounts were, in fact, illusory'. The ACCC estimated that tens of millions of the affected products were sold,

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Woolworths suggested that prices depend on Arnott's Biscuits individual arrangements with supermarkets in the United Kingdom, while Mr Fitzgibbons noted that factors that could influence the price of Tim Tams include promotional arrangements. In response, Arnott's said that the average price paid by Australian consumers for a regular pack of Tim Tams over the last year was $3.15. See Bryce Luff, 'Price of Tim Tam biscuits in Australia compared to overseas prompts big questions of Coles, Woolworths and Arnott's', *7News*, 11 October 2024, 7news.com.au/news/price-of-tim-tam-biscuits-in-australia-compared-to-overseas-prompts-big-questions-of-coles-woolworths-and-arnotts-c-16359263 (accessed 1 November 2024).

19 Mr Adam Fitzgibbons, Coles Group, *Committee Hansard*, 11 October 2024, p. 12.

20 Australian Government, *Government Response to the Independent Review of the Food and Grocery Code of Conduct*, June 2024, p. 7. Treasury informed the committee at the 11 October 2024 hearing that the Government had concluded consultation on draft legislative amendments to introduce the Code, and consultation on the Code closed on 18 October 2024. Concerns raised in consultation included whether the penalties proposed were too high or too low, and whether they should apply to body corporates only or to individuals. See Mr Alex Maevsky, Acting Assistant Secretary, Competition and Digital Platforms Branch, Department of the Treasury, *Committee Hansard*, 11 October 2024, p. 21.

leading to significant revenue from those sales for Woolworths and Coles.[21] The committee makes no findings in relation to this matter.

Travel and transport

3.21 The committee continued to hear evidence that the cost of transport and freight are impacting the cost of doing business and productivity for businesses.[22]

3.22 In particular, witnesses from the manufacturing sector flagged that the cost of local freight and transportation has increased significantly, because of driver and truck availability, which is impacting the cost of doing business for the manufacturing industry.[23] Further, the cost of sea freight, while less than it was during the pandemic period, has not reduced to pre-pandemic prices.[24]

3.23 The Reserve Bank of Australia (RBA) noted in August 2024 that, 'recent increases in shipping costs are a key risk to the outlook for goods inflation, although retail firms in liaison are yet to report that shipping costs are flowing through to their costs'.[25]

3.24 The impact of the cost of doing business crisis and compounding impact of the cost of living crisis on the manufacturing sector is discussed in further detail in Chapter 4.

3.25 In the Second Interim Report, the committee formed the view that at 'a time where the cost of living is hurting many Australians incredibly hard, now is not the time to disadvantage those who grow, process and transport our food'. As such, the committee recommended that the Labor Government remove the heavy vehicle charge increases introduced in the 2023–24 Budget and the Biosecurity Levy increased introduced in the 2023–24 Budget.[26] The committee

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21 Australian Competition and Consumer Commission, 'ACCC takes Woolworths and Coles to court over alleged misleading "Prices Dropped" and "Down Down" claims', *Media release,* 23 September 2024, accc.gov.au/media-release/accc-takes-woolworths-and-coles-to-court-over-alleged-misleading-prices-dropped-and-down-down-claims (accessed 15 October 2024).

22 For example, Ms Tanya Barden, Chief Executive Officer, Australian Food and Grocery Council, *Committee Hansard*, 13 September 2024, pp. 18, 20; Mrs Stephanie Saliba, Director, Corporate and Government Affairs, Mondelez International, *Committee Hansard*, 13 September 2024, p. 2.; Ms Sandra Martinez, Chief Executive Officer, Nestle Australia, *Committee Hansard*, 13 September 2024, p. 3; Mr Jon Seeley, Group Managing Director, Seeley International, *Committee Hansard*, 13 September 2024, p. 9.

23 For example, Mrs Stephanie Saliba, Mondelez International, *Committee Hansard*, 13 September 2024, p. 2.; Ms Sandra Martinez, Nestle Australia, *Committee Hansard*, 13 September 2024, p. 3; Mr Jon Seeley, Seeley International, *Committee Hansard*, 13 September 2024, p. 9.

24 Ms Sandra Martinez, Nestle Australia, *Committee Hansard*, 13 September 2024, pp. 2–3.

25 Answers to questions on notice taken at the hearing on 7 August 2024 by the Reserve Bank of Australia, received 28 August 2024, p. 2.

26 Senate Select Committee on the Cost of Living, *Second Interim Report*, May 2024, pp. 35–36.

has not yet received a response from the Government to these recommendations.

Energy prices

3.26 The committee continued to hear mounting evidence that energy costs are impacting both individuals and business. The Chief Economist of the Business Council of Australia at the 7 August 2024 public hearing, suggested that Australia's energy costs were previously among the lowest in the world, but 'Australia now has among the highest energy costs of our competitors'.[27]

3.27 Professor Richard Holden noted that higher 'energy prices are bad news for business', negatively impacting business profitability and the ability of business to invest in capitals investment that improve labour productivity.[28] Both large and small businesses expressed concern about increasing energy costs:

- Mondelez International told the committee that increasing energy costs were 'a significant challenge, up 30 per cent over five years' and 'gas prices alone have risen over 100 per cent for our Victorian factories between last year and this year'.[29]
- Nestle noted that it was 'probably one of the lucky ones' in that it had shifted to 100 per cent renewable electricity, with a power purchase agreement, leading to a 'good surprise for us' in that Nestle's electricity costs 'have not been as expensive as the normal electricity that we would be paying today'.[30]
- Seeley International told the committee that electricity prices had increased by almost 60 per cent this year, 'when we had to renew a contract'.[31]
- Corex Plastics noted the challenges involved in moving 'to these energy targets when the infrastructure's not supporting what the ideology's pursuing', providing an example of a manufacturer who intended to purchase 100 electric trucks but would be unable to charge them all at once.[32]

3.28 Seeley International informed the committee that it was a 'firm' advocate 'for a transition to net zero, but we believe that gas is an essential transition fuel both for energy generation and for domestic use' because gas 'will result in less

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27 Mr Stephen Walters, Chief Economist, Business Council of Australia, *Committee Hansard*, 7 August 2024, pp. 39–40.

28 Professor Richard Holden, Private capacity, *Committee Hansard*, 7 August 2024, p. 33.

29 Mrs Stephanie Saliba, Mondelez International, *Committee Hansard*, 13 September 2024, pp. 1, 2.

30 Ms Sandra Martinez, Nestle Australia, *Committee Hansard*, 13 September 2024, p. 3.

31 Mr Jon Seeley, Seeley International, *Committee Hansard*, 13 September 2024, p. 9.

32 Mr Simon Whiteley, Managing Director and Chief Executive Officer, Corex Plastics Australia, *Committee Hansard*, 13 September 2024, p. 10.

emissions and less cost for consumers if that is acknowledged by not only federal but also state governments'. Mr Seeley further noted that:

> Government energy policy has driven huge price increases for consumers and businesses like ours. Ambiguity on gas from the federal government and ideologically driven hostility from the Victorian government have suppressed the domestic supply of gas and caused the substitution of available alternatives for electricity generation, which unfortunately at this stage is primarily coal, resulting in higher emissions not lower.[33]

Customers experiencing hardship

3.29 Evidence to the committee confirmed previous findings that Australian retail energy users were also doing it tough, with energy being a major driver of the cost of living crisis. Responses to the community survey indicated that energy costs were the second most highly cited reason for cost of living pressure, with electricity prices increasing by around 14 per cent in the last two years.[34] Without taxpayer funded rebates, underlying electricity prices have risen around 30 per cent since May 2022.[35]

3.30 These findings were supported by industry data. AGL reported to the committee that the net number of customers on its hardship program increased by 45 per cent in the 2023–24 financial year. It noted that despite this increase, customers 'are engaging with AGL sooner', suggesting that Australians are being more proactive in seeking options to address the cost of living crisis as it continues. Around 0.7 per cent of AGL's residential customers were in its hardship program, with around 0.6 per cent of AGL's total customers in its hardship program.[36]

3.31 Red Energy and Lumo Energy informed the committee in September 2024 that it had observed an increase in both the number of customers admitted to its hardship program and the value of hardship debt. It noted the 'increase is in line with growth in our customer base over the past two years', from 0.56 per cent of total customers in May 2023 to 0.69 per cent a year later.[37]

3.32 The Australian Energy Regulator is a government agency tasked with monitoring energy retail performance indicators. In its submission, it noted

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33 Mr Jon Seeley, Seeley International, *Committee Hansard*, 13 September 2024, pp. 9, 10.

34 See Australian Bureau of Statistics, *Monthly Consumer Price Index Indicator – August 2024*, Table 2, abs.gov.au/statistics/economy/price-indexes-and-inflation/monthly-consumer-price-index-indicator/aug-2024 (accessed 1 November 2024).

35 Derived from Australian Bureau of Statistics, *Monthly Consumer Price Index Indicator – September 2024*, 30 October 2024, abs.gov.au/statistics/economy/price-indexes-and-inflation/monthly-consumer-price-index-indicator/latest-release (accessed 11 November 2024).

36 AGL, *Submission 204*, p. 2.

37 Red Energy and Lumo Energy, *Submission 211*, p. 1.

'evidence that over the past two years retailers have been identifying customers experiencing payment difficulties at an earlier stage', suggesting that the increased use of hardship programs as a result 'is a positive sign'. However, the Australian Energy Regulator also noted 'evidence that customers are finding it more difficult to meet usage costs via their payment plans and the rate of successful hardship program completion has declined'. In particular, 1.86 per cent of customers in 2023–24 were in hardship programs, compared to 1.13 per cent in 2018–19 (see Figure 3.1), while only 24 per cent of residential customers in hardship programs successfully completed it in 2023–24, compared with 31 per cent in 2022–23 (see Figure 3.2).[38]

Figure 3.1 Number of residential electricity customers in hardship programs—2018–19 to 2023–24

Region	Number of customers in hardship program by financial year					
	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24
ACT	1,333	1,313	1,447	1,815	2,194	2,294
NSW	32,223	32,273	28,793	35,424	49,648	70,000
QLD	18,776	19,110	17,674	18,388	22,900	29,560
SA	15,933	15,218	13,425	13,668	16,066	19,784
TAS	4,090	4,968	4,516	4,248	4,826	5,822
Overall	**72,355**	**72,882**	**65,855**	**73,543**	**95,634**	**127,460**
% of customers	**1.13%**	**1.11%**	**0.99%**	**1.09%**	**1.41%**	**1.86%**

Note to table: 2023-24 is based on Q3 2023-24 (March 2024)

Source: Australian Energy Regulator, Submission 209, p. 2.

Figure 3.2 Proportion of residential electricity customers on hardship programs successfully exiting programs—2018–19 to 2023–24

Reason for exiting the hardship program	Proportion on hardship programs successfully exiting programs					
	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24
Successfully completed the program	29%	32%	37%	34%	31%	24%
Transferred to another retailer	11%	10%	10%	13%	13%	11%
Excluded from program for non-compliance	60%	58%	53%	53%	55%	64%

Note to table: 2023-24 is based on Q1 to Q3 data (July 2023 to March 2024).

Source: Australian Energy Regulator, Submission 209, p. 4.

38 See Australian Energy Regulator, *Submission 209*.

Potential solutions

3.33 Some manufacturers expressed support for the reintroduction of an instant tax write-off to help with their energy transition, and to help with manufacturing growth in general.[39]

3.34 There were calls from some witnesses and respondents to the community survey that suggested further energy rebates would assist consumers with the increased energy prices.[40] However, as discussed above, the effectiveness of temporary energy subsidies on reducing inflation is limited at best.

3.35 In the Second Interim Report, the committee recommended that the Labor Government 'remove arbitrary price controls from interventions that have the impact of discouraging the investment that will deliver greater supply and lower energy prices for individuals and businesses'. The committee also recommended that the Australian Government 'develop a clear agenda to reduce red and green tape and limit lawfare' to 'facilitate more investment' in the natural gas sector, as well as 'lift Australia's ban on nuclear energy, to allow consideration of it as a cost-efficient, reliable and low-emissions energy source'.[41] The Labor Government has not yet responded to these recommendations.

Housing

3.36 The committee continued to receive evidence indicating that housing is one of the, if not the primary, cost of living pressure for many Australians.[42] In the last two years, the cost of housing has increased 13.1 per cent and the cost of rents has increased 16.3 per cent.[43]

3.37 For example, Anglicare Australia highlighted the unaffordability of the private rental market for almost anyone in receipt of government support payments (including the age pension and disability support pension) and suggested that for many people in essential occupations there were very few housing options available.[44] For this cohort especially, housing prices must be brought under control.

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39 Mrs Stephanie Saliba, Mondelez International, *Committee Hansard*, 13 September 2024, pp. 2, 4; Ms Sandra Martinez, Nestle Australia, *Committee Hansard*, 13 September 2024, p. 4.

40 For example, Mr Wes Lambert, Chief Executive Officer, Australian Restaurant and Cafe Association, *Committee Hansard*, 16 August 2024, p. 2; Equi Consultancy Partners, *Submission 196*, p. 2; Mr Ronald James, *Submission 235*, pp. 10, 11.

41 Senate Select Committee on the Cost of Living, *Second Interim Report*, May 2024, Recommendations 7, 8 and 9, pp. ix–x.

42 For example, Mr Leif Popovic, *Submission 201*, p. 5; Mr David Karr, *Submission 212*, p. 1; Common Sense Party of Australia, *Submission 197*, p. 2.

43 Australian Bureau of Statistics, *Monthly Consumer Price Index Indicator – August 2024*.

44 Anglicare Australia, *Supplementary to Submission 36*, p. 2.

3.38 Anglicare Sydney pointed to its own research which suggested that public housing tenants may not have as many critical issues with food, rent and energy bills compared with private renters or people with mortgages, as rents are set as a fixed proportion of income.[45]

3.39 One submitter suggested that impacts of the high cost of housing may extend to less Australians being able to afford to have children, the need to keep the cost of homes elevated and growing to ensure broader financial stability of Australia's economy and the banking sector, an eroding middle class, homelessness and reduced social cohesion. He suggested that as a result, 'there are very valid reasons to reduce immigration during the next five years'.[46]

3.40 The committee heard from the Housing Industry Association that there have been improvements in conditions for the housing construction industry recently:

> Material prices have levelled off; they're at a higher rate, but they have levelled off. Skilled labour is still short, but [businesses] are able to plan ahead a little more for that. We are seeing build times becoming shorter; they have not become as short as they were pre-COVID, but they are certainly going in the right direction. That means that the builder, when building the home, is not underwriting the risk for as long.[47]

3.41 However, the RBA at the 7 August 2024 hearing in Sydney, told the committee that dwelling investments and residential construction are a 'very weak' part of the economy currently, because of labour shortages and the high cost of construction. In particular, dwelling approvals are historically 'very low right now'.[48]

3.42 Leading economists at the 7 August 2024 hearing shared their views on the current issues with the housing construction sector:

- delaying government infrastructure projects;[49]
- zoning regulations restricting supply;
- increasing construction costs;
- first home buyers' grants, which are 'a direct, 100 per cent transfer from younger buyers to older sellers'; and

45 Anglicare Sydney, *Submission 193*, pp. 50, 51.

46 Mr Leif Popovic, *Submission 201*, p. 9.

47 Mr Tim Reardon, Chief Economist, Housing Industry Association, *Committee Hansard*, 16 August 2024, p. 19.

48 Dr Sarah Hunter, Assistant Governor (Economic), Reserve Bank of Australia, *Committee Hansard*, 7 August 2024, p. 4.

49 Dr Shane Oliver, Chief Economist, AMP, *Committee Hansard*, 7 August 2024, pp. 21–22.

- stamp duty, causing distortions.[50]

3.43 Multiple expert witnesses argued that government construction projects are pulling skilled labour from work on residential construction and causing delays, and pushing up both labour and supply costs for private construction, both of residential and non-residential projects.[51]

3.44 The Australian Industry Group informed the committee that, for business, new 'build costs in Australia are very high compared to those in most other jurisdictions, and that works against our natural advantages in terms of energy, minerals and agricultural products'. Dr Jeffrey Wilson, Director of Research and Economics at the Australian Industry Group, argued that the manufacturing industry 'would certainly benefit significantly from a holistic look at some of the building and construction issues that we face in Australia'.[52]

3.45 The committee sought evidence on the question of the impact of the activities of the Construction, Forestry and Maritime Employees Union (CFMEU) on the cost and supply of housing. Master Builders Australia noted that where companies meet union demands, 'the inflated costs of union pattern agreements make it impossible for them to compete, unless they are protected from competition by the union'.[53]

3.46 The Housing Industry Association contended that 'the actions of the CFMEU impact the competition for skilled labour and materials'. Further, while the low-rise detached/cottage construction sector of the residential building industry has not seen illegal industrial disputes to the extent of the civil and commercial construction sectors, the influence that the CFMEU has on commercial, multi-unit or government-funded construction work has impacted cost and productivity and restricted healthy competition through enterprise bargaining agreements (EBAs).[54] However, this in turn flows into residential construction, pushing up prices for labour and supplies.

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50 Professor Richard Holden, Private capacity, *Committee Hansard*, 7 August 2024, p. 29; Dr Shane Oliver, AMP, *Committee Hansard*, 7 August 2024, pp. 21–22.

51 Dr Shane Oliver, AMP, *Committee Hansard*, 7 August 2024, pp. 21–22; Mr Tim Reardon, Housing Industry Association, *Committee Hansard*, 16 August 2024, pp. 19, 20; Mr John Winter, Chief Executive Officer, Australian Restructuring, Insolvency and Turnaround Association, *Committee Hansard*, 13 September 2024, pp. 27–28.

52 Dr Jeffrey Wilson, Director, Research and Economics, Australian Industry Group, *Committee Hansard*, 13 September 2024, p. 23.

53 Tabled document: Breaking 'Building Bad' Essential Action to Prevent Corruption, Criminality and Improve Culture in Building and Construction, provided by Master Builders Australia, at a public hearing on 16 August 2024, p. 18.

54 See Housing Industry Association, *Submission 202*, pp. 1, 2; Mrs Jocelyn Martin, Managing Director, Housing Industry Association, *Committee Hansard*, 16 August 2024, p. 16.

3.47 The Housing Industry Association noted that 'there is a persistent and underlying shortage of skilled labour within the industry that is exacerbated' by competition for skilled workers attracted to the terms and conditions found in Enterprise Bargaining Agreement sites. Further, the 'pool of workers to be drawn from for this work is in high demand and will likely be from the same cohort of potential workers that the residential building industry would be seeking to draw from'. As a result, capacity constraints, especially for skilled labour, 'have seen construction times increase by more than a third, increasing costs'. The Housing Industry Association argued that not only is the current enterprise bargaining framework 'not fit for purpose for the residential building industry, but questions should be raised about the bargaining process more broadly'.[55]

3.48 The Australian Chamber of Commerce and Industry suggested that the 'construction costs of major government projects in Victoria, NSW and Queensland have been greatly elevated as a result' of 'preferential union treatment' to the CFMEU. Further, the Chamber suggested that data 'indicates that CFMEU EBAs are resulting in significantly higher new apartment prices than should otherwise be the case', in some instances between 10 and 33 per cent higher.[56]

3.49 This evidence was supported by Master Builders Australia, which stated:

> … through [the Queensland Government's] procurement policy, they've written the [Australian Workers Union] out of the industry in Queensland quite effectively. That particular obligation means that our members in that state are forced into doing a deal with the CFMEU. Of course, they have no bargaining power there, because the CFMEU say, 'Here's your agreement. You need this to be eligible to tender for the work. If you don't comply, that's fine; we'll give it to somebody else.
>
> …
>
> You shouldn't be forced to do a deal with the CFMEU in order to be eligible to tender for state and federal government funded work, say, in Queensland. It's just not appropriate. Given the current environment that the CFMEU is involved in, I wouldn't have thought the federal government would want to encourage that or stand by and watch that take place.[57]

3.50 Master Builders Australia proposed that the Australian Government, when providing funding to state and territory governments, stipulate that Commonwealth Procurement Rules be adhered to, to the exclusion of state

55 See Housing Industry Association, *Submission 202*, pp. 2–5.

56 Australian Chamber of Commerce and Industry, *Submission 203*, pp. 2–3.

57 Mr Shaun Schmitke, Deputy Chief Executive Officer and National Director IR, Contracts and Safety, Master Builders Australia, *Committee Hansard*, 16 August 2024, pp. 20–21.

procurement rules.[58] This is particularly compelling in light of the serious criminal activity that was alleged to have occurred in multiple state divisions of the CFMEU, leading to the Labor Government putting the national union into administration.[59]

3.51 In relation to impacts of the behaviour of CFMEU officials, the Housing Industry Association noted:

> The impacts of this behaviour are five-fold:
>
> 1. It undermines confidence in the sector, a sector already bearing the brunt of current monetary policy.
>
> 2. It acts as a strong disincentive to enter the industry, increasing the competition for workers, adding to labour costs.
>
> 3. It jeopardises taxpayer dollars through government and infrastructure projects that cannot prioritise value for money due to the project ties to union deals.
>
> 4. It jeopardises productivity simply increasing the 'cost of doing business' in the industry.
>
> 5. *All of which simply exacerbates the current cost of living crisis* [emphasis added].[60]

3.52 The Housing Industry Association argued that the detached home building industry is 'one of the most, if not the most, efficient in the world' because its subcontractor workforce is paid for the completion of a task, not by the hour. It considered that 'constraints on productivity improvement' in the detached home building sector 'are imposed by government regulation at all tiers'. In particular, the 'decline in apartment construction is a direct consequence of government policies designed to slow apartment construction'.[61]

3.53 In the Second Interim Report, the committee made the following recommendations related to housing:

> **Recommendation 10**
>
> The committee recommends that the Australian Government works with the states and territories, and local governments to remove planning and zoning barriers to delivering greater housing supply. The Government should consider setting clear targets and key performance indicators to be achieved if incentive payments are to be included as part of this strategy,

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58 Mr Shaun Schmitke, Master Builders Australia, *Committee Hansard*, 16 August 2024, p. 21.

59 Senator the Hon Murray Watt, Minister for Employment and Workplace Relations, *Press conference*, Brisbane, 9 August 2024, ministers.dewr.gov.au/watt/press-conference-brisbane-0 (accessed 1 November 2024).

60 Housing Industry Association Ltd, *Submission 202*, p. 1.

61 Mrs Jocelyn Martin, Housing Industry Association, *Committee Hansard*, 16 August 2024, p. 16.

and withholding incentive payments until completed houses enter the market.

Recommendation 11

The committee recommends that the Australian Government works with state and territory governments to reduce or remove housing taxes such as land taxes, windfall gains taxes, and other developer charges to reduce the cost of new houses.

Recommendation 12

The committee recommends that the Australian Government support and legislate the Coalition's First Home Super Buyer scheme, to allow Australians to access their own money to buy their own home, without impacting their retirement savings.[62]

3.54 The Housing Industry Association informed the committee that it is 'broadly supportive' of the committee's previous recommendations and observations about housing and housing affordability. It particularly expressed support for Recommendation 4 from the Second Interim Report, which called for the Labor Government to 'repeal business harming industrial relations policies, particularly for small-to-medium sized businesses, and focus on delivering a more flexible and more productive workplace'.[63]

3.55 The Labor Government is yet to respond to these recommendations.

Impact on vulnerable cohorts

3.56 The committee also received evidence noting the particular impacts of the cost of living crisis on children and young people. For example, the South Australian Commissioner for Children and Young People noted that the cost of living crisis 'disproportionally affects families who are on low incomes, single parent families and young people'. She noted that it is 'now affecting more households who are actively employed', with one in six children in Australia growing up in poverty. She was of the view that the committee needs to:

> … consider significant changes to policy and legislation to ensure that children and young people - as well as their families - have the same opportunities as those experienced in previous generations. We also need to invest in social and community support systems and services, that destigmatise poverty and empower and support families and communities to thrive through access to resources, services and infrastructure.
>
> To achieve this, it is important for the committee to recognise how the rise in the cost of living has impacted children and young people.[64]

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62 Senate Select Committee on the Cost of Living, *Second Interim Report*, May 2024, p. x.

63 Senate Select Committee on the Cost of Living, *Second Interim Report*, May 2024, p. ix; Mrs Jocelyn Martin, Housing Industry Association, *Committee Hansard*, 16 August 2024, p. 16.

64 SA Commissioner for Children and Young People, *Submission 205*, pp. 1–2.

3.57 Children and Young People with Disability drew the committee's attention to the fact that children and young people with disability and their families and caregivers 'bear a disproportionate burden' in the cost of living crisis and 'face additional vulnerability'. In particular, 'people with disability need to have 50% more income to achieve the same standard of living as those without disability'.[65]

Not-for-profits

3.58 The committee continued to receive evidence indicating ongoing high demand for the services provided by not-for-profits to help people during the cost of living crisis.

