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Australia

Averting the Social Impact of the Global Financial Crisis

Recommendations of Anglicare Australia,
Catholic Social Services Australia,
UnitingCare Australia and the Salvation
Army

January 2009

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Table of Contents

Preamble	3
Introduction.....	4
Responding urgently to the global financial crisis.....	5
Summit recommendations	5
Stimulus Measures	6
Summit recommendations	6
Further recommendations.....	6
Structural Adjustment.....	7
Summit recommendations	7
Further recommendations.....	7
Infrastructure	7
Summit recommendations	7
Revenue measures.....	8
Summit recommendations	8
Further recommendations.....	8
Administration and Red Tape	8
Summit recommendations	9

Preamble

The four national networks who contributed to this report represent the overwhelming majority of social service provision across Australia. More importantly, they also represent four of Australia's largest Christian churches living out their commitment to people and communities.

The Anglican, Catholic, and Uniting Churches and the Salvation Army share a concern that each person has access to the means and opportunity for a dignified life, and belongs, is valued by, and can contribute to their community. We deliver social services as *one* of the ways in which we work toward the social transformation that will bring about that end, and are committed to working in partnership with governments, other social service providers and organisations, and all men and women of good will as we do so.

We are deeply concerned that the deepening impact of the global financial crisis will impact most harshly on those Australians who are the least able to weather the gathering storm on their own. Many Australians who did not enjoy the prosperity of the recent boom, will bear the greatest impact of the bust.

Further, as organisations assisting some of Australia's most disadvantaged individuals, families and communities, our capacity to assist is also affected by factors beyond our control. Inefficient government funding processes, a downturn in investment returns or donations, and rising demand for services all conspire to deprive some people and communities from receiving the assistance that they deserve.

In November 2008, in response to the global financial crisis, we gathered some of our major social service providers at Parliament House Canberra to participate in a Summit on the Impact of the Global Financial Crisis on Social Services. Arising from that Summit, and from the deliberations that have followed it, we have prepared this report in order to offer recommendations directly to government.

It is our hope that through swift and cooperative action, some Australians will be spared some of the effects of the global financial crisis.

Introduction

As the social service and social policy arms of the major Christian Churches in Australia, our organisations provide far more than out-sourced government services and programs. Indeed, churches only provide funded services where the objectives of the programs are consistent with the broader mission of each Church, to build a fairer society, where true human dignity is recognised and everyone can reach their full potential.

The services provided by these organisations and their members include (though not exhaustively);

- Aged Care
- Children's Services
- Drug, Alcohol and/or other addiction Services
- Disability Services
- Employment Services
- Employee Assistance Programmes
- Family Services
- Housing and Homelessness Services
- Indigenous Services
- Mental Health Programmes
- Migrant and Refugee Services
- Pregnancy Counselling and Support
- Pastoral Ministries
- Policy and Research
- Youth Services

Having gathered together key Directors and Program Managers from across our respective networks, and having shared our deliberations with experts from across the broader community services sector, we believe the following recommendations have considerable potential to assist Australia to weather the global financial crisis with a minimum of harm to its most vulnerable citizens.

Responding urgently to the global financial crisis

The Summit noted that the major services represented had been unable to meet the demand for services from Australian citizens eligible for services and assistance for a number of years. This shortfall in services was also documented in the Access Economics report commissioned by the church groups to inform the Summit. For example, an ACOSS study reported that some 80,000 were turned away from a selection of its members in 2006-7. If account were taken of those people turned away from other services, and those people who are assisted by services, but who receive less assistance than they really need, then it is clear that social services were already substantially oversubscribed well before the Global Financial Crisis commenced.

The Summit also noted that demand for social services, particularly emergency relief and financial assistance, was already increasing as a result of the Global Financial Crisis, but at the same time some programs (such as employment services) were actually winding back capacity because of current government funding models.

Summit recommendations

- That government establish a Crisis Response and Recovery Taskforce to monitor and respond to the Global Financial Crisis and its impact on both disadvantaged Australians and the social services sector. The Taskforce should include representatives of government and the social services sector. This Taskforce should advise both the Prime Minister and the Council of Australian Governments.
- That government urgently commit additional financial resources to meet both the existing demand, and the rising demand for assistance anticipated as part of the Global Financial Crisis. Major Church providers estimate that an immediate Commonwealth Government commitment in the order of \$300 million a year for the next three years would be the minimum required to allow services to begin to increase service capacity significantly.
- To support the work of the Taskforce, attention be given to revising the way in which information is collected, evaluated and shared across sectors to enable Australia to better develop an evidence-based approach to managing and evaluating social services
- Government take measures to prevent those experiencing hardship for the first time becoming chronically engaged in the social services system. Such measures should include action by banks and other lending institutions to prevent people facing foreclosure from losing their homes. These measures would complement direct action through emergency relief and financial counselling to assist those already disadvantaged
- The community sector (or not for profit organisations) be invited on to the Infrastructure Australia Board to ensure that the needs of vulnerable and low income Australians are central to the Board's deliberations. Infrastructure investment should include such measures as retro-fitting energy efficiency measures to low income Australians' homes.
- The Government's regulatory reform agenda be hastened to ensure substantial reduction in the effort (in the sector and in government) needed in tendering, audit and contracts. While embracing transparency and risk management, the precious resources of government and the sector should not be wasted on unnecessary red tape.

Stimulus Measures

Church organisations commended the government for introducing stimulus measures in late 2008 that were targeted at low income and low wealth individuals and households.

