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## Income, jobs and support: a recipe for welfare success

Submission in response to:

A new system for better employment and  
social outcomes

August 2014

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## Anglicare Australia

Anglicare Australia is a network of over 40 independent local, state, national and international organisations linked to the Anglican Church and which share values of service, innovation, leadership and the belief 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 13,000 staff and more than 7,000 volunteers work with over 420,000 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".

## Executive Summary

Anglicare Australia has joined together with several other faith-based community sector agencies to lend our voices to a joint statement regarding this interim report and the welfare review more broadly. In the statement we declare that all people have value and we all have a responsibility to each other to ensure that everyone has access to the resources to live a decent life with dignity and respect. To this end we call on government to **establish a benchmarking process for minimum social security payments that are adequate for all.**

### Introduction

Before responding to the questions under each of the four pillars of the report Anglicare outlines a number of tensions inherent within the report. While encouraged by the use of the language of social justice the presence of these tensions are cause for concern. Notably these include:

- Conflation of the safety net and the participation agenda: these are not the same
- Adequacy and fairness: while raised as issues, it is unclear how these terms are to be applied to the architecture of the system
- What the income support system can realistically achieve in terms of broader social issues
- The immovable fact that there are not enough jobs for people who want one and the increasing punishments for not having one
- The purpose of the safety net and the characterisation of those who make use of it

Anglicare also makes the point that the safety net is a core component of our Australian identity, signalling to each other and the world how we perceive and treat our least well off. Anglicare feels that this is an important consideration which has not been addressed by the Reference Panel in this report.

### Definition of terms

To better communicate the core values that Anglicare agencies agree should inform and underpin Australia's welfare system, a glossary of terms has been provided. These terms appear throughout the submission and are important to the development of an equitable and viable social safety net. These include:

- Adequacy
- Agency
- Protection
- Transition
- Creativity
- Structures

### Responding to the pillars

Anglicare has responded to the majority of the questions posited by the Reference Panel in the interim report. Following is a summary of the sub-sections and a list of final recommendations.

In response to *Pillar One: Simpler and sustainable income support system* Anglicare suggests that this is in fact a misnomer and would more appropriately be labelled *A fairer and adequate income support system.*

Simpler architecture: Anglicare agencies acknowledge that the current system of income support is complex and unwieldy for the people who use it. It has developed over time as a response to the complexity of people's lives and is in need of redress. In general, Anglicare suggests that the following key principles should

inform the redesign of the system: adequacy and fairness—taking into account the level of payment, the indexation of payments and the benchmarking of those payments; the supply of suitable jobs; a client centred approach; capacity building; the use of incentives; and the ease of transition off and between payments. It was also suggested the new architecture supporting people with a disability or severe mental illness not become a hangover of the 'set and forget' mentality. Anglicare Australia recognises the need for a disability payment for those with no assessed capacity to work, but recommends that there be a process to allow for those within this group who self-identify as having some work capacity.

Supplements form part of the complexity of the system though people have come to rely on them for their household budgeting. Their simplification should be contingent upon a 'do no harm' principle and ensure the adequacy of the payment to address the costs of living. In that same view, the phase-in of the new system, with whatever strategy is adopted, should be transparent with recipients made fully aware ahead of time what the changes will be and how they are impacted by them. Information must be provided in accessible language with contact points freely available to ensure that people are comprehensively informed.

Fair rate structure: Anglicare Australia has been on the public record endorsing the establishment of an Independent Entitlements Commission which would be a separate body tasked with establishing adequate payment levels dispensed under the Social Security Act. However, given the current conditions, the establishment of a new independent body is perhaps less appealing and as such the functions of the Commission could be adopted by bodies already operating in a similar way, namely: Fair Work Commission or the Commonwealth Remuneration Tribunal.

Common approach to adjusting payments: Whatever approach is adopted for setting payments the core guiding principle for adjusting payments must be adequacy. Research commissioned by Anglicare demonstrates the difficulties people face living on a low income and how those difficulties are exacerbated when they do not keep pace with increasing community living standards. It is in response to these issues that the Major Church Providers have made the Joint Statement calling on government to establish a benchmarking process for minimum social security payments as these should be structured so as to cover the basic cost of living over time.

Support for families with children and young people: Anglicare agencies posit that the best way to support family functioning is to ensure that people have enough to live on when they are most in need. This points again to need for adequate base payments: to ensure there is enough to cover the costs of housing, to provide nutritious food on a regular basis, to be healthy and to have access to education or training. Where there is a continuing obligation for the family to support older young people, up to the age of 25 and beyond, the issues of an inadequate income are exacerbated. For some households it is just not possible to sustain financial responsibility and this says nothing of those young people who can no longer—for reasons of their own—rely on the family unit for continued support. Making receipt of income support conditional on the family unit will in many cases make it very difficult for those young people to get ahead.

Effective rent assistance: Anglicare's Rental Affordability Snapshot demonstrates each year the extent of the housing affordability crisis for people. Commonwealth Rent Assistance (CRA) is an important protection against excluding poor people completely from the private rental market, and its efficacy is diminishing. The CRA is, at its best, a fairly blunt instrument. All people accessing the assistance payment receive the same amount, depending of course on the rent they pay. The CRA in its current form does not take into account the geographic variations that the rental market does. In the short term, index the payment in line with increasing rents. A longer term solution may be found by way of a review of the CRA which takes into account the regional variations, indexation and rates of payment.

Rewards for work and targeting assistance to need: A reformed system needs to include a clear financial proposition for the individual without actually making them live in poverty to realise it. Minimising the disincentives to work through additional payments and tax breaks could be a potential way forward. Current means testing is not without fault but does generally target assistance to those most in need. Where the system falls down in Australia is around participation requirements, non-compliance measures and taper rates for when connection with the labour market is made. In view of that, income support should not cease or taper until there is a signal that the financial incentive provided through employment is stable and can be maintained. Ultimately, a person should not be in a worse off position, financially, from having taken up employment.

In response to *Pillar Two: Strengthening individual and family capability* Anglicare Australia suggests that Australian welfare system should be fair and sustainable to safeguard and support Australians—especially those who are most disadvantaged in our community. A fair and sustainable welfare system would emphasise capacity building, assisting those most in need to improve their circumstances.

Mutual obligation: Anglicare argues that mutual obligation implies a two-way process with conditions on either side. However it is important to recognise that unemployed individuals should not be expected to produce outcomes for situations over which they have no control, such as an insufficient supply of suitable jobs. Mutual obligation would have more meaning if this principle was more explicitly recognised by all stakeholders, including government. Instead, the participation and compliance measures have been tightened and enhanced thereby punishing people for circumstances over which they have little influence. Evidence from the Anglicare network—*Beyond Supply and Demand*—shows that people will better meet their obligations when their particular skills and abilities and their particular circumstances are acknowledged and worked within. This 'life first' approach states that people ought to be worked with on an individualised basis with positions identified with that person's skills and abilities in mind. This has been a fundamental failing of the current employment support system which assumes that any person is fit for any job.

Income management in its current form has been seen as a 'stick' approach to personal money management, which does not actively promote capability building in individuals, family or the community. Anglicare Australia argues that a more effective answer to the problem would be to improve job availability in concerned communities, as well as to assist individuals in enhancing their capabilities so that they can more effectively participate in their community including engaging in the job market. Anglicare agencies have consistently advocated that if income management is adopted as a means to improve individual and family financial management then participation in that program should be voluntary, time-limited and accompanied by other wrap-around services.

Early intervention: One of the key functions of the social support system is to safeguard those who are in the greatest need in our society against poverty and its flow-on effects to their children and families. The government's clear focus on early intervention and prevention ought to be applauded. The principles are also commendably found in this Interim Report. However the narrower social safety net is not well placed to address many issues of childhood risk factors save one crucial and inalienable aspect: the payments which support families—whether based on a working age payment, a family payment or per child model—must be sufficient to allow a decent, though modest quality of life and absolutely must be an effective safeguard against poverty.

Education and Training: Instead of adopting a one-size-fits-all approach that assumes that all young people are immediately and readily available for any kind of jobs on offer, education and job relevant training

programs should address young people as individuals with aspirations, preferences and capabilities particular to themselves. The report noted earlier—Beyond Supply and Demand—suggests a number of models that facilitate engagement with job-searching including training to become job-ready: case management; strong links with local business; quality jobs with good conditions; and, post-placement support. Much like the NDIS, an individualised approach to learning and job-matching ought to be adopted.

The premise of the 'earn or learn' initiative has been seen by many as a paternalistic measure to encourage more young people into the job market, with little regard for their circumstances, readiness, abilities and aspirations. A one size fits all approach should be outright rejected in favour of individualised supports and a supportive system to guide young people—people of all ages—through the system. Though at this point, Anglicare Australia would like to draw a distinction between a viable social support system and separate social issues such as employment and education. While particular social issues such as these can be seen as part of the aim of the social welfare system, it should by no means be the end goal of the social safety net. These issues indicate broader social problems than just a 'welfare' issue.

Improving individual and family functioning: Anglicare Australia has raised concerns that the Interim Report discusses issues, which granted are of a social nature, but which do not and should not come under the remit of the income support system. Although employment is a positive outcome for households, the benefits of enhanced family functioning and wellbeing go well beyond the goal of entering the job market. However, income support system were to improve family functioning so that the working-age members of those families might gain employment, the primary action would be to ensure that the family had a decent income to fend against poverty and the effects that it engenders.

Evaluating outcomes: A well-developed framework for evaluation is an important and sustainable tool to ensure quality standard of service provision. Anglicare Australia, guided by the Productivity Commission, suggests: a reform agenda for reporting and evaluation; different levels of government should be evaluating programs at the aggregate level; a mandate in quarantining funds (10% on top of the contract); the community sector and the government need to work collaboratively across the board, to establish a broad body of knowledge; clearinghouse and evaluation support functions built in to the Centre of Excellence or AIFS expert panel.

In response to *Pillar Three: Engaging with employers* Anglicare reiterates that the social support system or the safety net as it otherwise referred to is not an extension of the employment services system. While Anglicare agencies acknowledge the tight interweaving of the goals of the employment services system and the safety net they similarly acknowledge that they are not one and the same. Despite these misgivings, Anglicare has long advocated for the effective engagement of employers in addressing the issues of entrenched unemployment.

Employment focus – making jobs available: While it is important to identify positions that will be flexible enough to meet the needs of people with a disability and mental ill-health there is a broader question of how to generate employment for all people who have challenges in obtaining and retaining paid employment, given the stark reality of their simply not being enough jobs for all those who want one. Anglicare floats the idea of creating local employment committees auspiced by government and comprising local business representatives, social service agencies and other local representatives, has been raised during this consultation period. This may provide the forum necessary to allow employers to influence the local pathways into employment rather than being a focus of the planning. Government should pay to facilitate such committees and monitor their effectiveness. Care would be needed in the selection of employers to be

in the committee, with those businesses with the greatest commitment to the local community (rather than shareholders).

Improving pathways to employment: The primary improvement mechanism for enhancing pathways is to improve the funding and conditions supporting people experiencing disadvantage in finding work. The barriers to employment and the challenges faced by people living for extended periods on very low incomes cannot be overcome easily or cheaply. Much of the evidence from the Anglicare network points to a number of strategies to improve transitions through the various points on the journey toward employment, including: ongoing support; clear line of sight; and reliable structures and services. Creative strategies must be adopted to ensure that the pathways into employment are effective and lead to sustained employment. Anglicare advises that there can be challenges to be mindful of in upscaling or nationalising programs that are seen to be effective on a smaller scale. Evaluation is key to understanding the ephemeral factors that contribute to the success or failure of particular programs and as such should be a core component of social services funding.

Supporting employers: To begin, Anglicare agencies are not convinced that an employment focus should be embedded across all support services citing the goal of employment, while important, is not always primary. There are gains that can be made without having to convert all programs and services into proxy employment support agencies: job creation incentives; matching the right people with the right jobs; local approaches and local solutions; an adequate income; wrap-around support; and training with a direct line of sight to the end goal. A locally organised, purpose driven group of business and community representatives tasked with the identification of local training and employment opportunities is one way to achieve some of these outcomes and provide a mechanism through which people can be matched appropriately with jobs. Central to understanding people's needs is proper assessment and while there is no Anglicare evidence to suggest that the assessment tools themselves are ineffective there is concern over who applies the instrument. At the very least, those conducting any assessment for the purposes of ruling in or ruling out support must have minimum level qualifications and training to ensure that the assessments result in appropriate outcomes for the individual.

In response to *Pillar Four: Building community capacity* Anglicare makes the point that there is more behind community capacity than the outcomes of employment and economic gain. Communities are more about how we live together as a society, the mutual benefit that comes from being one another's neighbour. It's about how those relationships and connections to each other help us weather the challenges that we face as a collective.

Role of civil society: Community sector organisations have long since grappled with the question of how to harness the resources and capacity of corporate entities or philanthropic investors. The observations we have to offer here are in that the most disadvantaged community's needs are often overlooked due to the absence of big business in those areas or not including the cause or population of interest for the investment. Anglicare sees the merit in pursuing corporate and philanthropic investment for social outcomes however we also caution government against viewing this form of funding as a replacement for their own expenditure in these communities. The obligation rests with government to provide a minimum standard through the safety net.