3.59 Foodbank noted that its branches had experienced 'years of sustained, heightened demand for food relief, with supply of nutritious, culturally appropriate food simply not keeping up'. Further, 'food and fund donors … are also being squeezed'. It argued that the 'need for increased investment from the Federal Government to Foodbank has never been greater', given food relief is the most common type of emergency relief and requests for food relief have been increasing. In August 2022, almost 6000 people clicked on the 'Find Food' button on the Foodbank website, with this figure increasing to around 25 000 in May 2024. Data that Foodbank provided indicated that foodbank South Australia and Northern Territory (SANT) broke a record this year for the most food ever distributed, up 35 per cent from last year, at 5 million kilograms.[66]

3.60 Not-for-profits reported that they were assisting a greater ratio of households which were employed than in the past. For example, Foodbank noted in December 2023 that 'there has been a significant shift in the proportion of food relief recipients from households where there is at least one person in employment'. It reported that this increase has now expanded to households where people hold multiple jobs, such as a full-time position during the day and employment in the gig economy at night. It also flagged 'a stark increase in the number of people who are new to food relief'.[67]

3.61 The pressures even on dual income households were also highlighted in responses to the committee's community survey. One respondent noted the pressures of increasing mortgage repayments combined with the rising cost of food and groceries:

> We are a dual income family, both with high paid jobs but the increase in power, mortgage repayments, groceries and other essential items means we

65 Children and Young People with Disability, *Submission 195*, pp. 4–7, 11.

66 Foodbank Australia Ltd, *Supplementary to Submission 1*, pp. 3–4, 7–8.

67 Foodbank Australia Ltd, *Supplementary to Submission 1*, p. 8.

> have to be more frugal and cut back on anything that is a luxury or unnecessary spend.[68]

3.62 Woolworths informed the committee at the hearing on 11 October 2024, that in the financial year 2024, it had 'donated 36 million meals to Australian hunger relief charities, as well as $14.5 million to these organisations, such as Foodbank and OzHarvest'.[69]

3.63 However, as noted previously, charities and not-for-profits are facing their own pressures under Labor's cost of living crisis. The Australian Charities and Not-for-profits Commissioner noted in the *Australian Charities Report—10th Edition* that:

> The five-year figures show there was a significant drop in the number of volunteers (-17%) and paid staff (-18%) for extra small charities. The data shows the cost of operating and delivering services has increased but extra small charities haven't received sufficient revenue or donations to keep pace with these increases.[70]

3.64 This was supported by comments from the Governor of the RBA. In a hearing held by the Senate Economics Legislation Committee, the Governor responded to a question on what the Bank was hearing in terms of the experience of charities and the not-for-profit sector:

> The main thing that we're hearing is that it's inflation, it's the cost of living and it's the price level that are causing people stress… it's inflation which is compounding this whole issue… they don't have the money to buy essentials.[71]

3.65 In the Second Interim Report, the committee recommended that the Australian Government 'consider ways to encourage philanthropic activity, including providing tax incentives for charitable giving of goods and services'. The committee also recommended that the 'Australian Government consider policies, including tax deductions, that encourage private sector donations to food and hunger relief charities as a means to support those in desperate need in the cost of living crisis'.[72]

3.66 The Labor Government is yet to respond to these recommendations.

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68 Cost of Living Survey Responses 1089–1275, *Submission 243*, [p. 197], Respondent 1212, Name withheld.

69 Mr Paul Harker, Woolworths, *Committee Hansard*, 11 October 2024, pp. 1–2.

70 Australian Charities and Not-for-profits Commission, *Australian Charities Report—10th Edition*, June 2024, p. 7.

71 Senate Economics Legislation Committee, *Proof Committee Hansard—Supplementary Budget Estimates*, 7 November 2024, pp. 20–21.

72 Senate Select Committee on the Cost of Living, *Second Interim Report*, May 2024, Recommendations 13 and 14, p. x.

3.67 At the public hearing on 13 September 2024, Nestle Australia expressed support for the proposed Tax Laws Amendment (Incentivising Food Donations to Charitable Organisations) Bill 2024.[73] If passed, the bill would amend the *Income Tax Assessment Act 1997* and the *Income Tax (Transitional Provisions) Act 1997* to introduce a tax offset for constitutional companies[74] for certain expenditure that they incur when donating food to registered charities.[75]

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[73] Ms Sandra Martinez, Nestle Australia, *Committee Hansard*, 13 September 2024, p. 1.

[74] A constitutional corporation means 'foreign corporations, and trading or financial corporations formed within the limits of the Commonwealth' or 'a body corporate that is incorporated in a Territory', as defined in s51(xx) of the Constitution and s 995-1 of the *Income Tax Assessment Act 1997*.

[75] *Tax Laws Amendment (Incentivising Food Donations to Charitable Organisations) Bill 2024—Explanatory Memorandum*, p. 2.

Chapter 4
Other issues examined since the Second Interim Report

4.1 This chapter considers new and expanded areas of inquiry that the committee has examined since the Second Interim Report was tabled. These areas include:

- business conditions, covering:
  - whether there has been an increased rate of business insolvencies recently;
  - personal insolvencies, or bankruptcies, as these relate to business (including sole traders); and
- challenges for particular industries, including:
  - hospitality; and
  - manufacturing.

4.2 The committee's views and recommendations concerning the above are set out in Chapter 5.

4.3 Many of the issues affecting business that are outlined in this chapter reflect those affecting Australians as a whole, as set out in Chapter 3—namely, high input costs, such as groceries (for businesses dealing with food), transport (freight), energy, rents and insurance. That chapter examines key pressure points in greater detail.

Business conditions

4.4 The committee sought evidence on how the cost of living crisis is impacting business and industry because, as the Australian Industry Group noted, an 'informed discussion of the role of industry in cost-of-living issues must start from the recognition that inflationary pressures affect both businesses and households alike'.[1] One business representative described this trend of increasing operating costs and regulations and deteriorating business conditions taking place in parallel to the cost of living crisis as a 'cost of doing business crisis'.[2]

4.5 As noted in the Second Interim Report, it is clear that solutions to address the cost of doing business crisis would allow industry and business to reduce costs, stabilise or lower prices which contribute to breaking the inflationary cycle.

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1 Dr Jeffrey Wilson, Director, Research and Economics, Australian Industry Group, *Committee Hansard*, 13 September 2024, p. 17.

2 Mr David Harding, Executive Director, Business NSW, *Committee Hansard*, 21 April 2023, p. 11.

4.6 While much attention on interest rate increases focuses on their impact on household stress, through mortgage and rent costs, interest rates also affect business through loans for buildings, capital assets such as machinery and ongoing operational costs.[3]

4.7 The Australian Industry Group flagged that the cost of goods and services used and made by industry have risen 'by a similar magnitude' to the consumer price index (CPI), with producer prices, as of September 2024, rising faster than CPI.[4] In other words, many of the factors causing stress for households—interest rates, transport, energy prices and insurance—are also affecting business.

4.8 The committee learned that the cost of living crisis is particularly affecting small business, especially because consumers are spending less. The Council of Small Business Organisations Australia (COSBOA) informed the committee that 49 per cent of Australia's 2.5 million small businesses 'are not breaking even, let alone making a profit'. Further:

> Insolvency rates are at a decades high and smaller firms are often at the forefront of these collapses. Many small businesses had hoped for interest rate relief by now but instead continue to face real hardship … When a small business isn't breaking even, the last person to get paid is the owners themselves ... Should these small businesses really be that surprised their plight is getting harder, not easier, under the current settings?[5]

4.9 Factors that COSBOA attributed to contributing to small business stress included:

- interest rate rises;
- 'the most complex and costly changes to industrial relations in recent memory';
- increases to award rates exceeding productivity growth; and
- changes to Australia's skilled migration pathway, effectively pricing 'out employers in sectors like hairdressing, beauty services and hospitality'.[6]

4.10 COSBOA also flagged the impact of high insurance premiums on the operational costs of small businesses, 'which may be passed onto consumers in the form of higher prices'. COSBOA proposed that the Australian Government establish a 'government-backed risk assessment and mitigation program for

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3 Australian Chamber of Commerce and Industry, 'Rates raise business concern', *Media release*, 7 February 2023, australianchamber.com.au/news/rates-raise-business-concern (accessed 6 September 2024).

4 Dr Jeffrey Wilson, Australian Industry Group, *Committee Hansard*, 13 September 2024, p. 17.

5 Ms Adele Sutton, Head of Policy and Advocacy, Council of Small Business Organisations Australia, *Committee Hansard*, 16 August 2024, p. 1.

6 Ms Adele Sutton, Council of Small Business Organisations Australia, *Committee Hansard*, 16 August 2024, p. 1.

small businesses to help them identify and address potential risks, lowering insurance premiums'.[7]

4.11 As the Australian Small Business and Family Enterprise Ombudsman (ASBFEO) explained, there 'is no substitute for customers if you're running a business'. The Ombudsman noted that 'in the last full year of tax debts available, nearly three-quarters' of self-employed independent contractors who cited their 'self-employment as their full-time livelihood endeavour' did not take home average weekly wages.[8]

4.12 Evidence that the committee received on the impact of the cost of living crisis on business since the Second Interim Report focused on insolvencies, bankruptcies, tax debts and the impact of industrial relations reform.

Impact of industrial relations reforms for businesses

4.13 The committee heard that the complexity of industrial relations reforms, and even 'simple things that have come in at the last minute, like the right to disconnect, have sent everybody into a bit of a head spin as to what it actually means in practice'.[9] In particular, increased regulator complexity may be leading to businesses needing to seek external advice, at a cost.[10]

4.14 For example, the ASBFEO noted that workplace relations are 'a very complex place to navigate', acknowledging that complex regulations may be challenging for small businesses to navigate when they do not have a compliance department or sophisticated business systems.[11]

4.15 Master Grocers Australia pointed to confusion and worry among its members following 'significant' changes to the *Fair Work Act* and the industrial relations system 'over the last couple of years … when they're spending hours upon hours trying to decipher how an award should be interpreted … that is time that is not productive and it is not time well spent in their business'.[12]

4.16 The Chief Executive Officer of the Restaurant and Catering Industry Association argued that recent industrial relations measures were leading to 'fatigue' which

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[7] Council of Small Business Organisations Australia, *Submission 92*, p. 4.

[8] The Hon Bruce Billson, Ombudsman, Australian Small Business and Family Enterprise Ombudsman, *Committee Hansard*, 16 August 2024, p. 29.

[9] Ms Adele Sutton, Council of Small Business Organisations Australia, *Committee Hansard*, 16 August 2024, p. 4.

[10] Mr Schon Condon, Director, Association of Independent Insolvency Practitioners, *Committee Hansard*, 16 August 2024, p. 15.

[11] The Hon Bruce Billson, Australian Small Business and Family Enterprise Ombudsman, *Committee Hansard*, 16 August 2024, p. 30.

[12] Mr Martin Stirling, Director, Legal Services, Master Grocers Australia Independent Businesses Australia, *Committee Hansard*, 11 October 2024, p. 15.

'is having a fundamental impact on the way in which we do business'. Further, the 'right to disconnect is a problem for us … in a sector that, let's face it, operates all hours'. In addition, the 'casual conversion is a monumental issue for us, particularly when you take into consideration that … to have a constant flow or a linear approach to what is a seasonal industry is chaotic'.[13]

4.17 The Australian Restaurant and Cafe Association agreed, arguing that 'additional regulatory requirements' where businesses 'have to seek legal advice … [have] actually increased the cost of doing business'. Further, 'you have to navigate hundreds of pages of legislation and policy changes just to be able to open the door to your café at 6 am or your restaurant at 11 in the morning'.[14]

4.18 Mr Jon Seeley, Group Managing Director of Seeley International, highlighted 'extreme industrial relations changes', furnishing the committee with an example of the impact of recent new laws on casual employment:

> We have two main factories in Australia—one in Adelaide and one in Albury. One has a seasonal peak in winter and the other in summer. Both require seasonal flexibility to augment our permanent workforce with a significant number of casual employees. However, based on our legal advice about the complexity and the ambiguity of new laws around casual employment, we have taken the very difficult decision to amalgamate our operations into one plant in Adelaide so that we can smooth out those seasonal peaks and not have to employ casuals in the future. As a result, some 85 permanent employees in Albury, many of whom have worked for us for upwards of 20 years, will unfortunately lose their jobs with us next year.[15]

4.19 Ms Tanya Barden, the Chief Executive Officer of the Australian Food and Grocery Council, argued that recent 'changes we've seen in industrial relations haven't been coupled with a productivity agenda'. Further, 'significant costs around energy [and] transport … are adding costs to production while, at the same time, not allowing that uplift in capability to produce more for that cost'.[16]

4.20 The Australian Industry Group was of the view that recent industrial relations reform 'are moving—on the personal level, not the technology level—in the opposite direction to where the productivity agenda needs to go. It's not just off the agenda; it's pushing away from the agenda', causing challenges for

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13 Mr Suresh Manickam, Chief Executive Officer, Restaurant and Catering Industry Association of Australia Inc., *Committee Hansard*, 16 August 2024, pp. 2, 9.

14 Mr Wes Lambert, Chief Executive Officer, Australian Restaurant and Cafe Association, *Committee Hansard*, 16 August 2024, p. 9.

15 Mr Jon Seeley, Group Managing Director, Seeley International, *Committee Hansard*, 13 September 2024, p. 9.

16 Ms Tanya Barden, Chief Executive Officer, Australian Food and Grocery Council, *Committee Hansard*, 13 September 2024, p. 20.

businesses 'that want to make a capital investment but then need to configure a workforce around what the new process requires'.[17]

4.21 One manufacturer informed the committee that 'our overheads as a company have gone up $600,000, from what we would call unproductive staff, in direct labour', to manage the different regulations that the industry is subject to.[18]

4.22 In the Second Interim Report, the committee recommended 'that the Australian Government conduct a stocktake of Commonwealth regulation relating to small-to-medium enterprises, with a view to reducing the "costs of doing business" that have exacerbated the cost of living crisis'. The committee also recommended that 'the Australian Government repeal business harming industrial relations policies, particularly for small-to-medium sized businesses, and focus on delivering a more flexible and more productive workplace'.[19]

4.23 The Labor Government is yet to respond to these recommendations.

Insolvencies and bankruptcies

4.24 The committee sourced evidence on insolvencies to determine whether the cost of living crisis has led to an increased proportion of business insolvencies.

4.25 The Australian Securities and Investment Commission (ASIC) provided data to the committee in September 2024 concerning the proportion of companies entering external administrations compared to total companies (see Figure 4.1). The data suggested that, compared with 2009–10, proportionately less companies entered external administrations in 2023–24 (0.52 per cent in 2009–10 compared with 0.33 per cent in 2023–24).

4.26 Evidence from ASIC noted that there was a high number of current insolvencies, but as a proportion, this was not the highest level historically.[20] The Treasury suggested that 'insolvency data by itself really doesn't provide a lot of meaning in context of what might be going on when you look at other macro-economic factors', like the unemployment rate and whether the number of insolvencies is translating into notable levels of unemployment. However, as of August 2024,

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17 Dr Jeffrey Wilson, Australian Industry Group, *Committee Hansard*, 13 September 2024, p. 20.

18 Mr Michael Harrod, Board Member, South East Melbourne Manufacturers Alliance; and Managing Director, McKinna Group, *Committee Hansard*, 13 September 2024, p. 11.

19 Senate Select Committee on the Cost of Living, *Second Interim Report*, May 2024, Recommendations 3 and 4, p. ix.

20 Ms Kate O'Rourke, Commissioner, Australian Securities and Investments Commission, *Committee Hansard*, 16 August 2024, p. 40.

witnesses from the Treasury conceded 'there are certain businesses in particular sectors that are under significant pressure at this time'.[21]

Figure 4.1 Percentage of companies entering external administrations compared to total companies, 2009–10 to 2023–24

Financial year	Percentage of companies entering external administrations compared to total companies
2009-10	0.52%
2010-11	0.53%
2011-12	0.56%
2012-13	0.53%
2013-14	0.46%
2014-15	0.41%
2015-16	0.42%
2016-17	0.32%
2017-18	0.30%
2018-19	0.30%
2019-20	0.26%
2020-21	0.15%
2021-22	0.16%
2022-23	0.25%
2023-24	0.33%

Source: Answers to questions on notice taken at the hearing on 16 August 2024 by Australian Securities and Investments Commission, received 10 September 2024, p. 7.

4.27 The Australian Restructuring, Insolvency and Turnaround Association (ARITA) noted that the number of business insolvencies 'halved almost overnight in March 2020, along with the stimulus packages that came in around COVID'. In addition, the Australian Taxation Office (ATO) 'largely stopped all of its enforcement activity', removing 'the catalyst for businesses to confront whether or not they were in financial distress'. As a result, the numbers of insolvencies 'only started to recover once the ATO re-entered the market and started undertaking its proper enforcement activities'. Dr John Winter, ARITA's Chief Executive Officer, suggested that many of the recent insolvencies 'are organisations that are actual, proper zombies … They'd given the keys back to the landlord some years ago, but they hadn't taken the steps to formally close their business' until the ATO pursued them for their outstanding tax debts. He told the committee that ARITA's 'members continue to say to us that most of the

21 Mr Thomas Dickson, Assistant Secretary, Department of the Treasury, *Committee Hansard*, 16 August 2024, pp. 41, 42; Mr Luke Yeaman, Deputy Secretary, Macro-economic Group, Department of the Treasury, *Committee Hansard*, 16 August 2024, p. 42.

activity that they're seeing is that of these shells of companies; they're not major trading organisations'.[22]

4.28 However, the ASBFEO noted that the number of formal business closures is a small fraction of those that only just continue to function or discontinue to function.[23] The ASBFEO further stated that early indicators, such as data collected by CreditorWatch, suggest an increase in business-to-business trade terms queries, in which 'people are worried not just about their own business but also the businesses that they are dealing with, and whether they should be adjusting their terms and pricing; maybe looking for a more meaningful deposit before work commences'.[24]

4.29 Mr Schon Condon, Director of the Association of Independent Insolvency Practitioners, suggested that the COVID-19 pandemic, cost of living, increased costs of operating and a lack of available staff are 'bringing an increasing number of businesses to heel'. He was of the view that before COVID, 'there was a much greater desire to pursue an outstanding debt' if a business filed for insolvency, 'regardless of the legal costs'. However, post-COVID, 'the legal pursuit to either liquidation or bankruptcy' is typically only 'done in situations where there is an expectation of recovery'.[25]

4.30 The Chief Executive Officer of the Australian Restaurant and Café Association told the committee that for restaurants and cafes, one of the key issues driving insolvencies is the cost of labour and employees, which is 'more … than they can afford'. Ultimately, 'when wages have gone up 15 per cent over two years and a month and a half, that's quite burdensome for those small businesses and they don't get much more productivity'. He further posited that 'it is also the ATO and landlords that are sending those businesses to the wall' where the businesses have ATO debt and rent arrears, in many cases from during the COVID period.[26]

4.31 ARITA highlighted that the construction sector previously experienced an elevated level of insolvency associated with fixed price contracts in the face of sudden increases in input costs and told the committee that the construction

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22 Mr John Winter, Chief Executive Officer, Australian Restructuring, Insolvency and Turnaround Association, *Committee Hansard*, 13 September 2024, p. 25.

23 The Hon Bruce Billson, Australian Small Business and Family Enterprise Ombudsman, *Committee Hansard*, 16 August 2024, p. 30.

24 The Hon Bruce Billson, Australian Small Business and Family Enterprise Ombudsman, *Committee Hansard*, 16 August 2024, p. 29.

25 Mr Schon Condon, Association of Independent Insolvency Practitioners, *Committee Hansard*, 16 August 2024, p. 12.

26 Mr Wes Lambert, Australian Restaurant and Cafe Association, *Committee Hansard*, 16 August 2024, p. 3.

sector 'remains our greatest concern' with regards to insolvencies.[27] This is supported by reporting that has suggested that more than 2800 building companies went insolvent in the 2024 financial year to 16 June, an increase of 28 per cent.[28] This was the largest single category of insolvency by a significant margin. These statistics were at odds with the Housing Industry Association's view that the sector is 'experiencing a significantly lower volume of insolvency or cash flow problems at the moment than we've seen in recent years'.[29]

4.32 It is 'very common' for small businesses to navigate both the corporate insolvency system and the personal insolvency system, according to evidence from the Treasury.[30] Almost half of all small business loans are secured by a residential property, usually someone's home. As the ASBFEO noted, 'a small business is a person'.[31]

4.33 ARITA informed the committee that sole traders account for around a third of bankruptcies, and about two-thirds of the value of the debts in bankruptcy being related to business failures. However, there have been fewer personal insolvencies per capita than pre-COVID; in its view, it is 'difficult to conclude that the current inflationary environment has led to a significant increase in bankruptcies'.[32]

4.34 In September 2024, the Australian Financial Security Authority provided the committee with numbers of personal insolvencies by industry of employment over the past five years. This data showed that the most common industries of employment for personal insolvencies for 2023–24 were:

- Construction (1421);
- Health care and social assistance (1289);
- Other services (1119);
- Retail trade (1112);
- Transport, postal and warehousing (1019);

27 Mr John Winter, Australian Restructuring, Insolvency and Turnaround Association, *Committee Hansard*, 13 September 2024, pp. 27, 28.

28 Larry Schlesinger, 'Nearly 3000 building companies go broke in a year', *Australian Financial Review*, 2 July 2024, afr.com/property/commercial/nearly-3000-building-companies-go-broke-in-a-year-20240701-p5jq86 (accessed 13 November 2024).

29 Mr Tim Reardon, Chief Economist, Housing Industry Association, *Committee Hansard*, 16 August 2024, p. 18.

30 Mr Thomas Dickson, Department of the Treasury, *Committee Hansard*, 16 August 2024, p. 39.

31 The Hon Bruce Billson, Australian Small Business and Family Enterprise Ombudsman, *Committee Hansard*, 16 August 2024, pp. 28, 33.

32 Australian Restructuring, Insolvency and Turnaround Association, *Submission 207*, pp. 4–6; Dr Warren Mundy, Special Adviser, Australian Restructuring, Insolvency and Turnaround Association, *Committee Hansard*, 13 September 2024, p. 25.

- Administrative and support services (884);
- Accommodation and food services (843); and
- Manufacturing (770).[33]

4.35 This further supports evidence that the construction sector has, at least numerically, been the most impacted by the cost of doing business crisis of the last two and a half years. Master Builders Australia's Chief Executive Officer, Ms Denita Wawn, highlighted that 'tradie shortages, planning and licensing delays, draconian industrial relations changes, material cost inflation, inefficient regulation, unfeasible lending practices and risk allocation have compounded to make projects unsustainable'. Ms Wawn suggested builders had borne the 'largest risk' of the cost of living crisis.[34]

4.36 Mr Stephen Walters, Chief Economist at the Business Council of Australia expressed concern that insolvency figures from ASIC may not reflect the extent of small business insolvencies, given they may not be registered with ASIC and may be partnerships instead.[35]

Tax debts

4.37 The committee heard that tax debts with the ATO, acquired through the COVID-19 period when the ATO was more lenient, as well as older debts, may be a significant contributor to business failure.[36]

4.38 The Chief Executive Officer of the Australian Restaurant and Café Association informed the committee that in the week before his attendance at the public hearing on 16 August, 'I've had two restaurateurs call and I had to immediately refer them to Lifeline – that is how serious it is – after they had conversations with the ATO'. He suggested that 'the tenor and nature of the communications from the ATO to small business has shifted in 2024. It is, I hate to say, a very heavy-handed approach'.[37]

4.39 The COSBOA outlined the impact of the ATO pursuing tax debts from small business:

> … the posture of the ATO has obviously changed from COVID. There was the ability for people to put their debts on hold during COVID, and I think

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33 Answers to questions on notice taken at the hearing on 16 August 2024 by Australian Financial Security Authority, p. 2.

34 Larry Schlesinger, 'Nearly 3000 building companies go broke in a year', *Australian Financial Review*.

35 Mr Stephen Walters, Chief Economist, Business Council of Australia, *Committee Hansard*, 7 August 2024, p. 40.

36 For example, The Hon Bruce Billson, Australian Small Business and Family Enterprise Ombudsman, *Committee Hansard*, 16 August 2024, p. 32.

37 Mr Wes Lambert, Australian Restaurant and Cafe Association, *Committee Hansard*, 16 August 2024, p. 5.

> the expectation at that time was that, once COVID had finished, things would get back to normal. There has been a double whammy; that hasn't happened and obviously the ATO's posture has changed in order to recoup funds for services ... I think it's a case of really working to better communicate to small businesses that they need to approach the ATO early in the piece to try to understand and work out what can be done to alleviate the stress they're under.[38]

4.40 Mr Condon from the Association of Independent Insolvency Practitioners noted that industries experiencing high levels of insolvency include construction, hospitality and retail, along with 'organisations that have traditionally existed with very high debt levels … the largest proportion of [which] would be ATO debts'. He explained the impact of ATO actions on businesses carrying a high level of debt in greater detail:

> Quite clearly, some of the ones in those three particular industries will also be high debt level businesses. But if you're working in any industry, if you've been carrying a significant level of, say, ATO debt for the last 15 years and chipping away at it, and it goes up and down and bubbles away, when the ATO or any other creditor seeks full repayment of the backlog, it actually brings to an end that business's operation. That could quite easily have occurred 10 or 15 years ago, if it's been operational in that state for that period.[39]

4.41 Mr Condon was of the view that the ATO should have implemented 'a much stronger process to keep [debt] under control from the start. With some of the levels of debt that I've dealt with in businesses, it's very difficult to comprehend how anyone was allowed to operate up to that level'. He called for consistency, suggesting that the ATO currently pursues unpaid tax debts with some businesses sooner than others, while others may be allowed to trade for years.[40]

4.42 Mr Condon also highlighted inconsistencies with the ATO's processes, or 'swings and changes depending on what's going on'. Further, 'one of the other difficulties insolvency practitioners face is that the ATO has a variety of different ways of reacting to something' that the insolvency practitioner industry cannot predict, such as a director penalty notice, or a garnishee, or a wind-up application, and there 'seems to be no systematic approach to how it's done'.[41]

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[38] Ms Adele Sutton, Council of Small Business Organisations Australia, *Committee Hansard*, 16 August 2024, p. 4.

