



care DIGNITY
respect
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2014-15 Budget Submission

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Anglicare Australia

Anglicare Australia is a network of over 40 independent local, state, national and international organisations that are linked to the Anglican Church and are joined by values of service, innovation, leadership and the faith that every individual has intrinsic value. Our services are delivered to one in 45 Australians, in partnership with them, the communities in which they live, and other like-minded organisations in those areas. In all, over 23,000 staff and almost 16,000 volunteers work with over 500,000 vulnerable Australians every year delivering diverse services, in every region of Australia.

Anglicare Australia has as its Mission “to engage with all Australians to create communities of resilience, hope and justice”. Our first strategic goal charges us with reaching this by “influencing social and economic policy across Australia...informed by research and the practical experience of the Anglicare Australia network”.

The first budget of this new government, informed by a comprehensive Commission of Audit, is now being framed. It will set the directions of the federal government for years to come. Consequently, Anglicare Australia has a responsibility to make a submission regarding the impact of government policy on the lives of the 500,000 people Anglicare network members see each year, and the priorities it recommends for this budget.

This budget submission and the Commission of Audit

Anglicare Australia understands that the 2014/15 budget will be informed by the Commission of Audit, which has been charged with identifying significant savings, and steering government towards exercising care in every dollar of revenue that it spends while “only doing for people what they cannot do, or cannot do efficiently, for themselves”.

This budget submission takes those goals as guidance. It looks briefly at vital policy areas where targeted government expenditure can better assist people who are vulnerable and disadvantaged to become more independent, and so provide opportunities for them to make greater social and economic contributions to our society.

Many of the initiatives Anglicare Australia calls for in the 2014/15 Budget, through this submission, are about emphasis rather than quantum. It is not so much arguing for increased investment but rather on ensuring vital existing expenditure is sustained, and that it makes a difference to those citizens most in need. The focus of this submission then is on those issues or initiatives that are timely within the current development of social policy and the government’s declared schedule.

No-one left behind

Underlying these arguments is a response to the Prime Minister’s commitment, made on election night; that no one would be left behind. However, it is Anglicare Australia’s

contention that many people in Australia are presently being left behind by economic and social forces, and that they are increasingly invisible. Consequently, this budget, and other government policy, needs to be judged by its impact on the most disadvantaged and vulnerable.

More specifically, given the Treasurer's recent commitment to cut expenditure (rather than introduce new revenue measures) in order to pull government back from significant ongoing deficits, Anglicare Australia calls for those cuts to be directed to the sectors of society which are highly profitable, where people are comfortably well off, and where government is funding what people can reasonably be expected to do for themselves.

The brief list of proposed initiatives below reflects Anglicare Australia's view of the real risk that many of the most marginalised members of Australian society will otherwise be left behind, and their potential contribution will be lost to the Australian community. In the main they are small measures that would have a big impact on improving the self sufficiency of the people and the sectors that they target.

Proposed initiatives

1. Adequate income

Anglicare Australia's unequivocal position is that the Newstart and Youth allowances are manifestly inadequate; that this inadequacy is counterproductive when it comes to providing an incentive for people to find work; that the impact on the wellbeing of those people dependent on those allowances, and their family members, is corrosive and profoundly inequitable; and that it inevitably has a detrimental impact on the economy, and society over all.

Anglicare Australia sees no value in prosecuting that argument in the specific context of this budget submission, but expects it to be an essential element in the overarching review of the welfare system which the government has announced.

While recognising the government's focus on the sustainability of welfare expenditure, Anglicare Australia suggests it is not possible to conduct such a review fairly or effectively without engaging with welfare recipients and the advocacy organisations that represent them. In that capacity, Anglicare Australia requests the opportunity to make a constructive contribution to the process.

a. Streamlining income support

The current income support system is complex and counter-productive. Despite some positive changes to taper rates and income allowances in 2013, people relying wholly or in part on income support are often penalised by loss of income and concessions when they take on part time or casual work.

In its report on the Adequacy of the Allowance Payment system, the Senate Education, Employment and Workplace Relations References Committee last year found that “the allowance payment system can, and should, be simplified and streamlined” arguing that the reform would benefit applicants and service providers, in addition to being “a much needed efficiency and cost saving measure.”