Volunteering is a way that job seekers can be encouraged to participate in their communities while at the same time improving their chances of employment. Anglicare agencies support volunteering and rely heavily on the skills and abilities that volunteers bring, though it is not without matching the right individual with the



right activity. There is no room in agencies or in people's lives for a volunteering 'free for all' and nor can there be an expectation of it without additional agency support. Many volunteers require support and the community sector is ideally placed to offer this through meaningful volunteer placements. The local employment committees referred to previously would also be well placed to collect and distribute information around volunteering opportunities within local areas.

Role of government: In the case of community capacity building, programs and initiatives could be approached much in the same way that other programs are evaluated. There needs to be a commitment from the sponsoring agency (usually government) to expend funds on the investigation of the efficacy of various programs and be prepared to invest further in those programs that are shown to have an effect on the intended outcomes. Piloting, evaluating and potentially rolling out base models to be adapted for other regions is the role of government in this instance. In the absence of philanthropic funds to facilitate projects, government agencies should be leading the way.

Role of local business: Community support of small local business is vital to business success. Anglicare suggests some possible ways of increasing both the option of developing small businesses—by way of expanding microfinance programs to include business loans; and supporting small business—through the support and promotion by local employment hubs which comprise local community and business representatives and through social procurement planning of governments at all levels to include opportunities for small business.

Access to technology: Anglicare posits that there is a room for technology in service delivery but that it does not become the replacement of face to face supports. The current services offered by Centrelink are a good example of the gradual shift away from face to face service delivery. Anglicare service users cited examples where they would be physically in a Centrelink office but still directed to a phone and advised to 'call Centrelink'. Whilst there is a place for intelligent services, the greater emphasis should be placed on people and the relationships between the 'customer' and the system. It is worth noting that a recent national research project examining the resilience of young people via a survey with an online option challenged the widely held view that young people were all tech-savvy and connected. Anglicare suggests that, much in the same way that public libraries offer computing and internet access, other centres such as social housing etc could offer much the same services.

Community Resilience: There are a number of factors that undermine community resilience. These include but are not limited to: the stigma and perceptions accompanying welfare receipt; welfare inadequacy which inhibits people's abilities to contribute; and the locational nature of poverty. It is difficult to foresee how the income support system or the employment services system – separate to those aspects repeated throughout this submission – might build community resilience. Community resilience is a broader social issue than how much we can afford to spend on income support or how to move people into employment. This issue speaks more to the idea of what we want our society to be and what values we need to employ to achieve that outcome.

## **Recommendations**

Anglicare has made a number of recommendations throughout this submission, some of them more than once. These are provided to the panel as guideposts for the way forward in designing a new architecture for the social support system. However, the core recommendation that Anglicare could make is as follows:

**a benchmarking process for minimum social security payments that are adequate for all**

### *Pillar one – Simpler and sustainable income support system*

#### Simpler architecture

- A payment architecture which embodies the six guiding principles identified by Anglicare Australia:
  - Adequacy and fairness
  - Take into account the supply of suitable jobs
  - A client centred approach
  - Capacity building
  - Use of incentives
  - Ease of transition
- Anglicare recognises the need for a disability payment for those with no assessed capacity to work, but recommends that there be a process to allow for those who self-identify as having some work capacity along with the sort of movement between payments as outlined in the previous section.
- Anglicare strongly recommends that simplification of submissions should be contingent upon a 'do no harm' principle and ensure the adequacy of the payment to address the costs of living.
- Recipients should be made fully aware ahead of time what the changes will be and how they are impacted by them. Information must be provided in accessible language with contact points freely available to ensure that people are comprehensively informed.

#### Fair rate structure

- Anglicare recommends the establishment of **a benchmarking process for minimum social security payment that are adequate for all** independent of government.

#### Common approach to adjusting payments

- In the short term, the level of Newstart Allowance immediately be raised by \$50 per week. In the long term, a common indexation method be adopted based on Male Average Total Weekly Earnings and reviewed and administered by an Independent Entitlements Commission. Payment levels should be set to cover changes in the cost of living and community expectations regarding what is an acceptable standard of living

#### Support for families with children and young people

- Anglicare recommends that the income support of young people over the age of 16 not be tied to the family unit. Moreover that special dispensation be provided to young people under the age of 16 in special circumstances who are in need of income support.

### Effective rent assistance

- In the short term, index the payment in line with increasing rents. This would eliminate the widening gap between the payment and the rent levels, thereby putting a freeze on further disadvantage in the rental market for lower-income households. A longer term solution may be found by way of a review of the CRA which takes into account the regional variations, indexation and rates of payment.

### Rewards for work and targeting assistance to need

- Means testing, as a point of entry into the system, should take into account a person's needs at the time of request.
- A person should not be in a worse off position, financially, from having taken up employment.

## *Pillar two – Strengthening individual and family capability*

### Mutual obligation

- That people are not punished for circumstances over which they have no control – namely jobs availability – and that government enact policies which will improve the labour market whilst also acknowledging – through policy settings – the context in which people are searching for employment.
- Ensure that the needs of care recipients are met through the NDIS and that the needs of their carers are established through a separate process.
- Anglicare recommends that a 'life first' approach to employment be adopted with a view to adopting creative solutions on an individualised basis rather than a blunt one size fits all negative incentive approach.
- Anglicare agencies have consistently advocated that if income management is adopted as a means to improve individual and family financial management then participation in that program should be voluntary, time-limited and accompanied by other wrap-around services.

### Early intervention

- Anglicare recommends the establishment of a **benchmarking process for minimum social security payments that are adequate for all** independent of government.

### Education and Training

- Anglicare recommends that a 'life first' approach to employment and training be adopted with a view to adopting creative solutions on an individualised basis rather than a blunt one size fits all negative incentive approach.
- That any policy should not have a one-size-fit-all approach. The 'earn or learn' initiative bears the assumption that young people are automatically in a position to choose between earning or learning, when they have different circumstances, such as combating mental ill health, or exiting out of care, that may impede the ability to make that decision straight away. What is required are the right individualised supports and a supportive system to guide young people—people of all ages—through the system.

- That issues of engagement highlight the need for innovative programs such as Youth Connections.

#### Improving individual and family functioning

- All government reforms should have an automatic review of red tape and an awareness not to create more.

#### Evaluating outcomes

A well-developed framework for evaluation is an important and sustainable tool to ensure quality standard of service provision. Anglicare recommends the following, guided by the Productivity Commission:

- That Australian governments should agree to implement a reform agenda for reporting and evaluation requirements for organisations involved in the delivery of government funded services.
- That different levels of government should be evaluating programs at the aggregate level, so as to provide a baseline for comparison for individual agency to carry out their own evaluation. E.g. PHAMS
- That there should be a mandate in quarantining funds (10% on top of the contract) so that organisations can do quality evaluation of their programs and that the results of these evaluations are freely available, and indeed their dissemination facilitated by government.
- That the community sector and the government need to work collaboratively across the board, to establish a broad body of knowledge to develop theories so that baselines and standards can be established for best practice of programs.
- That while ACNC is a missed opportunity to enhance the sector rather than regulate it, the prospect of Centre of Excellence or AIFS expert panel is an opportunity to build in clearinghouse and evaluation support functions.

#### *Pillar three – Engaging with employers*

Overall, Anglicare has long since advocated for the effective engagement of employers in addressing the issues of entrenched unemployment. In that capacity Anglicare has recommended:

- Government recognises that supporting people into employment is not merely a matter of getting people jobs but rather a matter of generating meaningful employment for people and ensuring that they have the capacity to take up and sustain those opportunities.
- Government and business must play a role in influencing employers and co-workers attitudes towards employing people in groups that experience workforce exclusions—young people, people with disability, returning parents, Aboriginal people, people who have been long-term unemployed, etc. – through targeted and broad ranging education campaign. For example we note the recently published “Forrest Report” which calls for a target of 4% aboriginal people in the government workforce.
- Employment services adopt a work practice of collaborating with business and community sector partners to identify opportunities for welfare recipients that provide a line of sight to stable employment through a process of step-migration and long-term flexible support which increase as the duration of income support increases.

- Government, through employment services, to provide innovative incentives to employers to increase the demand for labour. For example, by broadening and increasing wage subsidy schemes; tax incentives for the long-term employment of a long-term unemployed person; tax incentives upon demonstration of skill development for an employee from a disadvantaged background.
- Government takes the lead in creating more Australian Public Service (APS) positions for those most marginalised from our society, such as those with disability, through the introduction of more APS1 and 2 entry level positions which have traditionally offered most opportunity to this group of people.

#### Employment focus—making jobs available

- Anglicare recommends the establishment of local employment committees auspiced by government and comprising local business representatives, social service agencies and other local representatives with a view to identifying and providing local pathways into employment.

#### Improving pathways to employment

- Support mechanisms; clear line of sight; and reliable structures and services are utilised as central aspects of the process' supporting people moving into work or training.
- Anglicare recommends that a 'life first' approach to employment and training be adopted with a view to adopting creative solutions on an individualised basis rather than a blunt one size fits all negative incentive approach.

#### Supporting employers

- Appropriate job creation incentives for employers commensurate with perceived risk which taper as the employment relationship settles.
- A process of matching the right people to the right jobs without undue penalty or criticism for those who do not necessarily 'fit' as others might expect them to.
- A local approach to job matching guided by local need and local solutions.
- An adequate income to live on while searching for work.
- Wrap around support throughout the job-search and early employment periods.
- Training that is purpose specific with a direct line of sight to an achievable outcome.
- Those conducting any assessment for the purposes of ruling in or ruling out support must have minimum level qualifications to ensure that the assessments result in appropriate outcomes for the individual and as a result, better performance for the agency and subsequently the government.
- Anglicare recommends that a measure of trust be returned to agencies and businesses providing government services which have demonstrated a history of financial integrity and good governance. What contracting and reporting processes are in place are necessary for the conduct of the business and which are transparent.

*Pillar four—Building community capacity*

Role of local business

- Expand microfinance to include small business loans.
- Establish local employment hubs with the view to supporting and promoting local small business.
- Social procurement process be adopted across all levels of government and include small business opportunities in the procurement planning process.

Access to technology

- Anglicare recommends that technology services do not become the default for service delivery.
- Build information and communication technology infrastructure, like that of public libraries, in those areas where people tend congregate, such as in social housing.

## Joint Statement

Anglicare Australia, Baptist Care Australia, Catholic Social Services Australia, The Salvation Army and UnitingCare Australia make the following joint statement in response to this Interim Report:

We believe that **all people have inherent value**, and have the ability to contribute to Australia.

Participation and engagement require access to income, healthcare, education, essential services, and housing. We believe that, as a society, **we all have a responsibility** – individually, in business, via our government, and through our communities – to enable access to the resources people need to live their lives with dignity and respect.

We believe that there must be a social safety net, which provides an **adequate level of income** to people who aren't earning enough through paid employment to enable a decent quality of life. This safety net is an important protection against poverty, and should be able to be relied upon by every person in need.

We **call on the government** to establish a benchmarking process for minimum social security payments that are adequate for all.

## Introduction

This submission is the formal response of the Anglicare Australia network to the Interim Report on Welfare Reform to the Minister for Social Services, entitled *A New System for Better Employment and Social Outcomes*. For its preparation Anglicare Australia undertook several consultations with network members based on the pillars of the report as well as drawing heavily on the established work and research of the Anglicare network.

Anglicare Australia and its network members are encouraged to see so much of the nomenclature of social justice and community development included among the language of the report. However, we would like to draw attention to several points of tension where the inherent assumptions within the report directly undermine those notions of social justice and community development. We'd encourage the Reference Group to consider where those points of tension occur and the alternative views presented in this submission. These are based on the work and experience of the Anglicare Australia network which supports over 420,000 Australians every year.

The first point of tension is the conflation of the participation agenda and the purpose of the safety net. While these two aspects of income support are equally important and are closely interrelated they are not one and the same.

The second tension is around the idea of adequacy and fairness. These terms have been used throughout the interim report without having been defined or accompanied by explanation of: a) how these terms are understood by the authors; or b) how they should be understood by the audience. The community sector has a very well established view on the adequacy of the current income support payment level which is that these are woefully inadequate for the purpose they serve, the allowances in particular. It is important to enunciate what the authors understand adequacy to mean and for this explicit in the final report.

The third tension concerns what can be realistically achieved through this process. Many of the interim report questions imply that there is individual agency to be had in systemic or structural areas. It confers responsibility on the individual for circumstances or conditions for which responsibility lay elsewhere, for instance with government, business or society more generally. Further, the questions suggest access to policy levers within the income support system and even the employment services which are outside the remit of either of these systems. We question the wisdom of attempting to overload either system with too many objectives.

A fourth tension is the fundamental tension of whether there are jobs available for people to go to. The immovable and undeniable fact regarding the participation agenda is that there are fewer jobs than there are people wanting one. Without addressing this central necessity, welfare utilisation in Australia will not change.

A fifth tension exists around the purpose of the welfare 'safety net'. Not all income support recipients are expected to work; consequently the safety net should not be designed with work as the primary purpose. Any idea that people who are currently unemployed and have been for some time, are at fault and can only be encouraged through punishment is unhelpful and false. Whilst beyond the responsibility of this report a related issue is the characterisation of long term unemployed in some sections of the media as being 'lazy', 'obstinately wilful' and so far as lacking 'deservingness' for assistance. This is clearly not the case; people want to work and should not be demonised for not having the opportunity to do so.

