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Investment approach towards welfare service provision

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To start, I suggest that we should frame this discussion about priority investment in terms of creating a better, more inclusive, society. That means the 'investment' is a partnership with people at risk of ongoing hardship or disengagement, with people facing challenges – those looking for improved wellbeing and participation in our society.

That should be the point of human services and the point of welfare. It's about governments doing what markets cannot, ensuring that opportunities are shared and that everyone has enough to live a decent life. We should be using our system to make Australia more equitable; something we should actually strive for rather than fear.

So if we begin by talking about the cost of welfare, we begin in the wrong place. This should be about how we effect change in our society so that everyone can have a stake – and, how we ensure that everybody counts.

I will get to the issue of how to pay for that investment. But first I'd like to explore what we are investing in.

There are major changes underway in the Australian society and economy.

We could talk about changing shape of work, including the exploitation of part-time and casual workers, and the impact of climate change – which will not only reshape agriculture, tourism and global security, but will badly affect the daily lives of the least affluent and mobile people across Australia and around the world.

We could talk about politics and entertainment becoming increasingly segmented, allowing us all to see the world through the narrowest prism we choose with disruptive and damaging consequences.

We could also look at the dramatic growth of automated work at sophisticated white-collar levels, and at the massive demand for personal care work that our changing demographics and social expectations will require.

So if we want to think about priority investment, I can steer clear of the taking on the ideological blinkers that seem to be preventing us from investing in a society focused on meeting the climate challenge. And not get distracted by the promise of a universal basic income as a positive response to our changing economic circumstances which has immeasurable benefit of stepping away from separating us into winners and losers and seeing us all instead as individual members of society with a unique value.

Then perhaps we could start at the loss of so many entry level and immediate post university jobs on the one hand, and the need for a more empathic, problem solving, person-centred workforce on the other. And I have to say that while the people who make up our workforce in aged and disability care need to speak English fluently, they don't need university standard English. They simply need a set of values that respects and relates to people receiving care, an understanding of the needs of the people they work with, and the capacity to pick up the technical language their job requires given quality on the job training. So, we could invest in asylum seekers and other motivated migrants and high quality well targeted education.

But let's come back to some of the people targeted by the Australian Government when it took its first steps along the 'priority investment' path – teenage parents, young people disengaged from school, and young carers.

How many of them are there? There are perhaps 400 teenage parents each year. It's not a large number. What do those young people need to make their lives less precarious?

It might seem obvious, but money is a major consideration. Secure housing, one of the key areas for priority investment, is a major need. As is child care – and it's worth noting that the government wasn't prepared to guarantee two full days of childcare in last year's childcare package, even though the evidence is clear that starting school well prepared is the key measure that can make a difference for those most at risk of falling behind.

All young parents, along with young carers and disengaged students, are reputed to 'cost' us millions (apparently, 'we' are never the priority investment targets). There are two things I have to say to that. Firstly, has anyone factored in the value of the child raising, or the caring, they do? We should start to recognise that. And secondly, let's look at the numbers. The total cost from government revenue to provide the inadequate support these young people receive is minimal compared to, say, the cost of aged pensions, or the tax payments that come with superannuation income exemptions, or capital gains tax exemptions. You can see where I'm going here.

But I absolutely agree with the minister and the government that the small groups of people would profit more than anyone from additional resources and focused support – priority investment. So let's work with those young people, and the organisations that have their trust, to see what will make a difference.

I know that Anglicare St Luke's in Bendigo, now a part of Anglicare Victoria, didn't direct their work with young mothers to parenting programs per se, but on providing certified training in child care.

I know that in East Arnhem Land, Anglicare NT has worked with local communities to support a ceremonial welcome home to young mothers when they returned with their babies so that their communities – and they themselves – would see them as mothers. And be taken seriously in taking on, and to be supported to take on, those responsibilities.

I know that Anglicare Tasmania workforce for home support for the aged in regional Tasmania is largely drawn from young parents entering the workforce.

I know that St John Youth services in Adelaide and Foyer Oxford in Perth provide a home, and a scaffolding to education, for many young women with children.

The problem we have here is in language and culture. Young carers, young parents, and young people disconnected from school aren't the drain on the government's balance sheet that superannuation concessions are, or that aged pensioners are. We know that's a function of demographics, I'm not having a go at aged pensioners. They aren't the drain that capital gains tax concessions are, or that the tax cuts of 2007 are. We need a sense of proportion here.

