



care DIGNITY  
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## **Working Better**

**Submission to the National Commission of  
Audit**

**November 2013**

*[www.anglicare.asn.au](http://www.anglicare.asn.au)*

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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”. Clearly the current Commission of Audit is one of those conversations that Anglicare Australia has the experience and the mandate to be a part of and we welcome the opportunity to make a contribution.

## Principles for the Audit

We understand that the goal of the Commission is to identify savings so that government can live within its means, to steer government to only doing for people what they cannot do, or cannot do efficiently, for themselves; and exercise care in every dollar of revenue that it spend.

Anglicare Australia is on the record calling for a new Social Compact – an overt conversation and contract between citizens and their government. This Commission of Audit represents an opportunity to start that conversation.

We note in the terms of reference for the Commission the statement about ensuring value for money. We advocate caution in determining value for money as this is never as simple as it sounds with most activity by government and those activities funded by it being in complex areas requiring investment now for return later. Many of the things that citizens look to their government to provide are difficult to put a monetary value on and we should be wise to Einstein’s great quote “Everything that can be counted does not necessarily count; everything that counts cannot necessarily be counted.”

Similarly the complex areas of government policy do not always lend themselves to conversations about value for money. It is difficult to draw precise lines of sight and causation between the inputs in childhood to the outcomes in adult life for example, and this can be said about much of social policy.

Assistant Minister for Social Services, Mitch Fifield, speaking at the National Press Club in November 2013 made the following observations. “*Economic policy and social policy*

*are not alternatives. They are not in competition. A good economic policy is necessary to support a good social policy. They are two sides of the same coin.”* We would add the corollary to this, that good social policy is necessary to produce a society capable of a strong economy.

It is for these reasons we would like to see that the Commission’s recommendations informed by empirical evidence and wide held experience (rather than being overly driven by ideology) and underpinned by the Prime Minister’s welcome post-election commitment to not leave anyone behind.

We particularly note the principle “government should do for people what they cannot do, or cannot do efficiently for themselves, but no more”. This statement requires a question to be asked, and subsequent answer found, as to what the basic level is that we will not let people slip below.

This brief submission provides the Commission with insight into six key examples of the Anglicare network focus where that intersects with the Commonwealth’s responsibilities, and where our learning from that work might best assist the Commission to help us work better in these areas.

## Areas of focus

### 1 Income Support

Firstly it is worth stating that income support is never desirable as the first income for a household or individual. The dignity of work and the benefits of connection and belonging that a job well-suited to the individual can bring are far superior to the experience of living on income support.

However income support as a safety net is a key role for government as an expression of the basic standard of living accepted by the community.

The level of income support is important, as is the efficiency and efficacy of the system which provides the interaction between government and its citizens accessing income support.

It is pretty well accepted that the level of Newstart is not adequate. This payment has now fallen so far below all other forms of income that it is not acting as an incentive to seek work. In fact living on such a low income is a barrier to seeking work. Research from NATSEM commissioned by Anglicare Australia and others showed that those living on Newstart spent 122% of their weekly budget. Put simply these people are going backwards from the moment they enter Australia’s safety net. The results seen by our members every day are people selling and pawning possessions, and then, needing to borrow money but unattractive to banks and institutions, entering impossible interest arrangements with “pay day lenders” and loan sharks.

So there is an immediate false economy of the inadequate income here, in addition to the loss of a population group from more active participation the economy over many years.

The same research found that households on Newstart spend virtually 64% of their weekly income on items from the ABS “basics” category compared with 34.2% for the whole Australian population. Job seeking items such as transport, phone bills, clothes for job interviews, etc. are not included in this basic category.

There is an abundance of research around on the adequacy levels of Newstart, and its impacts. National research into food security for households in Australia conducted by Anglicare Australia members found about 45,000 households using Anglicare Emergency relief services did not have enough appropriate food to feed their families, with 22,000 adults going without food for a whole day most weeks. Not surprisingly those with the lowest levels of food security were those on Newstart. What is surprising is that this data was collected in 2012.

While it is a common belief that the community in general wants income support levels kept low, in the belief that low incomes will act as an incentive for people to find work; Anglicare Australia research found that people across the board do not understand quite how low benefits are, and the majority at all income levels, actually do believe that benefits should be set to cover the cost of living.

The issue of how services are delivered to people in receipt of income support is vital. important. In the context of this brief submission we can again use examples to make our point. In recent years increased use of “flagging” by Centrelink has helped identify clients at risk of various circumstances such as homelessness, and those that would benefit from additional support or services such as case management or job seeking activities. On a case-by-case basis, this proved to be a more efficient and effective service than Centrelink was able to offer in the past.