[39] Mr Schon Condon, Association of Independent Insolvency Practitioners, *Committee Hansard*, 16 August 2024, p. 14.

[40] Mr Schon Condon, Association of Independent Insolvency Practitioners, *Committee Hansard*, 16 August 2024, p. 14.

[41] Mr Schon Condon, Association of Independent Insolvency Practitioners, *Committee Hansard*, 16 August 2024, p. 12.

4.43 That said, ARITA welcomed the ATO's changed position, arguing that businesses paying their tax were 'at a very significant disadvantages' to the business 'next door that is not … seeing the ATO go back to fairly enforcing the debts and collecting them is a significant and positive move'. ARITA was of the view that 'not paying your employee obligations or your tax is deeply problematic for a range of reasons', including that tax debts are 'kind of invisible to other creditors of organisations'.[42]

4.44 At the 13 September 2024 hearing, the ATO acknowledged that 'many people are, indeed, struggling with the cost of living', while also noting that it had 'returned to operations as normal' following the pandemic. Further:

> First and foremost, we seek to help and support people so that insolvency is much further down the line. We prefer to help people with payment plans and things of that nature; however, when businesses or individuals don't respond to our interactions with them, or they don't put payment plans in place and they continue not to engage with us, then we do have a full range of firmer actions that we apply. Right at the end of the line is legal recovery action. If we are a creditor we may initiate insolvency action.[43]

4.45 At the time of the hearing, the ATO was focused on recovering Goods and Services Tax, Pay As You Go withholding and the super guarantee. It informed the committee that it does not 'target specific industries. However, we do see certain industries more represented than others in amounts owing to the ATO, particularly construction and hospitality'. The ATO further noted that while it 'will be taking a firmer approach where people don't respond or engage with us, our message is absolutely that we want to be working with taxpayers to help them get back on their feet and back on track'.[44]

Other issues raised about business conditions

4.46 Other issues raised concerning business conditions included:

- the impact of wage increases without commensurate productivity improvements, with one manufacturer suggesting that when other costs, like land tax and energy, 'are going through the roof, we simply can't afford to pay people any more';[45]

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42 Mr John Winter, Australian Restructuring, Insolvency and Turnaround Association, *Committee Hansard*, 13 September 2024, p. 27.

43 Ms Karen Foat, Deputy Commissioner, Frontline Risk and Strategy, Australian Taxation Office, *Committee Hansard*, 13 September 2024, p. 35.

44 Ms Karen Foat, Frontline Risk and Strategy, Australian Taxation Office, *Committee Hansard*, 13 September 2024, pp. 35, 36.

45 Mr Matthew Fogarty, Director, Celsius Manufacturing Pty Ltd, *Committee Hansard*, 13 September 2024, p. 11. The Reserve Bank of Australia noted in evidence to the committee in August 2024, that domestic labour costs 'continue to place some upward pressure on goods prices', along with non-labour costs, including electricity, insurance and warehousing and logistics rents. However, it noted that growth in both 'is moderating (though both remain high), and information from liaison

- significant increases to rental costs,[46] with many tenancy arrangements adjusted in line with the CPI;[47]
- continuing issues with payment times and their effect on cash flows, particularly large businesses taking extended periods to pay small business suppliers;[48] and
- 'the very short consultation times' on government reforms, in some instances with seven days' notice.[49]

Challenges for particular industries

4.47 Smaller businesses may be more affected by consumer spending in areas like hospitality, restaurants and travel.

4.48 Household consumption has a direct impact on the performance of some sectors of the economy, with the retail sector particularly affected by recent decreased spending by households.[50] As of August 2024, the National Australia Bank's business surveys indicated that there was:

- significant stress in retail and wholesale; and

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suggests retailers face pressures to contain price growth given subdued demand'. See Answers to questions on notice taken at the hearing on 7 August 2024 by the Reserve Bank of Australia, received 28 August 2024, p. 2.

46 For example, Mr Matthew Fogarty, Celsius Manufacturing Pty Ltd, *Committee Hansard*, 13 September 2024, p. 11.

47 The Hon Bruce Billson, Australian Small Business and Family Enterprise Ombudsman, *Committee Hansard*, 16 August 2024, p. 28.

48 Council of Small Business Organisations Australia, *Submission 92*, p. 5. The Council of Small Business Organisations Australia called for legislation requiring large businesses to pay small business suppliers within 14 days of receiving an invoice, suggesting one in four large businesses take more than 120 days to pay their small business suppliers. In response to questions on this matter, the Business Council of Australia pointed to its Australian Supplier Payment Code, 'an industry-led voluntary commitment to pay small business suppliers within 30 days and on time'. It also referred to the Australian Government's Payment Times Reporting Scheme, which requires large corporations to report their payment times to small businesses, and argued that 'payment terms and practices have improved over the past three years'. Answer to a question on notice taken at the hearing on 7 August 2024 by the Business Council of Australia, received 28 August 2024, p. 1.

49 Ms Adele Sutton, Council of Small Business Organisations Australia, *Committee Hansard*, 16 August 2024, p. 8.

50 Dr Sarah Hunter, Assistant Governor (Economic), Reserve Bank of Australia, *Committee Hansard*, 7 August 2024, p. 10.

- increasing stress in manufacturing and some service sectors, particularly hospitality.[51]

Hospitality

4.49 The Restaurant and Café Industry Association highlighted that one of the biggest challenges for cafés and restaurants is that 'nobody is richer today than they were a year ago'.[52] This is leading to less discretionary spending which is negatively impacting the café and restaurant sector.

4.50 Other issues affecting the sector include:

- The 'rising cost of utilities, including electricity and gas, has significantly impacted operational budgets', with many restaurants and cafés reporting increases in their energy bills in the last year alone of up to 30 per cent.[53]
- The high likelihood that a landlord will ask for increased rent if a restaurateur increases their profit.[54]
- Rising inflation in the cost of ingredients such as meat, dairy and fresh produce.[55]
- Labour shortages exacerbated by changes to skilled migration requirements and a lack of qualified cooks and chefs from the vocational education and training (VET) system, leading to 'increased labour costs for businesses as they compete for a shrinking pool of qualified staff.[56]
- Issues with apprenticeships, with the Australian Restaurant and Café Association's Chief Executive Officer arguing that free 'TAFE [technical and further education] isn't working. All trades, including all trade industry apprenticeships commencements, are down 18.7 per cent' and many apprentices and trainees are not completing their training.[57]

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51 Mr Alan Oster, Group Chief Economist, National Australia Bank Ltd, *Committee Hansard*, 7 August 2024, p. 17. See also Dr Sarah Hunter, Reserve Bank of Australia, *Committee Hansard*, 7 August 2024, p. 3.

52 Mr Suresh Manickam, Restaurant and Catering Industry Association of Australia Inc., *Committee Hansard*, 16 August 2024, p. 6.

53 Mr Wes Lambert, Australian Restaurant and Cafe Association, *Committee Hansard*, 16 August 2024, p. 2; Mr Suresh Manickam, Restaurant and Catering Industry Association of Australia Inc., *Committee Hansard*, 16 August 2024, p. 2.

54 Mr Schon Condon, Association of Independent Insolvency Practitioners, *Committee Hansard*, 16 August 2024, p. 13.

55 Mr Wes Lambert, Australian Restaurant and Cafe Association, *Committee Hansard*, 16 August 2024, p. 2.

56 Mr Wes Lambert, Australian Restaurant and Cafe Association, *Committee Hansard*, 16 August 2024, p. 2.

57 Mr Wes Lambert, Australian Restaurant and Cafe Association, *Committee Hansard*, 16 August 2024, pp. 6–7. The Chief Executive Officer of the Restaurant and Catering Industry Association suggested that there needs to be investment from government directly to businesses employing apprentices

- Administrative burdens imposed by governments at all levels, with some small businesses spending at least a day a week on 'red tape'.[58]

4.51 As a result, of many of the above issues, 'in the café sector people are doing the work themselves, not hiring staff, and then becoming completely exhausted'.[59]

Manufacturing

4.52 Mr Matthew Fogarty, a Director of Celsius Manufacturing, told the committee that in the 50 years of his business 'I don't think it's ever been this tough, actually. It's really been an incredible couple of years'. He outlined the impact of increases to 'every cost', including materials, energy, utilities, technology and rent, arguing 'we work pretty hard to get not very much return. The question I'm probably left with is: why take those risks?'[60]

4.53 Dr Jeffrey Wilson from the Australian Industry Group suggested that many manufacturers are 'more exposed to cost pressures than many other branches of industry' because the Australian manufacturing industry is 'highly exposed to competition from imports and, therefore, often can't fully pass on rising costs to consumers'. Dr Wilson further noted:

> Output in manufacturing grew by an anaemic 0.2 per cent in real terms last financial year, with food the only major branch to show any meaningful growth. Employment has also fallen, with the industry shedding 12 000 jobs—1.3 per cent of the total—in the year to the June quarter.
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> Overall, this reveals the heavy burden that inflation is having on the health of Australian manufacturing. Costs have soared, labour market pressures are intense, and margins are under strain. In the face of that, growth has also stalled, and jobs are already beginning to be shed.[61]

4.54 On a similar note, Seeley International informed the committee that when 'we talk about cost of living, we are really talking about persistent inflation and its detrimental impact on Australian manufacturing, which is already under pressure from multiple causes'.[62]

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to 'ensure that the apprentice would actually get through the course … [and] ensure that productivity would increase in businesses and business costs would come down in terms of apprentices as well'. Mr Suresh Manickam, Restaurant and Catering Industry Association of Australia Inc., *Committee Hansard*, 16 August 2024, p. 5.

58 Mr Wes Lambert, Australian Restaurant and Cafe Association, *Committee Hansard*, 16 August 2024, p. 3.

59 Ms Adele Sutton, Council of Small Business Organisations Australia, *Committee Hansard*, 16 August 2024, p. 3.

60 Mr Matthew Fogarty, Celsius Manufacturing Pty Ltd, *Committee Hansard*, 13 September 2024, pp. 10, 11.

61 Dr Jeffrey Wilson, Australian Industry Group, *Committee Hansard*, 13 September 2024, pp. 17, 18.

62 Mr Jon Seeley, Seeley International, *Committee Hansard*, 13 September 2024, p. 9.

4.55 The Australian Industry Group flagged significant increases in prices to inputs used by Australian manufacturers over the last three years of 20 per cent, arguing that never 'before have our manufacturers had to contend with such dramatic and sustained price rises for their material inputs'.[63]

4.56 The Australian Industry Group also suggested that over the last three years, average wages in manufacturing have risen by 11.5 per cent—'the highest increase in any industry in Australia over the same period'. This is in addition to recruitment challenges, with 17 000 unfilled jobs in manufacturing compared with 11 000 just before the pandemic. This comprises 'the highest reported recruitment difficulty rate of any industry in Australia and in fact exceeds that reported by the construction industry, which is one with widely known hiring challenges'.[64]

4.57 Mondelez International told the committee that the complexity of regulations, including packaging, labelling and climate disclosure requirements, 'divert resources from innovation and productivity'. For example, a single label change across Mondelez International's portfolio costs $3.5 million which may contribute to increased recommended retail prices.[65]

4.58 Since the Second Interim Report was tabled, the committee has examined the Labor Government's Future Made in Australia agenda, announced as part of the 2024–25 Budget, for any benefits it would provide manufacturers, including:

- the Net Zero Transformation Stream, which the Government has said will identify priority sectors where Australian industry is expected to have a sustained comparative advantage in a net zero global economy, and public investment is needed for the sector to make a significant contribution to emissions reduction at an efficient cost; and
- the Economic Resilience and Security Stream, which is intended to identify priority sectors where 'some level of domestic capability is a necessary or efficient way to protect the economic resilience and security of Australia, and the private sector will not deliver the necessary investment in the absence of government support'.[66]

63 Dr Jeffrey Wilson, Australian Industry Group, *Committee Hansard*, 13 September 2024, p. 17.

64 Dr Jeffrey Wilson, Australian Industry Group, *Committee Hansard*, 13 September 2024, p. 17.

65 Mrs Stephanie Saliba, Director, Corporate and Government Affairs, Mondelez International, *Committee Hansard*, 13 September 2024, p. 2.

66 The Treasury, *Future Made in Australia: National Interest Framework – Supporting paper*, 14 May 2024, p. 7; Department of Industry, Science and Resources, *Manufacturing*, industry.gov.au/manufacturing (accessed 14 October 2024); Department of Industry, Science and Resources, *Industry Growth Program*, industry.gov.au/science-technology-and-innovation/industry-innovation/industry-growth-program (accessed 14 October 2024).

4.59 Manufacturers criticised the Labor Government's manufacturing policy. For example, Corex Plastics Australia argued that the Labor Government's Future Made in Australia policy 'seems to be more about research in renewable energy than anything else and about supporting ideological positions for the government … It's not transferable for something we can use in industry and in creating employment'.[67]

4.60 Concerns about the Future Made in Australia policy were also raised by Ms Danielle Wood, Chair of the Productivity Commission, who questioned whether Australia needed to compete with other countries for jobs in the renewable energy sector and suggested that early government investment could lead to the sector relying on ongoing government investment.[68] She noted:

> If we are supporting industries that don't have a long-term competitive advantage, that can be an ongoing cost. It diverts resources, that's workers and capital, away from other parts of the economy where they might generate high-value uses.[69]

4.61 This view was supported by other economists. Former Chair of the Productivity Commission, Mr Michael Brennan, said Ms Wood's comments were 'a really important intervention on the policy issue', while Mr Peter Harris, another former Chair of the Productivity Commission, said that the industry policy approach taken in the Future Made in Australia agenda 'is a slippery slope and most times the investment fails'.[70]

4.62 The inaugural Chair of the Productivity Commission, Mr Gary Banks, stated:

> Seeking to obtain benefits to society through subsidies for particular firms or industries, including in the form of tax concessions, has proven a fool's errand, particularly where the competitive fundamentals are lacking … While the Prime Minister and Treasurer have portrayed it as a new form of competition policy distinct from the 'old protectionism', the differences lie

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67 Mr Simon Whitely, Managing Director and Chief Executive Officer, Corex Plastics Australia, *Committee Hansard*, 13 September 2024, p. 12. See also: David Speers, 'The government's plan for a future "made in Australia" has failed to win over the productivity commissioner — and that's a problem', *ABC News*, 25 April 2024, abc.net.au/news/2024-04-25/productivity-commissioner-government-future-made-australia/103763714 (accessed 13 November 2024).

68 David Speers, 'The government's plan for a future "made in Australia" has failed to win over the productivity commissioner — and that's a problem', *ABC News*, 25 April 2024.

69 Michael Read and Phillip Coorey, 'PM's Made in Australia plan risks forever subsidies', *Australian Financial Review*, 11 April 2024, afr.com/politics/federal/made-in-australia-plan-risks-forever-subsidies-20240411-p5fiy7 (accessed 13 November 2024).

70 Phillip Coorey, John Kehoe and Michael Read, 'PM's Made in Australia green plan a "slippery slope"', *Australian Financial Review*, 12 April 2024.

> mainly in the instruments used and industries targeted. Import displacement is at the heart of both.[71]

4.63 Ms Tanya Barden, of the Australian Food and Grocery Council, noted that domestic 'manufacturing is becoming increasingly expensive', with the increasing costs of labour, energy, transport, commodities, packaging and warehousing, and increasing pressures on household budgets, 'making it more difficult for businesses to recover the costs and to justify further investment in Australia'. Ms Barden called for 'targeted capital investment incentives [to] help the sector drive the net zero and circular economy transition, as well as increase the competitiveness and productivity of the industry'. Such incentives could include an investment incentive, like an investment allowance, accelerated depreciation or an instant asset write-off, 'that is able to lift the whole industry' given the fact that the sector faces investment challenges. She noted that 'businesses will need to make capital investments as energy sources change', but these 'don't deliver a growth dividend back to the business, so they are expensive investments to make and often hard to justify'.[72]

4.64 Industry dissatisfaction with the Future Made in Australia agenda was also captured by Mr Stephen Walters from the Business Council of Australia:

> I think globally there's been a real pivot by governments back to being more interventionist, particularly in the US, with their Inflation Reduction Act. It has very little to do with inflation and a lot to do with industry policy and intervention. The world environment has changed, so the Business Council did call for a response to what was going on in the other parts of the world. We didn't call for a Future Made in Australia. We called for a response.[73]

4.65 Mr Walters further noted:

> … [with regard to] governments taking equity stakes, I think that, in principle, that's a risky thing to be doing, putting taxpayers' funds at risk, particularly when it's a billion dollars in one particular entity and it's not an Australian company … Certainly, you shouldn't be making investments of taxpayers' funds in areas that either would stand up on their own regardless or have no hope of being a long-term proposition.[74]

Other issues raised

4.66 Submissions received since the Second Interim Report addressed various aspects of the cost of living crisis. Proposals received by the committee included:

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71 Gary Banks, 'So-called "reform" is working against the productivity objective', *Australian Financial Review*, 17 April 2024, afr.com/policy/economy/so-called-reform-is-working-against-the-productivity-objective-20240417-p5fkex (accessed 13 November 2024).

72 Ms Tanya Barden, Australian Food and Grocery Council, *Committee Hansard*, 13 September 2024, p. 18.

73 Mr Stephen Walters, Business Council of Australia, *Committee Hansard*, 7 August 2024, p. 45.

74 Mr Stephen Walters, Business Council of Australia, *Committee Hansard*, 7 August 2024, p. 45.

- Increasing the Medicare rebate to $150 for all psychologists, given the average cost of a psychology session is around $230 an hour, resulting 'in a growing number of Australians choosing to forego mental health treatment despite needing it in order to allocate their limited resources to necessities such as housing, food, and utilities'.[75]
- Nationalising a bank, supermarket chain or power provider to 'add real competition', generate 'a modest and appropriate profit and provide this as a market alternative'.[76]
- Increasing the threshold at which recipients of the age pension have their pension reduced because they have engaged in paid work.[77]
- Eliminating entirely the requirement that the age pension be reduced based on earnings of the recipient.[78]
- Increasing the tax-free threshold by 2.5 per cent each year, and increasing income tax rates for higher brackets of income.[79]
- Reinstating the principle that wage increases are linked to productivity increases.[80]
- Aligning the size of the Commonwealth public service with 'optimum numbers' of front-line and non-front-line staff per 100 000 population.[81]
- Revising immigration policies, including, for example, introducing the requirement that international student numbers should not exceed a third of any university cohort.[82]
- Limiting foreign investment in housing.[83]

75 Australian Association of Psychologists Incorporated, *Submission 194*, p. 1.

76 Common Sense Party of Australia, *Submission 197*, p. 2.

77 Mr Greg Jarvis, *Submission 236*, p. 3.

78 Mr Ronald James, *Submission 235*, p. 6.

79 Mr Ronald James, *Submission 235*, p. 6. The committee recommended in the Second Interim Report that 'the Australian Government, in keeping with the principles of the original Personal Income Tax Cuts, legislate to deliver a lower, simpler, and fairer tax system that fights bracket creep and enshrines aspiration in our tax system' (Senate Select Committee on the Cost of Living, *Second Interim Report*, May 2024, Recommendation 2, p. ix).

80 Mr Ronald James, *Submission 235*, p. 6.

81 Mr Ronald James, *Submission 235*, p. 6.

82 Mr Ronald James, *Submission 235*, p. 7.

83 Mr Ronald James, *Submission 235*, p. 8.

Chapter 5
Committee view and recommendations

5.1 Australia is not alone in experiencing a cost of living crisis. Governments around the world introduced fiscal stimulus packages to support their economies during the downturns experienced from lockdowns, border closures and the slowing of international trade and goods exchange.

5.2 As noted in the Second Interim Report, Australia performed better than most during the pandemic thanks to the economic and health response programs introduced by the former Government, including Job Keeper and the expanded Job Seeker programs.

5.3 However, like other post-pandemic economies, Australia has experienced a spike in inflation. At first, international factors were a key contributor to inflation, but by 2024, domestic factors are the primary contributors to high inflation and poor economic growth, including housing, energy and food and grocery costs.

5.4 In mid–2022, although Australia's inflation rate had risen sharply, it was *below* that of most comparable countries, such as the United States and United Kingdom. Currently, Australia's core inflation rate is higher than that of almost every developed nation, and the International Monetary Fund is also forecasting Australia to have the highest inflation rate over 2025 of any advanced economy, other than that of the Slovak Republic.

5.5 The Reserve Bank of Australia has increased interest rates to bring down inflation. While a necessary measure, interest rates should be kept at a higher level only as long as necessary to limit unnecessary stress on the most vulnerable Australians.

5.6 As real disposable incomes have gone backwards, many Australians are not just feeling poorer—in fact, they are poorer.

5.7 Australians are in a per capita recession, yet, at a time when the Reserve Bank has increased the cash rate, the Labor Government and many state and territory governments have continued to spend unnecessarily. In doing so, they have made the cost of living crisis go on for longer than it needs to.

5.8 To put this another way, it is households and small businesses who are experiencing a recession, while the Labor Government's unnecessary and undisciplined spending continues and perpetuates the cost of living crisis.

5.9 A return to economic equilibrium requires prudent economic management. It requires sensible spending decisions. It requires a Government with steady hands and an understanding of the importance of balancing short-term political imperatives with sound economic principles.

5.10 Unfortunately, the current Government has not demonstrated that it is capable of making sensible economic decisions, nor of managing the economy.

5.11 As discussed in Chapter 2, the Labor Government's continued expansionary fiscal policy is making the cost of living crisis last longer. The Government lacks the economic leadership and will to take tough decisions that will deliver lower inflation and cost of living for Australians.

Recommendation 1

5.12 The committee recommends the Australian Government convene National Cabinet to address excessive public expenditure by all levels of government that is keeping inflation higher for longer.

5.13 The Labor Government has also enacted substantial industrial relations changes that are confusing and damaging for small businesses, increasing their costs of operating.

5.14 Evidence provided to the committee suggests the changes are leading to small businesses deciding to reduce staff hours or not hire new staff, directly impacting how much money ordinary Australians are able to earn at a time when they need every dollar they can make.

5.15 The changes also add further complexity to an already complex system, which will force business owners to spend more time working their way through red tape rather than working in their business, innovating, and growing it. The opportunity cost of this loss in growth and productivity should not be forgotten.

5.16 As the committee heard from expert economists, one way to reduce inflation is for governments to enable higher productivity, since it is higher productivity that allows firms to boost profits and pay higher wages without having to raise prices. The Australian Government is responsible for stewardship of the economy, including measures to improve productivity.

5.17 Australia's productivity growth has not just slowed, the nation's actual level of productivity has been going backwards over the last two and a half years while industrial relations reforms and increased red tape have pushed the economy in the opposite direction to the one in which it should be moving.

5.18 Increased government spending can impact productivity over time, because it can crowd out productivity-enhancing capital investment, resulting in a weaker private sector. Increased regulation can also lead to reduced productivity because of the time and resources that businesses need to spend on understanding and adhering to regulation. It is clear that Labor Government policies and reforms are leading to reduced, rather than improved, productivity.

5.19 The Productivity Commission pointed to the impact of industrial relations policy on productivity in its *Advancing Prosperity* report in March 2023. The committee calls on the Labor Government to provide an overview of its actions taken to date in response to this review.

5.20 As stated in the Second Interim Report, the committee also calls on the Labor Government to repeal industrial relations reforms that have sent productivity backwards at a time when the economy desperately needs increased productivity to counteract rising inflationary pressures.

Recommendation 2

5.21 The committee recommends the Australian Government convene National Cabinet to develop productivity-enhancing reforms for the economy, including establishing a national deregulation agenda.

5.22 The committee made multiple recommendations in the Second Interim Report to the Australian Government to improve productivity and curb inflation. The Labor Government has not yet responded to these recommendations, nor given any indication that it has taken them seriously.

5.23 In the meantime, Australians are struggling to meet basic costs for food, shelter and heating/cooling, and small businesses are struggling to stay alive. As the committee learned, the cost of living crisis is disproportionately impacting the most vulnerable, including children and young people, people with disability and their families.

5.24 The longer the Labor Government refuses to take heed of sensible advice, from the overwhelming majority of independent economists and from the Reserve Bank of Australia, to curb government spending and to reduce government regulation, the longer the cost of living crisis will persist.

5.25 The committee calls on the Labor Government to accept all of the committee's recommendations in full.

Recommendation 3

5.26 The committee recommends that the Australian Government note the findings of the First Interim Report and accept in full all of the committee's recommendations made in the Second Interim Report.

5.27 The committee has developed further recommendations intended to address increased costs for groceries, housing, insurance and small businesses, as well as to incentivise more charitable donations, based on the evidence received since the Second Interim Report. These are outlined below.

Food, groceries and the supermarket sector

5.28 The committee notes that the Labor Government has announced it will make the Food and Grocery Code of Conduct mandatory, and that supermarkets will be subject to multi-million dollar penalties if they engage in serious breaches of the

Code.[1] The Australian Competition and Consumer Commission also recently announced that it had commenced proceedings in the Federal Court against Woolworths Group Limited and Coles Supermarkets Australia 'for allegedly breaching the Australian Consumer Law by misleading consumers through discount pricing claims on hundreds of common supermarket products'.[2]

5.29 While the committee acknowledges the benefits of making the Food and Grocery Code of Conduct mandatory, and of introducing multi-million dollar penalties for illegal conduct, the Labor Government's implementation of these measures has been slow, and these approaches in themselves overlook the key reason for why there are issues in Australia's supermarket sector. Officials from Treasury confirmed that these changes will not be implemented until April 2025, leaving Australians to do their Christmas shopping without any benefit associated with the policy. Officials also confirmed consultation on the Unit Pricing Code reforms announced by the Prime Minister on 2 October 2024 would not begin until the first quarter of next year, with the reforms themselves not expected until later in 2025.[3]

5.30 These reforms indicate the Labor Government's approach relies too heavily on regulators to enforce good behaviour or punish poor conduct. If supermarkets are engaging in anti-competitive practices and are unfairly passing costs onto suppliers, it is because there is a lack of competition. Consumers and suppliers suffer the most when supermarkets are able to dictate prices without a competitive market to dissuade supermarkets from engaging in such conduct in the first place.