Finally, and this is less of a tension and more of an omission from the report; the safety net is a core component of our Australian identity. It signals to each other and to the rest of the world how we perceive and treat our least well off. Reforming welfare is about more than expenditure and notions of deservingness, it is about our identity as a society. And the type of society we want should dictate the type of systems we put in place.

## Definition of terms

The following terms reflect values generally held by Anglicare agencies and are important to the development of an equitable and viable social safety net.

**Adequacy** – The notion that the income support system provides sufficient resources to allow the individual to live with dignity while in pursuit of employment and other participatory options.

**Agency** – The capacity of an individual to maintain autonomy and be supported to engage positively with work and participation activities.

**Protection** – The factors that exist around an individual that facilitates avoidance of poverty and disadvantage.

**Transition** – The ability to effectively move between payments and work without penalty and which supports the individual given their circumstance and need.

**Creativity** – The obligation of other responsible parties outside of the individual–government, business, society –to develop innovative responses to identified issues.

**Structures** – The systems and context that surround, influence and have bearing on the income support system and people's experience of it.



## Pillar One – Simpler and sustainable income support system

Anglicare Australia network agencies question having a sustainable income support system as the name of this first pillar. Fairness and adequacy would be appropriate key goals of an income support system. A simpler system is important, but it needs to be simpler for the people using it, not (just) for government to administer. The problem in emphasising sustainable and simple ahead of fair and adequate is that it suggests the goal of this reform is to minimise costs and ensure it is simple for government to manage, at the expense of the wellbeing of welfare recipients and therefore, wider Australian community.

Sustainability as a goal would be better measured by how many times an individual comes into contact with the welfare system during their working age, rather than how much the system costs across one financial year. This would then build a system which drives participation and involvement through long term employment.

### Simpler architecture

#### 1. What is the preferred architecture of the payment system?

Anglicare Australia has advocated in the past for something akin to a living wage: a base payment for all people on income support set at a level which supports community engagement and the pathway to eventual employment.

Anglicare agencies agree that the income support system is complex and often unwieldy for service users and over time has come to reflect the complexity of people's lives. While not exactly a causal relationship, the complexity of the system has had a hand in making people's lives harder. And while we also agree that it is important to simplify the system to better enable people's access to and use of it, we would stipulate that it is as equally important that simplification as a goal does not overshadow other goals such as effectiveness or the system's ability to support individual *agency*.

Anglicare does not wish to prescribe what the end architecture should look like, however, does wish to offer some guiding principles that should inform its eventual design. Anglicare Australia believes that the new system needs to exemplify the following key principles, the details of which are set out below:

- Adequacy and fairness
- Take into account the supply of suitable jobs
- Capacity building
- A client centred approach
- Use of incentives
- Ease of transition

#### Adequacy and Fairness

Core guiding principles for the development of a new welfare system must be that of adequacy and fairness. Adequacy in that the system must provide sufficient payment to keep recipients out of poverty and fairness in that the system must be based on need rather than 'deservingness'. Whatever new system is designed the inequities and disadvantages which are built into the current system must be removed. Key mechanisms in achieving adequacy and fairness are: the level of payment; indexation; and benchmarking.

The **level of payment** is the most important component of adequacy and fairness. The first pillar refers to a

simpler and sustainable income support system, though these terms do not necessarily imply fairness or adequacy. The goal of this review ought to be to establish a system that provides sufficient resources for individuals and families to protect against poverty whilst in pursuit of income and participation alternatives. And while the level of payment is not expressly within the remit of the Panel, given the centrality of it to an effective safety net, it should be.

Anglicare Australia has commissioned and developed within its network an abundance of evidence that points to the importance of payments that cover the basic costs of living. For instance, *When there's not enough to eat* is a 2012 national survey on food insecurity among Anglicare emergency relief recipients. Some of the key findings were:<sup>1</sup>

- that people living on the lowest incomes, such as the Newstart and Youth Allowance, do not eat well and many regularly go without meals despite the deploying of numerous strategies in order to protect themselves and especially their children
- for many people trying to maintain some attachment to the workforce, dealing with inflexible and often unexpected housing, transport, health, education and utilities costs, food becomes the only discretionary expenditure
- that the impact of food insecurity on people's everyday life can be profound and include the loss of social connection, a sense of shame, increased anxiety and physical ill health.

**Indexation of payments** and **benchmarking** are important mechanisms that affect the adequacy of payments. These are covered later in this submission.

#### Take into Account the Supply of Suitable Jobs

The **supply of jobs** is a key variable that must always be taken into account in the administration of a welfare system. Whilst the emphasis on transition into work is important, there must also be a realistic appraisal of the availability of jobs for people currently receiving welfare payments. University of Sydney Workplace Research director Professor John Buchanan recently pointed out that there are only 146,000 job vacancies for the 727,000 people unemployed and 922,100 under-employed.<sup>2</sup> In other words, there are not enough jobs for four out of every five job seekers indicating a massive failure of the job market relative to the number of people seeking work.

This scenario compels many long-term unemployed people to remain on the inadequate but relatively secure income stream provided by government benefits rather than engage in the transition into employment. It is clearly unfair and inappropriate to adopt a punitive approach to job seekers whenever it is primarily a problem of jobs supply rather than the willingness of jobs seekers. The challenge for government then is to boost the demand for labour or to redistribute hours of work more fairly, whilst accepting its responsibility to provide a safety net.

The vicious cycle of poverty and disadvantage is an additional barrier to long-term unemployed people returning to meaningful work, which combines with the suitability of jobs, as the work they tend to find is low-skilled, of low quality and with low security and few benefits or training. This combination of job characteristics only pushes people further into financial hardship, ongoing poverty and disadvantage when unexpected events and expenses hit. Cycling in and out of short-term episodes of work further entrenches

<sup>1</sup> Anglicare Australia, 2012, *When there's not enough to eat: State of the Family Report 2012*, Canberra

<sup>2</sup> Sydney Morning Herald, 2014, *Tony Abbott's work for the dole scheme doesn't add up*, 2 August 2014, accessed on 5 August via <http://www.smh.com.au/national/tony-abbotts-work-for-the-dole-scheme-doesnt-add-up-20140801-zzc8u.html>

people in the poverty spiral.

### A Client Centred Approach

In many government departments programs have begun to reflect the shift in discourse around intensive and client focussed services. Billions of dollars are being spent on programs which hold at their core the principle of client-centred care. Early adopters were the Department of Social Services and the Attorney General's Department (AGD) with the Family Support Program and the Family Law Services Program. Notable additions are the Aged Care Reforms and the National Disability Insurance Scheme (NDIS).

In each of these cases, as much as possible, the services are designed to fit with the person, not the 'client' but the person. In some cases it means working intensively with individuals around their personal circumstances and overcoming barriers specific to them, such as in the cases of the NDIS, Aged Care Reform and Family Support Program, so that people might engage and participate in society to the extent they choose and not to which extent society has chosen for them.

*Beyond Supply and Demand: Addressing the complexities of workforce exclusion in Australia* is a piece of work commissioned by Anglicare Australia from the Australian Centre for Community Services Research which looks at a number of Anglicare programs to determine the effective mechanisms of moving people off welfare and into work. It shows that the principles above work in terms of getting and sustaining people into work. Extending this approach to those seeking work will enable the welfare system to become sustainable, maximising the chances of each person coming into contact with work aged payments less often.

An effective support system would adopt this client-centred approach and acknowledge the dynamic between cycling in and out of work and the changing circumstances of people's lives. Given the potential changes that are being made to the income support system with compulsory waiting periods before being able to access payments, the hard edge of benefits becomes even more apparent.

Again the *Beyond Supply and Demand* study identified a dominant 'work-first' narrative that drives current employment interventions and subsequently "ignores the nature of disadvantage and its relationship to workforce exclusion, and reduces unemployment to a simple matter of supply and demand."

The findings of this report challenge that approach and stress the importance of partnership-oriented and capacity building focus on the unemployed person as well as the significance of the quality of employment with long-term support. Further, the report identifies the importance of acknowledging the strengths of the job-seeker as well as their aspirations and preferences in addition to their having the space and opportunity to determine their own pathways with support from providers.<sup>3</sup>

### Capacity Building

A fair and sustainable welfare system would emphasise capacity building among individuals, and assist those who are most in need to improve their circumstances by capitalising on presented opportunities as they successfully transition through each milestone. An advantage of a client-centred approach is the ability to target services to meet individual circumstances rather than a 'one size fits all' approach. It has become part of the language of human services to consider how to build the capacity of individuals not just provide them with assistance. In the same way, vocational education and training as well as other supports will be necessary to bring individuals to a point where they are truly 'job ready' and able to participate in society in

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<sup>3</sup>Ian Goodwin-Smith & Claire Hutchinson, 2014, *Beyond supply and demand: addressing the complexities of workforce exclusion in Australia*, Australian Centre for Community Services Research, Flinders University, commissioned by Anglicare Australia.

other ways. In this respect some people may need to regain capacity or will cycle in and out of capacity, such as those with severe mental illness or disability. A strong welfare system should recognise that volunteering, caring and community involvement is capacity building and that these are often pathways to jobs as well as meaningful in their own right (especially in times when job seekers outnumber available employment vacancies.).

### Incentives

The current income support system has relied on the use of negative reinforcement to achieve particular behaviour outcomes. For the most part it involves a quarantining, reduction or complete removal of payments until the prescribed behaviour is demonstrated. This strategy relies on the centrality of payments to people's lives and their inability to afford any further reduction to the payment. First and foremost, people's incomes should not be held to ransom as a means for changing behaviour as these resources are required as protection against poverty.

It is commonly understood that people respond far better to positive reinforcement and as such a system predicated on positive incentives may be a more efficient use of resources, especially in the first instance with the majority of users. The current government has instituted a number of incentives for people to obtain and maintain work, and even to relocate to take up employment opportunities. And while these incentives are of a reasonable value, the conditions with which they come may inadvertently make them a negative approach to support. For example, the relocation bonus, while lucrative, does not compensate for the loss of connection to one's own support networks – friends and family etc. This means that the people who are likely to support the individual to maintain their employment have been removed. The conditions of take-up also do not allow for speculation. If a person takes up the relocation bonus and the appointment is a poor fit or if it ceases early then the person is liable to repay the money used to move in the first place as well as finding the money to move back to their supports and homebase. The perception on the ground is that of a positive incentive followed swiftly by a negative should the 'appropriate behaviour' not be maintained. How an incentive is intended and how it is perceived on the ground can be very different. When considering the implementation of incentives to address behaviour, consideration ought to be given to how those might be reinterpreted by the people to whom they apply.

### Ease of transition

There are multiple barriers for people moving off benefits when labour force participation is more appropriate. We've cited the challenge of living on an income that is too low; the lack of available (and appropriate) jobs; and the need to support the person in transitioning off benefits. Add to that the flexibility to move between payments, into the labour market and back on to payments as people require as they continue on their journey to employment.

Given the insecure nature of work that is likely to be offered and taken up by people who have been long-term unemployed, the personal risk of moving off benefits is great. There is no certainty from week to week in terms of hours or take home pay. The risk might be mitigated to some extent by allowing a return to full access to benefits should the period of employment cease unexpectedly. This would actually aid people moving off benefits fulltime by encouraging the trialling of employment options. Taper rates will be discussed at a later stage however these will have a bearing on this discussion also as the rate of income loss due to minimum employment can itself be a barrier to employment.

### Recommendation

Anglicare Australia recommends a payment architecture which embodies the six guiding principles identified by Anglicare Australia:

- Adequacy and fairness
- Take into account the supply of suitable jobs
- A client centred approach
- Capacity building
- Use of incentives
- Ease of transition

2. Should people with a permanent impairment and no capacity to work receive a separate payment from other working age recipients?

While there may be some people for whom there is minimal expectation of work it is important for that not to become a barrier to those people's engagement with the labour force. Whether or not there is a separate payment for people who have been determined to have 'no capacity' this determination should not then automatically disqualify those people from ever entering into a paid employment scenario. Anglicare agencies support a spectrum of capacity approach and while there may not be the capacity to earn a living there may well be the capacity to engage with some form of employment where employers and carers have thought creatively about how the individual might participate in the labour force.

It is important that within a new architecture that the payment supporting people with a disability or severe mental illness not become a hangover of the 'set and forget' mentality.

### Recommendation

Anglicare Australia recognises the need for a disability payment for those with no assessed capacity to work, but recommends that there be a process to allow for those who self-identify as having some work capacity along with the sort of movement between payments as outlined in the previous section.

3. How could supplements be simplified? What should they be?

People's lives are complex and the system has become similarly complex. Recipients of the various combinations of supplements and payments have come to rely on those as part of their annual budget management. Removing them and not providing a measure of compensation in the base payment could leave people vulnerable and exposed.

Supplements are themselves an admission that benefits have been, and are, inadequate and inappropriately indexed.

### Recommendation

Anglicare strongly recommends that simplification of supplements should be contingent upon a 'do no harm' principle and ensure the adequacy of the payment to address the costs of living.