Again it would be a very false saving to remove these conversations from the agency trained and created to hold them. No commercial business is going to be as efficient at “triaging” those seeking its support at times of vulnerability such as death of a spouse, birth of a child, breakdown of a relationship, loss of a job, or potential homelessness.

The interactions that a citizen has with the government via Centrelink have the potential to predict the outcome of their period of their reliance on benefits of any form. The worse those interactions are, the more expensive for all of us they become.

There are acknowledged complexities in the income support system as it is, and it is widely acknowledged that living on a low income is made more difficult by those complexities. Anglicare Australia calls for the simplifying and streamlining of the income support system: a strategy which at once reduces the officious burden placed on income support recipients and drastically improves the efficiency of the ongoing administration of the program.

In the past Anglicare Australia has called for a ‘social wage’. That may appear to be a step too far in this context, however there is undoubtedly merit in moving from a complex system in crisis to one that is organised, proactive and able to maximise its utility in supporting families to prosper, people into sustainable work and thus, overall, contributing to our nation’s growth.

## 2 Housing

Secure and affordable housing is the basis of positive engagement and connection with community. It is the foundation stone for those other building blocks of a productive life – health, education, employment and belonging.

However it is widely acknowledged that there is a massive shortfall of housing as the housing market struggles to keep pace with a rapidly growing population.

Traditionally many people have looked to the private rental market to provide housing. We have structured via the taxation system large scale private investment rather than public or social housing of the same scale. However this market is failing to meet the needs of those on low incomes. Anglicare Australia’s National Rental Affordability Snapshot carried out in April each year surveys properties available for rent and tests them against pensions, benefits and the minimum wage for affordability. In 2013 over 56,000 properties were analysed across Australia with frightening findings about the affordability of the private rental market. For example across the country only 1.6% of those properties advertised were affordable for a single person living on the minimum wage. For those on income support, the amount of affordable housing was significantly less.

As a complex area, the responsibility for which is shared between Commonwealth and State/Territory government, housing will be an issue of interest for this Commission.

While there are significant areas, in tax and asset treatment particularly, for national action to improved efficiency in the housing market, the key change lies in ensuring such adjustments go to growing the supply and availability of rental housing affordable to people living on the lowest incomes.

Housing touches the lives of all Australians and as such the crisis in this sector holds interest across all sectors of our society, not only for those who are hardest hit by it. As the major agreements framing the housing sector come to an end over the next year or so, the security which is so important in the housing sector will be gone.

Currently, there are no – public – plans to address the housing crisis apart from a focus on private investment. Unfortunately, any mechanisms to measure the impact of that or any other strategy on the housing problem have effectually been removed; most recently with the dismissal of the Housing Supply Council. Furthermore, it would be imagined that the COAG Reform Council’s duties to report on the progress of the National Agreements might also be curtailed along with those agreements. Without some kind of

replacement of these bodies, Australia will be working blind in the housing space with no mechanisms with which to hold any of the governments to account.

### **3 Disability and Aged Care reforms**

Where there are current reforms that have been arrived at through community and industry pressure, large scale enquiries and exhaustive investigations, as in aged care and the NDIS, Anglicare Australia believes that the Government cannot afford to back away from them.

The NDIS received bipartisan political support and wide community endorsement when introduced after a far reaching Productivity Commission report. Although the first quarter of operation is showing that plans are costing more than originally modelled, and that more people are applying than first thought, in the lives of so many people living with disability, and their carers, it is vital that the roll out of this program continues.

While Government is well aware of the demand, the recent *Kingsdene Report* by Anglicare Sydney showed with harrowing personal stories the potential damage to Australian families if the overwhelming needs in this area are not adequately met.

There is Anglicare network involvement in all launch sites of the NDIS, with the leadership role taken by Samaritans Foundation in Newcastle and Hunter Valley identifying gaps in service provision emerging as the new scheme comes into effect. Because we are a close network of well-informed disability service suppliers, we expect to make a useful (and cost efficient) contribution to the development of this new, and hopefully, fairly seamless system over the next few years.

Finally, that the imposition of a tax levy to fund the NDIS has been widely accepted is worthy of note.

In a similar vein, the reforms occurring in the Aged Care sector follow consumer and industry lobbying over many years and its own detailed Productivity Commission report.

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. A commitment to on-going change that will allow for 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 their possible contributions.

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. Although that goodwill maybe fragile.

It is of particular note that consumers appear prepared now to pay significantly more for the care they access, where it meets their expectations, and providers expect to operate in a substantially more transparent and competitive manner. In the context of the Commission of Audit, this should be seen as an asset.