Government could begin the process of simplifying the allowance system by investing in guidance from welfare recipients who are only too aware of its inconsistencies and inefficiencies.

There is also a raft of welfare measures intended to assist people with babies and children, but they are not directed consistently to those most in need, and at risk of poverty, as ACOSS made clear when launching its child poverty initiative [Back to basics](#) in August 2013. In the interest of efficient and effective social policy, government would do well to take the ACOSS analysis seriously and make combatting child poverty a priority in its family support. Anglicare Australia also commends [Issue 93](#) of Family Matters, the journal of the Australian Institute of Family Studies, which focusses on the impact on families of disadvantage and inequality as further evidence of the need to change family welfare and investment arrangements.

b. Trialling a Financial Services Hub

Evidence from the Anglicare network is that those living on low incomes – such as pensions, benefits, and some part time and casual work – and those freshly unemployed and adjusting to their new circumstances are the most likely to benefit from financial counselling and financial literacy support.

With limited resources individuals and families need to maximise their resource utility. Key findings from [Going Without: Financial Hardship in Australia](#), Anglicare Australia commissioned research, were that low income households are spending around 60% of their incomes on basic necessities, and that people on Newstart in particular are going backwards, spending 122% of their income each week, making effective budgeting complex and difficult.

In the light of this need, Anglicare Australia service providers developed a model of service delivery that co-located financial services to allow for a comprehensive support system for those experiencing financial difficulty. It adopts a *Communities for Children Facilitating Partner* model, with a lead agency working with other local providers to determine the necessary service combination to support people to manage their finances – including financial counselling, financial literacy and microfinance arrangements.

It would make sense to trial such an initiative somewhere it could prove most useful. The Playford/Elizabeth area north of Adelaide is one such place as it clearly faces increased unemployed and economic stress over the next few years. Government might be interested to know that Anglicare South Australia, which

provides a suite of services in that area, was a partner in the development of the Financial Services Hub model and has expressed an interest in running such a trial.

c. Treating superannuation entitlements equitably

Government would be well aware of the strong reaction to the decision to abolish the Low Income Superannuation Contribution (LISC). It is Anglicare Australia's view that LISC was a belated measure addressing one of the inherent inequities in Australia's much vaunted superannuation scheme. The inequity is that people on the lowest incomes pay increased tax on any superannuation contribution they make (\$150 more for every \$1000 they contribute) while those in the top tax bracket pay substantially less (\$300 less for every \$1,000) than they would otherwise pay. That might be of no great significance if it weren't government policy to shift – where possible – people's retirement incomes to superannuation (at a serious cost to government revenue).

The equity issues are clear. Carers, mothers, those living with chronic and episodic ill health, people trapped in part time, highly casual and low skilled work, supporting parents, and those in low income employment such as cleaning and personal care work, are least likely to benefit from high income superannuation tax advantages, and least likely to build a superannuation account that will give them anything like an adequate income for their retirement without some structured assistance.

If we go back to one of the principles of the Commission of Audit – that government shouldn't give to people anything other than that which they cannot do effectively or efficiently for themselves – there is no rationale to further disadvantage the disadvantaged through the tax rules of superannuation, nor further advantage those who have high wealth and income. Anglicare Australia proposes that government reinstate the LISC, and sets up a taskforce to ensure regulation and concessions regarding superannuation become equitable over time.

2. Affordable Housing

There is no need to argue in any detail here the importance of secure and affordable housing to people struggling with their health, employment or family wellbeing. Anglicare Australia would like to emphasise however the desperate shortage of affordable housing for people living on low incomes, right across Australia. It was a feature of last year's Community Sector Survey conducted by ACOSS and demonstrated year after year in the Anglicare Australia Rental Affordability Snapshot.

At a time when demand on homelessness services is increasing ([AIHW 17/12/13](#)), it is concerning to those working with people who are homeless, or at risk of homelessness, that Australia's governments appear to have stepped away from prioritising secure housing for the most disadvantaged.