4. What are the incremental steps to a new architecture?

Ideally, much the same approach would be taken to phasing in a new welfare system as has been adopted with the NDIS and other major reforms. New applicants and opt-ins would commence with eventual 100% transfer. A payment approach may be taken, transferring one payment type at a time, depending on the eventual architecture of the system.

## Recommendation

Recipients should be made fully aware ahead of time what the changes will be and how they are impacted by them. Information must be provided in accessible language with contact points freely available to ensure that people are comprehensively informed.

## Fair rate structure

5. How should rates be set, taking into account circumstances such as age, capacity to work, single/couple status, living arrangements and/or parental responsibilities?

Anglicare Australia is on the public record as endorsing the proposal of an Independent Entitlements Commission. This would be a body separate to and operating at arms-length from government. Its primary responsibility would be to look at the conditions in Australia to effectively set an adequate benchmark for income support payments. In independent and anonymous polling by Anglicare Australia 62% of those polled thought that an independent body should set the levels of benefits with only 25% thinking it a role for government.

In 2008 Catholic Social Services Australia developed a proposal<sup>4</sup> for such a commission. In that proposal CSSA stated the commission should consider:

- the goods and services necessary to live in reasonable comfort, maintain dignity and take part in the life of the community;
- the contribution of in-kind government support provided through measures such as the Seniors Card, Medicare, public housing and subsidised transport;
- differences in the cost of living between income support recipients who own their own homes or have access to public housing and those who rely on the private rental market;
- differences in the cost of living for income support recipients in different geographical areas;
- differences in the cost of living for income support recipients living in different family/household types.

Anglicare Australia has twice added specific questions on the setting of welfare payments to a national survey conducted by The Australia Institute [referred to above, see *Anglicare Australia – welfare payment levels*<sup>5</sup>. By a substantial margin the majority of all Australians polled – young and old, male and female, rich and poor – agreed with the idea that welfare levels should be set by a body independent of Government. Furthermore, when given the choice of linking the rate of increase in these payments to the real cost of living, wage rates, the need for government to balance its budget or simply to the bare minimum; the overwhelming majority (85%) of people surveyed opted for linking the rate of increase to the cost of living or wage rates.

Given the fiscal climate in which we operate the establishment of an independent commission may not be appealing to the Government. Hence we could look for established bodies with the requisite skills and experience and who already make these types of determinations. Two which come immediately to the fore are Fair Work Commission and the Commonwealth Remuneration Tribunal.

Fair Work Commission could adopt the entitlement benchmarking as a function of its wage setting. If the

<sup>4</sup> CSSA, 2008, An Australian Entitlements Commission: a proposal for an independent commission to inform decisions about the adequacy of pensions and other income support payments, Catholic Social Services, Canberra

<sup>5</sup> The Australia Institute, 2012, Public opinion on welfare payment levels, commissioned by Anglicare Australia

intention is to make the safety net a functioning employment program it makes sense then to have the levels set by the industrial relations commission and supported by the Ombudsman.

The Fair Work Act 2009<sup>6</sup> stipulates that it provides a balanced framework for cooperative and productive workplace relations that promotes national economic prosperity and **social inclusion for all Australians** by:

(a) providing workplace relations laws that are fair to working Australians, are flexible for businesses, promote productivity and economic growth for Australia's future economic prosperity and take into account Australia's international labour obligations; and

(b) ensuring a guaranteed safety net of fair, relevant and enforceable minimum terms and conditions through the National Employment Standards, modern awards and national minimum wage orders; and

(c) ensuring that the guaranteed safety net of fair, relevant and enforceable minimum wages and conditions can no longer be undermined by the making of statutory individual employment agreements of any kind given that such agreements can never be part of a fair workplace relations system; and so on.

(d) assisting employees to balance their work and family responsibilities by providing for flexible working arrangements; and

The sections underlined above could easily speak to the experience of people receiving income support by virtue of their unemployment status. These sections show that the Fair Work Act and the Fair Work Commission already have similar responsibilities and could potentially adopt responsibility for setting the terms and conditions of income support for a working age payment.

The first object talks about productivity and economic growth. The participation agenda has long held these objectives as the key motivator for the increasingly harsh measures to move people off benefits and in to work.

The second speaks of a guaranteed safety net indicating that there is an acknowledged level of income below which it is not possible for people to effectively engage in employment.

The third object refers to the undermining of that safety net, reinforcing the idea that protections must be in place to ensure that people are not exploited or placed in inappropriate conditions, recognising that this could never amount to a fair system.

And finally, of those objects included here, recognition that people have obligations outside of employment and that care must be taken to balance these responsibilities with those of work.

It is entirely reasonable to extend these protections to the unemployed and have the terms and conditions of income support set by the Fair Work Commission.

If, however, income support is to remain as it ever was, a social safety net to protect against poverty, the Remuneration Tribunal may better serve as the body for benchmarking. Given the Tribunal's jurisdiction to determine public money as entitlement or allowance of public office holders, this role could be extended to include a similar capacity for setting income support levels. It is not an ideal conflation of roles however in lieu of having no independent benchmark of income support levels the Remuneration Tribunal would meet the requisite standards.

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<sup>6</sup> Fair Work Act, 2009, accessed on 5 August via <http://www.comlaw.gov.au/Details/C2014C00031>

We recognise that placing the setting of benefits outside of the direct role of government will likely lead to an increase in expenditure. However, this review is about the welfare system and not budgetary balance. Taking the welfare benefit amounts out of the hands of government releases the government from having to make the internal social service budget balance and includes the benefit levels in the larger budget picture.

### Recommendation

Anglicare recommends the establishment of a **benchmarking process for minimum social security payments that are adequate for all** independent of government.

## Common approach to adjusting payments

### 6. What might be the basis for a common approach to adjusting payments for changes in costs of living and community living standards?

Indexation of payments is another core component of the adequacy of payments. Appropriate indexation will allow for frugal but comparable living standards for those supported by the social safety net. Again, if the income support system is a signal of how we perceive and treat our least well off then accepting that hundreds of thousands of people in Australia are living in preventable poverty is an indictment on us all.

Under the current system of indexation, Pensions are indexed against male average weekly wages whilst the Allowances, such as the Newstart Allowance, are indexed against the Consumer Price Index (CPI). Over many years, a significant gap has opened up between the levels of Pensions and Allowances due to these different indexation systems. We recognise the rationale at the time for setting this between long term and short term payments but we need to recognise the current reality which includes the job to jobseeker ratio, the fact that 18.8% of people on Newstart are on it for over a year<sup>7</sup> and that gains in health outcomes enable people with disabilities to live longer and more connected lives, etc.

*Going Without: Financial Hardship in Australia*<sup>8</sup> is an analysis of household income and expenditure commissioned from the National Centre for Social and Economic Modelling (NATSEM) by Anglicare Australia, UnitingCare Australia, Catholic Social Services Australia and the Salvation Army. Its key findings in regard to people on the lowest benefits, such as Newstart and Youth Allowance, were:

- that one in six go without meals due to financial constraints
- that one in seven cannot afford to heat their home
- that half continuously live with housing stress, and significantly more of those in private rental housing (see comments on Anglicare Australia's annual *Rental Affordability Snapshot* below)
- that when basic expenditure—such as food, rent and transport—is taken into account, they have on average \$22 a day left for relative necessities and discretionary items.
- that people with Newstart and Youth Allowance as their main source of income spend 122% of their income; in other words their circumstances are continually becoming more difficult

The diminishing value of the current Newstart payment means that people are unable to sustain themselves for the extended periods for which they receive it. Given the way that Newstart is indexed, the payment is destined to reduce in value over time. Predictions from NATSEM have the income of Newstart recipients at around 12% of average income in just 5 years; it only is currently 18% as it is. As the years progress, the value

<sup>7</sup> Australian Bureau of Statistics, 2014, 4102.0 Social Trends – Long Term Unemployed. Canberra, Australia.

<sup>8</sup> NATSEM, 2012, *Going Without: Financial hardship in Australia*, Anglicare Australia, Catholic Social Services, the Salvation Army and UnitingCare Australia, Canberra



of the payment will decline but also as people spend longer on the payment, its effectiveness as a living supplement also declines. Increasing full time wages acts as an indicator of community standards as do the increasing costs of essential services—utilities, telecommunications, childcare and housing just to name a few. The united call for an increase in Newstart payment led by ACOSS has gathered much momentum prior to the Federal Budget last year, with more than 40 signatories—Anglicare being one of them—advocating for an increase in the payment by \$50, equating the payment to half the minimum wage. The recommendation has the support of not only from community sector, but Business Council of Australia (BCA), Australian Council of Trade Unions (ACTU), the OECD and even the Government's own Henry Tax Review in 2009.

What is required is not simply a common approach to adjusting payments but also a fairer one. Clearly a system of payments linked to the CPI is inadequate. Payments need to be set at an appropriate level that covers the basic costs of living; this includes indexation at a rate which keeps pace with an acceptable living standard.

In a joint statement made by Major Church Providers – Anglicare Australia, Baptist Care Australia, Catholic Social Services Australia, UnitingCare Australia and the Salvation Army – we call on Government to commit to establishing a process for benchmarking minimum social security payments. Evidence suggests that the inequality gap in Australian society is growing. The spectrum in wages is increasingly widening and the people on the lowest incomes are being left behind in terms of quality of life. The purchasing power of the lowest incomes diminishes the more the inequality gap widens and as such steps must be taken to ensure that the living standards of those with the least do not dip so far below the norm that it is impossible for an individual to free themselves from poverty. If society accepts the responsibility of providing a safety net, it is equally responsible for ensuring the safety net meets its obligations.

Those in private rental accommodation are particularly caught as rents increase out of proportion to benefits, and even the minimum wage, to keep pace with increasing demand for housing.

In a survey Anglicare Australia conducted through The Australia Institute, respondents were asked how they think the safety net should be benchmarked. Around 55% of respondents said the payments should be set to cover the cost of living, implying also that the payment level should change as the cost of living changes. Only 3% of respondents said that they should be set at a level to ensure that the government can balance the budget.

### **Recommendations**

In the short term, the level of Newstart Allowance immediately be raised by \$50 per week.

In the long term, a common indexation method be adopted based on Male Average Total Weekly Earnings and reviewed and administered by an Independent Entitlements Commission

Payment levels should be set to cover changes in the cost of living and community expectations regarding what is an acceptable standard of living

## Support for families with children and young people

7. How can we better support families with the costs of children and young people to ensure they complete their education and transition to work?

Supplementary payments for all their complexity have offered families and individuals a means to manage their budgets. These payments are incorporated into their planning and money management, in fact it is often said by support workers that poorer people are among the best at managing a budget. However, the sad reality of there simply not being enough to cover costs forces them into a spiral of debt or disadvantage.

If there was one thing that points to better supporting families that are out of the workforce and include disengaged young people, it would be to make sure that the family has enough to live a decent life. Evidence from the University of York,<sup>9</sup> in the United Kingdom, shows clearly that children have borne the brunt of the UK austerity measures. With no social mobility or agency of their own children are extremely vulnerable to their family's situation. The well-documented facts that children living in poor households are more likely to grow up to be poor and jobless in adulthood as well as experiencing a range of other negative outcomes strengthens the imperative to ensure families with children have adequate income.

This points again to the need for payments to be adequate: to ensure there is enough to cover the costs of housing, to provide nutritious food on a regular basis, to be healthy and to have access to education or training.

8. In what circumstances should young people be able to access income support in their own right?

The long accepted legal age of maturity has been 18 years of age, in some spheres 16. The tone of the Interim Report suggests that there may be a shift away from these ages with the expectation that the family has an obligation to be financially responsible for the young person up until 25 years of age and beyond. There are families, particularly families whose main form of income are benefits, who simply cannot afford for this to be the case. There are also groups of young people, for their own reasons, who cannot depend on the family for their continued support. To make receipt of income support conditional on the family unit in those cases will make it very difficult for those young people to get ahead.

### Recommendation

Anglicare recommends that the income support of young people over the age of 18 not be tied to the family unit. Moreover that special dispensation be provided to young people under the age of 18 in special circumstances who are in need of income support.

## Effective rent assistance

9. How could Rent Assistance be better targeted to meet the needs of people in public or private rental housing?

The shortage of affordable housing manifests in many ways. While much of the discussion centres on the impact of homelessness and the risk of homelessness, housing stress itself – the consequences of living in an inadequate, inappropriate and expensive dwelling – is an important measure of the cost of this housing crisis.

<sup>9</sup> Jonathan Bradshaw & Gill Main, 2014, Austerity: Children are the victims in the UK, Social Policy Research Unit, University of York, UK.

Previously referenced research commissioned from NATSEM<sup>10</sup> looked at the expenditure of these households and found that people on Newstart Allowance or the job seeker Youth Allowance on average spend 122% of their income. In other words, those who are renting privately are almost certainly living in housing stress with, as time goes by, less and less resources and capacity to deal with unexpected events.

Anglicare Australia's annual *Rental Affordability Snapshot* is a survey of private rental dwellings on the market across Australia on a weekend each April<sup>11</sup>. While the number of properties available has increased in past years, the number affordable to people on these low incomes has not. The 2014 survey found that of 63,000 properties surveyed in regional and metropolitan Australia, despite the inclusion of all available allowances and rent assistance, there were only:

- 100 dwellings that were appropriate and affordable for a lone parent on Newstart Allowance
- 25 available for a single person on Newstart
- 12 available for someone living on the Youth Allowance (six in share houses and six alone).