5.31 A more competitive supermarket sector would help to reduce prices for consumers during the cost of living crisis. It would help to ensure that suppliers, particularly those with little bargaining power, have more choice, leading to positive flow-on effects to small and medium sized businesses. It would support the domestic manufacturing industry by providing it with greater market

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1 Australian Government, *Government Response to the Independent Review of the Food and Grocery Code of Conduct*, June 2024, p. 7. Treasury informed the committee at the 11 October 2024 hearing that the Government had concluded consultation on draft legislative amendments to introduce the code, and consultation on the code closed on 18 October 2024. Concerns raised in consultation included whether the penalties proposed were too high or too low, and whether they should apply to body corporates only or to individuals. See Mr Alex Maevsky, Acting Assistant Secretary, Competition and Digital Platforms Branch, Department of the Treasury, *Committee Hansard*, 11 October 2024, p. 21.

2 Australian Competition and Consumer Commission, 'ACCC takes Woolworths and Coles to court over alleged misleading "Prices Dropped" and "Down Down" claims', *Media release*, 23 September 2024, accc.gov.au/media-release/accc-takes-woolworths-and-coles-to-court-over-alleged-misleading-prices-dropped-and-down-down-claims (accessed 15 October 2024).

3 Senate Economics Legislation Committee, *Proof Committee Hansard—Supplementary Budget Estimates*, 6 November 2024, p. 114.

power, leading to greater employment for Australians. It would also improve productivity and innovation, a key concern for this committee given, as noted above, improved productivity can curb inflation.

5.32 Families and consumers should have access to affordable fresh food. Further, farmers and suppliers should be paid fair prices. Government penalties and regulation should be a last resort, not the first measure implemented to address issues arising as a result of an uncompetitive market. As such, the committee recommends that the Labor Government introduce sector-specific divestiture powers to manage supermarket behaviour and to address abuse of excessive market power by supermarkets. This would improve market competitiveness and productivity and provide a mechanism to address anti-competitive behaviour in the market.

Recommendation 4

5.33 The committee recommends that the Australian Government introduce carefully designed divestiture powers as a last resort to manage poor supermarket behaviour and address supermarket price-gouging.

Housing

5.34 Housing affordability and availability continues to be the main source of financial stress for Australian households, whether they are renting, buying or paying off a mortgage. The Labor Government has not yet responded to the committee's recommendations for the Australian Government to:

- work with the states and territories, and local governments to remove planning and zoning barriers to delivering greater housing supply;
- work with state and territory governments to reduce or remove housing taxes such as land taxes, windfall gains taxes, and other developer charges; and
- support and legislate the Coalition's First Home Super Buyer scheme.

5.35 Since the tabling of the Second Interim Report, the committee has heard that the cost of construction is not just an issue for the housing sector, with businesses also likely to benefit from an examination of building and construction issues as a whole. Evidence to this committee underlined the impact of escalating housing costs on the economy and inflation. It is well established that the construction industry has been unable to meet demand and experienced high levels of insolvencies, with construction business failure then impacting small business suppliers.

5.36 Government construction projects are pulling skilled labour from work on residential construction and causing delays. There is high competition for skilled labourers who may prefer terms and conditions found at unionised Enterprise Bargaining Agreement sites, rather than in the detached home building sector which typically consists of work performed by independent contractors.

5.37 In particular, the actions of the Construction, Forestry and Maritime Employees Union (CFMEU), which exerts considerable influence on commercial, multi-unit and government-funded construction work, have impacted competition for skilled labour and materials, at a time when there is already a crisis in skilled labour. As a result, construction times have increased, leading to further increased costs.

5.38 The committee found that CFMEU Enterprise Bargaining Agreements have led to significantly higher new apartment prices than would otherwise be the case, in some instances between 10 and 33 per cent higher.[4] Further, because of preferential treatment for the CFMEU, construction costs of major government projects in some states have been greatly elevated.

5.39 The alleged illegality and corruption widely reported in July of this year represents not just a threat to law and order in Australia, but to Australians' cost of living. As the committee heard in evidence, the actions of the CFMEU impact costs across the sector, from labour to supplies, and drive up the cost of housing for apartments and detached builds. While the committee notes that the CFMEU has been put into administration, it is not clear whether this will do enough to stamp out illegality and corruption from the industry. The committee is of the view that the construction sector as a whole would benefit from deregistration of the CFMEU and support for the passage of legislation to restore a construction industry watchdog to ensure those with criminal or corrupt behaviour are permanently removed from construction sites.

5.40 The committee has also formed the view that it is inappropriate that Australian Government funding is used to support elevated costs in state government projects as a result of preferential deals with the CFMEU. The Australian Government should *not* be supporting, whether directly or indirectly, the activities of any union that is alleged to have engaged in market-distorting conduct, nor should the Commonwealth be funding behaviour that creates undue dominance in a sector, by a particular union.

Recommendation 5

5.41 The committee recommends that the Australian Government reinstate the Australian Building and Construction Commission to address lawlessness in the Construction, Forestry and Maritime Employees Union and reduce the cost of building new homes for Australians.

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4 Australian Chamber of Commerce and Industry, *Submission 203*, pp. 2–3.

Recommendation 6

5.42 The committee recommends that the Australian Government bring forward legislation to ensure registered organisations work for their members and not themselves, including giving Courts the power to disqualify officials of registered organisations that do not act in the interest of members, have a history of breaking the law or are otherwise not fit and proper to hold office in a registered organisation.

Recommendation 7

5.43 The committee recommends that the Australian Government ensure that Commonwealth funding for state and territory infrastructure projects is not attached to projects with procurement arrangements that preference particular unions, driving up the cost of construction.

Not-for-profits

5.44 The not-for-profit sector reported to the committee that it is experiencing demand even greater than previously reported for food and other donated goods, including from households where people hold multiple jobs. This suggests that there is an even greater imperative for incentives to donate to charities than there was when the Second Interim Report was tabled in May 2024.

5.45 The sector is crying out for help. However, as is the case for the other recommendations from the Second Interim Report, the Labor Government still has not responded to the committee's recommendations that it consider tax incentives, deductions and other methods to encourage charitable giving of money, goods and services. Of all the committee's recommendations, these are among the most urgent, given people are foregoing food because they do not have enough money to buy groceries and eat. We live in a first-world country. No one should be going hungry because charities are unable to meet basic requests for food.

5.46 Given the lack of action in this area by the Labor Government, it was timely that an Opposition senator introduced a private senator's bill in July 2024 which would see corporations eligible for a tax offset for particular expenditure that they incur when donating food to registered charities. It is imperative that charities and not-for-profits have sufficient resources to meet demand, in a way that does not contribute to inflation. Therefore, the committee recommends that the Australian Government support the passage of the bill in the Parliament.

Recommendation 8

5.47 The committee recommends that the Australian Government support the passage of the Tax Laws Amendment (Incentivising Food Donations to Charitable Organisations) Bill 2024.

Support for small business

5.48 It is clear that the transition to renewables is leading to unsustainable costs for small businesses. Manufacturers expressed support for a higher asset-value threshold for the instant asset write-off to help eligible businesses with the energy transition, given the significant cost of upgrading equipment, as well as other costs involved at a time when industry is struggling, particularly small businesses in retail, hospitality and manufacturing.

5.49 Under the current Government, businesses with less than $10 million aggregated turnover could claim an instant asset write-off until 30 June 2024 for items up to a threshold of $20 000. A bill is currently before the Senate to extend this measure to 30 June 2025.

5.50 Given pressures on small business, the committee recommends that the Australian Government increase the threshold for small businesses with less than $10 million aggregated turnover, from $20 000 to $30 000. The committee further recommends that the instant asset threshold should be made a permanent feature of Australia's taxation system to provide certainty for small business. Small businesses are the backbone of Australia's economy, and governments should be doing everything they can to support small business innovation.

Recommendation 9

5.51 The committee recommends that the Australian Government increase the instant asset write-off threshold for small businesses to $30 000 and make it a permanent feature of Australia's taxation system.

Senator the Hon Jane Hume
Chair

Labor Senators' dissenting report

Introduction

1.1 When the Albanese Labor Government came to office, it inherited an economy in distress. Inflation was at 6.1 per cent, climbing dangerously and on an upward spiral, reflecting the troubled economy and policy vacuum left by the former Coalition Government. Years of inaction had left ordinary Australians exposed to a perfect storm: a dire housing shortage[1], stagnant wages[2], energy uncertainty[3], and a critical lack of access to essential healthcare services.[4] These failures didn't occur in isolation—they were the result of a decade without a cohesive vision for Australia's future.

1.2 In the face of these challenges, the Albanese Labor Government has achieved impressive, tangible results. Headline inflation has now moderated to 2.8 per cent—its lowest point in almost four years. The era of relentless interest rate hikes has finally ended.[5] This Government's policies have resulted in the creation of more than one million jobs—more than any government in a parliamentary term[6], proving the effectiveness of Labor's strategy to stimulate employment and grow our economy sustainably.

1.3 Beyond economic stability, the Albanese Labor Government has provided real, immediate cost-of-living relief, crafted to not add to the outlook for inflation and be impactful.[7] From 1 July 2024, every taxpayer received a tax cut under the Government's cost of living tax cuts, putting more money back into the pockets of everyday Australians. Every household will see help with energy bills throughout 2024[8], while childcare and healthcare are now more accessible and affordable and rent assistance has been increased. Bulk-billed GP appointments

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1 Ms Caniglia, *Committee Hansard*, 3 February 2023, p. 23.

2 Mr Jericho, *Committee Hansard*, 3 February 2023, p. 17.

3 Mr Grudnoff, *Committee Hansard*, 3 February 2023, p. 19.

4 Headspace National Youth Mental Health Foundation, *Submission 35*, p. 8.

5 Dr Kohler, *Committee Hansard*, 1 February 2023, p. 11.

6 The Hon Jim Chalmers, Treasurer, Joint Media Release with the Hon Anthony Albanese, Prime Minister of Australia and the Hon Murray Watt, Minister for Employment and Workplace Relations, 'A million new jobs under Labor', *Media* release, 17 October 2024.

7 Dr Kennedy, *Committee Hansard*, 9 February 2023, p. 9.

8 The Hon Jim Chalmers, Treasurer, Joint Media Release with the Hon Chris Bowen, Minister for Climate Change and Energy and Senator the Hon Jenny McAllister, Assistant Minister for Climate Change and Energy, 'New power bill relief', *Media* release, 14 May 2024.

are on the rise[9], essential medications are cheaper[10], and Australians are seeing the impact of policies that make a genuine difference.

1.4 Despite these substantial achievements, the conduct of this inquiry has fallen far short of Senate standards. Rather than a constructive investigation into the real cost-of-living pressures facing Australians, this inquiry has served as a partisan platform for the Coalition's views. Labor Senators have encountered persistent obstruction and exclusion. Inadequate time to consider committee decisions has resulted in essentially unilateral decisions on hearings, witnesses, and reports. Nonetheless, the Labor Senators on this inquiry have continued to act in good faith, working to reflect the voices and concerns of witnesses in this report.

1.5 Labor Senators acknowledge the extensive survey circulated as part of this inquiry and the significant volume of responses received. The sheer number of responses highlights the intense pressure Australians are facing amid the current cost-of-living crisis. These responses detailed a wide range of challenges, from housing and energy costs to healthcare affordability and stagnant wages, reflecting the diverse and multi-layered nature of the burden on households. Labor Senators firmly believe that the Labor Government comprehends this complexity and is taking a holistic, multi-faceted approach to addressing these pressures, as outlined in this report.

1.6 This report stands as a testament to Labor's commitment to real solutions and responsible governance, in stark contrast to the Coalition's empty gestures and political gamesmanship. The Labor Government will continue its work building Australia's future.

Economic Outlook

1.7 Australia's inflation has had broad impact across almost all sectors of the economy. Early warning signs began in mid-2021, driven by COVID related supply chain blockages. This translated to real world cost of living challenges after being exacerbated by the war in Ukraine, floods, fires, and domestic energy supply challenges.[11]

1.8 The independent Reserve Bank of Australia (RBA) responded to these inflationary pressures by steadily increasing the target cash rate over the course of 2022 and early 2023.[12]

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9 Dr Deveny, *Committee Hansard*, 1 February 2024, p. 47; The Hon Mark Butler MP, Minister for Health and Aged Care, *Media Release*, 4 November 2024.

10 The Pharmacy Guild of Australia, *Submission 15*, p. 1.

11 The Pharmacy Guild of Australia, *Submission 15*, p. 1.

12 The Pharmacy Guild of Australia, *Submission 15*, p. 11.

1.9 The inflation experienced in Australia, peaking in December 2022[13], has had a particularly harsh effect on vulnerable and low-income families. The impact of inflation varies depending on a household's capacity to cope with rising expenses[14] and is most keenly felt by those on lower incomes with smaller buffers.[15] This economic reality has been starkly illustrated by evidence from charities and food suppliers, revealing a growing number of employed Australians facing difficulties in affording food.[16] This trend is attributable to deliberate policies of wage stagnation implemented by the previous Coalition Government.

1.10 The global economic picture is mixed.[17] While there is an expectation that supply chain issues caused by the conflict in Ukraine have largely run their course[18], various other factors such as the delayed impacts of monetary policy tightening, ongoing conflict in the Middle East, and challenges in China's property sector are exerting pressure on worldwide economic performance.[19]

1.11 Despite facing difficult circumstances, the Australian economy has shown resilience and performed better than other major advanced economies, excluding the United States. Although inflation remains elevated, it has decreased to its lowest level in almost four years. The job market remains robust, with low unemployment rates and high participation rates. The RBA gave evidence that they are expecting 'a pick-up in real wages growth'[20] and that the economy is rebalancing.[21]

1.12 In Supplementary Budget Estimates, the RBA Governor noted the care the Government is taking to ensure its policies have the intended effect:

> I think the governments have been conscious of what they're doing; certainly when I talk to the Treasurer, he is very conscious that they need to be cautious in terms of what they do, in terms of the budget. He knows that – he's told me this – that fiscal policy has to work with monetary policy…So the policymakers are being very conscious of what they're doing with their spending. There are certain services that government has to provide.

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13 Dr Hunter, *Committee Hansard*, 7 August 2024, p. 9.

14 Dr Hunter, *Committee Hansard*, 7 August 2024, p. 10.

15 Dr Hunter, *Committee Hansard*, 7 August 2024, p. 11.

16 Ms Casey, *Committee Hansard*, 1 February 2023, p. 27.

17 Dr Hunter, *Committee Hansard*, 7 August 2024, p. 9.

18 Dr Hunter, *Committee Hansard*, 7 August 2024, p. 9.

19 Submission of the Australian Government, Fair Work Commission, Annual Wage Review 2023-24, 28 March 2024, p. 5.

20 Dr Hunter, *Committee Hansard*, 7 August 2024, p. 9.

21 Dr Hunter, *Committee Hansard*, 7 August 2024, p. 11.

> The government needs to provision for that, and they are doing so. So I think the attitude at the moment that I'm hearing from government is the right one.[22]

1.13 Indeed, the latest figures released by the Australian Bureau of Statistics support this, showing that inflation has fallen to its lowest rate in almost four years. Headline inflation at 2.8 per cent is now the lowest it has been in almost four years. Underlying inflation is now at its lowest in almost three years.[23] This is encouraging progress in the fight against inflation, and while Australians are still doing it tough the Labor Government's strong economic management is making a difference. These numbers show we are on track and on target for a soft landing in our economy.

Redesign of Stage 3 Tax Cuts

1.14 In January 2024, the Labor Government announced a redesign of the stage 3 tax cuts legislated by the former Coalition Government. The revised tax cuts took effect on 1 July 2024. The redesign ensures that all 13.6 million taxpayers get a tax cut.[24] Of those 13.6 million, 11.5 million get a bigger tax cut than they would have under the previously legislated stage 3 settings.[25] In effect, *every* Australian taxpayer gets a tax cut, providing direct cost-of-living relief to Australian households.

1.15 In contrast to the originally legislated stage 3, the Labor Government's tax cuts will ensure this relief is provided Australians on low and middle incomes as well. As described above, the committee heard on multiple occasions that it is low and middle-income earners who are feeling the effects of the current cost-of living crisis most keenly.[26] This new package of tax cuts therefore is well targeted to provide much needed relief to this cohort.[27]

1.16 Dr Steven Kennedy, Secretary, Department of the Treasury told the committee:

> One of the benefits of this redesign is that it lowers the effective tax rates for people who are more likely to respond to that lowering of the effective tax rate … from a policy perspective, it makes sense to focus on those groups

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22 Ms Bullock, *Economics Legislation Committee Hansard*, Supplementary Budget Estimates, 7 November 2024, p 4.

23 ABS, Consumer Price Index, September 2024.

24 Ms Berger-Thomson, *Committee Hansard*, 5 February 2024, Canberra, p. 17.

25 Ms Berger-Thomson, *Committee Hansard*, 5 February 2024, Canberra, p. 17.

26 Mr Ware, *Committee Hansard*, 1 February 2024, p. 14; Ms Giles, *Committee Hansard*, 1 February 2024, p. 14; Ms O'Hara, *Committee Hansard*, 26 September 2023, Perth, p. 11; Dr Kennedy, *Committee Hansard*, 9 February 2024, p. 18.

27 Dr Kennedy, *Committee Hansard*, 9 February 2024, p. 18.

> when we think about cost-of-living pressures because they have the least ability to adjust.[28]

1.17 Ms Laura Berger-Thomson, First Assistant Secretary, Personal and Indirect Tax and Charities Division, Department of the Treasury, supplemented this evidence saying:

> Looking at someone on average earnings, an average wage—and for this purpose we often use a measure of earnings called average weekly earnings, which is almost $73,000—someone earning that amount of money would get a tax cut of $1,498. That compares with $694 that they would have got under stage 3. So, it's $804 more.[29]

1.18 Critically, witnesses made clear to the committee that the redesign of stage 3 was appropriate in the current economic climate because it would not have a material impact on inflation.[30] Indeed this appears to be the case as described by Mr Oster, Group Chief Economist, National Australia Bank:

> We did a survey and said, 'What are you going to do?' I assumed that 50 per cent or more would say, 'I'm going to spend it,' but 60 per cent or more said, 'I'm not.'[31]

1.19 By reducing the first tax rate from 19 to 16 per cent, the Labor Government’s tax cuts produce a smaller increase in average tax rates for the first seven income deciles over the next 10 years. Treasury explained to the committee that the changes reduce bracket creep more for these groups compared with the original Stage 3 and a no change scenario.[32]

1.20 The committee also heard the significant impact the tax cuts would have on women with 90 per cent of women taxpayers receiving a bigger tax cut than they would have under the original stage 3.[33] This is of benefit not only to issues of gender equality but also to labour market participation more broadly.[34]

1.21 Support for the tax cuts has been broad and conclusive. Witnesses from the community sector, social services and unions all voiced their appreciation for the change.[35]

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28 Dr Kennedy, Committee Hansard, 9 February 2024, p. 9.

29 Ms Berger-Thomson, *Committee Hansard*, 5 February 2024, p. 17.

30 Dr Johnson, *Committee Hansard*, 5 February 2024, p. 19.

31 Mr Oster, *Committee Hansard*, 7 August 2024, p. 20.

32 Ms Berger-Thomson, *Committee Hansard*, 5 February 2024, Canberra, p. 19.

33 Ms Berger-Thomson, *Committee Hansard*, 5 February 2024, Canberra, p. 17.

34 Ms Berger-Thomson, *Committee Hansard*, 5 February 2024, Canberra, p. 17.

35 Dr Porter, *Committee Hansard*, 1 February 2024, p. 8; Mr Crotty, *Committee Hansard*, 1 February 2024, p. 9; Mr Brown, *Committee Hansard*, 1 February 2024, p. 17; Mr Kennedy, *Committee Hansard*, 1 February 2024, p. 39; Ms Haythorpe, *Committee Hansard*, 1 February 2024, p. 44.

1.22 On the tax cuts Mr Fabian Webber, Youth Services Coordinator, Roseberry QLD said:

> Yes. I think it will definitely have a positive impact. At Roseberry, one of the services that we have is our dignity hub in Gladstone. That's somewhere people can come and have a shower, wash their clothes and get a food parcel, a toiletry pack or personal hygiene items and that kind of stuff. We saw a 45 per cent increase in presentations to the dignity hub last year over the year before, and a significant rise in middle income people, so I think that those tax cuts should have a positive impact, especially on that cohort.[36]

1.23 The tax cuts are good for middle Australia, good for women, good for helping with cost-of-living pressures, good for labour supply and good for the economy.

Wages and Employment

1.24 Ms Brianna Casey, Chief Executive Officer, Foodbank told the committee:

> Fifty-four— that’s the percentage of food-insecure households in Australia with someone in paid work. A job is no longer a shield against a cost-of-living crisis. Five hundred thousand—that’s the number of households that will struggle to put a meal on the table tonight. These are households in my community, in your communities and in a growing number of communities. Why? Put simply, it’s because people’s incomes are not keeping up with their expenses.
>
> It’s that basic.[37]

1.25 Reverend Stu Cameron, Chief Executive Officer, Wesley Mission/Wesley Community Services said:

> Across our service providing crisis support we are seeing this right now: more first-time users. These are people who are employed and a double-income families seeking support for financial difficulties. This reflects the changing face of financial stress and poverty in our nation.[38]

1.26 In March 2019, then Finance Minister in the former Coalition Government said that low wage growth was ‘a deliberate design feature of our economic architecture’.[39]

1.27 The impact of this decade long policy tragedy was felt when global pressures began to drive the prices of everyday goods up for Australian households. Multiple charities and food providers reported to the committee that they are

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36 Mr Webber, *Committee Hansard*, 1 February 2024, p. 17.

37 Ms Casey, *Committee Hansard*, 1 February 2023, p. 28.

38 Rev Cameron, *Committee Hansard*, 1 February 2023, p. 29.

39 Katherine Murphy, ‘Linda Reynolds stumbles on wages growth in TV interview’, *The Guardian*, 10 March 2019.

seeing significantly increased numbers of working Australians seek assistance to put food on the table.[40]

1.28 Witnesses told the committee that causes of wage stagnation were downward pressure on bargaining rights for workers[41], changes to worker/employer power dynamics over the last decade[42], and the increased notion of the gig economy.[43] A significant link was also drawn between union representation and healthy wage growth.[44]

1.29 In relation to the Labor Government's proposal to create multi-employer bargaining, Mr Tim Kennedy, National Secretary, United Workers Union said:

> What the evidence shows is that countries which allow bargaining at various levels and give workers a say on the scope of the bargain have considerably higher rates of collective agreement coverage. If you have higher rates of collective agreement coverage, you have higher rates of pay. This basically means you start to deal with the cost-of-living crisis.[45]

1.30 Any suggestion of wage growth driving Australia's recent inflation was thoroughly debunked[46], with a demonstration that, after nearly a decade of intentional wage suppression, real wages had fallen to the same point they were under the previous Labor Government in 2009.[47]

1.31 The current Labor Government has made it a priority to get wages moving again and increase workforce participation. As outlined in the Employment White Paper, Working Future, the Government is focused on delivering sustained and inclusive full employment, promoting job security and strong sustainable wages growth, filling skills needs and building our future workforce, overcoming barriers to employment and broadening opportunity, and reigniting productivity growth.

1.32 The convergence of decreasing inflation and improving wage growth has resulted in annual real wages returning to positive growths. Real wages, measured by the Wage Price Index and Consumer Price Index, increased by 0.3 per cent in the year leading up to the June quarter of 2024. This is a continuation

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40 Ms Casey, *Committee Hansard*, 1 February 2023, p. 27; Ms Dare, *Committee Hansard*, 3 February 2023, p. 25; Ms Wishart, *Committee Hansard*, 1 March 2023, Box Hill Central, p. 2.

41 Professor Alison Preston, *Submission 58*, p. 3.

42 Dr Goldie, *Committee Hansard*, 1 February 2023, p. 50.

43 Dr Goldie, *Committee Hansard*, 1 February 2023, p. 50.

44 Mr Jericho, *Committee Hansard*, 3 February 2023, p. 17.

45 Mr Kennedy, *Committee Hansard*, 1 February 2024, p. 44.

46 Mr Kennedy, *Committee Hansard*, 1 February 2024, p. 44.

47 Mr Kennedy, *Committee Hansard*, 1 February 2024, p. 44.

of positive annual real wage growth from December 2023 after prolonged period of real wage falls from the March quarter of 2021.[48]

1.33 Critically, with regards to cost-of-living relief, analysis from the Treasury indicates that individuals in the lowest income quintiles have experienced the most robust wage growth. Over the year leading up to December 2023, wages in the lowest two wage quintiles increased by an average of 5.7 per cent, surpassing the average growth of 3.7 per cent observed in the highest three quintiles.[49]

1.34 As described above, the tax cuts redesign will also contribute to increasing women's workforce participation.[50] Indeed, the adjustment to effective tax rates are broadly more efficient from a labour supply perspective.