The cost of our social security program, to use the language of this government and what I would describe as the thoughtless media, is \$109.9 billion. The vast and growing proportion of that is made up of the aged pension, at \$44.2 billion. If we factor in the tax payments for superannuation, which we should, that's another \$50 billion. The cost of the grossly inadequate Newstart and Youth Allowance payments, the bill for people out of work, is only \$14.6 billion, and shrinking as a proportion of our GDP.

So income support payments, which are about making society fairer and more equal, are dwarfed by the other costs I've listed – negative gearing, capital gains tax discounts and superannuation tax concessions. These payments help keep wealth at the top by rewarding people who have already benefited from the prosperity generated by economic growth. Even our public pension system is less expensive than almost any other in the developed world. It will grow at half the rate of superannuation tax concessions, which are the highest in the world.

These are the paradoxes of our tax and transfer system. Australia has tried more than any other country to target assistance, attempting to provide a safety net with very low taxes, but in recent years we've seen the limitations of that approach. It invites social division.

To overcome this, we need an approach to welfare and investment that recognises the real problems – that there are not enough jobs for people who can work, and for those who can't, income support payments are much too low.

Anglicare's agencies have found that there are more than six disadvantaged job seekers for every vacancy at their skill level. In some parts of the country, that number is as high as ten. There are not nearly enough jobs – or enough hours – to cater for the number of people who are looking for work.

Our latest research shows that government payments are so low that people cannot afford to pay for their most basic needs. Instead, they are forced to make unfair trade-offs: rent or food; rent or medical needs; bills or transport for work.

The Productivity Commission is grappling with these questions in its inquiry into human services contestability. The idea is to see how increasing competition could enhance user choice and hence, presumably, deliver better outcomes for those people using the services. So the link with the idea of priority investment lies in using good data and evaluation to inform the investment, and making the processes of decision making and delivery more efficient and responsive.

Not that it seems to me that competition or contestability, in and of themselves, deliver better outcomes. There is a well-known joke about a drunken man looking for a coin under the streetlight. In fact he had dropped it elsewhere in the dark, but he was looking under the streetlight because he could see better there.

Suggesting we use a contestable market in order to make the delivery of human services more efficient and responsive runs a similar risk. It might be steering us away from the outcome we ought to aim for simply because it is easier to think in terms of market efficiency. And market efficiency is almost always

only understood in terms of cost. The complexity and interconnectedness – for individuals, community, and the whole of society – of many human services appears to have proved to be too challenging for market economics to properly assess.

We can see this in the disastrous results of the contestable vocational education model in South Australia, Victoria, and NSW. Flooding the market with for-profit providers has led to spiralling education costs, record debts, students with unfinished qualifications, and an erosion in education quality so serious that employers of tradespeople in NSW and Victoria now complain that their staff have qualifications that are not fit-for-purpose. We have seen more education business arrive and depart, but not better education, nor better outcomes for students. If only we had worked harder on building business partnerships with TAFE instead.

If I had time I could talk about the provision of child care too. Or how we could unlock the value of the not for profit sector.

But I'd also like to acknowledge the positive change in the aged care system that has come about through lifting the constraints on supply and moving towards a more open system. This reform is delivering a degree of culture change inside aged care services. People in the workforce are now focusing more on the needs and interests of the people they care for in the care they provide. The basis of care being relational rather than transactional really has been assisted, if not driven, by the aged care reform. And the people at the centre of the service may have a stronger sense that they *are* at the centre. And they and their family members may have seen that they will be listened to more carefully.

So it's not a black and white thing.

At Anglicare Australia we've been working on our response to the Productivity Commission's draft human services report. Specifically, on those areas of human services that members of our network are a part of.

We have serious concerns regarding the commission's recommendation to have social housing tenants pay market rents. The assumption is that a more competitive market for people on low incomes will deliver more housing for them, despite its abject and growing failure over the past twenty years. It completely avoids the obvious need to increase public investment in housing for the growing number of people at risk of long term and debilitating exclusion.

In the other areas we've looked at Indigenous, palliative care and community services. As far as I can tell the commission has resisted the temptation to narrow its focus to cutting costs, and has instead looked at how services might be delivered better – albeit, particularly, at an individual level.

We welcome the helpful discussion of the responsibility of government as a steward of the market. And of co-designing services, being clear about the outcomes government is funding, and working more respectfully with the organisations and communities where the services are delivered.