All of these point to the experiences of people on a low payment and the extent to which the level of payment can trap them into or further exacerbate the experiences of financial hardship and poverty.

Anglicare Australia's ground breaking national survey on food insecurity<sup>12</sup> casts a sharp light on the incidence and impact of housing inadequacy and stress. Of those in this survey living in private rentals, the vast majority (94%) were in rental stress. What that means in practice, as survey participants pointed out, is that with so much of their available income tied in to housing and transport, the only flexibility they have when dealing with out of the ordinary costs is to cut down or go without food.

While in most cases in the survey children were protected from days entirely without food, they nonetheless missed out on school events and friendship activities, and reported shame, embarrassment and ill health. Adults also reported significant impacts including depression, resentment, poor health, embarrassment, isolation and anger.

The unavailability of appropriate housing for people living on the margins of our society has numerous consequences, as the evidence from Anglicare network services show.

An Anglicare Tasmania exhibition about public housing waiting lists reported a family in private rental accommodation having to move 13 times, and a child of eight already in his seventh school. There is no doubt that continually changing schools, along with the stigma of poverty, makes school itself both less effective and less attractive to many young people.

The lack of affordable housing quite clearly impacts on the lives of everyday people. With over five million people supported by the safety net that is a lot of lives dramatically shaped, every day, by this immediate and critical issue.

The primary reason for this inadequacy is that rents have outstripped the 'living wage' that is the Australian safety net. And while the Commonwealth Rent Assistance (CRA) is an important protection against excluding poor people completely from the private rental market, its efficacy is diminishing.

A report from the National Welfare Rights Network (NWRN)<sup>13</sup> shows that the removal of the CRA would

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<sup>10</sup> NATSEM, 2012, *Going Without: Financial hardship in Australia*, Anglicare Australia, Catholic Social Services, the Salvation Army and UnitingCare Australia, Canberra

<sup>11</sup> Anglicare Australia, 2014, *Anglicare Australia Rental Affordability Snapshot*, Canberra

<sup>12</sup> Anglicare Australia, 2012, *When there's not enough to eat: State of the Family Report 2012*, Canberra

<sup>13</sup> NWRN, 2013, *How Commonwealth Rent Assistance fails low income Australians*, National Welfare Rights Network, Australia

increase the proportion of renters on a social security payment in housing stress from 40% to 70%. The same calculations could be conducted on the Rental Affordability Snapshot data but there is not far to go below 'less than 1%'. The NRWN report also states that more people are accessing the assistance and also that more people are on the maximum amount. As the CRA is calculated on the rent that you pay it is an inevitable outcome that expenditure on the CRA will increase accordingly. For many, the CRA is the only stop-gap between getting by and complete exclusion.

The CRA is, at its best, a fairly blunt instrument. All people accessing the assistance payment receive the same amount, depending of course on the rent they pay. The CRA in its current form does not take into account the geographic variations that the rental market does. Again, in the Snapshot can be seen, quite clearly, the effects of a patchwork economy; where factors like the mining boom drive up rental prices while the remainder of the local economy cannot keep pace. So in places such as Gladstone, western New South Wales and the entirety of Western Australia, the CRA is even less effective than in other areas where the rental market is less inflamed by compounding factors such as inflated industry.

The expenditure on the CRA will ease as the housing supply issue is addressed however until that point there are changes that could be made that could make the CRA more effective.

### **Recommendations**

In the short term, index the payment in line with increasing rents. This would eliminate the widening gap between the payment and the rent levels, thereby putting a freeze on further disadvantage in the rental market for lower-income households.

A longer term solution may be found by way of a review of the CRA which takes into account the regional variations, indexation and rates of payment.

## **Rewards for work and targeting assistance to need**

### **10. How should means testing be designed to allow an appropriate reward for work?**

A reformed system needs to include a clear financial proposition for the individual without actually making them live in poverty to realise it. Minimising the disincentives to work through additional payments and tax breaks could be a potential way forward. The government has already adopted an approach that seeks to incentivise people to retain employment in the long-term. But again, these measures do not reflect the challenges involved in identifying and successfully obtaining employment that will effectively replace the security of unemployment benefits.

The safety net protects against the negative outcomes of financial stress and hardship, ensuring that the fabric of society remains strong as people cycle through periods of unemployment. As such, means testing should take into account a person's level of need at the time of request. It should have little to do with the capacity to earn in the future as this is a separate issue to be addressed. Current means testing is not without fault but does generally target assistance to those most in need. Where the system falls down in Australia is around participation requirements, non-compliance measures and taper rates for when connection with the labour market is made (refer to Ease of transition in Pillar 1, Qn 1).

### **Recommendation**

Means testing, as a point of entry into the system, should take into account a person's needs at the time of request.

11. At what income should income support cease?

In principle, income support should not cease or taper until there is a signal that the financial incentive provided through employment is stable and can be maintained. A number of challenges have been pointed to and will be reiterated in this submission for people in obtaining and maintaining work. While there is still a risk of falling out of employment the supports provided by the income support system, and this doesn't necessarily be in the form of payments, should be available to the individual.

**Recommendation**

A person should not be in a worse off position, financially, from having taken up employment.

12. What would be a simpler, more consistent approach to means testing income and assets?

No response provided.

## **Pillar Two—Strengthening individual and family capability**

Anglicare Australia believes that the Australian welfare system should be fair and sustainable to safeguard and support Australians—especially those who are most disadvantaged in our community. A fair and sustainable welfare system would emphasise capacity building, assisting those most in need to improve their circumstances. It would support them to capitalise on presented opportunities as they transition through each employment milestone. A fair and sustainable welfare system would look at the long-term wellbeing of a society and its people, and hold aims such as improving job market readiness as only one of the goals in reaching this end. In view of that, it is questionable how well placed the income support system is to achieve some of the outcomes referred to in the questions in this section. These issues pertain particularly to broader social issues that are beyond the remit of the income support system. The comments made in this section of the submission apply mostly to employment services, the current exposure draft and the Employment Minister, rather than the Reference Panel responsible for reforming Australia's income support safety net.

## **Mutual obligation**

13. How should participation requirements be better matched to individual circumstances?

There are three prerequisites to effectively match jobseekers with suitable jobs. Firstly, and realistically, there has to be jobs in the market for people to take up. Secondly, jobseekers need to be well-equipped to take up these available positions. Thirdly, while looking for jobs, jobseekers would need to have adequate income to afford crucial daily expenses, such as food and housing, ahead of any resources they may be able to expend in preparing and acquiring a suitable job. The third criterion rings particularly true for people living on low income, or those receiving Newstart Allowance, who are finding it increasingly difficult to make basic ends meet, let alone spending extra to get job-ready in the increasingly competitive job market.

Mutual obligation could be taken to apply to a number of areas depending on how you view the safety net.

If viewed as a protection against poverty in periods of unemployment, then the Government has an obligation to maintain income support at a level which supports the individual to maintain links to the community, to live a life with dignity and to encourage reconnection and participation in whatever form that may take, social or economic. The individual's obligation is to attempt to re-engage and give effect to that

participation and minimise, to the extent that they are able, their reliance on and period of income support receipt.

If the safety net is viewed as a proxy employment support program there are a number of areas directly relating to employment where the government side of mutual obligation could be better understood.

Adequate income support is clearly the fundamental obligation.

But there are structural issues across the Australian economy that government has an obligation to address, and to suggest that people out of work are simply not trying hard enough – without taking action on the structural issues that impact in their lives – is disdainful of the human capital and potential these people hold within them. Obvious key issues are:

- The shift away from entry level jobs in agriculture, government, manufacturing and construction
- The terrible ongoing shortage of housing which is affordable for people on low incomes
- The lack of transport options for those living outside the centre of our cities
- The inequity inherent in our schools, and increasingly tertiary, education systems
- The growing problem of locational disadvantage

It is important to recognise that unemployed individuals should not be expected to produce outcomes for structural issues over which they have no control, such as an insufficient supply of suitable jobs. Mutual obligation would have more meaning if this principle was more explicitly recognised by all stakeholders, including government. It is also important to recognise that the current discourse around a Civil Society and the responsibilities of different parts of society cannot replace the need for a well resourced welfare system funded by government. The role of other stakeholders such as employers, businesses and charities will always be complementary to the role of government. It would be detrimental for government to be vacating aspects of this key role, to instead be taken up by other stakeholders.

### Recommendation

That people are not punished for circumstances over which they have no control—namely job availability—and that government enact policies which will improve the labour market whilst also acknowledging—through policy settings—the context in which people are searching for employment.

#### 14. How can carers be better supported to maintain labour market attachment and access employment?

Many carers in Australia have dedicated much of their time in unpaid caring work for their parents and families and missed out on the opportunity and financial benefits brought about by paid employment. Looking into ways to assist carers in maintaining labour market attachment is therefore particularly appropriate in the midst of the roll out of the NDIS.

A report released by Anglicare Sydney<sup>14</sup> highlighted the very complex caring role of families when they have a child or young person with an intellectual disability combined with challenging behaviours. The study shows that most carers found that maintaining employment was difficult—particularly women—who required work to be very flexible to meet the unpredictable nature of the care arrangement.

In particular, Anglicare Australia would like to highlight the two recommendations from the report:

- In implementing the NDIS, the Federal Government have special regard to the needs of people with severe and profound intellectual disabilities and their carers, including:

<sup>14</sup> Mollenhauer, J; King, S.; Bodiam, T. & Bellamy, J., 2013, Caring for a child with an intellectual disability and challenging behaviours, Social Policy & Research Unit, Anglicare Sydney, Sydney.

- 'red tape' reduction and consistency in service delivery among providers
- Provision of adequately remunerated, well-trained staff
- Development of services which know how to assist children and young people who exhibit both significant intellectual disability and challenging behaviours
- A flexible model of service provision to meet both individual needs and the needs of the family as a whole
- Easy access to information on services
- Access to periodic intensive support services.
- In providing support packages for people with an intellectual disability, the Federal Government through the NDIS take into account the needs of parent carers and siblings. Separate assessment of carer and sibling needs should be undertaken.

So while carer attachment to the labour force is marginal it is not without cause. In attending to the needs of the care recipient, the flow on effect for carers is a lesser capacity to engage with and participate in the labour force. Naturally those in caring roles that have taken them outside of the workforce will also need to access state assistance in their own old age as they will have less superannuation.

### Recommendation

In summarising the above, ensure that the needs of care recipients are met through the NDIS and that the needs of their carers are established through a separate process.

#### 15. What is the best way of ensuring that people on income support meet their obligations?

Tightening income support and increasing participation requirements coupled with punitive compliance measures will not improve adherence to obligations. Adopting these approaches will further inhibit attempts to seek and win employment. Further, in pursuing these measures as a means to motivate people confers on them the responsibility for outcomes—ie continued unemployment where there is a lack of appropriate jobs—over which they have very little influence or control. They are automatically set up to fail. *Beyond Supply and Demand*<sup>15</sup> shows that by working with people as they are, taking into account their particular skills and abilities and acknowledging the circumstances that the person finds themselves in is a far more positive approach to ending dependence on welfare. This 'life first' approach states that people ought to be worked with on an individualised basis with positions identified with that person's skills and abilities in mind. This has been a fundamental failing of the current employment support system which assumes that any person is fit for any job.

### Recommendation

Anglicare Australia recommends that a 'life first' approach to employment be adopted with a view to adopting creative solutions on an individualised basis rather than a blunt one size fits all negative incentive approach.

#### 16. In what circumstances should income management be applied?

Income management in its current form has been seen as a 'stick' approach to personal money management, which does not actively promote capability building in individuals, family or the community. Quite the contrary, it erodes trust between the government services and support recipients, as it deems people to be at

<sup>15</sup> Ian Goodwin-Smith & Claire Hutchinson, 2014, *Beyond supply and demand: addressing the complexities of workforce exclusion in Australia*, Australian Centre for Community Services Research, Flinders University, commissioned by Anglicare Australia

fault or victims and removes the opportunity to take responsibility for their circumstances.

Evidence shows that income management is a costly program with little impact in bringing sustainable change in people's behaviours, wellbeing or their communities.<sup>16,17</sup> Anglicare Australia argues that a more effective answer to the problem would be to improve job availability in concerned communities, as well as to assist individuals in enhancing their capabilities—through support programs such as family support, financial services, job training, carers' support etc—so that they can more effectively participate in their community including engaging in the job market.

### Recommendation

Anglicare agencies have consistently advocated that if income management is adopted as a means to improve individual and family financial management, then participation in that program should be voluntary, time-limited and accompanied by other wrap-around services.

## Early intervention

17. How can programmes similar to the New Zealand investment model be adapted and implemented in Australia?

No response provided.

18. How can the social support system better deliver early intervention for children at risk?

One of the key functions of the social support system is to safeguard those who are in the greatest need in our society against poverty and its flow-on effects to their children and families. To better deliver early intervention for children-at-risk would therefore require broader welfare reform that aims at improving the capability and wellbeing of family as a whole.