The recently announced Senate Inquiry into housing affordability will provide fresh and much needed information on the state of the affordable housing sector and where changes can be made to improve efficiency of the housing market thereby improving affordability. However, this inquiry as a one off response cannot replace the number of advice giving bodies in the housing and homelessness sector. The loss of the Prime Minister's Council, the Housing Supply Council and the COAG Reform Council's reports as sources of insight and advice on housing affordability cannot be overstated. With the impending cessation of the National Partnership on Homelessness and the National Agreement on Housing Affordability there is a massive amount of uncertainty in the sector. An uncertainty which must be addressed ahead of the Senate Inquiry.

Australia is in the midst of and continuing to drive further into a crisis in housing. As an issue of national interest – there is not one group in Australia untouched by housing issues – this must be made a priority. In the context of this submission however and Anglicare Australia's concerns for the members of our communities who are being left behind, our interest lies in housing for people living on low income and in disadvantage.

a. A plan to provide housing for low income households

Anglicare Australia recommends that a taskforce addressing housing in Australia be established with one of its primary functions being to respond to the recommendations of the Senate Inquiry and develop a comprehensive plan to grow the supply of housing which is affordable for low income households.

3. Job creation for people out of work

It is almost universally acknowledged that if ways of getting people unemployed or underemployed into lasting jobs can be found, the social and economic benefits for them and for our whole society are appreciable. Given Australia is losing jobs in manufacturing and will soon lose them in mining it is becoming an urgent task.

The vast majority of people in the job market who use Anglicare services face numerous barriers to employment. Enduring poverty itself, which flows on to health, presentation and transport problems, is a barrier; as is age for both inexperienced youth and anyone over 50. Many of the Anglicare service users are also single parents, carers, people with alcohol or other drug problems, people living with enduring ill health or disability, or members of minority groups. Often people are members of more than one of these groups.

Proposals to tighten the job test for people on the Disability Pensions and Newstart Allowance with the expectation that will force many more people into adequately paid work is misguided and unhelpful. Suggesting the problem of enduring unemployment rests inevitably with the unemployed – as this strategy does – is both unhelpful and unjust. It also steers our attention away from real solutions that would have a long term economic benefit to the country.

As Anglicare member the Brotherhood of St Laurence shows through its [Social Exclusion Monitor](#), unemployment and disadvantage have a complex interaction, and the simple presumption that requiring job seekers to look more extensively for work will solve the problem is worse than false, it is likely to be discouraging and demotivating. These circumstances require a more thoughtful response.

a. Concluding the review of employment services

Anglicare Australia believes firmly that people should be able to support themselves and their families through paid work. We recognise that the income support system was only ever meant as an interim measure. However, for many in Australia this is not the case and they spend extended or cyclical periods on the payment while whatever skills they may have once held are neither recognised nor developed.

It is critical that such people are given support to help them reskill and to engage with the right employer. The current Jobs Services Australia (JSA) model is effective in moving people who are very short term unemployed back into the workforce. This could be because this group of people have skills that are still current and their work experience history is recent. JSA's own data however shows that those with limited education and no work experience to speak of, those generally categorised as streams three or four in the JSA model, are further disadvantaged in seeking and finding work.

Specifically, successful and ongoing placements of people in these categories are significantly fewer in comparison with the easier to place stream one and two. The current system has 'categorically' failed to provide people who have limited and intermittent education and work history with the support they need to map a pathway into work. Yet the inclusion of these groups into the workforce, as well as delivering immediate and long term social benefits, would play an important role in improving Australia's waning productivity.

Anglicare Australia has found the current model of supporting people into work in fact does not work for those who most need help. It supports the continuation of the review into employment services commenced by the previous government as a cost efficient method of focusing on the efficacy of employment assistance.

In that context, if the Government believes that it should only do what people cannot do for themselves, then it is important that those most in need – such as category three and four jobseekers – should have at their disposal the services and facilities to ensure they can 'do for themselves'. This may include targeted resources such as employment facilitators to assist them in identifying their skills and undertaking further training as required, link them into potential employers and support them into their employment experience.

b. Reinvesting in a wages subsidy scheme

The responsibility for creating job opportunities for people disadvantaged in the job market (stream three and four in the JSA system, above) lies as much with employers and governments as it does with the individual. There is no shortage of evidence that the vast majority of single parents, people with disability and illness, and those who have been long term unemployed want, and are looking for, work. The issue, rather, is that appropriate work is too rarely available.