Stimulus measures that are well targeted have the potential to achieve economic objectives for the whole economy, while also improving the plight of Australians who have not enjoyed their fair share of the benefits of previous periods of economic prosperity.

Summit recommendations

- That government target low income citizens, low income households and chronically disadvantaged locations when implementing economic stimulus measures.
- Economic stimulus measures should include the correction of pensions and allowances, including Newstart, to ensure that they are sufficient to adequately meet the needs of typical recipients. Current pensions and allowances (particularly single pensions and the Newstart Allowance) are demonstrably inadequate to meet the basic needs of those who depend on them for food, shelter, medical care, education and social participation.
- That government consider particular measures to target the unemployed and renters who were not assisted by the original stimulus package.

Further recommendations

There are many social service programs that are afoot or are scheduled for commencement during 2009. Selectively fast-tracking any of these funding programs will provide opportunities for the sector to provide services, but will also sure up employment opportunities – often for low income workers.

- That government audit its social service departments to identify existing funding rounds that might be accelerated or fast-tracked in the next three months.

A specific proposal is that funding allocations arising from the Aged Care Approvals Round be brought forward. The current expectation is that there will not be an announcement until April 2009 regarding the allocation of packages and they will not come on line until July 2009. The packages to be released include Community Aged Care, Extended Aged Care at Home, and Extended Aged Care at Home Dementia. Packages like these which provide high levels of support at home are increasingly important, as a significant number of aged care providers (80% according to Stewart Brown national benchmarking) make a financial loss on residential care and are not increasing the number of beds.

- Bring forward the funding to be allocated in the recent Aged Care Approvals Round providing both additional care and employment opportunities in the sector.

Structural Adjustment

Summit recommendations

- That the process of establishing a Compact with the social services sector be adequately resourced and fast-tracked to re-establish a productive partnership between the social services sector and government.
- That state and Commonwealth governments pool funding and administration to enable community based organisations and funded services to provide integrated local services rather than program based funding.
- Fast track development of a third sector representative body to act as a conduit for discussion between the voluntary sector and government on structural issues.
- Fast track the simplification of the tax treatment of social service organisations to reduce the administrative and compliance burden on both services and government.

Further recommendations

Workforce recruitment, training, retention and remuneration difficulties present substantial barriers to the development and maintenance of a high quality workforce for the social services sector. In an environment that remains substantially government funded, it is incumbent on funders to ensure adequate provision is made to build a robust social services sector.

That in partnership with the sector, government consider the development of a wide ranging National Workforce Strategy for the social services sector.

Infrastructure

Australia needs to improve and renew major infrastructure such as roads, rail and ports in order to improve the productive capacity of the economy and to thereby improve the life of all Australians. For Australian communities the improvement and renewal of smaller scale local and community infrastructure is just as important.

Summit recommendations

- That government appoint a representative of the not-for-profit sector to the Board of Infrastructure Australia to facilitate greater spending on infrastructure that is critical to the social services sector and to disadvantaged Australians.
- That affordable public housing be given priority in infrastructure programs (noting that this will assist with the accommodation of both clients and social services employees in many locations).
- That the chronic, place-based disadvantage experienced by Australians in locations identified in the Dropping off the Edge Report and other studies be considered as a key criteria for selecting locations for major investment of infrastructure.

- That the investment in national infrastructure projects be implemented in such a way as to require that job and training opportunities are created for disadvantaged Australians.
- Priority should be given to projects such as retrofitting low income households with more energy efficient insulation, heating, hot water systems, etc.
- Infrastructure in the community sector itself has been chronically underfunded for many years, with many programs dependent on the assets provided by Churches and other community groups for their success. National infrastructure re-newal provides an opportunity to re-new and improve the buildings and facilities used by the social sector to provide services to the community.
- Invest in social enterprises tied to capital infrastructure that provide employment opportunities to minimise disengagement from employment and build local infrastructure.

Revenue measures

It is the primary responsibility of governments to provide an acceptable standard of living and an appropriate suite of services to meet the needs of all its citizens. This requires an adequate tax base to fund essential programs and services.

Summit recommendations

- That government ensure it meets the legitimate demands of disadvantaged Australians for social services before it considers any reduction in tax revenue that would require it to reduce funding to services.
- That government urgently reconsider regressive taxation concessions, such as those provided to high income earners through superannuation, to reduce the burden on disadvantaged Australians.
- That government intensify measures to address tax avoidance as a means of securing greater revenue is available to meet social objectives.

Further recommendations

- That government examine opportunities to provide tax incentives to employers as an incentive to provide employment and/or training to low income Australians.

Administration and Red Tape

Church based organisations welcome public accountability and scrutiny as they use funding from the public purse to provide essential services and programs. The Summit identified a concern, however, that governments had begun to focus more on compliance and risk aversion, than on transparency and risk management. Addressing this imbalance has the potential to both free up resources that are currently being

wasted on compliance and red-tape, and to improve the information that is available to the public about the efficiency and effectiveness of programs.

Summit recommendations

- That processes for the purchase of government services be rationalised to reduce the burden of tendering processes by reducing the duplication of information and assessment.
- That government requirements for accountability be modified such that a single external audit is sufficient to satisfy the accountability required by various funding agencies.
- That the contracts and agreements of various government funding bodies be rationalised, harmonised and standardised to provide consistency and simplicity to social service organisations in agreements with a wide variety of government agencies.