Anglicare Australia's Food Insecurity Project<sup>18</sup>—*When there's not enough to eat*—provides telling evidence of the impacts of poverty and its lingering effects on individual and their families. The research shows that food insecure households are also low income households. More than one in four households (24%) were endeavouring to survive on incomes of less than \$600 per fortnight compared with the HILDA national sample of 16%. Further to this, more than two thirds of all households (68%) were on incomes of less than \$1,000 per fortnight compared with only 30% in the HILDA national data set, which is more reflective of the general population.

Given that food becomes a discretionary item in households living on a low income, in most cases in the survey children were protected from days entirely without food, they nevertheless missed out on school events and friendship activities, and reported shame, embarrassment and ill health. Adults too also reported significant impacts including depression, resentment, embarrassment, isolation and anger.

Food insecurity is just one of the many challenges that marginalised people with financial hardship face as they struggle to provide for their family. Other hurdles—e.g. insecure jobs and housing stress—could also place stress on family relationships and affect childhood development and education, all of which are important factors leading to a healthy sense of belonging and meaningful participation in the community.

<sup>16</sup> Mendes, P., 2013, Compulsory income management: a critical examination of the emergence of conditional welfare in Australia, Australian Social Work [P], vol 66, issue 4, Routledge, Australia, pp. 495-510.

<sup>17</sup> Buckmaster, Luke & Ey, Carol, 2012, Is income management working? Social Policy Section, Parliamentary Library, Department of Parliamentary Services

<sup>18</sup> Anglicare Australia, 2012, When there's not enough to eat: State of the Family Report 2012, Canberra



The government's clear focus on early intervention and prevention ought to be applauded. Those principles are also commendably found in this Interim Report. However the narrower social safety net is not well placed to address many issues of childhood risk factors save one crucial and inalienable aspect: the payments which support families—whether based on a working age payment, a family payment or per child model— must be sufficient to allow a decent, though modest quality of life and absolutely must be an effective safeguard against poverty.

Again we draw attention to the evidence from a comparable economy (University of York) that children are the first and most harmed victims of low income in their families.

### Recommendation

Anglicare recommends the establishment of a **benchmarking process for minimum social security payments that are adequate for all** independent of government.

## Education and Training

19. What can be done to improve access to literacy, numeracy and job relevant training for young people at risk of unemployment?

Instead of adopting a one-size-fits-all approach that assumes that all young people are immediately and readily available for any kind of jobs on offer, education and job relevant training programs should address young people as individuals with aspirations, preferences and capabilities particular to themselves.

Anglicare Australia has recently released a research report *Beyond Supply and Demand*<sup>19</sup> that looks at ways to mitigate workforce exclusion in Australia. It argues that Federal programs such as Work for the Dole, and Earn or Learn focus predominantly on the short-term goal of getting people off welfare and into the job market. They do not acknowledge that jobseekers are individuals with different circumstances and plans for the future. In order to improve access to literacy, numeracy and job relevant training for young people at risk of employment, programs should shift its focus from 'work-first' to 'life-first', an approach that puts more emphasis on people's circumstances and barriers to employment, rather than pushing people in to the job market without giving due consideration to the impacts of peoples different attributes.

Models and strategies suggested in the report include:

- The use of a case management model that provide post-employment support, have low case loads and provide tailoring of services based on individual needs
- Promoting strong links with local employers and other support services
- Focusing on placing people in quality jobs with good employment conditions, rather than blindly matching jobs with people
- Highlighting the importance of post-placement support, with three to five years of support being more advantageous in retaining disadvantaged workers in employment. Such support was noted to include job coaching and mentoring, peer support, personal development and career guidance.

### Recommendation

Anglicare Australia recommends that a 'life first' approach to employment and training be adopted with a

<sup>19</sup> Ian Goodwin-Smith & Claire Hutchinson, 2014, *Beyond supply and demand: addressing the complexities of workforce exclusion in Australia*, Australian Centre for Community Services Research, Flinders University, commissioned by Anglicare Australia

view to adopting creative solutions on an individualised basis rather than a blunt one size fits all negative incentive approach.

20. How can early intervention and prevention programmes more effectively improve skills for young people?

Much like the NDIS, an individualised approach to learning ought to be adopted. *Beyond Supply and Demand* illustrates that when people are viewed as an individual, recognising their skills and abilities as well as their circumstances then positive outcomes can be achieved. But when people are treated like conveyor belt widgets with no consideration given to their individuality, ability or situation then it is far more likely that generic training packages will result in poor outcomes.

Examples exist both within the Anglicare network and outside of it. An example outside the network comes from the work of the Beacon Foundation in Tasmania. Working with school-age young people, agency workers discern what the young people would like to do as well as what they reasonably can do. It is an approach looking at employment pathways which at once acknowledges the aspirations of the young person but also takes a pragmatic view that an income needs to be earned while in pursuit of one's goals. This example also takes into account the importance of the person having a line of sight to the projected outcomes and takes also into account the types of jobs that person might reasonably be able to undertake. Each of these aspects is integral in establishing and maintaining a sustained engagement with the labour force.

### Recommendation

Anglicare Australia recommends that a 'life first' approach to employment and training be adopted with a view to adopting creative solutions on an individualised basis rather than a blunt one size fits all negative incentive approach.

21. How can a focus on 'earn or learn' for young Australians be enhanced?

The premise of the 'earn or learn' initiative has been seen by many as a paternalistic measure to encourage more young people into the job market, with little regard for their circumstances, readiness, abilities and aspirations. The initiative also carries the assumption that young people are inherently lazy and wilfully obstinate in taking responsibility for shifting off welfare. Hence, the government feels the need to step in to alter their behaviour through regulatory control. In fact, it needs to be acknowledged that more than ever young people do earn or learn in Australia.

The one-size-fits-all approach of the initiatives similar to learn or earn has resulted in low levels of training completion and low levels of conversion to employment, as experienced by Anglicare member Brotherhood of St. Laurence. Their research identified that 44% of their unemployed clients had obtained two or more qualifications in the previous five years.<sup>20</sup> It should also be noted that funded training for job seekers is typically for industries with high rates of casualisation and insecurity of employment. So, even if job seekers are successful in completing training and gaining employment, it may not provide them with long-term financial stability.

Anglicare Australia would again like to draw a distinction between a viable social support system and separate social issues such as employment and education. One of the main goals of a sustainable social

<sup>20</sup> Ian Goodwin-Smith & Claire Hutchinson, 2014, *Beyond supply and demand: addressing the complexities of workforce exclusion in Australia*, Australian Centre for Community Services Research, Flinders University, commissioned by Anglicare Australia

safety net, as addressed in this second pillar, is to strengthen the capability of families and individuals, so that people can in the long term live independent of the welfare system and be able to contribute and participate in their community fully. While particular social issues such as education and employment outcomes can be seen as part of the aim of the social welfare system, it should by no means be the end goal of the social safety net. These issues indicate broader social problems than just a welfare issue.

With that in mind, getting people into the job market is an important but not primary goal of the broader welfare system. Overcoming long-term unemployment in particular involves a process that will require working through social barriers—securing housing, getting a qualification, carers' support, etc. — facing disadvantaged jobseekers. It is a process that takes time, resources and collaboration between services and jobseekers, and cannot be rushed to succeed. While acknowledging the importance of having a healthy Federal Budget, Anglicare Australia questions the government's intention in reducing funding to the education sector, as it goes against the goal of strengthening the capabilities of people in acquiring an education in the hope of getting a job.

### Recommendations

That any policy should not have a one-size-fit-all approach. The 'earn or learn' initiative bears the assumption that young people are automatically in a position to choose between earning or learning, when they have different circumstances, such as combating mental ill health, or exiting out of care, that may impede the ability to make that decision straight away. What is required are the right individualised supports and a supportive system to guide young people—people of all ages— through the system.

Those issues of engagement highlight the need for innovative programs such as Youth Connections.

## Improving individual and family functioning

### 22. How can services enhance family functioning to improve employment outcomes?

Anglicare Australia has raised concerns that the Interim Report discusses issues, which—granted—are of a social nature, but which do not and should not come under the remit of the income support system. In trying to do too much, the system runs the risk of achieving not much at all.

As acknowledged in this question, healthy family functioning is one of the most important stepping stones leading to positive employment outcomes. However, it is by no means the only concern that needs to be addressed in order to achieve desirable employment outcomes. In the same way, we note that the benefits of enhanced family functioning and wellbeing go well beyond the goal of entering the job market.

In addition to improving family functioning, sustainable employment outcomes also require mitigating other barriers such as poverty, income inadequacy, challenges that come with physical and mental disability, and other unexpected life circumstances that prevent people from participating meaningfully in the workforce. Alleviating these factors would enhance not only the employment outcomes for disadvantaged jobseekers. It will, more importantly, improve their capability to engage and participate more fully in their community, which will in effect be beneficial to their families, communities, and ultimately the welfare system in the long term.

If the income support system were to improve family functioning so that the working-age members of those families might gain employment, the primary action would be to ensure that the family had a decent income to fend against poverty and the effects that it engenders.

23. How can services be improved to achieve employment and social participation for people with complex needs?

Admittedly there are steps that might be taken to improve efficiency of service delivery to people with complex needs; to all people in fact. However, these efficiencies go hand in hand with those to be made within government and the bureaucratic handling of contracts and reporting.

While we in no way contend that services operating in the community sector are perfect nor are they the epitome of efficiency—that said many not for profit agencies have become sophisticated and professionalised over the last decades ensuring that there is minimal waste in terms of expenditure. It is our contention that the most effective way to support the participation of people with complex needs is through ensuring that people have a decent income; that there are opportunities available for them; and that they can be assured of success while pursuing those opportunities. These are the core conditions of participation in the view of Anglicare agencies and tinkering at the margins will not have a significant impact on the desired outcomes.

However, where inefficiencies within services and bureaucracies might be addressed—freeing-up resources in turn for the express purposes of supporting participation—is an automatic review of red tape.

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.

#### Recommendation

All government reforms should have an automatic review of red tape and an awareness not to create more.

## Evaluating outcomes

24. How can government funding of programmes developing individual and family capabilities be more effectively evaluated to determine outcomes?

The Productivity Commission's report into the not-for-profit sector has indicated the challenges facing the NFP sector in producing evaluation results that are meaningful, comparable and cost-effective. The report shows that not only is the contribution by the NFP difficult to measure, producing comparable results can also be challenging because there is no common benchmark set up to evaluate organisation's performance. Some organisations commented that the measurement and evaluation process can be expensive, and usually has to be funded by diverting resources from core activities. And while government increasingly expects publicly-funded programs to be properly evaluated, it is rare for service delivery contracts to explicitly fund that evaluation.<sup>21</sup>

#### Recommendation

A well-developed framework for evaluation is an important and sustainable tool to ensure quality standard of service provision. Anglicare Australia recommends the following, guided by the Productivity Commission:

- That Australian governments should agree to implement a reform agenda for reporting and evaluation requirements for organisations involved in the delivery of government funded services.

<sup>21</sup> Productivity Commission, 2010, Contribution of the Not-For-Profit Sector, Research Report, Canberra

- That different levels of government should be evaluating programs at the aggregate level, so as to provide a baseline for comparison for individual agency to carry out their own evaluation. E.g. PHAMS
- That there should be a mandate in quarantining funds (10% on top of the contract) so that organisations can do quality evaluation of their programs and that the results of these evaluations are freely available, and indeed their dissemination facilitated by government.
- That the community sector and the government need to work collaboratively across the board, to establish a broad body of knowledge to develop theories so that baselines and standards can be established for best practice of programs.
- That while ACNC is a missed opportunity to enhance the sector rather than regulate it, the prospect of Centre of Excellence or AIFS expert panel is an opportunity to build in clearinghouse and evaluation support functions.

## Pillar Three—Engaging with employers

A fundamental point needs to be reiterated before responding to the questions in this section. The social support system or the safety net as it otherwise referred to is not an extension of the employment services system. It has an entirely separate and distinct purpose to that of achieving employment outcomes. While Anglicare agencies acknowledge the tight interweaving of the goals of the employment services system and the safety net, they similarly acknowledge that they are not one and the same. The safety net serves as protection against poverty for those who find themselves in need of it. The employment services system supports people to find work as quickly and efficiently as possible. This is a subtle distinction but an extremely important one which assures all Australians a certain amount of dignity when they find themselves in need of support.

Anglicare has long advocated for the effective engagement of employers in addressing the issues of entrenched unemployment. Anglicare has previously recommended:

- Government recognises that supporting people into employment is not merely a matter of getting people jobs but a matter of generating meaningful employment for people and ensuring that they have the capacity to take up and sustain those opportunities.
- Government and business must play a role in influencing employer and co-worker attitudes towards employing people in groups that experience workforce exclusions—young people, people with disability, returning parents, Aboriginal people, people who have been long-term unemployed, etc. — through targeted and broad ranging education campaign. For example, we note the recently published “Forrest Report” which calls for a target of 4% Aboriginal people in the government workforce.
- Employment services adopt a work practice of collaborating with business and community sector partners to identify opportunities for welfare recipients that provide a line of sight to stable employment through a process of step-migration and long-term flexible support which increase as the duration of income support increases.
- Government, through employment services, to provide innovative incentives to employers to increase the demand for labour. For example, by broadening and increasing wage subsidy schemes; tax incentives for the long-term employment of a long-term unemployed person; and tax incentives upon demonstration of skill development for an employee from a disadvantaged background.
- Government takes the lead in creating more Australian Public Service (APS) positions for those most

marginalised from our society, such as those with disability, through the introduction of more APS1 and 2 entry level positions which have traditionally offered most opportunity to this group of people.