1.35 Dr Kennedy, Secretary, Treasury told the committee:

> From a labour supply perspective, it's actually an improvement in the system: it is making it more efficient from a labour supply element.[51]

Recommendation 1

1.36 The Labor Government continue their policy of encouraging sustainable wage growth, unwinding the intentional wage suppression of the former Coalition Government.

Recommendation 2

1.37 The Labor Government continue their policy of cost-of-living relief for families and enabling workforce participation.

Energy

1.38 Multiple witnesses and submissions confirmed that energy prices are a significant factor in cost-of-living pressures facing Australian households and businesses.[52]

1.39 In December 2022, the Labor Government took immediate action to shield Australians from skyrocketing prices and announced an Energy Price Relief Plan. This consisted of a price cap on wholesale gas contracts of $12 GJ, a price cap for thermal coal in Queensland and New South Wales, implemented in

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48 ABS, Wage Price Index, June 2024; ABS, Consumer Price Index, June 2024.

49 Submission of the Australian Government, Fair Work Commission, Annual Wage Review 2023-24, 28 March 2024, p. 7.

50 Ms Berger-Thomson, *Committee Hansard*, 5 February 2024, p. 17.

51 Dr Kennedy, *Committee Hansard*, 9 February 2024, p. 9.

52 Mr Harker, *Committee Hansard,* 1 February 2023, p. 21.

partnership with those states, of $125/Tonne, and $1.5 billion in targeted energy bill relief for households and small businesses.

1.40 It should be noted that, despite repeatedly calling for cost-of-living relief, the Coalition voted against this urgent help for millions of Australians. The Labor Government's urgent response also sits in contrast to the Coalition approach on gas and energy policy which saw average gas prices increasing by 250 per cent between the 2019 and 2022 elections.

1.41 The targeted energy bill relief in the form of consumer rebates was made available to more than 5 million households and 1 million small businesses. This relief was aimed at those most in need with those eligible including pensioners, veterans, seniors and other concession card holders, as well as recipients of the Carer Allowance, Family Tax Benefit, and anyone eligible for existing state and territory electricity concession schemes.[53]

1.42 Dr Kennedy, Secretary, Treasury, confirmed the effect the rebates had on prices and inflation:

> Over the six months leading to December…the energy bill relief rebates reduced electricity prices by 11.9 percentage points—both reducing the pressure on inflation more broadly.[54]

1.43 Australian Energy Market Operator's (AEMO) Q4 2023 Quarterly Energy Dynamics report confirmed that the Labor Government's policies capping coal and gas prices correlated with lower wholesale prices.[55]

1.44 Discussing the impact of the market intervention on electricity prices, Clare Savage, the Chair of the Australian Energy Regulator, stated:

> Well, last September, October [2022], we started briefing ministers on what we thought could happen to the electricity prices this year [2023], and so we started doing estimates of what we might have been deciding today. And at that time, those estimates ranged between 35 and 50 per cent. Most of them were between 40 and 50 percent. So that was obviously very alarming; 40 to 50 per cent price increase is just horrific. So it's really good to see that all governments have intervened in both coal and gas markets and that has brought down the price expectations in the system, and so today's decision is more like 20 to 22 per cent…… 20-22% is still a significant increase, but it is much much lower than it otherwise would have been.[56]

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53 The Hon Jim Chalmers MP, Treasurer, Joint Media Release with the Hon Anthony Albanese, Prime Minister of Australia and the Hon Chris Bowen MP, Minister for Climate Change and Energy, 'Energy rebates to ease pressure on households and small businesses', *Media* release, 9 May 2023.

54 Dr Kennedy, *Committee Hansard*, 14 February 2024, p. 7.

55 Australian Energy Market Operator, *Quarterly Energy Dynamics Q4 2023*, January 2024.

56 Clare Savage, Chair of the Australian Energy Regulator, *Radio National, ABC*, 15 March 2023.

1.45 Witnesses 'applaud[ed] efforts by the Federal and State governments to rectify the total market failure'.[57]

1.46 With the sustained pressure that energy prices have been placing on households, the Labor Government has continued its delivery of bill relief, providing energy rebates to all Australian households for the financial year 2024-25. All Australian households will receive $300 off their bills and approximately one million small businesses will receive $325 off their bills over the course of the year.[58]

1.47 According to the ABS's latest quarterly Consumer Price Index (CPI) release, electricity prices have fallen 20 per cent since June 2023, and without Labor's Energy Bill Relief Fund, electricity prices would have increased 16 per cent in that same period.[59]

1.48 In addition to this direct action to alleviate the pressure of energy prices, the committee heard that the Labor Government's action to transition Australia's energy grid to renewables is also contributing to reliable energy and lower prices. There was an acceptance from witnesses of the need to transition to renewable energy and ensure our energy infrastructure can deliver reliable energy to Australian households and businesses in a low carbon economy.[60]

1.49 Again, witnesses outlined that these issues have built up over an extended period of time, with one witness describing 'a decade of policy chaos' that dampened private investment and investment confidence, and left Australia exposed to a 'disproportionate impact of fossil fuel hyperinflation'.[61]

1.50 Another witness outlined the missed opportunity that the 'decade of chaos' the former Coalition Government created; if there had been expanded investment in renewables and energy storage, then when the war in Ukraine and global gas and coal prices increased, Australia would likely have seen less impact on prices for households and businesses.[62]

1.51 Fortunately, since the 2022 federal election, the Labor Government has listened to experts and taken immediate steps to change the policy environment.

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57 Mr Buckley, *Committee Hansard*, 3 February 2023, p. 19.

58 The Hon Jim Chalmers MP, Treasurer, Joint Media Release with the Hon Chris Bowen MP, Minister for Climate Change and Energy and Senator the Hon Jenny McAllister, Assistant Minister for Climate Change and Energy, '[New power bill relief'](), *Media release*, 14 May 2024.

59 Australian Bureau of Statistics, Consumer Price Index, September 2024.

60 Ms Gallagher, *Committee Hansard,* 1 February 2023, p. 56; Mr Barnes, *Committee Hansard,* 2 February 2023, p. 1; Mr Menzel, *Committee Hansard,* 2 February 2023, p. 21-23; Mr Wood, *Committee Hansard,* 2 February 2023, p. 24.

61 Mr Buckley, *Committee Hansard,* 3 February 2023, p. 19.

62 Mr Grudnoff, *Committee Hansard,* 3 February 2023, p. 19.

Much needed certainty has been created with the reform of the Safeguard Mechanism, the Climate Change Act, the introduction of the Capacity Investment Scheme, and renewed support for the Australian Renewable Energy Agency and the Clean Energy Finance Corporation.[63]

1.52 Mr Tim Buckley, Director, Clean Energy Finance told the committee:

> There is definitely a solution in sight now that we have the clarity of an energy and climate policy that makes sense, that's aligned with the science, aligned with the economics and aligned with the interests of a sustainable economy in Australia. I think that will be great news for Australia. We are seeing very clear policy developments, whether that's the Safeguard Mechanism or the Climate Change Act. There are all sorts of programs. We've seen a reiteration of support for the Australian Renewable Energy Agency and the CEFC [Clean Energy Finance Corporation] in order to drive and crowd in private investment.[64]

1.53 The Australian Energy Regulator's (AER) draft Default Market Offer (DMO) for 2024-25 drives home that this action is having a real-world effect. The DMO shows the retail energy bill benchmark stabilising and trending downwards.[65]

1.54 Furthermore, AEMO's Q4 2023 Quarterly Energy Dynamics report highlights the increased share of renewables in the grid when discussing the sale in wholesale energy prices:

> Record generation from grid-scale renewables and rooftop solar is triggering wholesale energy prices and greenhouse emissions to fall, according to AEMO's latest quarterly analysis of Australian energy markets.
>
> The Quarterly Energy Dynamics report for the last quarter of 2023 shows that new records are being set for the amount of renewable energy being fed into the grid, reducing the reliance on traditional coal-fired generation.[66]

1.55 The committee heard repeatedly that not only are renewables the most cost-effective option in transitioning to a clean energy system[67], but specifically that the Coalition's plan to rely on nuclear energy does not make sense as a plan to ensure reliability and deliver price relief.

1.56 Dr Cahill, CEO, The Next Economy told the committee:

> Currently—and I've spoken to people about this in the industry—from an emissions point of view, if you're looking at emissions reduction, it makes sense to keep nuclear going in countries that already have it because they're

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[63] Mr Buckley, *Committee Hansard*, 3 February 2023, p. 19.

[64] Mr Buckley, *Committee Hansard*, 3 February 2023, p. 19.

[65] Australian Energy Regulator, Default market offer prices 2024-25, Draft determination, March 2024.

[66] Australian Energy Market Operator, 'East coast wholesale electricity prices fall, while peak demand record set in WA', *Media release*, 25 January 2024.

[67] Clean Energy Council, *Submission 21*, pp. 1–2; Dr Cahill, *Committee Hansard*, 19 February 2024, p. 25; Mr Grudnoff, *Committee Hansard*, 3 February 2023, p. 19.

> not producing emissions currently. In Australia the challenge is that we don't have a workforce or an industry set up to be able to service that industry currently. It is expensive and it takes a long time to build a nuclear power plant. So from a climate perspective, in which most people are raising this as an issue, it doesn't actually make sense. And it is way more expensive than renewable energy plus storage. So from that perspective, it doesn't make sense.[68]

1.57 Indeed, former Liberal NSW Treasurer and current Chair of the Climate Change Authority said at Supplementary Budget Estimates:

> There's no bigger rent-seeking parasite than the nuclear industry,
>
> If you want to see who is trying to pull one over the eyes of the Australian public it's the nuclear industry, who are there propping up the coal industry who want to extend their business models, squeeze out the last bits of profits at the expense of Australian consumers.
>
> People are going to pay a lot of rent to these vested interests when there's no business case or economic case for it
>
> Battery technology is falling so rapidly that it's eating other technologies' lunch – or it will certainly do so in the foreseeable future.[69]

1.58 There was broad support for energy efficiency investment, from multiple submissions and witnesses.[70] The Labor Government is significantly investing in ensuring better efficiency of households, including a $125 million investment with the Clean Energy Finance Corporation (CEFC) and the Commonwealth Bank to encourage green home construction[71], and agreement to update the National Construction Code to require Nationwide House Energy Rating Scheme equivalent of 7 stars in new houses and apartments.[72] The broader Household Energy Upgrades Fund administered by the CEFC[73] will deliver $1 billion of finance for retrofitting homes to improve energy productivity, including the use of clean energy technology, with innovative financial products designed to assist renters and strata properties.

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68 Dr Cahill, *Committee Hansard*, 19 February 2024.

69 Mr Kean, *Environment and Communications Legislation Committee Hansard*, Supplementary Budget Estimates, 4 November 2024, pp. 60–61.

70 Mr Kean, *Environment and Communications Legislation Committee Hansard*, Supplementary Budget Estimates, 4 November 2024, p. 90; *Submission 2*, p. 2; *Submission 34*, p. 3; *Submission 65*, p. 7.

71 The Hon Chris Bowen MP, Minister for Climate Change and Energy and Senator the Hon Jenny McAllister, Assistant Minister for Climate Change and Energy, 'Joint media release: $125 million investment to help Australians buy energy efficient homes', *Media release*, 5 March 2023.

72 Department of Climate Change, Energy, the Environment and Water, 'Building Ministers support new home energy efficiency standards', Media release, 26 August 2022.

73 Clean Energy Finance Corporation, *'Household Energy Upgrades Fund'.*

Healthcare

1.59 Australia is lucky to have one of the best healthcare systems in the world, ranking highly on key indicators relating to health outcomes, equity and access.[74] However, 10 years of cuts and neglect under the former Coalition Government has left the system in a poor state, unable to meet the needs of Australians struggling with the current increased cost of living. The Labor Government has taken significant steps to strengthen Medicare which are improving affordable access to quality healthcare and delivering cost of living relief to Australians.

1.60 On 1 November 2023, the Labor Government made record investments in Medicare to triple the bulk billing incentive.

1.61 Dr Higgins, President, Royal Australian College of General Practitioners told the committee:

> …investment in primary care has resulted in a reversal of the trajectory of gap costs for our patients, especially in our rural and regional areas, as bulk billing increased significantly in areas such as Tasmania and regional Queensland. This demonstrates that targeted funding and supporting areas for the vulnerable has results.[75]

1.62 This testimony is supported by data showing the increase in bulk billed GP appointments. Since the tripling of the bulk billing incentive came into effect on 1 November 2023, it has revived bulk billing and created an additional 103 000 bulk billed visits to the GP every week, on average, or a total of 5.4 million additional bulk billed visits.[76] This initiative is particularly felt by the most vulnerable and therefore those most likely to feel the burden of cost-of-living pressures: children under 16, pensioners and healthcare card holders.[77]

1.63 The Labor Government is also delivering cost-of-living relief through cheaper medicines. In January 2023, the maximum cost of a prescription on the Pharmaceutical Benefits Scheme (PBS) was lowered to $30 from $42.50, in the largest cut to the co-payment in the 75-year history of the PBS.[78]

1.64 With regards to the real-world difference this is making to Australians' lives Ms Clarke, Policy Advisor, Asthma Australia told the committee:

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74 Dr Higgins, *Committee Hansard*, 1 February 2024, p. 48.

75 Dr Higgins, *Committee Hansard*, 1 February 2024, p. 48.

76 The Hon Mark Butler MP, Minister for Health and Aged Care, 'First year of Medicare data shows increase to bulk billing', *Media Release*, 4 November 2024.

77 Dr Higgins, *Committee Hansard*, 1 February 2024, p. 49.

78 The Hon Mark Butler MP, Minister for Health and Aged Care, 'Cheaper medicines and more bulk billing', *Media Release*, 27 November 2023.

> In terms of the co-payment, we did have consumers tell us that it has changed—it was reduced quite substantially, so, yes, it has altered their available income.[79]

1.65 Again, the data is clear in its support of this assertion. As of November 2024, Australians had saved $1 billion on the cost of their medicines.[80]

1.66 In addition to reducing the cost of prescriptions, the introduction of 60-day dispensing of key medicines means fewer trips to the GP for patients with stable, ongoing health conditions.

1.67 On the impact of 60-day prescriptions, Ms Hardy, Director of Policy and Advocacy, Arthritis Australia said:

> Medicines is one of the biggest costs that we hear about from people with arthritis, and all the consumers that we spoke to were really supportive of it.[81]

1.68 Ms Shakespeare, Deputy Secretary – Health Resourcing Group, Department of Health and Aged Care discussed the way in which this initiative is targeted:

> The medicines reform that I've mentioned, to allow people with stable chronic illness to receive more of their medicine through a single co-payment under the Pharmaceutical Benefits Scheme, is specifically targeted at supporting people with chronic illness to ensure that they can afford their medicines and use the medicines that help them to effectively manage their illness.[82]

1.69 The reform to introduce 60-day prescriptions was first recommended in 2018 by the Pharmaceutical Benefits Advisory Committee but was not acted upon by the former Coalition Government. As a result, Australians with chronic conditions lost a total of $1.6 billion in potential savings.[83]

Recommendation 3

1.70 The Labor Government continue their policy of strengthening Medicare, reversing the damage caused by 10 years of neglect under the former Coalition Government.

Housing

1.71 Housing was outlined as a fundamental element of cost-of-living challenges for the Australian economy. Multiple witnesses reported that, at its core, Australia

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79 Ms Clarke, *Committee Hansard*, 1 February 2024, p. 59.

80 The Hon Mark Butler MP, Minister for Health and Aged Care, 'First year of Medicare data showsincrease to bulk billing', *Media Release*, 4 November 2024.

81 Ms Hardy, *Committee Hansard*, 1 February 2024, p. 59.

82 Ms Shakespeare, *Committee Hansard*, 23 June 2023, p. 11.

83 Ms Shakespeare, *Committee Hansard*, 23 June 2023, p. 11.

has a housing supply shortage[84] and more specifically an affordable housing supply shortage.[85] The result is that it is harder for Australians to buy their first home, and harder and more expensive for Australians to find a rental. The proportion of Australians in rental accommodation has grown, and the proportion of owner occupiers has fallen.[86]

1.72 Witnesses spoke of a crisis that has been emerging and growing for decades. When pressed however, expert witnesses were only able to name one Commonwealth Government initiative under the former Coalition Government that attempted to address housing affordability. Indeed, certain schemes, such as the former Coalition Government's HomeBuilder scheme, had a 'deleterious effect on affordability', because the way it was framed 'created a rush' and created 'supply chain issues of its own'.[87]

1.73 In contrast, witnesses acknowledged the pace with which the Labor Government is taking action on housing affordability and supply, with legislation introduced to the Parliament before the end of 2022.[88]

1.74 Specific mention was made by business,[89] community groups,[90] and governments[91] of the importance of the Housing Australia Future Fund (HAFF).

1.75 In their submission to the Senate inquiry into the HAFF Bill 2023, the Australian Housing and Urban Research Institute was clear:

> The Australian Government is to be commended for the pace and ambition of the legislative agenda being pursued through this legislative package, and for moving not only to directly respond to the housing crisis, but to work in partnership with other tiers of government, community sectors and industry in addressing these complex housing system challenges seen across the nation.[92]

1.76 Peak organisation, National Shelter, called the HAFF legislation the 'most critical housing legislation to be brought forward for the past ten years'.[93]

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84 Dr Fotheringham, *Committee Hansard,* 2 February 2023, Melbourne, p. 42.

85 Dr Alves, *Committee Hansard*, 2 February 2023, Melbourne, p. 46.

86 Dr Fotheringham, *Committee Hansard,* 2 February 2023, p. 41.

87 Dr Fotheringham, *Committee Hansard*, 2 February 2023, p. 49.

88 Dr Fotheringham, *Committee Hansard,* 2 February 2023, p. 49.

89 Answers to Questions on Notice, Master Builders Association, p. 2.

90 Australian Catholic Bishops Conference, S*ubmission 17*, p. 4.

91 Government of South Australia, *Submission 65*, p. 9.

92 *Submission 14* to Economics Legislation Committee inquiry into Housing Australia Future Fund Bill 2023 [Provisions] and related bills, p. 1.

93 *Submission 21* to Economics Legislation Committee inquiry into Housing Australia Future Fund Bill 2023 [Provisions] and related bills, p. 1.

The Brotherhood of Saint Laurence was similarly unequivocal saying 'Social housing supply is inadequate, and the HAFF will increase supply'.[94]

1.77 The Labor Government's Help to Buy scheme has also been applauded as a responsible, non-inflationary measure to 'level the playing field for first-home buyers and help arrest the decline in home ownership among poorer Australians of all ages'.[95] This makes the fact that the Coalition, Greens and One Nations united to block the bill in October 2024 even more disappointing. The Help to Buy bill would help 40 000 low- and middle-income Australians buy their own home.

1.78 The Labor Government is also working to boost construction of rental housing, introducing tax incentives to encourage investment and construction in the build-to-rent sector.[96] A model that has been used successfully overseas to increase housing supply, build-to-rent developments are specifically designed to be rented out rather than sold to individual buyers. Attracting more investment into housing will support an ambitious national effort to build 1.2 million new, well-located homes over five years from 1 July 2024.

1.79 The Labor Government has committed to $32 billion in housing investments over the next decade and will continue to work closely with all levels of government to ensure more Australians have a safe, secure and affordable place to call home.[97]

1.80 Finally, the Labor Government has taken strides to provide immediate relief to those in the rental market with the increases to Commonwealth rent assistance. In February 2024, Dr Kennedy, Secretary, Treasury gave evidence:

> The increase in Commonwealth rent assistance has helped to reduce the impact of rental price rises for the most vulnerable households. Over the six months leading to December, Commonwealth rent assistance reduced the increase in rental prices by 1.6 percentage points and the energy bill relief rebates reduced electricity prices by 11.9 percentage points—both reducing the pressure on inflation more broadly.[98]

1.81 Since then, the Labor Government has continued this policy of assistance to those renters most vulnerable to cost-of-living pressures with the first back-to-back increase to Commonwealth Rent Assistance in more than 30 years. In September, Rent Assistance was increased by a further 10 per cent plus

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[94] *Submission 6* to Economics Legislation Committee inquiry into Housing Australia Future Fund Bill 2023 [Provisions] and related bills, p. 4.

[95] Grattan Institute, *Submission 8* to Economics Legislation Committee inquiry into Help to Buy Bill 2023 and the Help to Buy (Consequential Provisions) Bill 2023 [Provisions], p. 3.

[96] Treasury, *Build-to-rent tax concessions* (accessed 15 November 2024).

[97] The Hon. Julie Collins MP, Minister for Housing, *Media Release,* 1 July 2024.

[98] Dr Kennedy, *Committee Hansard*, 14 February 2024, p. 7.

indexation which will benefit nearly a million households around the country. Combined with indexation, maximum rates of Rent Assistance are up 45 per cent since the Labor Government came to office.[99]

1.82 Once again, in contrast to this the wholistic approach outlined above to improve housing supply and affordability, the Coalition's First Home Super Buyer scheme is a reckless and personally detrimental policy proposal. Superannuation exists to deliver income in retirement, and to relieve the future tax burden of funding the Aged Pension. Depleting its balance depletes an important personal investment that improves the standard of living and wealth of people in retirement.

1.83 Moreover, this proposed scheme in fact stands to increase house prices and worsen affordability overall while making it harder for low- and middle-income earners with average super balances to compete with high income earners with larger super balances. This, in an environment where, the committee heard repeatedly, low- and middle-income earners are feeling cost-of-living pressures most keenly.[100]

1.84 It is also worth rebutting here a view that the actions of the Construction, Forestry and Maritime Employees Union (CFMEU) have contributed to increased costs in the construction sector. To the contrary, the committee heard elevated costs in construction are a result of increased labour and construction costs with demand being the primary driver.

1.85 Mr Reardon, Chief Economist, Housing Industry Association told the committee:

> There is certainly significant competition from other industry sectors for employing subcontractors, such as carpenters, electricians and all of those skilled trades that are the base of our industry. We have had that from the mining industry for a number of years and, at the moment, yes, there is a boom in construction activity, and that is absorbing any excess labour that there might be from residential home building.[101]

1.86 Mr Reardon also provided a positive outlook for labour costs in the construction industry going forward:

> If we look at skilled trades at the moment, we're looking at an increase (in labour costs) that's much more like CPI than we've seen at any stage through the past four years.

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99 The Hon. Jim Chalmers MP, Treasurer, [Joint Media Release with Amanda Rishworth,] Minister for Social Services, 20 September 2024.

100 Dr Kennedy, *Committee Hansard,* 14 February 2024, p. 7.

101 Mr Reardon, *Committee Hansard,* 16 August 2024, p. 19.

> That's a positive; it's back to more stable prices… more stable pricing now in detached home building.[102]

Recommendation 4

1.87 The Senate support the Labor Government's agenda to improve housing affordability for first-home buyers by passing the Help to Buy legislation without delay.

Recommendation 5

1.88 Senate support the Labor Government's agenda to introduce tax incentives in the build-to-rent sector.

Recommendation 6

1.89 The Coalition abandon its ill-conceived First Home Super Buyer scheme that will exacerbate Australia's housing affordability challenges.

Climate Change

1.90 Witnesses across the hearings, and in submissions, drew a link between the increased effects of climate change, and the need to plan for them. Witnesses representing low-income and vulnerable households reported being among the hardest hit by climate related disasters.[103] Witnesses on behalf of industry,[104] grocery,[105] and agriculture[106] reported that climate disasters impacted supply chains and consequently prices for consumers.

1.91 Energy Consumers Australia reported that in their regular survey of 2000 households and 500 small businesses, respondents do not see cost of living and action on climate change as things that they expect to be traded off against each other.[107]

1.92 Ms Cassandra McCarthy, Corporate Affairs, Glencore Australia, in her commentary on the last decade, stated:

> I think it's fair to say that in a number of critical policy areas there has been a level of instability.[108]

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[102] Mr Reardon, *Committee Hansard*, 16 August 2024, p. 19.

[103] See: Ms Caniglia, *Committee Hansard*, 3 February 2023, p. 30 and Foodbank Australia Ltd, *Submission 1*, p. 24.

[104] Mr Loydell, *Committee Hansard*, 1 February 2023, p. 8.

[105] Mr Harker, *Committee Hansard*, 1 February 2023, p. 23.

[106] Mr Bulmer, *Committee Hansard*, 2 February 2023, p. 56.

[107] Ms Gallagher, *Committee Hansard*, 1 February 2023, p. 53

[108] Ms McCarthy, *Committee Hansard*, 1 February 2023, p. 6.

1.93 Mr Paul Harker, Chief Commercial Officer, Woolworths Supermarkets also stated:

> I think with anything that requires structural change, obviously having a level of certainty for what people [are] actually driving towards is very helpful. The industry knowing collectively what they're trying to do and the time frames they going to do it in, and being able to work with some level of certainty around what that is, is helpful.[109]

1.94 The need to take meaningful action on climate change was recognised by multiple witnesses and submissions.[110] It was clear that the business community was in favour and supportive of the Labor Government's legislated emissions reduction target.

1.95 The loud and clear message was that business and investment confidence in Australia has suffered from a decade of instability in 'a number of critical policy areas', including climate and emissions policy.[111]

1.96 The election of the Labor Government, and the legislative agenda since the election, have ended that policy instability, through mechanisms such as the legislated climate target and reformed Safeguard Mechanism. Innes Willox, Chief Executive of national employer association Ai Group, on the passage of the Safeguard Mechanism reforms said:

> After all the political gyrations of recent years and recent months, the legislation delivers a measure of much-needed certainty that Australia is serious about both its emissions goals and the centrality of competitive industry to achieving them. Maintaining and building our competitiveness is crucial both to our prosperity and our ability to deliver a net zero emissions economy.[112]

1.97 Jennifer Westacott, Chief Executive of the Business Council of Australia, also said on the passage of the Safeguard Mechanism reforms:

> Make no mistake, this is critical progress towards securing a transition that delivers new jobs and new opportunities.
>
> We welcome the passage of this legislation and the adoption of key elements of the Business Council's plan to reach net zero emissions.