As always, it makes good sense to pay attention to the people seeking work. A paper from Anglicare member the Brotherhood of St Laurence asking [*What would help people to gain and retain decent work?*](#) argues “Overwhelmingly, respondents identified permanent, secure jobs with predictable, regular hours as important.” That is not to say that casual work does not play an important role, but for the most disadvantaged and often least capable jobseekers, the creation of a position within their line of sight and ongoing support within the position is far and away most effective way to create sustainable employment.

A specific example is the Second Step Program run by Toll Holdings. Second Step provides employment opportunities for people whose prospects are limited as a result of a history of addiction or criminal offences. The program offers 35 supported and mentored positions a year throughout Australia in a variety of employment positions. Within the Anglicare network, EQubed from the Broadmeadows area of Melbourne has recently partnered with international pharmaceutical companies to provide local training and employment for 35 young people.

There are many measures that Government and business could take to improve the capacity and job opportunities from people on the margins of the workforce. They include overtly combatting the discrimination that people living with disability, those over 50 years old and members of many ethnic minorities face in the job market.

Most directly, Anglicare Australia recommends Government reinvest in the wage subsidy scheme, with rewards to business linked to the sustained employment of the long term unemployed and members of other disadvantaged groups.

4. The current disability and aged care reforms

The bipartisan support for reform in both areas is an invaluable asset to us all.

Disability care and service has long been shamefully inadequate and unfair, as recent reports and campaigns have made clear. But moral turpitude aside, the loss of family carers on the one hand and the changing expectations of people living with disability on the other point to the absolute necessity of a comprehensive and effective Australian disability support scheme.

Our aged care system is facing even more significant change. The demographic shift and growing health demands of the next 20 years are well understood. It not so well understood, however, that it will only be possible to manage these changes if the systems of care become more flexible and responsive, and our whole society is prepared to invest more in it.

a. Delivering on the promise of the NDIS

National commitment to the National Disability Insurance Scheme (NDIS) has been hard won. It reflects the investment of the hope and energy of many thousands of people, especially carers and family members of those living with disability.

Anglicare Australia has member organisations as partners in the trial sites right across Australia, and understands well the challenge of creating a new and comprehensive scheme such as this one. While the substantial cost of the scheme (and the risk of that cost growing) is one cause for concern, there are other risks. The emergence of potentially unregulated disability service providers of uncertain quality offering products at unsustainable prices and – in the interest of cost containment – the exclusion of many people suffering permanent or episodic disability are more concerning still.

That is not to argue against a tight focus on cost efficiency and effectiveness. After all, the NDIS itself is designed to put control of disability services in the hands of the people living with disability, or their carers, and they more than anyone will have a very real interest in cost efficiency and effectiveness.

Anglicare Australia urges the government not to back away from the NDIS as envisaged. It recommends government seeks some guidance from service users themselves, as well as key service providers, in managing the roll out of the scheme. A steering group including experts such as these, working to the relevant ministers, would be a step in the right direction.

There is also the question of NDIS funding in and of itself. Given ‘all options are on the table’ in the lead up to this budget, revenue for the scheme must also be considered. As Australians would seem to be comfortable with the agreed increase in the Medicare Levy to pay for the NDIS, Anglicare Australia suggests government should be prepared to consider a further, small, increase in that levy – on top of cost control measures – to cover any reasonable shortfall incurred in managing the risks relating to quality and exclusion.

b. Understanding the cost of aged care

Government is well aware of the highly regarded Productivity Commission report, *Caring for Older Australians*, and the many years of consumer and industry lobbying which led to it. While the previous government’s reform package went

only part way towards delivering on the Commission’s vision, the key sector groups believe they were largely steps in the right direction.

The investment to date in goodwill and commitment to reform has been substantial, especially noting the significant risk accepted by customers, family carers and providers alike in embracing and gearing up for the changes that are already rolling out. And so the most recent meeting of the National Aged Care Alliance was delighted when Ministers Andrews and Fifield emphasised their commitment to working with the sector and to moving forward with the existing reforms.