Anglicare Network members have been part of CDC (Consumer Directed Care) trials in Community Aged Care and since then, joined expert groups advising government on Quality Indicators for public reporting, the establishment of the Aged Care Gateway, and the implementation of new Home Care CDC packages. Our network provides services across the country in a range of regional and metropolitan settings, with particular understanding of the needs of low income and otherwise vulnerable customers; and are able to comment in an informed way on the efficiencies, unnecessary duplications, and complexities of the current and evolving system.

## 4 Jobs

We noted earlier in this submission that a job is generally a desirable part of everyone's life offering economic and social contribution. However getting the right job is not always an easy issue and holding the wrong one, or being unprepared for any job is inefficient in terms of the human capital available to the country.

Evidence from ANU Professor Peter Butterworth questions the oft held wisdom of any job being better than none. Amongst his findings the issue that the wrong job can lead to poor mental health outcomes, especially for those living with mental ill health, has significance when the cost of mental illness is taken into account.

Preparation for work for people who have been out of the workforce for a long time, those with disabilities or mental health issues, or low skills sets in desirable areas is often unseen. Many Anglicare Australia members work in this area without formal contracts, working with people on "soft, pre-employment skills". This work is vulnerable in short term "value for money" discussions as it may take a long time to "pay off" and lines of sight may not always be clear between the input and the outcome.

Increasingly there are fewer roles around suitable for entry level into the workforce; a report by Anglicare Australia and others "What when employers say no?" quoted research finding that over a 30 year period to 1999 jobs requiring routine tasks had declined and those requiring "expert thinking" and "complex communication" had grown. There would be no reason to think that this direction had reversed since 1999, meaning it IS a harder job market for many people seeking to find work in the first place, particularly where they have low skill sets.

Anglicare Australia has frequently cited the importance of the business sector in overcoming further growth in the unemployment rate, supporting a transition off benefits and into meaningful (and long-term) employment. Whilst training and "soft skills" are vital to obtaining a position, an offer of work is perhaps the most vital component. And those offers are only made by employers. Anglicare Australia has called



for wage subsidies and tax-offsets for employers who have demonstrated that they have engaged and sustained in employment a person from a disadvantaged background. When positions are found for people, and people are supported to fill those roles, then the gains made are experienced by both the employee and the employer.

Anglicare network member EQubed has demonstrated this simple fact by working with a Victorian based pharmaceutical company to identify 30 positions and match them to 30 young people in an area of extremely high youth unemployment. With the knowledge of a guaranteed position at the end of their training, those young people undertook supported training specific to those roles. All of the young people completed their training and took up employment with that company.

Long-term unemployment cannot be addressed without the business and industry sectors overcoming the stigma of the long-term unemployed, taking some responsibility for addressing unemployment and engaging with that population group for improved social and economic outcomes.

## **5 Taxation Reform**

We are aware in this brief submission we have made list of issues to be prioritised in this new social contract. Obviously one of the outcomes for the Commission of Audit is to identify savings and we have not in this paper specifically done that.

Of course the other alternative to savings or cuts is an increase in income. There is an ongoing misbelief in Australia that we are highly taxed and consecutive governments have fed this belief by competing for votes with personal tax cuts. When taxes are considered as a percentage of GDP Australia comes 27<sup>th</sup> out of 34 OECD countries.

The reality of, and the debate on, Australia's deficit over the past few years would have been very different had Prime Minister Howard not offered a substantial tax cut in the 2007 Federal Election Campaign and Opposition Leader Rudd matched it.

Taxation reform must target progressive taxes as well as broadening the tax base and should form a substantive part of government planning. In our mind, revisiting the Henry Review released in 2010 would be a good place to start.

## **6 Partnership with the NFP sector**

There is still some efficiency to be gained from examination and reform in the area of government engagement with the NFP sector. Work over recent years in contract changes has helped but there is still relatively low hanging fruit in contract management, engagement, record keeping and accountability. Anglicare Australia has been active in this area, particularly through the NFP Sector Reform Council and through other channels such as the COAG business deregulation working group.

It is also important to grasp in some manner the extra that is produced by charities in terms of leveraging people's ability, volunteers, donations, etc. Anglicare Australia is currently doing some work exploring this issue especially in the light of its faith base.

## Conclusion

The Commission of Audit has specific tasks. This brief submission has aimed to highlight, for our substantial experience, the important developments that the commission should seek to preserve as it goes about its work. We look forward to working with the Government in this conversation. The Anglicare Australia network has experts in most areas of social policy, formed through many years of experience.