



Professor David J. Gilchrist
BA BBus PhD FCA

Professor of Accounting
Co-Convenor, UWA Centre for Public Value
Co-Editor, Third Sector Review

7th March 2023

Ms Sophie Dunstan
Committee Secretary
Senate Select Committee on the Cost of Living
PO Box 6100
Parliament House
CANBERRA ACT 2600

Via Email: costofliving.sen@aph.gov.au

Dear Ms Dunstan,

**Submission: Senate Select Committee on the Cost of Living
Social Services Impacts on Vulnerable People**

I write to provide a submission to the above committee and appreciate the opportunity to do so. The issue of cost of living is a significant and destructive one in the Australian community and I am pleased that the Senate Select Committee is reviewing it.

Additionally, my colleagues at the UWA Business School have lodged a submission focusing on a number of direct economic issues in response to the Committee's heads of inquiry listed in your letter to Professor Peter Robertson, Dean, UWA School of Business of 28th October 2022.

My submission is provided in addition to the important submission of my colleagues. It focuses on the impacts of the cost of living pressure on vulnerable people and their families in our community who are users of social services. I have separated this submission from my colleague's because the issue warrants highlighting while the focus areas established by the Committee are less likely to illicit this information.

Vulnerable people in our community access services such as those supported by the NDIS, employment services and the Aged Care System. They and their families depend on these services in order to live their lives and to participate in the economy via work. The cost of living increases have impacted the sustainability of these services because funding for the services is not provided at a sustainable level.

Poor funding directed to these services is exacerbated by the cost of living pressure because the social services industry is one of the highest users of labour in the Australian economy (indeed, charitable social service providers are the largest employer outside of governments) and the poor job quality offered in this sector means that recruitment and retention of staff is now critically endangered.

Our research shows that, because wages and conditions are so poor in this sector and the competition for staff from other sectors is so comparably well- resourced, the offerings for social services are negatively impacted. This is because the largely charitable social services sector is unable to sustain service delivery. In other words, the number and mix of services is shrinking because staff can no longer afford to work in the industry and the charitable social services providers cannot afford to compete with other industries, thus their only possible response is to discontinue service provision. This has a number of impacts of relevance to the government budget:

- Vulnerable people are occupying primary healthcare beds at far greater expense to government because suitable services and supports are not available
- This effect on the primary healthcare budget generates increased pressure on primary health services and further creates significant political pressure while the health system increasingly fails to meet the needs of the general population
- These prospective service users are unable to engage in economic activity (such as paid employment) due to the lack of supports and services, thus increasing the medium- to longer-term negative fiscal impacts on government
- Staff are leaving the social services workforce as they cannot afford to participate, meaning the sector is losing experience and capacity. This causes the social services sector to spiral into unsustainability in the short- to medium-term which also increases the concomitant negative impacts on government fiscal outcomes in the short-, medium- and longer-terms
- Loss of experience and capacity in turn raises significant concerns as to clinical risk and the prospects for more service users to find themselves in primary health care beds with the consequential increase in cost to government

Poor funding is caused by:

- A lack of capacity within government to work collaboratively with the social services sector in a meaningful way which impacts efficiency and effectiveness negatively. This also ensures that government's understanding of the service delivery system is very minimal
- A lack of data assets that would allow the real cost of service delivery to be understood
- Poor understanding of the need in the community with data assets relating to this aspect almost non-existent

There are a number of examples confirming the above and our research and reports can be found on our website where additional information is also available. Our website link is:

<https://www.uwa.edu.au/schools/Research/Centre-for-Public-Value/Publications>

I would be delighted to provide further information and/or meet with the Committee or Committee Secretariat in order to support this important work. Please do not hesitate to call or email if you have any queries or comments.

Yours sincerely

Professor David Gilchrist
Director, Centre for Public Value at the UWA Business School