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109 Mr Harker, *Committee Hansard,* 1 February 2023, p. 23.

110 See, for example: Ms Caniglia, *Committee Hansard,* 3 February 2023, p. 30 and Dr Goldie, *Committee Hansard,* 1 February 2023, p. 46.

111 See, for example: Ms McCarthy, *Committee Hansard*, 1 February 2023, p. 5 and Mr Wood, *Committee Hansard*, 2 February 2023, pp. 25-26.

112 Ai Group, 'Safeguard reforms: now the real work begins', *Media Release*, 30 March 2023.

> After more than a decade of uncertainty and equivocation employers now have certainty about our emissions targets and how we're going to get there.[113]

1.98 Witnesses before the committee explained that newfound stability in Australian energy and emissions policy under the Labor Government has enabled long-term, nation building, job creating investment in Australia Mr Arron Wood, Executive General Manager, Industry Development, Clean Energy Council said:

> That policy certainty of a legislated climate target saw a real uptick in the confidence of our membership domestically but also globally. We have a lot of the big global clean energy players as well. Things like the Rewiring the Nation fund, for example, are critical. In the announcement of those legislated climate targets, with that target of 82 per cent renewable energy by 2030, these sorts of things allow companies, which are making investment decisions which might be 10 years out, to have the sort of certainty we need.[114]

Recommendation 7

1.99 The Senate support the Labor Government's agenda to ensure emissions reduction and clean energy investment, to take meaningful action on climate change whilst providing confidence to the business community.

Grocery Prices

1.100 The committee heard repeatedly from community organisations that there has been an increase in people presenting for assistance, particularly for food. Of particular concern, was the evidence given that of those presenting for assistance, many were doing so for the first time and came from households with a steady income.[115] Rising grocery prices were consistently pointed to as a pressure that households are experiencing and indeed organisations such as Consumers Federation of Australia encouraged investigation of the causes of this rise.[116]

1.101 In response to this highly concerning situation, the Labor Government has announced a suite of measures to investigate supermarket pricing practices and conduct.

1.102 Firstly, the Labor Government commissioned a review by Dr Craig Emerson of the Food and Grocery Code of Conduct. The review recommended that the Code should be made mandatory and should include civil penalties to ensure

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113 Business Council of Australia, 'Getting on with the transition', *Media Release*, 30 March 2023.

114 Mr Wood, *Committee Hansard*, 2 February 2023, pp. 25-26.

115 Ms Casey, *Committee Hansard*, 1 February 2023, p. 28 and Ms Gilles, *Committee Hansard*, 1 February 2024, p. 14.

116 Consumers' Federation of Australia, *Submission 62*, p. 3

supermarkets are held properly accountable.[117] The Government accepted all the recommendations in full and will impose serious penalties on Coles, Woolworths, Aldi and Metcash for breaches of the soon to be mandatory code. In November, the Government will introduce legislation attaching multi-million dollar penalties to breaches of the Code. Subject to Parliament, the updated mandatory code will come into effect from 1 April 2025.[118]

1.103 Second, the Labor Government tasked the Australian Competition and Consumer Commission (ACCC) with undertaking a 12-month inquiry into supermarket pricing. The ACCC is examining factors influencing the pricing of groceries along the supply chain, including the difference between farmgate prices and supermarket prices.[119] The ACCC interim report was released on 27 September 2024. Analysis by the ACCC in the report led to the Government announcing a strengthening of the Unit Pricing Code. The final report is due to Government on 28 February 2025.

1.104 Third, the Labor Government has provided funding to consumer group CHOICE to produce quarterly reports on the price of a comparable basket of groceries at the major supermarket chains.[120] CHOICE has now released two price monitoring reports, with a third to be delivered by the end of the year, providing Australians with critical information on the costs of groceries.

1.105 Fourth, the Labor Government is taking action to fight shrinkflation in our supermarkets and retail sector by strengthening the Unit Pricing Code to make it easier for Australians to make accurate and timely price comparisons. The Government will also introduce substantial penalties for supermarkets who do the wrong thing and breach the Unit Pricing Code.[121]

1.106 Fifth, the Labor Government has provided the ACCC with an additional $30m in funding to dedicate to additional investigations and enforcement activities in

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117 Australian Government, *Government Response to the Independent Review of the Food and Grocery Code of Conduct*, June 2024, p. 11.

118 The Hon Andrew Leigh MP, Assistant Minister for Competition, Charities and Treasury, *Joint Media Release with Jim Chalmers*, Treasurer and Murray Watt Minister for Agriculture, Fisheries and Forestry, 24 June 2024, available:

119 Australian Competition & Consumer Commission, *Media Release,* 'ACCC to examine prices and competition in supermarket sector', 25 January 2024.

120 The Hon Jim Chalmers MP, Treasurer, *Joint Media Release with Anthony Albanese,* Prime Minister of Australia and Andrew Leigh, Assistant Minister for Competition, Charities and Treasury, 25 January 2024.

121 The Hon Anthony Albanese MP, Prime Minister of Australia, *Joint Media Release with Stephen Jones,* Assistant Treasurer and Andrew Leigh Assistant Minister for Competition, Charities and Treasury, 2 October 2024.

the supermarket sector.[122] This will include a crackdown on misleading and deceptive pricing practices and unconscionable conduct in the supermarket and retail sector.

1.107 Finally, reforms to Australia's merger rules will boost competition and productivity in our economy leading to fairer prices for consumers.[123] Under the new regime, the ACCC will be notified of every merger in the supermarket sector, to ensure mergers do not come at the cost of Australians getting a fair price on their grocery bills. Mr Stirling, Director, Legal Services – MGA Independent Businesses Australia, Master Grocers spoke positively of the reform process:

> Master Grocers is pleased with the reform, and we participated in that review process. We made submissions and are pleased to see that many of our proposals have eventuated.[124]

Recommendation 8

1.108 The Labor Government continue their policy of holding major supermarket chains to account for the prices they charge on groceries.

Education and Skills

1.109 The Labor Government's actions to address the cost-of-living crisis also extend to the education sector. Witnesses painted a picture that Australia is in the midst of a critical skills shortage, inherited from the former Coalition Government, that stands to put the country's future prosperity at risk.

1.110 Ms Constable, CEO, Minerals Council of Australia highlighted this issue in the mining industry:

> We don't have access to the engineers, tradespeople and geologists that we need for the industry. They all impact. Not having those particular skill sets means we will not be able to produce the next mines and the critical minerals that are going to be required to get us to things like net zero by 2050. What does that mean for cost of living? When we can't get access to that next generation of skills, we're not able to put forward the next lot of technologies and we're not able to get the skill sets that are going to produce mines that are really critical for Australia.[125]

1.111 The Labor Government is taking steps to address this gap. On 1 January 2024, the landmark five-year National Skills Agreement between the Federal Government and State and Territory Governments came into effect. This $30

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[122] The Hon Anthony Albanese MP, Prime Minister of Australia, *Joint Media Release with Jim Chalmers,* Treasurer, 1 October 2024.

[123] The Hon Jim Chalmers MP, Treasurer, *Media Release,* 10 April 2024.

[124] Mr Stirling, *Committee Hansard,* 11 October 2024, p. 16.

[125] Ms Constable, *Committee Hansard,* 26 September 2023, p. 47.

billion combined investment in vocational education and training includes $12,6 billion from the Commonwealth.[126] With the right skills, more Australians will have greater earning capacity. By investing in people, the Labor Government is investing in a more efficient economy and a higher quality of life for all Australians. Again, this stands in contrast to the former Coalition Government, who despite being faced with a growing critical skills shortage failed to deliver a national skills agreement with any state or territory or any other meaningful action to address the crisis.

1.112 Additionally, working with states and territories, the Labor Government's Fee-Free TAFE initiative is making immediate inroads to addressing this skills shortage. The enormous uptake of enrolments demonstrates what a critical difference this makes to Australians looking to undertake training. Since Fee-Free TAFE started in January 2023, there have been more than 508 000 enrolments in courses in priority areas, including:

- 131 000 in aged and disability care;
- 48 900 in digital and tech;
- 35,000 in construction;
- 35,00 in early childhood education and care;
- 6 in 10 places for women; and
- 1 in 3 places in regional Australia.[127]

1.113 These numbers reflect the sentiment expressed by one witness that 'the fee-free TAFE has been amazing'.[128]

1.114 The Australian Education Union (AEU) discussed in a submission to the inquiry how Fee-Free TAFE is relieving the burden of cost-of-living pressures:

> With the introduction of Fee-Free TAFE places, the AEU is of the view that this has helped to ease the cost of living pressures for many Australians who are seeking to enrol in vocational education to gain qualifications that will lead to sustainable and meaningful employment…A skilled and qualified workforce leads to workers earning higher incomes and securing ongoing and permanent employment ensures that workers are able to invest in their futures in relation to housing affordability and cost of living.[129]

1.115 In recognition of the difference Fee-Free TAFE is making, the Labor Government will introduce legislation to establish Fee-Free TAFE as an enduring feature of the national vocational education and training system, funding 100 000 Fee-Free

[126] The Hon Brendan O'Connor MP, Minister for Skills and Training, Media Release, 1 January 2024.

[127] The Hon Anthony Albanese MP, Prime Minister of Australia, Joint Media Release with Andrew Giles, Minister for Skills and Training, 3 November 2024.

[128] Mr Webber, *Committee Hansard*, 1 February 2024, p. 13.

[129] Australian Education Union – Federal Office, *Submission 177*, p. 2.

TAFE places a year from 2027. This investment supports more people to find secure well-paid work while improving the skills shortage.

1.116 Fee-Free TAFE helps to address the cost-of-living crisis as Fee-Free TAFE means a Queenslander training to be a nurse saves up to $15 200 in course fees, while a South Australian undertaking a Certificate IV in Information Technology doesn't need to pay $4655 in course fees. Someone in Northern Territory doing a Certificate IV in School Based Education Support saves up to $3220.[130]

1.117 The Labor Government has also recognised the need to focus on education and skills training in regional and remote Australia to meet the needs of the future economy. As demand for certain skills shift and new job opportunities arise, many of these jobs will be in the regions. This imperative speaks to the Labor Government's investment in Regional University Study Hubs where $66.9 million will go towards building 20 new Regional Study Hubs and up to 14 new study hubs in outer suburbs.[131]

1.118 In May 2024, the Labor Government announced the establishment of a *Commonwealth Prac Payment* to support students undertaking mandatory workplace placements required for university and vocational education and training qualifications.[132] This practical support will help to ease cost-of-living pressures experienced by students studying to be a teacher, nurse, midwife, or social worker. It will also assist in reducing care and teaching workforce skills shortages identified in the Labor Government's Employment White Paper and assist more students to commence and complete their studies.

1.119 Lastly, the Labor Government is taking steps to address the debt burden on students. In response to the Australian Universities Accord, the Government has introduced legislation to cap the HELP indexation rate to be the lower of either the Consumer Price Index (CPI) or the Wage Price Index (WPI) with effect from 1 June 2023.[133] The Government also recently announced it would cut 20 per cent off all student loans by 1st June 2025, wiping around $16 billion in student debt for around three million Australians.[134] These measures will provide cost-of-living relief now while building a fairer education system for all.

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[130] The Hon. Andrew Giles MP, Minister for Skills and Training, *Media Release*, 26 September 2024.

[131] The Hon. Jason Clare MP, Minister for Education, *Joint Media Release with Anthony Chisholm*, Assistant Minister for Education and Regional Development, 25 March 2024.

[132] The Hon. Brendan O'Connor MP, Minister for Skills and Training, *Media Release*, 6 May 2024.

[133] The Hon. Jason Clare MP, Minister for Education, *Media Release*, 10 October 2024.

[134] The Hon. Anthony Albanese MP, Prime Minister of Australia, *Joint Media Release with Jason Clare*, Minister for Education, Amanda Rishworth, Minister for Social Services and Andrew Giles, Minister for Skills and Training, 3 November 2024.

Recommendation 9

1.120 The Senate support the Labor Government's agenda to make education more affordable and accessible in Australia.

Recommendation 10

1.121 The Senate support the Labor Government's agenda to address Australia's critical skills shortage.

Women's Economic Empowerment

1.122 Removing barriers to labour market participation, narrowing the gender pay gap, and reducing cost-of-living expenses are vital to women's economic empowerment.

1.123 Submitters told the committee that access to high-quality affordable education and care is a critical enabler for many parents, particularly women, to participate in paid work.[135] Except for rental and mortgage costs, childcare is the second largest expense to the family budget.

1.124 Supporting parents and women is an important investment in Australia's future. The National Association for Prevention of Child Abuse & Neglect submitted that neuroscience very clearly shows that children benefit when there is a reduced load on parents, including financial stress. Policies like paid parental leave and increasing parenting payments have the power to reduce pressure on families and increase the time and capacity for supporting family relationships.[136]

1.125 Recognising the universal benefits of giving children access to early education and more opportunity for women to participate in paid work, the Albanese Labor Government's Cheaper Child Care reforms were implemented in July 2023. These delivered a $4.5 billion increase to childcare subsidy rates and reduced the cost of early education and care for around 1.26 million Australian families.[137]

1.126 Community Early Learning Australia welcomed the changes made by the Labor Government including increasing the childcare subsidy to 90 per cent, ending ParentsNext, and restoring payments to single parents with children aged over 8 years old.[138]

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[135] Community Early Learning Australia, *Submission 90*, p. 1.

[136] National Association for Prevention of Child Abuse & Neglect (NAPCAN), *Submission 101*, p. 5.

[137] The Hon Jason Clare MP, Minister for Education, *Joint Media Release with the Hon. Anne Aly MP*, Minister for Early Childhood Education, 25 October 2022.

[138] Community Early Learning Australia, *Submission 90*, p. 2.

1.127 St Vincent de Paul Society reflected on the inaction of former Coalition Government in supporting women with rising childcare and household costs and further welcomed this Labor Government's childcare initiatives:

> The 2023-24 Budget has provided some relief to households, and we commend the Government for this action. It has been many years since we have seen any serious commitment to addressing growing inequality in Australia. However, more needs to be done. We welcome eligibility criteria for Parenting Payment (Single) being increased from eight to 14 years for the youngest child, and the abolition of the ParentsNext program.[139]

1.128 National Bank Australia reported that women experience much higher levels of financial stress than men and Professor Preston highlighted the importance of the tax system to alleviate financial pressures faced by women, especially elderly women.[140]

1.129 Ms Berger-Thomson, First Assistant Secretary, Department of Treasury reiterated the benefit of the Labor Government $1649 tax cut (on average) for women and their economic empowerment:

> Typically women are more likely to be secondary income earners, and income earners tend to be more responsive to changes in after-tax wage in terms of their labour market participation.
>
> There is a range of factors that go into women's labour force participation. Women are making decisions more often than men about whether they work rather than stay at home to look after young children. For those reasons, they're more responsive. There are a couple of reasons. The first is that, to the extent that women are more likely to work part time, there's more of an opportunity for them to increase their hours. For people working part-time, it's harder. If we're talking purely about that increase in hours, you get a bigger effect when you have more people working part time. But the decisions that they're making about childcare and family finances—it's for those reasons they have a large effect.[141]

1.130 On other barriers to economic and financial equity for women, Professor Preston shared her research on the disparity of superannuation balances of men and women, which showed a 60 per cent gender gap in the mean superannuation balances of women and women aged 18–64. She recommended reforms to the superannuation system including paying superannuation on paid parental leave.[142]

1.131 To reduce the barriers to economic independence and empowerment for women, the Labor Government announced alongside the release of the Working

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139 St Vincent de Paul Society National Council, *Submission 77*, p. 1.

140 National Australia Bank, *Submission 38 – Attachment 2*, p. 2.

141 Ms Berger-Thomson, First Assistant Secretary, Department of Treasury, *Proof Committee Hansard*, 5 February 2024, pp. 17–18.

142 Professor Alison Preston, *Submission 58*, p. 9.

for Women strategy it will pay superannuation on the government-funded Paid Parental Leave (PPL) from 1 July 2025.[143] Paying superannuation on PPL is another key step to prioritise gender equality, better value care work, and help close the superannuation gap.

1.132 The Minister for Social Services, the Hon Amanda Rishworth MP, said:

> Paying superannuation on PPL is another key step to prioritise gender quality, better value care work and improve women's workforce participation.[144]

1.133 Alongside Labor's tax cuts and key investments in Cheaper Child Care, women's safety, women's health, Parenting Payment Single, and workplace relations reform, the Labor Government continues to focus on women's economic security and independence as part of its economic plan.

1.134 A stronger paid parental leave system is good for families and good for the economy. On the Labor Government's performance in managing the economy, tackling inflation, and balancing fiscal restraint, Mr Yeaman, Deputy Secretary from the Department of Treasury told the committee that:

> The government's measures - such as electricity prices, childcare and the increase in the Commonwealth Rent Assistance, are having direct downward impacts on measured Consumer Price Index now while inflation is highest.
>
> …
>
> We think there are some reasons it's helping to bring inflation down in the near term in both a measured specific way in terms of those specific measures.[145]

Conclusion

1.135 In conclusion, the Labor Government's comprehensive approach to addressing the cost-of-living crisis underscores its commitment to the wellbeing of all Australians. With a carefully balanced yet forward-looking strategy, the Government has implemented policies that are both responsible and deeply impactful, bringing meaningful relief to households across the country.

1.136 It is evident that the Coalition's recommendations, as put forward in the committee view, both in this and previous reports, are either poorly targeted or mere tinkering at the edges, failing to address the deep, systemic challenges faced by Australians. Rather than pursuing a holistic approach, their responses amount to piecemeal efforts that do little to alleviate real cost-of-living pressures. Furthermore, it is clear that many of their conclusions are rooted

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143 Professor Alison Preston, *Submission 58*, p. 21.

144 The Hon Amanda Rishworth MP, Minister for Social Services, *Media Release*, 7 March 2024.

145 Mr Luke Yeaman, Deputy Secretary, Macro-economic Group, Department of the Treasury, *Committee Hansard*, 16 August 2024, p. 17.

more in political ideology than in the substantive evidence presented throughout this inquiry.

Senator Karen Grogan
Labor Senator for South Australia

Senator Jana Stewart
Labor Senator for Victoria

Australian Greens dissenting report

1.1 Since the COVID-19 pandemic, the cost of essential goods and services, including rent, food, power bills, health care, mortgage repayments and insurance has skyrocketed. Wages have not kept up, making it even harder for millions of people to make ends meet. There are now more than 3 million people living in poverty.[1]

1.2 While millions of people across the country are struggling to make ends meet, big corporations have been raking in massive profits off the back of the community's pain.

1.3 For example, Australia's biggest energy retailer, Origin, reported an almost one third jump in profit to $1.2 billion in the 2023-24 Financial Year. Supermarket giant, Coles, reported an 8% jump in profit to $1.1 billion, and Woolworths increased its profits in its Australian supermarket group. Australia's largest insurer, Insurance Australia Group, reported a $900 million profit, up 8% on the year before. While Commonwealth Bank raked in a whopping $9.48 billion profit.[2]

1.4 The share of income going to big corporations has never been higher,[3] while wages have fallen back to have the same purchasing power they did in September 2011.[4]

1.5 The latest ATO Corporate Tax Transparency report shows one third of corporations paid no tax in Australia in the last financial year, including the airline giants, Virgin and Qantas.[5]

1.6 Billionaires are also massively increasing their wealth despite the cost of living crisis. Oxfam found that between 2020 to 2023, the wealth of the 47 richest billionaires in Australia increased by 70%. Since 2020, the wealth of the three

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1 Department of Social Services, *Economic Inclusion Advisory Committee 2024 Report to Government*, 2024, p. 20, https://www.dss.gov.au/sites/default/files/documents/04_2024/13404-eiac-report-dv-08.pdf.

2 Latest annual reports of respective companies.

3 Total Factor Income: 2023-24 National Accounts https://www.abs.gov.au/statistics/economy/national-accounts/australian-system-national-accounts/latest-release

4 Wage Price Index: Quarterly Index; Total hourly rates of pay excluding bonuses; Australia; Private and Public; All industries; TREND [September quarter 2024] and Consumer Price Index: Index Numbers; All groups CPI; Australia [September quarter 2024]

5 Australian Taxation Office, *Corporate Tax Transparency Report 2022-23*, https://www.ato.gov.au/businesses-and-organisations/corporate-tax-measures-and-assurance/large-business/corporate-tax-transparency/corporate-tax-transparency-reports

richest people in this country, including mining magnate, Gina Rinehart, has gone up 50%.[6]

1.7 The current cost of living crisis and long-term worsening inequality is a direct result of successive Labor and Liberal governments deliberately implementing a neoliberal policy agenda that supports increased profits and power for corporations, billionaires and property investors, while hollowing out public services, eroding income support and attacking workers bargaining power and wages.

1.8 In line with their neoliberal ideology, both the Labor and Liberal parties have steadfastly refused to acknowledge the role of corporate profits in driving the post pandemic inflation crisis.

1.9 Reserve Bank Governor, Michelle Bullock, and economists across the world, including at the OECD, the IMF, the European Central Bank, the Bank of England, the Federal Reserve and former ACCC Chair Professor Allan Fels agree that some corporations may be taking advantage of their market power and using the cover of inflation to push up prices.[7] Corporate price gouging exacerbates and prolongs inflation inflicted on ordinary people.

1.10 Instead of doing something to rein in corporate price gouging and bring relief to people struggling to make ends meet, the Albanese Labor Government's approach to the cost of living crisis has been at best to tinker at the margins, and at worst, to bake in growing inequality.

1.11 The Treasurer, Jim Chalmers, has failed to fully utilise the fiscal policy levers at his disposal to address inflation. As a result, the Treasurer has left the Reserve Bank to use the only tool it has to fight inflation: smashing mortgage holders and renters with record rate hikes. Monetary policy is a blunt tool that punishes those least responsible for inflation the most. This is why the Greens are calling for the Treasurer to use his powers under Section 11 of the Reserve Bank Act to force the Reserve Bank to cut interest rates.

1.12 The Greens push to freeze and cap rents, put dental into Medicare and ban corporate price gouging would all deliver much needed cost of living relief to people and bring down inflation without having to rely on record rate hikes.

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6 Oxfam, *Wealth Analysis*, January 2024, https://media.oxfam.org.au/2024/01/wealth-of-three-richest-australians-has-doubled-since-2020-as-cost-of-living-pressures-for-many-continue-to-bite-oxfam/

7 Economics Legislation Hansard, *Additional Estimates Hansard*, 15 February 2024, p. 11, https://www.aph.gov.au/Parliamentary_Business/Senate_estimates/Economics/2023-24_Additional_estimates; The Centre for Future Work at the Australia Institute, *Profit-Price Inflation: Theory, International Evidence, and Policy Implications*, September 2023, pp. 9-16, https://australiainstitute.org.au/report/profit-price-inflation-theory-international-evidence-and-policy-implications/; Australian Council of Trade Unions, *Inquiry into Price Gouging and Unfair Pricing Practices*, February 2024, p. 2, https://pricegouginginquiry.actu.org.au/wp-content/uploads/2024/02/InquiryIntoPriceGouging_Report_web.pdf

1.13 The Liberals' approach to the cost of living crisis is even worse than Labor's. The majority of recommendations in this report, including reducing regulation of big corporations, cutting public services and further eroding worker power, would continue to drive the massive gap between workers wages and corporate profits, between income support payments and billionaires skyrocketing wealth.

1.14 As long as the Liberals and Labor continue to accept millions of dollars in corporate political donations each year, they will continue to implement policies that benefit massive corporations and billionaires over the interests of ordinary people.

1.15 For people struggling right now, a choice between Labor and Liberal is no choice at all.

1.16 The Greens do not accept donations from massive corporations. We will always fight for the interests of renters, families, young people and workers over corporations and billionaires.

1.17 To urgently bring down the price of essential goods and services and lower inflation, the Greens will impose a new Robin Hood Tax of 40% tax on the excessive profits of big corporations to fund cost of living relief, including:

(a) **Putting Dental and Mental into Medicare**

The Greens will put dental into Medicare for everyone. Too many Australians cannot access the dentist because going to the dentist is expensive, and most people are not eligible for public dentistry.

This will save around **$978 in a year for an adult**, and around **$350 in a year for a child**.

The Greens will remove the cap on psychologist sessions through the Better Access Scheme and increase the rebates to $150 for both registered and clinical psychologists. For people seeing a registered psychologist through the Better Access Scheme.

This will save around **$534 for 10 sessions in a year** or around **$1067 for 20 sessions in a year**.

(b) **Helping you see the GP for Free**

The Greens will increase the bulk billing incentive for GPs and increase the rebate for longer appointments. The Greens will also establish 1000 free local healthcare centres, where people can access free appointments with GPs, dentists, psychologists, and nurses.

The Local Healthcare Centres will save an adult around **$324 in a year**, and will save a child around **$338 in a year**.

(c) **Wiping Student Debt**

The Greens will wipe all student debt, putting thousands into people's pockets every year.

For someone who has an average student debt and who earns an average income, wiping student debt would result in a debt of $27,600 being wiped and **a saving of $5,500 a year**.

1.18 To address the cost of living and housing crises the Greens will also:

(d) **Freeze and Cap Rents**

The Greens will freeze rent increases for two years, followed by an ongoing cap on rent increases of 2% every 2 years.