Where I'd urge the commission to go further is in taking guidance from the Brotherhood of St Laurence, for example, a member of Anglicare Australia. They have articulated strongly and clearly the social value of human services in its submissions to the inquiry.

And I urge them to try to bring their analytical thinking to the community benefits of co-production, where the people who use the services are part of the design and delivery.

These aren't new ideas. They just sit, still, too far away from the fairly limited frame that defines Australia's welfare discourse.

So let's not define priority investment as a cost saving exercise. Because in essence, it isn't. Or it shouldn't be. It should be an investment in our community, our society, and enhancing our lives.

Now I know that the Department of Social Services ran an enhanced community think tank on priority investment. The idea was to offer an open process that would allow us, government and its partners, to test some innovative propositions for investment. And that's a great step towards co-design. Not exactly with the people who would use the services, but with the services themselves and the government agency that pays the bill. I'm not sure how well that went in the end because I know quite a few of us across the sector were suspicious. But it was a step in the right direction.

But we have reason to be suspicious here. Governments have form. Everyone talks about evidence-based policy but I think we know very well that it's often policy-based evidence instead. We can think of Work for the Dole, and the Green Army, which are exercises in moralising at best but do not make a positive difference to the lives of the people who have to prove time and again that they are behaving themselves.

The change from CDEP to CDP in remote Indigenous communities is a startling example of a policy that appears to be driven by ideology, or prejudice. It requires more hours of unpaid work than other Australians on Newstart are required to perform, and the evidence shows it's delivering significantly more breaches. That in affect accentuates the poverty and stress in people's lives, while providing neither more employment nor more independence.

And now there is the proposed random drug testing of people receiving the Newstart Allowance.

Similar tests have been deployed in ten US states. The results from the American trials have detected almost no positive results, but the program has been very costly to deliver. According to the most recent published results, the drug testing programs have cost almost a million dollars and uncovered just 321 positive tests. In Oklahoma, the tests have cost around \$1600 USD per person. These programs have cost rather than saved money in the US.

New Zealand, which has a less punitive drug testing regime than the one we are trialling in Australia, has only identified 466 drug takers since 2013. The cost of the New Zealand program is opaque – Freedom of Information requests have been repeatedly declined on the basis of commercial-in-confidence – but it's hard to imagine that it would be cost effective to run a program that has only uncovered 466 positive results in nearly four years.

Canada and the UK have rejected similar proposals on the basis that the programs are too expensive and provide almost no benefits. The Rudd Government received similar advice in 2013 when it flirted with the idea.

The evidence is not surprising.

We have no shortage of specialist and mainstream services that could provide their own evidence of what makes a difference in the lives of people receiving income support who may or may not take drugs. Random drug testing is just another behaviouralist intervention. It will simply add to crime, poverty, ill health, and alienation.

Our experience is that any approach that disguises inequality as a personal failure instead of a market failure is doomed to fail.

But Australia's drug testing trial will also be accompanied by measures that deny help to people who have been harmed by their addiction, either by ending their payments or moving them onto lower ones – so perhaps this is not about saving money at all.

War on drugs, war on the unemployed. The criminalisation of poverty. I've got no doubt there are many media voices that would be, that clearly are up for that.

So the point I'm making here is we can't have a real focus on priority investment if we don't work with the people who we are investing in – and if we don't work with, rather than against, the evidence we have.

We must take as our starting point for the provision of human services a commitment to providing the essential support, and the opportunity to flourish, for all members of our society. Any delivery system for these services must focus on those broad outcomes.

And yes, that is about real evidence, contested in public. It is about drawing on expert advice and listening to the voices of, and being directed by, the people at the centre of the service or the project.

But it's also about the values that governments espouse. That the Productivity Commission espouses. There been much talk about Australian values. Well, values are what we make them.

The first bill passed in Australian parliament was the White Australia policy. Some would argue we are still are. So if we want to be a country that values equity, justice, diversity, and compassion, then how we talk about the challenges ahead of us as political leaders and as social organisations matters. Let's not talk about the burden of welfare. Ever. And let's not play into the hands or pockets of those who would.

This priority investment is about realising potential. Not just of individuals as economic units, but of people together. And, as I suggested earlier, the potential to address the bigger issues together – social cohesion, climate change, and the future of work.

[Speech ends]