Anglicare Australia welcomes the government’s interest in cutting costs through the reduction of red tape (in aged care as elsewhere), but warns that quality of care, accountability and an adequate safety net could all suffer if the process is not worked through carefully. This is one area where the existing partnership between government and the various aged care interests might prove most useful.

There are undoubtedly long term social and economic implications in the growing demand for home support and acute aged care services, and it is clear that no group yet has a handle on all that will be needed to deal with them. The development of a more flexible, responsive and efficient aged care system is vital if we hope to properly meet the needs of our ageing population in a first world manner, and to draw on its possible contributions.

It is clear, nonetheless, no matter how many new players are brought into the aged care industry, overall funding – private and public – will need to grow. One key factor in the ongoing sustainability of the new aged care system is the willingness of consumers to pay significantly more, where they can, for that care. That willingness will be lost if they lose confidence in the quality of the care and services they receive.

It would help government and the industry to plan more effectively for this future if the government were to respond positively to sector concerns and fund a full cost of care study in this budget.

5. Government action to reduce red tape

Anglicare Australia applauds the government’s commitment to “cutting red tape”. There are still many areas in which this can easily occur within the charitable sector.

a. Sector representation in the COAG deregulation debate

Inclusion of representatives from the sector in the COAG deregulation debate would be a cost neutral method to ensure that the sector is involved in the

deregulation agenda.

b. Consistent reporting across departments

Contracting and reporting can offer productivity gains in the sector as well as better information for government. The “report once, use often” idea around the Charity Passport is hugely valuable, allowing organisations to save endless time in preparing numerous specific reports that may only differ in small ways. The government could further this work by requiring its own departments to use this format and seeking to involve the state governments with its use where possible.

c. Extending government contracts

Anglicare Australia also welcomes the proposed move to five year contracts. This removes uncertainty and repeat work for charities and government alike. In a 15 year period the contracts will only change over three times as opposed to five times currently. Not only does this represent enormous efficiency savings but also greater certainty and decreased likelihood for loss of intellectual capital and, most importantly, loss of amenity of service to service users.

d. Maintaining respectful relationships

A large area of uncertainty and inefficiency for the sector comes at the time contracts expire. Time and time again organisations are left not knowing whether their contract with government will terminate, be re-tendered or simply rolled over. We are advocating for respectful relationships in contracting, which would dictate that the intention (re-tendering, ending, rolling over, etc) should be known six months from the end of the contract period. Where a competitive process is then involved, it should be resolved three months before the contract end date.

The loss of efficiency as a contract end date approaches cannot be overestimated. It is quite common to lose staff as they become worried about their job security, which can have enormous flow on consequences. It also places governing boards in positions out of keeping with their fiduciary duty as they make decisions about leases, employment contracts, and so on.

e. An automatic review of red tape

Importantly all government reforms should have as one of their outcomes an automatic review of red tape and an awareness of the need not to create more. The Aged Care reforms in particular have the opportunity to make large savings in the area of red tape reduction. Each piece of red tape, each uncertain contract, has an understandable rationale and reason behind it, but taken *en masse* they have a massive impact of uncertainty and inefficiency.

Who these initiatives affect

In returning to the contention that there are members of our society who are being left behind, and that the government needs to be cognisant of that in framing the 2014 budget, Anglicare Australia points to the particular, disadvantaged population groups its initiatives affect.

The impact of inadequate income, limited job opportunities and unaffordable housing on the life opportunities and wellbeing of single parent families, people living with mental ill health, care leavers, Aboriginal and Torres Strait Islander people, family carers and others on low incomes, is profound. Australia does not benefit from the entrenched disadvantage and exclusion that are entrenched within our society.

The simple initiatives proposed in this submission are small steps towards addressing the drivers of that disadvantage.

Conclusion

Anglicare Australia is committed to working with the government in the interest of the most vulnerable and marginalised members of society. It has the capacity to draw on network members to provide evidence and expertise in a wide range of social policy areas, and is only too happy to do so.

The initiatives in this submission are limited and tightly targeted in the light of the government's avowed intentions. Anglicare Australia will seek to make ongoing contributions through varied channels, including the upcoming Productivity Commission inquiry into childcare, the Senate inquiries into affordable housing and the role of grandparents in raising children; and the government's proposed reviews of the welfare and taxation systems.

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