This could save the average renter up to **$4,000 in the first year**.

Renters in the 610,000 publicly built homes could save up to **$16,600 a year on average**.

The Greens plan to establish a public developer which would build good-quality genuinely affordable homes, to be sold for just over the cost of construction, or rented for no more than 25% of a tenant's income.

Crack down on supermarket price gouging

The Greens will make price gouging illegal and introduce divestiture powers to break up the supermarket duopoly. This will reduce the price of food and groceries.

Greens Policy	Savings
Freeze and Cap Rents	This could save the average renter up to **$4,000 in the first year**. Renters in the 610,000 publicly built homes could save up to **$16,600 a year on average**

Dental into Medicare	This will save around **$978 in a year for an adult**, and around **$350 in a year for a child**.
Mental into Medicare	This will save around **$534 for 10 sessions in a year** or around **$1067 for 20 sessions in a year.**
Increase Free GPs	The Local Healthcare Centres will save an adult around **$324 in a year**, and will save a child around **$338 in a year.**
Wipe all Student Debt	For someone who has an average student debt and who earns an average income, wiping student debt would result in a debt of $27,600 being wiped and a saving of **$5,500 a year**.

Recommendation 1

1.19 **That the Labor Government and the Coalition as a matter of priority support the Greens' push to tax big corporations to fund urgent cost of living relief, including to put Dental into Medicare, enable people to go to the GP for free, and wipe student debt.**

Recommendation 2

1.20 **That the Labor Government and the Coalition as a matter of priority support the Greens push to freeze and cap rents to make housing more affordable and to ban price gouging and introduce divestiture powers to crack down on supermarket price gouging and reduce the price of food.**

Senator Penny Allman-Payne
Greens Senator for Queensland

Senator Nick McKim
Greens Senator for Tasmania

Appendix 1
Submissions and Additional Information

Submissions

1 Foodbank Australia Ltd
- 1.1 Supplementary to submission 1

2 Uniting Vic.Tas
- Attachment 1
- Attachment 2

3 Suicide Prevention Australia
4 Renters and Housing Union
5 British Pensions in Australia
6 Australian Deer Association
7 Kensington Neighbourhood House
8 Carlton Neighbourhood Learning Centre Inc
9 Minerals Council of Australia
10 Councillor Chris Thomson
11 The Salvation Army
- 11.1 Supplementary to submission 11

12 Private Healthcare Australia
13 Australian Small Business and Family Enterprise Ombudsman
14 Beyond Blue
15 The Pharmacy Guild of Australia
16 Queensland Consumers Association
17 Australian Catholic Bishops Conference
18 Torres Cape Indigenous Council Alliance (TCICA) Inc
- Attachment 1

19 Economic Justice Australia
- Attachment 1

20 Professor David Gilchrist
21 Clean Energy Council
- Attachment 1
- Attachment 2
- Attachment 3
- Attachment 4

22 Adams Economics
23 Local Government Association of Queensland
24 UnitingCare Australia
- 24.1 Supplementary to submission 24

25 Asthma Australia
26 The University of Melbourne Graduate Student Association
- 26.1 Supplementary to submission 26

27 Dr John Hawkins
28 Oracle
29 Energy Consumers Australia
30 Department of Economics, University of Western Australia
31 Anglicare WA
32 Women With Disabilities Australia (WWDA)
33 NSW Advocate for Children and Young People (ACYP)
- Attachment 1

34 Brotherhood of St Laurence
35 Headspace National Youth Mental Health Foundation Ltd
- 35.1 Supplementary to submission 35

36 Anglicare Australia
- 36.1 Supplementary to submission 36

37 Inclusion Australia
38 National Australia Bank
- Attachment 1
- Attachment 2

39 People with Disability Australia
40 Australian Banking Association
- 40.1 Supplementary to submission 40

41 Lifeline Australia
- Attachment 1
- Attachment 2

42 Consumer Action Law Centre
43 Youth Affairs Council of South Australia
44 Consumers Health Forum of Australia
45 Insurance Council of Australia
46 The Tax Institute
47 Council of Australian Postgraduate Associations (CAPA) & National Aboriginal and Torres Strait Islander Postgraduate Association (NATSIPA)
48 University of Tasmania
49 UNSW Tax and Business Advisory Clinic
50 Coast Shelter
51 Mission Australia
52 Australian Communications Consumer Action Network (ACCAN)
53 Combined Pensioners and Superannuants Association
- 53.1 Supplementary to submission 53

54 Australian Automobile Association
- Attachment 1

55 Western Australian Council of Social Service
56 Council on the Ageing Australia (COTA)
57 Community Information & Support Victoria (CISVic)
58 Professor Alison Preston
59 Australian Young Christian Workers
60 JFA Purple Orange
61 Commonwealth Bank Australia
62 Consumers' Federation of Australia
63 Australian Federation of Disability Organisations (AFDO)
64 Metcash
65 Government of South Australia
66 The Centre for Excellence in Child & Family Welfare
67 Craig's Table
- 67.1 Supplementary to submission 67

68 Business Council of Australia
- 68.1 Supplementary to submission 68

69 Carers NSW
- Attachment 1
- Attachment 2

70 Australian Petroleum Production and Exploration Association
71 Mr Salman Shah
72 Tomorrow Movement
73 Volunteering Australia
74 Sacred Heart Mission
75 Northern Territory Department of Treasury and Finance
76 Australian National University Disabilities Student Association
77 St Vincent de Paul Society National Council
78 The Royal Automobile Club WA
79 Orygen and Australian Youth Affairs Coalition
80 Catholic Religious Australia
81 Wesley Mission
82 Community Gardens Australia
83 Asylum Seeker Resource Centre
84 ANU Law Reform and Social Justice Research Hub
85 Domestic Violence NSW
86 Financial Counselling Australia
87 Dietitians Australia
88 Association of Independent Retirees
89 Financial Services Council
90 Community Early Learning Australia

91 Youth Action
- 91.1 Supplementary to submission 91

92 Council of Small Business Organisations Australia (COSBOA)
93 Community Industry Group
94 Think Forward
95 Wise
96 Institute of Public Affairs
97 Master Builders Australia
- Attachment 1

98 National Union of Students and Foundation for Young Australians
- Attachment 1
- Attachment 2

99 Multicultural Disability Advocacy Association
100 Carers Australia
101 National Association for Prevention of Child Abuse & Neglect (NAPCAN)
102 Australian Medical Student Association
103 Australia and New Zealand Banking Group (ANZ)
104 Tenants' Union of Tasmania
105 Dr Sophie Scamps MP
106 Mr Peter Sutton
107 Name Withheld
108 Ms Madonna Waugh
109 Mr Rick Pratchett
110 Mr Cameron Henderson
111 Mr Gregory Gilpin
112 Ms Barbara Handasyde
113 Mr Robert Wigg
114 Mr Cyril and Ms Jeannick Fox
115 Ms Julie Bailey
116 Ms Pauline Goodes
117 Mr John Sutcliffe
118 Mrs Shirani Wright
119 Mr Chris Hamill
120 Name Withheld
121 Cost of Living Survey Responses 5-162
122 Ms Diane Creasey
123 City of Darebin
124 Derek Smith
125 Chris Sayers
126 Tasmanian Small Business Council
127 Medical Technology Association of Australia
128 Cost of Living Survey Responses 163-400

129 Mr John Tate
130 Relationships Australia
131 British Pension Campaign Letters
132 Cost of Living Survey Responses 401-822
133 Ms Rachel Sirr
134 Cost of Living Survey Responses 823-935
135 Queensland Council of Social Service (QCOSS)
136 The Legacy of Giving
137 Trusted Care
138 Cystic Fibrosis Queensland
139 Prevention United
140 Mr John Dahlsen

- 140.1 Supplementary to submission 140
- 140.2 Supplementary to submission 140

141 Cost of Living Survey Responses 940-1088
142 Lifeline Australia
143 Council of Single Mothers and their Children
144 Cystic Fibrosis Australia
145 ReachOut
146 Australian Consumers Insurance Lobby
147 Dr Aletha Ward PhD, MBA, BNurs, RN, GAICD, FACN, MAPNA
148 South Australian Council of Social Service
149 Goldfields Voluntary Regional Organisation of Councils (GVROC)
150 Youth Affairs Council of Western Australia (YACWA)
151 The Centre for Community Child Health
152 Ms Vanessa Soelter
153 University of Queensland Union
154 Cancer Council Australia
155 Settlement Council of Australia
156 United Workers Union
157 Financial Counselling Victoria
158 Anglicare Southern Queensland
159 Disability Justice Research Hub, Australian National University
160 Equity Project
161 Family & Relationship Services Australia (FRSA)
162 Lung Foundation Australia
163 UNSW Law Society Inc.
164 TAFE Directors Australia
165 Victoria Law Foundation
166 Public Transport Users Association
167 National Automotive Leasing and Salary Packaging Association (NALSPA)
168 Federation of Ethnic Communities' Councils of Australia (FECCA)
169 Australian Alcohol & Other Drugs Council

170 Australian Medical Students' Association (AMSA)
171 The Royal Australian College of General Practitioners Ltd (RACGP)
172 Homelessness Australia, the Community Housing Industry Association and National Shelter joint submission
173 Australian Council of Social Service (ACOSS)
- Additional Information 1
- Additional Information 2
- Attachment 1

174 Name Withheld
175 Mallee Family Care
176 Master Electricians Australia
177 Australian Education Union - Federal Office
178 Asylum Seekers Centre
179 Mr Peter McAndrew
180 First Peoples Disability Network
181 Australian Federation of Disability Organisations (AFDO)
182 Dr Farida Akhtar
183 Australian Automotive Dealer Association (AADA)
184 Central Land Council
- Attachment 1
- Attachment 2

185 Mr Leigh Harkness
186 South Asian Research and Advocacy Hub (SARAH), Australian National University
187 Northern Australia Indigenous Reference Group
188 Tangentyere Council
- Attachment 1
- Attachment 2

189 MS Australia
190 GetUp!
- 190.1 Supplementary to submission 190
- Additional Information 1
- Additional Information 2

191 Ms Lara Kaput
192 CHATO International Pty Ltd
- 192.1 Supplementary to submission 192

193 Anglicare Sydney
- Additional Information 1

194 Australian Association of Psychologists Incorporated
195 Children and Young People with Disability
196 Equi Consultancy Partners

197 The Common Sense Party of Australia
198 World Council For Health Australia
199 Youth Law Australia
200 Dr Serge Diklitch
201 Leif Popovic
202 Housing Industry Association Ltd
203 Australian Chamber of Commerce and Industry
204 AGL
205 SA Commissioner for Children and Young People
206 Mr John Tremayne
207 Australian Restructuring, Insolvency and Turnaround Association
208 Mr Robert Heron
209 Australian Energy Regulator
210 Dr Kevin Cox
211 Red Energy and Lumo Energy
212 Mr David Karr
213 CREATE Foundation
214 Down Syndrome Australia
215 Consumers of Mental Health WA
216 NTCOSS, CLC, AMSANT and NCL
217 UNICEF Australia
218 YWCA
219 ARACY
220 Fairfield City Council
221 National Council of Women of Queensland
222 Brave Foundation
223 Mr Greg Peak
224 Ms Cassandra Keeping
225 Institute for Energy Economics and Financial Analysis
226 Jay Bee
227 Queensland Family & Child Commission
228 Restaurant & Catering Association
229 Humanist Society of Victoria Inc.
230 UNSW Ageing Futures Institute
231 Mr Darryn Wiley
232 Catholic Social Services Australia
233 Aboriginal Medical Services Alliance Northern Territory
234 Sexual Health Advocates for Reproductive Equity
235 Mr Ronald James
236 Mr Greg Jarvis
237 Health Consumers' Council WA
238 Australian Youth Advocacy Network
239 Mr Jack Davenport

240 The Learning Shop
241 Gayaa Dhuwi (Proud Spirit) Australia
242 Refugee Advice & Casework Service
243 Cost of Living Survey Responses 1089-1275
244 Name Withheld

- Response from Woolworths

245 Ms Yuen Yan Li

Additional Information

1 Finder Cost of Living Report Australia, March 2023.
2 Australian Council of Social Services Budget Priorities Statement 2023-24.
3 Anglicare Sydney "Hungry or Homeless - Tough Choices in a Cost-of-Living Crisis" by Sue King, Peter Bellamy and John Bellamy, May 2023.
4 Anglicare WA "Rental Affordability Snapshot 2023".
5 Anglicare WA "Rental Affordability Snapshot - Essential Workers Report Special Release".
6 Anglicare WA "Rental Affordability Snapshot - Essential Workers" (overview).
7 Anglicare Australia "The Poverty Premium - The High Cost of Poverty in Australia", September 2023.
8 Australian Automobile Association - Transport Affordability Index, December Quarter 2022, March 2023.
9 Origin "Customers on Origin's hardship programs", August 2024.
10 Australian Restructuring Insolvency & Turnaround Association "Small Business Restructuring", September 2024.
11 Australian Restructuring Insolvency & Turnaround Association "Trusts Redraft", September 2024.
12 Australian Restructuring Insolvency & Turnaround Association "First Step Reforms", September 2024.
13 Australian Restructuring Insolvency & Turnaround Association "Simplified Liquidation Revised Legislation", September 2024.

Answer to Question on Notice

1 Answers to spoken questions on notice by the Department of Climate Change, Energy, the Environment and Water at a public hearing on 3 February 2023 in Brisbane, received 13 February 2023.
2 Answers to spoken questions on notice by the Department of the Treasury at a public hearing on 3 February 2023 in Brisbane, received 13 February 2023.
3 Answers to questions on notice by the Department of Industry, Science and Resources, received 14 February 2023.

4 Answers to spoken questions on notice by the Salvation Army at a public hearing on 1 February 2023 in Sydney, received 17 February 2023.

5 Answers to spoken questions on notice by the Energy Consumers Australia at a public hearing on the 1 February 2023 in Sydney, received 20 February 2023.

6 Answers to spoken questions on notice by the Woolworths Group at a public hearing on 1 February 2023 in Sydney, received 20 February 2023.

7 Answers to spoken questions on notice by the Reserve Bank of Australia at a public hearing on 1 February 2023 in Sydney, received 20 February 2023.

8 Answers to spoken questions on notice by the Australian Petroleum Production and Association at a public hearing on 3 February 2023 in Brisbane, received 20 February 2023.

9 Answers to spoken questions on notice by the Australian Energy Regulator at a public hearing on 2 February 2023 in Melbourne, received 21 February 2023.

10 Answers to spoken questions on notice by the Local Government Association of Queensland at a public hearing on 3 February 2023 in Brisbane, received 3 March 2023.

11 Answers to written questions on notice by Master Builders Australia, received 15 March 2023.

12 Answers to written questions on notice by Woolworths Group Australia, received 20 March 2023.

13 Answers to spoken questions on notice by Metcash Limited at a public hearing on 1 March 2023 in Box Hill, received 23 March 2023.

14 Answers to spoken questions on notice by the Australian Competition and Consumer Commission at a public hearing on 1 March 2023 in Box Hill, received 29 March 2023.

15 Answers to written questions on notice by the Property Council of Australia, received 30 March 2023.

16 Answers to questions on notice by the Department of the Treasury, at a public hearing on 1 March 2023 in Box Hill, received 31 March 2023.

17 Answers to written questions on notice by the Department of the Treasury, received 31 March 2023.

18 Answers to written questions on notice by the Department of Climate Change, Energy, the Environment and Water, received 4 April 2023.

19 Answers to written questions on notice by Professor Peter Robertson, Professor Jakob Madsen, Dr Girish Bahal, Dr Shawn Chen, Professor David Gilchrist and Dr Michael Palmer, received 5 April 2023.

20 Answers to written questions on notice by the Australian Chamber of Commerce and Industry, received 6 April 2023.

21 Answers to written questions on notice by the Minerals Council of Australia, received 11 April 2023.

22 Answers to written questions on notice by the Australian Petroleum Production and Exploration Association, received 14 April 2023.

23 Answer to written questions on notice by the Australian Taxation Office, received 19 April 2023.

24 Answers to written questions on notice by the Department of the Treasury, received 25 May 2023.

25 Answers to questions on notice by the Department of the Treasury, received 26 May 2023.

26 Answers to questions on notice by the Department of the Treasury, received 1 June 2023.

27 Answers to questions on notice by the Department of the Treasury at a public hearing on 23 June 2023 in Canberra, received 14 July 2023.

28 Answers to questions on notice by the Department of Climate Change, Energy, the Environment and Water, at a public hearing on 23 June 2023 in Canberra, received 14 July 2023.

29 Answers to questions on notice by the Department of Health and Aged Care at a public hearing on 23 June 2023 in Canberra, received 19 July 2023.

30 Answers to questions on notice by the Productivity Commission at a public hearing on 23 June 2023 in Canberra, received 26 July 2023.

31 Answers to spoken questions on notice by the Treasury Portfolio at a public hearing on 23 June 2023 in Canberra, received 3 August 2023.

32 Answers to questions on notice by the Department of Health and Aged Care at a public hearing on 23 June 2023 in Canberra, received 9 August 2023.

33 Answers to spoken questions on notice by Woodside Energy at a public hearing on 4 August 2023 in Canberra, received 25 August 2023.

34 Answers to questions on notice by Qantas at a public hearing on 28 August 2023 in Melbourne, received 31 August 2023.

35 Answers to questions on notice by The Salvation Army at a public hearing on 22 August 2023 in Port Augusta, received 14 September 2023.

36 Answers to questions on notice by Qantas at a public hearing on 28 August 2023 in Melbourne, received 18 September 2023.

37 Answers to questions on notice by Qantas at a public hearing on 28 August 2023 in Melbourne, received 29 September 2023

38 Answers to spoken questions on notice by The Salvation Army at a public hearing on 26 September 2023 in Perth, received 20 October 2023.

39 Answers to questions on notice by Coles at a public hearing on 1 March 2023 in Melbourne, received 20 March 2023

40 Answers to questions on notice by Foodbank SA & NT at a public hearing on 22 August in Port Augusta, received 30 August 2023

41 Answers to written questions by St Vincent de Paul Society taken on notice from Senator Hume, received 14 December 2023.

42 Answers to written questions by Foodbank taken on notice from Senator Hume, received 14 December 2023.

43 Answers to written questions taken on notice by The Salvation Army from Senator Hume, received 15 December 2023.

44 Answers to spoken questions on notice by the Department of the Treasury at a public hearing on 23 June 2023 in Canberra, received 21 December 2023.

45 Answers to written questions on notice by Financial Counselling Australia, received 11 January 2024.

46 Answer to questions on notice by Consumers Health Forum of Australia, received 16 February 2024.

47 Answer to questions on notice by Asthma Australia, received 29 February 2024.

48 Answer to questions on notice by Australian Finance Industry Association, received 7 March 2024.

49 Answer to questions on notice by Gladstone Industry Leadership Group, received 7 March 2024.

50 Answer to questions on notice by The Next Economy, received 11 March 2024.

51 Answer to questions on notice by HIA, received 9 April 2024.

52 Answer to questions on notice by the Department of the Treasury, received 29 May 2024.

53 Answer to questions on notice by the Department of the Treasury, received 3 June 2024.

54 Answer to questions on notice by the Department of the Treasury, received 4 June 2024.

55 Answer to questions on notice by the Department of the Treasury, received 7 June 2024.

56 Answers to questions on notice taken at the hearing on 7 August 2024 by the Reserve Bank of Australia, received 28 August 2024.

57 Answers to written questions on notice by the Reserve Bank of Australia, received 28 August 2024.

58 Answer to a question on notice taken at the hearing on 7 August 2024 by the Business Council of Australia, received 28 August 2024.

59 Answers to questions on notice taken at the hearing on 16 August 2024 by Australian Securities and Investments Commission, received 10 September 2024.

60 Answers to questions on notice taken by Australian Financial Security Authority at the hearing on 16 August 2024, received 10 September 2024.

61 Answers to questions on notice by Nestle Australia Ltd taken at the hearing on 13 September 2024, received 25 September 2024.

62 Answers to questions on notice taken at the hearing on 13 September 2024 by the Department of Industry, Science and Resources, received 16 October 2024.

63 Answers to questions on notice taken at the hearing on 16 August 2024 by The Treasury, received 25 October 2024.

64 Answers to questions on notice taken at the hearing on 11 October 2024 by The Treasury, received 25 October 2024.

65 Answers to questions on notice taken at the hearing on 11 October 2024 by Woolworths, received 30 October 2024.

66 Answers to questions on notice taken at the hearing on 11 October 2024 by Master Grocers Australia, received 1 November 2024.
67 Answers to questions on notice taken at the hearing on 11 October 2024 by Coles Group, received 4 November 2024.
68 Answers to questions on notice taken at the hearing on 13 September 2024 by Mars Australia, received 14 November 2024.

Media Releases

1 'Senate Committee will examine the cost of living pressures facing Australians'.
2 'Senate Committee invites members of the Western Sydney community to share their views'.
3 'Senate Committee invites members of the Hobart community to share their views'.

Tabled Documents

1 Opening statement provided by Ms Cassandra McCarthy, Glencore at a public hearing on 1 February 2023.
2 Ampol's Decarbonisation Commitments provided by Mr Todd Loydell, Ampol at a public hearing on 1 February 2023.
3 Australian Electoral Commission Chart by Mr Ben Skinner, Australian Electoral Commission at a public hearing on 2 February 2023.
4 Opening statement delivered by Dr Marion Kohler, Reserve Bank of Australia, at a public hearing on 1 February 2023.
5 Opening statement delivered by Mr Chris Ellis, Finder at a public hearing on 1 February 2023.
6 Opening statement delivered by Mr Rick Wilkinson, EnergyQuest at a public hearing on 2 February 2023.
7 Opening statement delivered by Mr Michael Coote, AUSVEG at a public hearing on 2 February 2023.
8 Opening statement delivered by Ms Brianna Casey, Foodbank at a public hearing on 1 February 2023.
9 Opening statement provided by Mr Joel Dignam, Better Renting at a public hearing on 3 February 2023.
10 Energy Relief Price Package, tabled by Mr Simon Duggan, Department of Climate Change, Energy, the Environment and Water at a public hearing on 3 February 2023.
11 Opening statement provided by the Department of Industry, Science and Resources at a public hearing on 3 February 2023.
12 A comparison of budget structural position, tabled by Senator Hume at a public hearing on 1 February 2023.
13 Opening statement provided by Dr Rachel David, Private Healthcare Australia at a public hearing on 21 April 2023.

14 NSW Business Conditions: Pre-Election Special Edition provided by Business NSW at a public hearing on 21 April 2023.

15 Interest rate and housing tables, provided by the Property Club at a public hearing on 26 September 2023.

16 Grandparents Raising Grandchildren Western Australia's position paper provided at a public hearing on 26 September 2023.

17 Report tabled by the Gladstone Regional Council at a public hearing on 19 February 2024.

18 Mayor, CEO and General Manager, Brief on Waste Levy Advocacy, provided by the Gladstone Regional Council at a public hearing on 19 February 2024.

19 Opening statement delivered by Mr Wes Lambert, Australian Restaurant & Café Association Ltd, at public hearing on 16 August 2024.

20 Breaking 'Building Bad' Essential Action to Prevent Corruption, Criminality and Improve Culture in Building and Construction, provided by Master Builders Australia, at a public hearing on 16 August 2024.

21 Opening statement provided by Mr Suresh Manickam, Restaurant & Catering Industry Association Ltd, following public hearing on 16 August 2024.

22 Opening statement delivered by Mr Warren Hogan, Judo Bank, at public hearing on 7 August 2024.

23 Opening statement, tabled by Mr Adam Fitzgibbons, Coles Group, at the public hearing on 11 October 2024.

24 Opening statement, tabled by Mr Paul Harkner, Woolworths Supermarkets & Metro, at the public hearing on 11 October 2024.