## Employment focus – making jobs available

### 25. How can business-led covenants be developed to generate employment for people with disability and mental health conditions?

While it is important to identify positions that will be flexible enough to meet the needs of people with a disability and mental ill-health, there is a broader question of how to generate employment for all people who have challenges in obtaining and retaining paid employment. The stigma that impacts on the success of people living with disability and mental ill-health equally impacts on older people, younger people, people from different ethnic backgrounds, people who are long-term unemployed, Aboriginal people, and other people who generally don't 'fit' the mainstream mould of a typical employee. What is required is the creativity of business leaders and government, joined with that of community support providers and the job-seekers themselves, to identify new job models that cater for these groups.

Those who have vested interests in the employment of the unemployed will have a more substantial impact on the creation of such positions than would otherwise be the case. Demand side incentives must be developed to encourage business owners, particularly local business owners, to actively engage with people in their community who are seeking work. Business led covenants may indeed be one way to achieve this outcome. However, given the perceived costs—and risks—are high with this cohort, incentives must be in place to ensure that the benefit to employers outweighs the perceived risk in the early stages to allow for the time required to realise the other mutual benefits that may come from such engagement.

The responsibility for creating job opportunities for people disadvantaged in the job market lies more with employers and governments than 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.

The idea of creating local employment committees auspiced by government and comprising local business representatives, social service agencies and other local representatives, has been raised during this consultation period. This may provide the necessary forum to allow employers to influence the local pathways into employment rather than being a focus of the planning. Government should fund facilitation of such committees and monitor their effectiveness. Care would be needed in the selection of employers to be in the committee, with preference given to those businesses with the greatest commitment to the local community (rather than shareholders).

As always, it makes good sense to pay attention to the people seeking work. A paper from Anglicare member agency the Brotherhood of St Laurence entitled *What would help people to gain and retain decent work?*<sup>22</sup> 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.

<sup>22</sup> BSL, 2011, What would help people to gain and retain decent work?, Brotherhood of St. Laurence, Melbourne

Anglicare Australia members Equbed and Work Ventures have demonstrated how effective partnerships guided by strong principles can be successful in identifying positions and people that will make a good match. Working with a Victorian based pharmaceutical company 30 positions were identified and matched to 30 young people in an area of extremely high youth unemployment. With the knowledge of a guaranteed position at the end of it, 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. It can be seen from this example that by identifying how to creatively respond to a situation through partnerships between business, services and individuals successful employment outcomes can be achieved. Further information about this partnership can be provided upon request.

### Recommendation

Anglicare Australia recommends the establishment of local employment committees auspiced by government and comprising local business representatives, social service agencies and other local representatives with a view to identifying and providing local pathways into employment.

26. How can successful demand-led employment initiatives be replicated, such as those of social enterprises?

No response provided.

## Improving pathways to employment

27. How can transition pathways for disadvantaged job seekers, including young people, be enhanced?

The primary improvement mechanism for enhancing pathways is to improve the funding and conditions supporting people experiencing disadvantage in finding work. The barriers to employment and the challenges faced by people living for extended periods on very low incomes cannot be overcome easily or cheaply.

Much of the evidence from the Anglicare network points to a number of strategies to improve transitions through the various points on the journey toward employment. Some strategies are listed below.

- The importance of support mechanisms as people move through the various stages toward employment is notable.

People must be supported whilst they look for work and also into the working period to help those people adjust to, and sustain employment.

- Along each step of the way there must also be a clear line of sight to the endpoint.

This distinctly flies in the face of pointless training and the importance of having clearly defined goals and endpoints that seem realistic and achievable for the person.

This also refers to the sense that there will be jobs that are available for the individual and that they stand a reasonable chance of being successful in competing for that position.

The importance of connections to employers cannot be underestimated. Often incidental and social connection plays a large part in hearing about and gaining a job, and many young people from areas of high unemployment may not have access to these connections.

- The importance of reliable structures.

Anglicare Australia has advocated strongly in the past for the community development based Communities for Children model in that it adopts particular characteristics which allow services and programs to respond to local need. Anglicare has similarly advocated this model in terms of financial services and applauded its application in the Regional Development and Medicare Local models. An option could be to set up local employment committees—not only Work for the Dole Area Coordinators as currently proposed—but action groups for local areas comprising local business and community members that take into account local need and can effectively generate local solutions. This type of structure would actively engage employers and bring them closer to the reality of the experience of job-seekers thereby providing further encouragement to think creatively about the types of positions and employment conditions they offer.

### Recommendation

Support mechanisms; clear line of sight; and reliable structures and services are utilised as central aspects of the process' supporting people moving into work or training.

#### 28. How can vocational education and training into real jobs be better targeted?

Again, this will require inventive and creative ways of working with people, determining what their goals and abilities are and establishing individual strategies for achieving reasonable outcomes. It is acknowledged, even by the Government in its recent proposal for the new employment services system, that much of the training undertaken by people has been pointless. The unyielding condition of earning or learning has seen people undertake worthless certifications as a direct result of not having the opportunity to participate in earning activities. Up to this point, agencies operating under the Jobs Services Australia model have been meeting their performance requirements but not achieving outcomes for clients. This status quo cannot be sustained.

The "line of sight" principle would indicate that identification of a desired employment pathway, along with an audit of the person's skills and suitability for that employment should precede the identification of a training course. Too often training undertaken is dictated by training available.

### Recommendation

Anglicare Australia recommends that a 'life first' approach to employment and training be adopted with a view to adopting creative solutions on an individualised basis rather than a blunt one size fits all negative incentive approach.

#### 29. How can approaches like Individual Placement and Support that combine vocational rehabilitation and personal support for people with mental health conditions be adapted and expanded?

*Beyond Supply and Demand*<sup>23</sup> illustrates the effectiveness of the 'life first' approach which acknowledges the person at the centre of workforce exclusion. Strategies that adopt this approach as a core principle of operation are far more likely to help people experiencing disadvantage but also in particular people experiencing mental ill-health.

Expanding and adapting particular programs presents its own challenges and in doing so Anglicare would advise that there are certain considerations to be mindful of in upscaling or nationalising programs. Often

<sup>23</sup> Ian Goodwin-Smith & Claire Hutchinson, 2014, *Beyond supply and demand: addressing the complexities of workforce exclusion in Australia*, Australian Centre for Community Services Research, Flinders University, commissioned by Anglicare Australia



programs work because of the unique set of circumstances to the area of operation. It might be the combination of people, or the presence of particular infrastructure or resources that makes for a successful program. However, it is these attributes that will cause a program to succeed in one location or with one group and for it to fail elsewhere. Evaluation is key to understanding these ephemeral factors that contribute to the success or not of particular programs and as such should be a core component of social services funding.

### Recommendation

Anglicare Australia recommends that a 'life first' approach to employment and training be adopted with a view to adopting creative solutions on an individualised basis rather than a blunt one size fits all negative incentive approach.

## Supporting employers

### 30. How can an employment focus be embedded across all employment and support services?

To begin with, Anglicare agencies are not convinced that an employment focus should be embedded across all support services. Further, that doing so might actually undermine the efficacy of some of the support those services provide. Again, Anglicare agencies contend that the best way out of poverty is through work and also that employment can be critical to recovery from particular crises or issues. However, for those services that provide supports other than employment services, employment outcomes should not be a primary goal. In those settings people who are able to work should be encouraged to work but not at the cost of the outcomes the service is set up to achieve. This is particularly so, given the therapeutic relationship which is so critical to effective support may be undermined due to feelings of mistrust over ulterior motives. It is worth repeating that the beneficial nature of other activities such as caring, voluntary work and community participation should also be recognised by the welfare system. This recognition should be in their own right as well as in terms of preparation for the workforce.

It is also reasonable to point again to the distinction between the safety net, employment services and in this case other social support services. The primary goal of support services is not employment but family cohesion, mental health wellbeing, resettlement services, housing, care and protection of children and so forth. Again, Anglicare agencies would question the usefulness of saddling all social support services with the participation agenda, particularly when the goal of this Pillar is about supporting employers.

There are gains that can be made without having to convert all programs and services into proxy employment support agencies.

### Recommendations

Specifically, Anglicare recommends:

- Appropriate job creation incentives for employers commensurate with perceived risk which taper as the employment relationship settles.
- A process of matching the right people to the right jobs without undue penalty or criticism for those who do not necessarily 'fit' as others might expect them to.
- A local approach to job matching guided by local need and local solutions.
- An adequate income to live on while searching for work.
- Wrap around support throughout the job-search and early employment periods.

- Training that is purpose specific with a direct line of sight to an achievable outcome.

31. How can the job services system be improved to enhance job matching and effective assessment of income support recipients?

This submission has already identified the merits of a locally organised, purpose driven group of business and community representatives tasked with the identification of local employment opportunities. Once identified, employment providers can work intensively with people to understand their own skills and abilities to effectively match the right person with the right job. The principles of individualised support and individual agency must be at the core of those methods, without which, people will be arbitrarily placed into inappropriate positions causing further stress and inconvenience for the individual as well as costing time and resources for the employer. In lieu of immediately identifiable positions, employment services can also be working with local business on the basis of identifying/creating jobs that match the person. Above we discuss matching the right person with the right job. Here we are talking about matching the right job with the right person. In this case it will be working with the individual to understand their skills and abilities and working with suitable employers to create positions specifically with those skill sets and qualities in mind.

The assessment tools used to determine the level of support required by an individual are not under scrutiny at this stage. There has been no evidence in the Anglicare network, formal or otherwise, to suggest that those instruments are ineffective. Our concerns around assessment lie with the individual who applies the instrument. Often it will come down to an untrained general service clerk who does not have the requisite skills and abilities to interview an individual to elicit responses that will result in appropriate assessment.

### **Recommendation**

At the very least, those conducting any assessment for the purposes of ruling in or ruling out support must have minimum level qualifications to ensure that the assessments result in appropriate outcomes for the individual and as a result, better performance for the agency and subsequently the government.

32. How can the administrative burden on employers and job service providers be reduced?

This question should be rephrased into how can the administrative burden on all stakeholders be reduced? The impact on benefit recipients of administrative inefficiencies can be immense, particularly, when it means that payments to which they are entitled to and rely upon are significantly delayed. Anglicare Australia did some work in early 2014 around the customer experience of Centrelink<sup>24</sup> and found that the issues around quality assurance—handling paperwork, timeliness and so forth—made for some of the most negative experiences. On the other hand where Centrelink staff (emulating the person centred approach) worked closely with customers and the agencies that supported them, very positive experiences were related.

Part of reducing the red tape burden on employers and job agencies is to increase the transparency of those services and their intentions and make sure that they work in concert with the people they aim to support and the services that are closely related to them.

Trust also needs to be built into the system. Some years ago Anglicare network member Brotherhood of St Laurence, together with Jobs Australia and the Australian National University, wrote a paper on the increasing distrust of government around community services ability to effectively expend and acquit public money.<sup>25</sup> A result of the growing distrust has been burgeoning administrative requirements to ensure governance arrangements are in place and the financial accountability processes are adhered to. Anglicare Australia lauds recent changes in the practices being adopted in the families and communities program within the Department of Social Services. Pared back reporting and acquittal processes could be adopted for agencies that have demonstrated financial integrity and good governance, thereby freeing those agencies up to do the work they were intended to do.

In regard to employers, there should be very few administrative requirements. Apart from the demonstration of the engagement of individuals with a history of unemployment or experience of disadvantage there should be very little else required in order to claim the bonuses and incentives they would be entitled to through having made the appointment.

### Recommendations

Anglicare Australia recommends that a measure of trust be returned to agencies and businesses providing government services which have demonstrated a history of financial integrity and good governance.

What contracting and reporting processes are in place are necessary for the business and transparent.

<sup>24</sup> Anglicare Australia, 2014, *Customer Experience of Centrelink*, Canberra

<sup>25</sup> Nevile, Ann & Lohmann, Rosemary & Crawford School of Economics and Government. Social Policy Action Research Centre & Jobs Australia (Organisation) & Brotherhood of St. Laurence et al. (2011). "It is like they just don't trust us": balancing trust and control in the provision of disability and employment services, Social Policy Action Research Centre, Crawford School of Economics and Government, Canberra

## Pillar Four—Building community capacity

Genuine investment in communities is good not only for increasing the capacity of individuals within those communities to capitalise on employment opportunities. There is a greater world view than that comprised of working to earn a living. It is indeed part of it but there is more to a community than the jobs that help support it. Communities are more about how we live together as a society, the mutual benefit that comes from being one another's neighbour. It's about how those relationships and connections to each other help us weather the challenges that we face as a collective.

In *Paying Attention*, the 2013 State of the Family Report, chief executive officer of the Samaritans Foundation in the Hunter, Cec Shevels writes "One of the things we learn working in the welfare sector is just how similar we all are—we human beings. We can all be vulnerable to misfortune and suffering and we all have similar wants and needs. The most common response I get from disadvantaged people about what they want in life is that they want mainly what everyone else seems to have. What we all need is opportunity. To love and be loved, to have meaningful work, somewhere to live and the chance to do well."<sup>26</sup>

People living with the support of government benefits do not want to be separated out as the 'other'. They do not want to be invisible either. They want to be considered equal and contributing members of the communities in which they live with the same rights and privileges as everybody else.