Appendix 2
Public Hearings

Wednesday 1 February 2023
Heritage Room 1, Hyatt Regency
161 Sussex St
Sydney

Glencore Australia
- Mr Nicholas (Nick) Talintyre, Australian Regional Finance Lead
- Ms Cassandra McCarthy, Corporate Affairs, Australia

Ampol
- Mr Todd Loydell, Head of Government Affairs
- Mr Prasad Kholkute, General Manager Retail Fuels Pricing
- Mr Rohan Dangerfield, General Manager Projects (Fuels and Infrastructure)

bp Australia (via teleconference)
- Ms Vesna Di Tommaso, Vice President Midstream, Supply and B2B
- Mr David Stuart, Head of National Policy and Government Affairs

Reserve Bank of Australia
- Dr Marion Kohler, Head of Economics Analysis Department
- Mr Tom Rosewall, Deputy Head, Economic Analysis Department

Woolworths Supermarkets
- Mr Paul Harker, Chief Commercial Officer

The Salvation Army Australia
- Mr Stuart Foster, General Manager Community Services
- Ms Jennifer Kirkaldy, General Manager, Policy and Advocacy

Brotherhood of St Laurence (via teleconference)
- Dr Dina Bowman, Principal Research Fellow, Work and Economic Security

Foodbank Australia Ltd
- Ms Brianna Casey, Chief Executive Officer
- Ms Sarah Pennell, General Manager, Research

Wesley Mission / Wesley Community Services
- Reverend Stu Cameron, Chief Executive Officer
- Ms Sarah-Jane McGrath, Operations Manager, Early Intervention and Counselling

Uniting Victoria and Tasmania

- Mr Tomas Johnson, Manager Advocacy and Public Policy

St Vincent de Paul Society

- Mr Toby oConnor, Chief Executive Officer

Finder Australia

- Mr Chris Ellis, Chief Executive Officer

Australian Council of Social Service

- Dr Cassandra Goldie, Chief Executive Officer
- Ms Charmaine Crowe, Program Director, Social Security

Australian Unemployed Workers Union (via teleconference)

- Ms Catherine Caine, Spokesperson for Income Support
- Mr Jeremy Poxon, Media Officer

Ai Group (via teleconference)

- Dr Peter Burn, Chief Policy Advisor

Energy Consumers Australia

- Ms Lynne Gallagher, Chief Executive Officer
- Ms Jacqueline Crawshaw, Policy Director

Thursday 2 February 2023

Flinders Room, Mantra on Russell
222 Russell St
Melbourne

Australian Energy Council

- Mr Ben Skinner, General Manager Policy and Research
- Mr Ben Barnes, Acting Chief Executive

EnergyQuest (via teleconference)

- Mr Rick Wilkinson, Head of Consulting

MST Marquee (via teleconference)

- Mr Mark Samter, Senior Research Analyst

Clean Energy Council

- Mr Arron Wood, Executive General Manager, Industry Development

Energy Efficiency Council

- Mr Luke Menzel, Chief Executive Officer

Australian Energy Market Operator

- Ms Nevenka Codevelle, Executive General Manager, Government and Stakeholder
- Mr Temay Rigzin, Principal Adviser, Government and Stakeholder

Australian Energy Regulator

- Ms Clare Savage, Chair
- Ms Stephanie Jolly, General Manager, Market Performance

Australian Competition and Consumer Commission

- Ms Gina Cass-Gottlieb, Chair
- Ms Sarah Proudfoot, Executive General Manager, Infrastructure Division

Australian Renewable Energy Agency

- Mr Darren Miller, Chief Executive Officer

Australian Housing and Urban Research Institute

- Dr Michael Fotheringham, Managing Director
- Dr Tom Alves, Head of Development

AUSVEG

- Mr Bill Bulmer, Chair
- Mr Michael Coote, Chief Executive Officer

Friday 3 February 2023

Wickham Room, Hotel Grand Chancellor
23 Leichhardt St
Brisbane

Australian Petroleum Production & Exploration Association

- Ms Samantha McCulloch, Chief Executive Officer

Australia Institute (via teleconference)

- Mr Greg Jericho, Policy Director
- Mr Matt Grudnoff, Senior Economist

Climate Energy Finance (via teleconference)

- Mr Tim Buckley, Director

Q Shelter

- Ms Fiona Caniglia, Executive Director

Communify Queensland Ltd

- Ms Karen Dare, Chief Executive Officer

Better Renting (via teleconference)

- Mr Joel Dignam, Executive Director

Local Government Association Queensland

- Ms Alison Smith, Chief Executive Officer

Queensland Farmers' Federation

- Ms Jo Sheppard, Chief Executive Officer

Meat and Livestock Australia

- Mr Jason Strong, Managing Director

Treasury (via teleconference)

- Mr Luke Yeaman, Deputy Secretary, Macroeconomic Group
- Ms Ineke Redmond, A/g First Assistant Secretary, Macroeconomic Conditions Division
- Ms Laura Berger-Thomson, First Assistant Secretary, Personal and Indirect Tax, Charities and Housing Division
- Mrs Philippa Brown, First Assistant Secretary, Labour Market, Environment, Infrastructure and Industry Division
- Ms Lisa Elliston, First Assistant Secretary, Social Policy Division
- Mrs Neena Pai, Assistant Secretary, Budget Policy Branch
- Mr Matthew Malony, Assistant Secretary, Climate and Industry Branch

Department of Climate Change, Energy, the Environment and Water (via teleconference)

- Mr Simon Duggan, Deputy Secretary, Energy Group
- Mr Geoff Whelan, General Manager, Electricity Markets Branch, Electricity Division
- Mr Stuart Richardson, Branch Head, Gas Markets Branch, Gas and Liquid Fuels Division
- Ms Melissa Pang, A/g Branch Head, Market Reform Branch, Electricity Division

Department of Industry, Science and Resources

- Ms Anthea Long, Division Head, Minerals and Resources Division
- Mr David Lawrence, A/g Head of Oil and Gas Division
- Mr David Thurtell, Manager, Resource and Energy Insights Branch, Analysis and Insights Division
- Mr Mark Weaver, General Manager of Industrial Competitiveness & Strategy Branch, Industry Growth Division

Wednesday 1 March 2023

Box Hill Town Hall
1022 Whitehorse Rd
Box Hill

Asian Business Association of Whitehorse Inc

- Mr Richard Shi, Vice President

CareNet

- Mrs Kellie Wishart, Chief executive Officer

Meals on Wheels Victoria

- Mr Nelson Mathews, State Manager

Renters and Housing Union

- Mr Zachary Doney, General Membership Branch Delegate
- Ms Eirene Tsolidis Noyce, Organiser, Founding Secretary

Australian Competition and Consumer Commission

- Mr Scott Gregson, Chief Executive Officer
- Ms Sarah Proudfoot, Executive General Manager Infrastructure Division
- Mr Paul Franklin, Executive General Manager, Consumer Data Right (via teleconference)
- Mr Michael Eady, General Manager Insurance Monitoring
- Ms Leah Won, General Manager Competition Enforcement and Financial Services

Coles

- Ms Vittoria Bon, Government and Industry Relations Manager

Metcash (via teleconference)

- Mr Scott Marshall, Chief Executive Officer

Aldi Stores Australia

- Mr Oliver Bongardt, Managing Director, Buying

Friday 21 April 2023

Holiday Inn Warwick Farm
355 Hume Highway
Warwick Farm

Australian Banking Association

- Ms Anna Bligh AC, Chief Executive Officer
- Mr Chris Taylor, Chief of Policy

Business NSW

- Mr David Harding, Executive Director

Cabramatta Chamber of Commerce

- Mr Michael Foulkes, Chairperson

SMSF Association

- Mr Peter Burgess, Chief Executive Officer
- Ms Tracey Scotchbrook, Policy Manager

Finance Brokers Association of Australia Ltd

- Mr Peter White AM, Managing Director

Private Healthcare Australia

- Dr Rachel David, Chief Executive Officer
- Mr Ben Harris, Director, Policy and Research

Combined Pensioners and Superannuants Association

- Ms Jessica Miller, Policy Officer

Council on the Ageing Australia

- Ms Patricia Sparrow, Chief Executive Officer
- Ms Mary Swift, Policy Officer

Australian Prudential Regulation Authority

- Ms Therese McCarthy Hockey, APRA Member
- Mr Peter Diamond, General Manager, Banking Division
- Mr Jonathan Wood, Head of Insurance Risk
- Mr Stephen Fay, Senior Manager, Macro and Industry Insights

Suicide Prevention Australia

- Mr Christopher Stone, Policy and Government Relations Manager
- Mrs Anne Leslie, Policy Advisor

NSW Advocate for Children and Young People (ACYP)

- Ms Zoe Robinson, NSW Advocate for Children and Young People

People with Disability Australia

- Mx Giancarlo de Vera, Senior Manager Policy

Mission Australia

- Mr Saeli Masina, State Leader, Greater Western Sydney
- Ms Kathryn Di Nicola, Head of Policy & Advocacy

Community Forum

- Dr Quinn On

Adjournment

Friday 23 June 2023

Room S23
Parliament House

Canberra

Department of Climate Change, Energy, the Environment and Water

- Ms Clare McLaughlin, Division Head, Energy
- Ms Kirsty Gowans, Division Head, Electricity
- Mr Chris Videroni, Branch Head, Gas Security
- Mr Adam Pankhurst, Acting Branch Head, Electricity Markets Branch
- Mr Stuart Richardson, Branch Head, Gas Markets

Department of Health and Aged Care

- Ms Penny Shakespeare, Deputy Secretary, Health Resourcing Group
- Mr Daniel McCabe, First Assistant Secretary, Medicare Benefits and Digital Health
- Ms Adriana Platona, First Assistant Secretary, technology Assessment and Access

Productivity Commission

- Professor Alex Robson, Commissioner and Deputy Chair of the Productivity Commission
- Dr Ralph Lattimore, First Assistant Commissioner
- Ms Rosalyn Bell, Acting First Assistant Commissioner

Treasury

- Mr Luke Yeaman, Deputy Secretary, Macroeconomic Group
- Dr Sarah Hunter, First Assistant Secretary, Macroeconomic Conditions Division
- Ms Neena Pai, Assistant Secretary, Budget Policy Division
- Mr Matthew Maloney, Assistant Secretary, Labour Market, Environment, Industry and Infrastructure Division
- Mr Aidan Storer, Assistant Secretary, Market Conduct and Digital Division
- Mr Robert Raether, First Assistant Secretary, Housing Division

Monday 10 July 2023

Edwardian Room
Rydges Hobart
393 Argyle St
North Hobart

Economics Discipline at the Tasmanian School of Business and Economics, University of Tasmania, Anglicare Tasmania and Well Economics Analysis

- Dr Graeme Wells, Adjunct Senior Researcher, Tasmanian School of Business and Economics

- Dr Mala Raghavan, Senior Lecturer and Discipline Lead in Economics, Tasmanian School of Business and Economics
- Dr Maria Belen Yanotti, Senior Lecturer and Discipline Lead in Economics, Tasmanian School of Business and Economics (via teleconference)

Anglicare Australia
- Ms Mary Bennett, Coordinator, Social Action and Research Centre

Tasmanian Chamber of Commerce and Industry (No submission)
- Mr Michael Bailey, Chief Executive Officer, (via teleconference)

St Vincent de Paul Society Tasmania
- Ms Heather Kent, CEO

Foodbank Tasmania Inc.
- Mr Stuart Clutterbuck, Chair
- Mr Robert Higgins, Deputy Chair

Real Estate Institute of Tasmania
- Ms Michelle Tynan, CEO
- Mr Adrian Kelly, Board Director

Financial Counsellors Association Tasmania
- Ms Danielle Slade, President

Rural Business Tasmania
- Mr Michal Frydrych, Chairman

Tasmanian Small Business Council
- Mr Geoffrey Fader, Chairperson
- Mr Robert Mallett, Chief Executive Officer

Community Forum
- Mr Derek Smith

Adjournment

Friday 4 August 2023
Committee Room 2S1
Parliament House
Canberra

Australian Petroleum Production and Exploration Association
- Ms Samantha McCulloch, Chief Executive

ConocoPhillips (via videoconference)

- Ms Fiona McLeod, General Manager, Government and External Affairs (via videoconference)

ExxonMobil Australia

- Mr David Berman, Commercial Director

Santos

- Ms Tracey Winters, Strategic External Affairs Advisor

Shell Energy Australia (via videoconference)

- Mr David Guiver, Vice President (via videoconference)

Woodside Energy

- Mr Mark Abbotsford, Executive Vice President, Marketing and Trading

Treasury

- Mr Alex Maevsky, Director
- Mr Luke Yeaman, Deputy Secretary
- Ms Ineke Redmond, Assistant Secretary, Macroeconomic Division
- Ms Neena Pai, Assistant Secretary
- Mr Nicholas Dowie, Assistant Secretary, Small Business, Housing and Employment White Paper Group, Housing Division
- Mrs Emily Martin, Assistant Secretary
- Ms Kerren Crosthwaite, First Assistant Secretary, Small Business, Housing and Employment White Paper Group; Housing Division

Monday 21 August 2023

Balcony Room, South Australian Parliament
Adelaide

Virgin Australia

- Mr Christian Bennet, Corporate Affairs
- Mr Todd Reynolds, Government Relations & Industry Affairs

South Australian Road Transport Association

- Mr Steve Shearer OAM, Executive Officer

Australian Livestock & Rural Transporters Association

- Ms Rachel Smith, Executive Director (via teleconference)

National Road Transport Association

- Mr Warren Clark, Chief Executive

Tourism and Transport Forum

- Ms Margy Osmond, (via teleconference)

Tuesday 22 August 2023

Standpipe Golf Motor Inn, 3-5 Daw Street
Port Augusta

Foodbank SA

- Mr Greg Pattinson, Chief Executive Officer (via teleconference)

Salvation Army, Port Augusta

- Major Gaye Day, Corps Officer

Uniting Country SA

- Ms Ann Crouch, Executive Manager
- Ms Katie Sedunary, Team Leader

Business Port Augusta

- Ms Virginia Lloyd, Chairperson

Davenport Community Council

- Ms Lavene Ngatokorua, Chief Executive Officer
- Ms Charelle Dingman, Vice-Chairperson

Afternoon Tea

Community Forum

- Mr Shaun Davisdon
- Mr Greg Kipling
- Mr Terry Riordan
- Mr Martin Seymour

Wednesday 23 August 2023

Spinifex Room, Double Tree by Hilton Alice Springs, 82 Barrett Drive
Alice Springs

Salvation Army, Alice Springs

- Mr Fred Docking, Services Manager and Northern Territory Coordinator

Yipirinya School

- Dr Emma Schuberg
- Dr Gavin Morris, Principal

Alice Springs Town Council

- Mr Matt Paterson, Mayor

Central Australian Women's Legal Service

- Ms Anna Ryan, Chief Executive Officer
- Ms Tania Robinson, Financial Counsellor

NPY Women's Council

- Ms Liza Balmer, Chief Executive Officer

Chamber of Commerce NT

- Ms Nicole Walsh, Chief Operating Officer

Community Forum

- Mr James Christian
- Mr Darren Clark
- Ms Nicole Laughton
- Ms Sharon Tregea

Monday 28 August 2023

Legislative Council Committee Room
Parliament of Victoria
Spring Street
East Melbourne

Qantas Group

- Mr Alan Joyce AC, Chief Executive Officer and Managing Director, Qantas Group
- Ms Steph Tully, Chief Executive Officer, Jetstar Group
- Mr Andrew McGinnes, Group Executive, Corporate Affairs, Qantas Group

Tuesday 26 September 2023

Hyatt Regency Perth
PO Box Q170
Adelaide Terrace
Perth

EnergyAustralia (Via Teleconference)

- Mr Mark Brownfield, Customer Executive
- Mr Tristan Menalda, Federal Government Relations Manager

AGL Energy (Via Teleconference)

- Ms Suzanne Falvi, Executive General Manager, Corporate Affairs
- Mr Tarl Hart, General Manager Product and Portfolio, Customer Markets
- Mr David Moretto, General Manager Integrated Portfolio Planning (Integrated Energy)

Origin Energy (Via Teleconference)

- Mr Tim O'Grady, General Manager Government Engagement

Foodbank WA

- Ms Kate O'Hara, Chief Executive Officer
- Mrs Moira Aynsley, Senior Manager, Brand

Salvation Army, Western Australia Division

- Major Brad Potter, Divisional Commander, Western Australia
- Mr Lindsay Boyer, State Manager, Doorways WA
- Mr Nathan Borland, State Manager, Doorways WA

Anglicare WA

- Mr Mark Fuderer, Director Corporate Services
- Ms Sara Kane, Advocacy Lead
- Ms Helena Jakupovic, General Manager Financial Wellbeing Collective

YouthCARE

- Ms Tamsyn Cullingford, Chief Executive Officer

Grandparents Rearing Grandchildren WA Inc

- Mr Alan Hoffman, President

Association of Independent Retirees

- Ms Margaret Walsh, Deputy National President

Western Australia Self Funded Retirees Inc

- Mr Ron de Gruchy, President

Real Estate Institute of Western Australia

- Ms Cath Hart, Chief Executive Officer

Property Club

- Mr Kevin Young, Founder and Director

Council of Small Business Organisations Australia

- Mr Luke Achterstraat, Chief Executive Officer

Minerals Council of Australia

- Ms Tania Constable, Chief Executive Officer
- Mr Shane Evans, Principal Adviser Economic Reform
- Mr Ben Davies, General Manager, Workplace Relations and Safety

Department of Economics, University of Western Australia

- Professor Peter Robertson, Dean & Head of School, UWA Business School

Thursday 1 February 2024
Leichhardt Room, Hotel Grand Chancellor
23 Leichhardt St
Brisbane

Les Twentyman Foundation
- Mr Les Twentyman OAM, Founder
- Mr Paul Burke, Chief Executive Officer

Brotherhood of St Laurence (via teleconference)
- Mr Daniel Crotty, Head of Inclusion
- Dr Emily Porter, Senior Research Fellow, Work and Economic Security, Social Policy and Research Centre

Good Shepherd Australia New Zealand
- Dr Jozica Kutin, General Manager, Policy, Advocacy and Service Impact
- Ms Karen Denham, Financial Resilience Services Program QLD

Queensland Council of Social Service
- Mr Scott Brown, Executive Director, Research and Policy

Anglicare Southern Queensland
- Mr Jason Ware, Chief Operating Officer, Children, Youth and Families
- Ms Liz Giles, Group Manager, Social and Community Services

Roseberry QLD (via teleconference)
- Mr Fabian Webber, Youth Services Coordinator

Queensland Association of State School Principals
- Mr Patrick Murphy, President

Australian Secondary Principals Association (via teleconference)
- Mr Andy Mison, President

P&C's QLD (via teleconference)
- Ms Donagh Freestun, Chair

Australian Council of State School Organisations (via teleconference)
- Mr Damien Ellwood, President
- Mrs Dianne Giblin, Chief Executive Officer

Catholic Secondary Principals Association
- Ms Ann Rebgetz, Past President 2021-2023

National Catholic Education Commission (via teleconference)
- Ms Jacinta Collins, Executive Director

Australian Education Union (via teleconference)

- Ms Corenna Haythorpe, Federal President

United Workers Union (via teleconference)

- Mr Tim Kennedy, Secretary

Think Forward (via teleconference)

- Mr Thomas Walker, Chief Executive Officer

Consumers Health Forum of Australia (via teleconference)

- Dr Elizabeth Deveny, Chief Executive Officer

Royal Australian College of General Practitioners (via teleconference)

- Dr Nicole Higgins, President

Asthma Australia

- Ms Laura Clarke, Policy Advisor

Arthritis Australia

- Mr Jonathan Smithers, Chief Executive Officer
- Ms Louise Hardy, Director of Policy and Advocacy

Monday 5 February 2024

Committee Room 2S3
Parliament House
Canberra

The Treasury

- Ms Diane Brown, Deputy Secretary, Revenue Group
- Dr Shane Johnson, First Assistant Secretary, Macroeconomics Analysis and Policy Division
- Mr Damien White, First Assistant Secretary, Tax Analysis Division
- Ms Laura Berger-Thomson, First Assistant Secretary, Personal and Indirect Tax and Charities Division

Department of Finance

- Ms Anna Harmer, First Assistant Secretary, Government and Defence Division, Governance and Resource Management Group

Friday 9 February 2024

Main Committee Room
Parliament House
Canberra

Senator the Hon Katy Gallagher, Private capacity

The Treasury

- Dr Steven Kennedy, Secretary
- Dr Shane Johnson, First Assistant Secretary, Macroeconomics Analysis and Policy Division

Monday 19 February 2024

The MacArthur Room
Oaks Gladstone Grand Hotel
79 Goondoon Street
Gladstone

Gladstone Regional Council

- Mayor Matt Burnett, Mayor
- Cr Kahn Goodluck, Deputy Mayor

Gladstone Regional engaging in action Together

- Ms Lorna McGinnis, Executive Director

Aussie Helpers

- Ms Natasha Kocks, Chief Executive Officer

Gladstone Women's Health Centre

- Ms Mitra Khakbaz, Chief Executive Officer

Gladstone Mindcare

- Ms Danielle Harrison, Coordinator

The Next Economy (via teleconference)

- Dr Amanda Cahill, Chief Executive Officer

Master Builders Australia

- Mrs Denita Wawn, Chief Executive Officer
- Ms Dee Zegarac, National Director, Media & Public Affairs

McCosker Contracting

- Mr Robert McCosker, Managing Director

Corfields Electrical (via teleconference)

- Mr Stephen Young, Executive Director and Managing Director

Gladstone Industry Leadership Group

- Mr David Voss, Chief Executive Officer

Wednesday 7 August 2024

Swissotel Sydney, 68 Market Street

Sydney

Reserve Bank of Australia

- Ms Natasha Cassidy, Deputy Head, Economic Analysis Department
- Dr Sarah Hunter, Assistant Governor (Economic)

AMP

- Dr Shane Oliver, Head of Investment Strategy and Chief Economist

National Australia Bank

- Mr Alan Oster, Group Chief Economist

Judo Bank

- Mr Warren Hogan, Chief Economic Advisor

Professor Richard Holden, Private capacity

Business Council of Australia

- Mr Stephen Walters, Chief Economist

Friday 16 August 2024

Main Committee Room

Australian Parliament House

Canberra

Australian Restaurant and Cafe Association (Via videoconference)

- Mr Wes Lambert, Chief Executive Officer

Council of Small Business Organisations Australia

- Ms Adele Sutton, Head of Policy and Advocacy

Restaurant and Catering Industry Association of Australia (Via videoconference)

- Mr Suresh Manickam, Chief Executive Officer

Association of Independent Insolvency Practitioners Ltd (Via videoconference)

- Mr Schon Condon, Director

Housing Industry Association

- Mrs Jocelyn Martin, Managing Director
- Mr Tim Reardon, Chief Economist

Master Builders Australia

- Mr Shaun Schmitke

Australian Small Business and Family Enterprise Ombudsman

- The Hon Bruce Billson, Australian Small Business and Family Enterprise Ombudsman
- Dr Matt Steen, Director Policy and Advocacy
- Ms River Paul, Director Data and Analytics
- Ms Katrina Collins, Director Information and Assistance Team

Attorney-General's Department

- Ms Jenna Priestly, Acting First Assistant Secretary, Courts, Tribunals and Commercial Division
- Mr Liam Demamiel, Assistant Secretary, Courts and Tribunals Branch

Australian Financial Security Authority (Via videoconference)

- Mr Marcel Savary, National Manager, Deputy Registrar of Personal Property Securities

Australian Securities and Investments Commission (ASIC)

- Ms Kate O'Rourke, Commissioner

The Treasury

- Mr Anthony Seebach, First Assistant Secretary
- Dr Adam Cagliarini, First Assistant Secretary
- Ms Ineke Redmond, Assistant Secretary, Macroeconomy Branch, Macroeconomic Group
- Mr Luke Yeaman, Deputy Secretary, Macroeconomic Group
- Mr Nicholas Dowie, Assistant Secretary Housing Strategy Branch, Housing Division
- Mr Luke Spear, Assistant Secretary, Budget Policy Branch
- Mr Nick Loan, Assistant Secretary, Stakeholder Liaison Branch
- Ms Michelle Zhang, Acting Director
- Mr Thomas Dickson, Assistant Secretary
- Ms Crescen Alinea, Assistant Director

Friday 13 September 2024

Committee Room 2S1
Australian Parliament House
Canberra

Nestlé Australia

- Ms Sandra Martinez, Chief Executive Officer (via videoconference)

Mondelez International

- Mrs Stephanie Saliba, Director Corporate and Government Affairs (via videoconference)

South East Melbourne Manufacturers Alliance (SEMMA)

- Mr Peter Angelico, President (via videoconference)
- Mr Michael Harrod, Board Member, South East Melbourne Manufacturers' Alliance; and Managing Director, McKinna Group (via videoconference)

Seeley International

- Mr Jon Seeley, Group Managing Director (via videoconference)

Australian Industry Group

- Dr Jeffrey Wilson, Director of Research & Economics (via videoconference)

Australian Food and Grocery Council

- Ms Tanya Barden, Chief Executive Officer

Australian Restructuring, Insolvency and Turnaround Association (ARITA)

- Mr John Winter, Chief Executive Officer
- Dr Warren Mundy, Special Advisor

Department of Industry, Science and Resources

- Ms Julia Pickworth, Deputy Secretary, Industry and Commercialisation Group
- Ms Michelle Dowdell, Chief Economist, Head of Division Analysis and Insights
- Ms Tara Oliver, Head of Industry & Manufacturing Division

The Treasury

- Mr Brendan McKenna, Acting First Assistant Secretary, Labour Market, Environment, Infrastructure and Industry Division
- Mr Thomas Dickson, Acting First Assistant Secretary, Market Conduct Division
- Mr Matthew Maloney, Assistant Secretary, Climate and Energy Division
- Ms Ineke Redmond, Assistant Secretary, Macroeconomic Conditions & Population Division

Australian Taxation Office (ATO)

- Ms Karen Foat, Deputy Commissioner, Frontline Risk and Strategy
- Ms Jillian Kitto, Assistant Commissioner, Strategic Recovery and Insolvency, Frontline Compliance

Friday 11 October 2024

Committee Room 2S3
Australian Parliament House
Canberra

Coles (via videoconference)

- Mr Adam Fitzgibbons, Head of Public Affairs

Woolworths (via videoconference)

- Mr Paul Harker, Chief Commercial Officer, Woolworths Supermarkets & Metro

Master Grocers Australia

- Mr Martin Stirling, Director, Legal Services - MGA Independent Businesses Australia
- Mr Lincoln Wymer, Director and Retailer (via videoconference)

The Treasury

- Mr James Kelly, First Assistant Secretary
- Mr Alex Maevsky, A/g Assistant Secretary, Competition and Digital Platforms Branch
- Mr Marcus Bezzi, Chief Adviser to the Competition Taskforce Division
- Dr Owen Freestone, Assistant Secretary, Competition Taskforce Division
- Ms Anna Barker, A/g Assistant Secretary, Competition Taskforce
- Mr Aidan Storer, Assistant Secretary, Market Conduct Division

Australian Competition & Consumer Commission

- Mr Scott Gregson, Chief Executive Officer
- Mr Mick Keogh, Deputy Chair (via videoconference)