### Role of civil society

33. How can the expertise and resources of corporates and philanthropic investors drive innovative solutions for disadvantaged communities?

This is a particularly difficult question, one which community organisations have grappled with for some time: how to harness the capacity of investors for social outcomes? Anglicare has some observations to offer. The crux of this issue is that those communities in the greatest need of investment are usually those communities where the presence of either big business or 'big money' is lacking. Investment usually comes from within the area or because the investor has an 'interest' in the cause or population group. If a community does not meet this latter condition or is not so fortunate to have a corporate presence, those community's needs are generally overlooked.

Anglicare sees the merit in pursuing corporate and philanthropic investment for social outcomes. Fundraising through corporate and individual donations accounts for nearly a third of the overall Anglicare network budget. However, these funds are usually expended in topping-up existing programs or funding complementary programs; it is not viewed as a substitute for the funding provided through state and federal governments. These governments should also not view corporate and philanthropic funding as a replacement for their own expenditure in these communities. The obligation rests with those authorities to provide a minimum standard through the safety net.

34. How can the Community Business Partnership be leveraged to increase the rate of philanthropic giving of individuals and corporates?

No response provided.

35. How can disadvantaged job seekers be encouraged to participate in their community to improve

<sup>26</sup> Anglicare Australia 2013, State of the Family report 2013: Paying attention, Anglicare Australia, Canberra.

### their employment outcomes?

Volunteering is often seen as a way in which job-seekers can further their chances of gaining paid employment, through experience gained and networks accessed. Volunteering is a way that job seekers can be encouraged to participate in their communities while at the same time improving their chances of employment.

Anecdotal evidence exists in Tasmania where community housing organisations are being inundated by requests for volunteering activities. These requests are not being organised or filtered by employment services but are being made by individuals who are fearful of harsher penalties for non-participation and are frantically attempting to secure a position. Community Housing entities are usually already pretty stretched in terms of resources. To have this additional demand on time and resources to discuss with and determine the suitability of each individual as well as only having limited opportunities for volunteering in the first place, makes for an extremely untenable situation. There has been little to no support for housing providers from employment agencies in the area to either stem or coordinate this flow of requests or to provide ongoing assistance to support those who are successful in securing a place. Further, the obligation to report non-attendance is also then thrust upon the host organisation.

So while Anglicare agencies support volunteering and rely heavily on the skills and abilities that volunteers bring, it is not without matching the right individual with the right activity. There is no room in agencies or in people's lives for a volunteering 'free for all' and nor can there be an expectation of it without additional agency support.

Having said that, where there is capacity for agencies to take on volunteers and where there are individuals who are willing and able to conduct or learn to conduct those activities, and where there is sufficient employment service agency support for the activity, volunteering is an effective way to build the soft skills necessary for functioning in the workplace, to build a history of work and to develop capacity in areas that people may not have otherwise had the chance to improve in. Many volunteers require support and the community sector is ideally placed to offer this through meaningful volunteer placements.

The local employment committees referred to previously would also be well placed to collect and distribute information around volunteering opportunities within local areas.

## Role of government

### 36. How can community capacity building initiatives be evaluated to ensure they achieve desired outcomes?

Anglicare has provided responses previously in this submission on the issue of evaluation, see Pillar Two. In the case of community capacity building initiatives could be approached much in the same way that other programs are evaluated. There needs to be a commitment from the sponsoring agency to expend funds on the investigation of the efficacy of various programs and be prepared to invest further in those programs that are shown to have an effect on the intended outcomes.

### 37. How can the income management model be developed to build community capacity?

Again, Anglicare agencies are concerned with the presumption in this question that assumes that income management is widely perceived to be of benefit to communities. The evidence does not suggest that notion and income management in its current iteration without supportive wrap-around services is not supported by

Anglicare Australia. By contrast voluntary income management can have a role to play.

However, living on low incomes does require skill and building local capacity to model behaviours around managing incomes is far preferable to Income Management.

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*<sup>27</sup>, an Anglicare Australia commissioned research study, 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.

Piloting, evaluating and potentially rolling out base models to be adapted for other regions is the role of government in this instance. In the absence of philanthropic funds to facilitate such projects, government agencies should be leading the way.

## Role of local business

### 38. How can communities generate opportunities for micro business to drive employment outcomes?

Anglicare has provided a proposal for a financial services hub which includes as part of its service delivery, access to microfinance. Originally developed as a means for small business, the program in Australia is usually limited to the purchase of white goods or computer equipment for educational purposes. This program could be expanded to include small business loans for where people don't qualify for other small enterprise schemes.

Media in Tasmania recently<sup>28</sup> has shown that in some of the poorest areas in the state, more than 70% of the businesses comprise provide traders. One such trader in this report states that he lives in "a low-income area but the locals support us and we are all making a living." This is testament to the power of communities.

Also suggested previously in this paper is the establishment of local employment hubs that would be tasked with the identification and distribution of employment and volunteering opportunities. It would undertake to

<sup>27</sup> NATSEM, 2012, *Going Without: Financial hardship in Australia*, Anglicare Australia, Catholic Social Services, the Salvation Army and UnitingCare Australia, Canberra

<sup>28</sup> Kempton, H, *The Mercury*, 'Small traders reaping rewards', 16 June 2014, viewed 8 August 2014, <http://www.themercury.com.au/news/tasmania/small-traders-reaping-rewards/story-fnj4f7k1-1226955224186>.

build relationships in the local areas and provide linking support for individuals and businesses alike. In this same capacity, these community hubs could promote and support small businesses—start-ups and those established—within the local areas.

Governments of all levels can also assist in this process. In various papers provided by Anglicare to a number of inquiries and reviews we have suggested that social procurement processes could be adopted. Obviously small business providers will not often be in a position to cater for big government contracts but just as true, that won't always be the case. The opportunity to bid for and even fulfil government services can significantly increase the capacity of small business and as such should not be ruled out of government procurement planning.

What is required in all of these cases however is a localised approach with the backing of local people with local solutions.

### **Recommendations**

Expand microfinance to include small business loans.

Establish local employment hubs with the view to supporting and promoting local small business.

Social procurement process be adopted across all levels of government and include small business opportunities in the procurement planning process.

39. How can mutuals and co-operatives assist in improving the outcomes for disadvantaged communities?

No response provided.

## **Access to technology**

40. How can disadvantaged job seekers' access to information and communication technology be improved?

While technology can create gains in terms of accessibility to services for many, it does not follow that this is the case for all. The current shift of all Centrelink services to 'online' modes presupposes that more people who need to use those services have access to technology than might actually be the case. In view of that and until such time as we can be assured of the level of access it is important for technology services do not become the default for service delivery. Additionally as more services move to online along with greater expectations for people to use them, those without access or ability to use them become further disadvantaged. This need not be the case; the passing of the majority of contacts to automated solutions should free up staff to deal with those more complex issues or those individuals not able to access online. However, it is more often used to cut personnel and save money.

The current services offered by Centrelink are a good example of the gradual shift away from face to face service delivery. Anglicare service users cited examples where they would be physically in a Centrelink office but directed to a phone and advised to 'call Centrelink'. Whilst there is a place for intelligent services, the greater emphasis should be placed on people and the relationships between the 'customer' and the system.

Other factors to consider in terms of digital access are to consider where people congregate, such as in social housing and other community spots and build technology infrastructure into those areas. Anglicare has

anecdotal evidence of young people visiting Apple stores in order to access their online accounts such as Facebook. For some of these young people, Facebook is one of the few options that services have for getting in contact with them. Much in the same way that public libraries offer computing and internet access, other centres could offer much the same services.

It is worth noting that a recent Anglicare Australia national research project examining the resilience of young people via a survey with an online option challenged the widely held view that young people were all tech-savvy and connected.

### Recommendations

Anglicare recommends that technology services do not become the default for service delivery.

Build information and communication technology infrastructure, like that of public libraries, in those areas where people tend to congregate, such as in social housing.

## Community Resilience

### 41. What strategies help build community resilience, particularly in disadvantaged communities?

There are a number of factors that undermine community resilience. These include but are not limited to:

- the stigma and perceptions accompanying welfare receipt which often causes people to be ostracised and excluded
- welfare inadequacy which inhibits people's abilities to contribute, in whichever way, to building the capacity of the community
- the locational nature of poverty, whereby pockets of disadvantage are enveloped by other more robust communities.

Each of the above, which is by no means an exhaustive list, in one way or another impact on the resilience of communities to overcome particular social and economic challenges. It is difficult to foresee how the income support system or the employment services system – separate to those aspects repeated throughout this submission – might build community resilience. Community resilience is a broader social issue than how much we can afford to spend on income support or how to move people into employment. This issue speaks more to the idea of what we want our society to be and what values we need to employ to achieve that outcome.

### 42. How can innovative community models create incentives for self-sufficiency and employment?

There are a number of instances of work across the Anglicare network which show the link between community development and improved social, economic and health outcomes (see below). The key strategy however lies in responding to local community need while drawing on its strengths.

At a seminar on place-based initiatives held in Canberra recently, Mark Greenberg from the Prevention Research Center, Pennsylvania State University, advocated for a process that uses local data to set priorities and focus resources, engages the whole community – through community leaders – and starts with a process of assessment and accountability to the community.

A number of Anglicare programs across Australia can be seen to work closely with communities in this way.

St Luke's Anglicare, based in rural Victoria is renowned for its approach; drawing on the strengths and



ambition of the people it works with. In *Staying Power*, Anglicare Australia's 2011 State of the Family report, Di O'Neil describes a 'Shared Action' project inspired by the common desire to improve child protection in across the Long Gully community on the edge of Bendigo. In her essay *Curiosity and Hope*, Di articulated the links between building the connections between community members, developing a shared vision of how they would like that community to be, and then a number of projects ranging from children's football teams to community centres that gave people confidence, connection and – for many – improved health and employment outcomes.

The key point here is that the focus is on what people do together:

Shared Action's role was not to run projects or activities but to assist residents to connect to the neighbourhood and wider community and to assist parents to connect with schools. It also assisted the wider community to connect with Long Gully residents.

And that it is investment in the quality of the project that counts. Di points out that replicating the process "would require a very clear, well-articulated commitment to an inclusive process, from the staff all the way up to the board. It requires very skilled staff." ... And that while community-building projects are too often poorly funded, they should never be run cheaply.

Communities are probably more evident to us when they are Aboriginal people living in remote East Arnhem. And the principles of establishing locally agreed goals and benchmarks, and working in partnership with local leaders, might also seem more obvious to the outside eye. But the investment in a truly inclusive process, and the understanding that the desire for outcomes such as improved education and increased employment can never overwhelm the commitment to growing the trust and connection between people – as Di described at Long Gully - remains crucial.

Anglicare NT is the lead partner in the East Arnhem Communities for Children program. Once every two years it runs the We Grow Them Up learning forum which brings play group convenors and workers, senior men and women from the communities, Families and Schools Together (FAST) teams in to Darwin to meet and talk with education, experts from across the Top End and beyond. People talk in small and large groups about their experiences – of what works and what doesn't- in giving their kids and families the best opportunities to grow up healthy and strong.

It is an incredibly rich environment for academics, experts and community members alike. One of its strengths is that it does look at the challenges and issues on both ways. The Yolngu perspective on relationships, connections and wellbeing – all the underlying basics of community resilience – are clearly as valuable and insightful as any academic or social service (Balanda) analysis. We Grow Them Up is inter-cultural and inter-lingual. It is of great value to the target communities in terms of building resilience, employment, capacity and health. Perhaps more importantly – its value to the wider community in terms of understanding connecting with and valuing the contribution of Yolngu to society overall. Self-sufficiency comes through ongoing interconnection, not isolation.

Both of these examples of successful Anglicare run programs have developed, taken shape, in response to community ambition and need. The notion of building resilience, self-sufficiency and employment in disadvantaged communities is a good one if the communities—and the people they consist of—are respected, listened to, and adequately supported. The lesson that comes back to us is that overwhelmingly people want lead a positive and participating life, but that kind of contribution grows from their security, their confidence and the sense that they are valued. It is important not to cruel the pitch by imposing on whole groups broad brush penalties and constraints which simply reinforce the notion that the positive goals are not possible.

## Conclusion

Anglicare Australia wishes to thank the Minister for Social Services and the Reference Group on Welfare Reform for the opportunity to make this submission.

In responding to the questions of the Reference Panel Anglicare has made a number of points around the adequacy of payments and the job-seeking environment. In conclusion we would like to highlight the key points to take away from this submission:

- There should be no conflation of the safety net and the employment support system
- People need a decent income to effectively participate
- That income should be guided by an independently benchmarked minimum
- There is no one size fits all approach, people achieve better outcomes when their particular attributes and circumstances are considered
- The social safety net is a cost to society but it is not a cost that society should be unwilling to pay
- Jobs are the key condition. The right jobs need to be available for the right people and they need a reasonable chance of being able to win those jobs.

## Key References

Ian Goodwin-Smith & Claire Hutchinson, 2014, *Beyond Supply and Demand: addressing the complexities of workforce exclusion in Australia*, Australian Centre for Community Services Research, Flinders University, commissioned by Anglicare Australia

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