Policy on ageing Australia bursts into new life

Australian social policy on ageing has suddenly burst into new life. The Productivity Commission produced in January its draft report on *Caring for older Australians* (2011), to which the Brotherhood made a critical response, and at the time of going to press the final recommendations were about to be made public. Legislation to establish a stand-alone Human Rights Commissioner on Age Discrimination was passed in May (AHRC 2011). Two major announcements have been made by Treasurer Wayne Swan and others: a panel (EPSA) to advise on the economic potential of senior Australians (Swan 2011a) and new provisions to encourage older workers to remain in or re-enter the workforce (Swan 2011b). At the same time, many non-government organisations are gearing up to support a United Nations Convention on the Rights of Older People (NGOCOA 2011). Why all the excitement? Well, the adult life course is changing rapidly and the ageing of the population is up there with climate change, terrorism, pandemics, recession and cyber warfare in the international assessment of global risk (CSIRO 2010; WEF 2010).

To grasp the complexity of ageing policy and why your grandparents, parents and possibly you are now seen as potentially undermining the order of things, a small thought experiment may be called for. Imagine the adult life course as a strip of chewing gum. The gum has sections in different colours, say childhood and youth in sunny yellow, working life in blood red and late life and retirement

in pink, as two-thirds of older adults are likely to be women. The red middle bit at first seems to be shrinking because we are spending more time in education and, at least until recently, most people in the developed world were retiring increasingly early.

Now consider that we are living longer. So stretch your bit of gum so that all the coloured areas expand. This is the 'stretched life course'—more time for everything. Or you could bite off most of the pink bit so that the red bit reaches almost to the end. This is the 'productivist' solution—more work. It leaves a much reduced pink retirement bit. Will the pink bit, if someone hasn't swallowed it, have the sweet taste of a world cruise or the bitterness of financial uncertainty and disability? The analogy is getting a bit unwieldy, but so are the issues. There will be winners and losers and not everyone will get a fair go.

As populations are ageing many governments have become alert

to the problem, but few solutions have occurred to them other than expecting more of the same from their ageing citizens. The problem of the shrinking middle, many believe, will be fixed by making people work longer, thus turning a fiscal problem—more people claiming pensions, fewer paying taxes—into a fiscal picnic, with more tax-paying, non-claiming older workers. The European Union, the OECD, the United States and Australia (in the Treasury's triennial *Intergenerational report*) all support this model. While the possibility of working longer has taken a bit of a hit in regions suffering from recession (a double hit where there are fewer jobs and youth unemployment is rising, just as many discover they cannot afford to retire), the problem of what to do with a long life appears to have been averted. With the possible exception of the International Labour Organization (2008), a policy consensus has been reached. And rather than flicking that gum into the waste bin of history, only

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the end bit has to go, or rather the red bit has to be stretched to cover most of what's left.

This view, however, overlooks several important issues. And while the EPSA panel has been briefed to develop a more holistic perspective on the value of a long life, this was less the case with *Caring for older Australians,* which appeared to see the solution to a growing number of older adults with more complex problems as further privatisation, in terms not only of injecting private sector values and a low-wage economy into an already stressed service sector but also of a privatisation of risk. In other words, it urged reliance on personal and family resources instead of state support. Curiously, it included unpaid 'informal' carers as part of the workforce. They may also lose their inheritance if this is sold to pay for residential care.

The first important issue is that the 'productivist' solution to later life assumes that all citizens are willing and capable of working, possibly into their seventies, and even competing with younger workers. This creates a related, more subtle issue, that anything special about the social contribution and purpose of later life is lost, as it is assumed to be the same as any other part of life. Second, little has been said about how their environment affects older adults' ability to participate. Many local councils have 'age-friendly' policies, for example, but lack the planning regulations

to implement major reforms—to coordinate transportation, fund new buildings and provide healthy food and accessible services. Third, the quality of employment, especially for older workers, needs serious study: casual, low-skilled and undertrained jobs appear, from two recent Brotherhood studies, to be typical of the experience of the underemployed mature worker (Gong & McNamara 2011; Bowman & Kimberley 2011).

If we are to release the contribution of older Australians, policy needs a serious rethink. A stretched life course is a tremendous opportunity for a new phase of global development. Our ability as a nation to capitalise will be in inverse proportion to our failure to adapt.

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From the General Manager

As Professor Ruth Phillips reported at the 2011 Australian Social Policy Conference and at a recent Brotherhood lunchtime seminar, the role of non-government organisations in social research has expanded considerably in the last decade. Reflecting this trend has been the contemporaneous growth of the Brotherhood's research capacity: our complement of twelve papers at the 2011 ASPC was far in excess of previous years. This should bode well for Australian social policy development. But does it?

Michael Horn explains in this issue that the knowledge exchange between researchers in the not-for-profit, academic and government sectors is not as effective as it could be. In an ideal world, policy networks should capitalise on the distinctive strengths of each sector. However, Horn argues that this is being inhibited by a variety of factors including competitive funding regimes and contractual considerations. At the Brotherhood we are actively developing partnerships with all sectors, recognising the potential value of collaboration; but we are aware there is still some way to go in developing research projects that deliver comparable benefits to all parties.

Partnership with the University
A critical factor in the recent growth of Brotherhood research has been the partnership with the University of Melbourne. We are delighted to report two exciting developments. First is the digitising of historical material from our archives, with the assistance of students from the University of Melbourne, as outlined by Michele O'Brien and Louise Segafredo in this issue. In due course much of this archival material will be accessible online to researchers and the wider public. Second, the partnership has been awarded four Strategic Research Australian Postgraduate Awards. These will build capacity in our priority areas of the life course and social inclusion, as well as inclusive growth and flexicurity. Interested PhD candidates are welcome to contact me (details below). Applications close on 1 September.

Big picture
This issue of *Brotherhood Comment* deals with some of the biggest policy challenges. Simon Biggs sets the scene by assessing the latest perspectives on the ageing of the Australian population and drawing attention to the shortcomings of the prevailing view that people should simply stay longer in the workforce. Likewise, Francisco Azpitarte examines the notion of inclusive growth as espoused by international bodies from the UN to the OECD, and poses the question of how inclusive has been Australia's economic growth over the past two decades. Damian Sullivan examines the likely impact on low-income households of the Australian Government's proposed compensation for increased costs following the introduction of a carbon price.

Nadine Cameron discusses the important theme of effective community governance and its relevance to initiatives such as the Atherton Gardens Child and Family Hub being developed in the public housing estate near the Brotherhood's office in Fitzroy.

Towards effective services
If there is one area of specialist knowledge that the not-for-profit sector can bring to the policy table it is about how to make services more effective. Dina Bowman reports some sobering preliminary results from our joint project with Melbourne Institute to explore what helps unemployed people enter, stay in and advance in the workforce. Dominic Collins presents the key findings of a study of home and vehicle insurance among low-income Australians, including some recommendations to make insurance more affordable for this group.

Listening to the people
As part of the organisation's triennial strategic planning process, Research and Policy Centre staff conducted focus groups with groups of Brotherhood service users to identify the challenges they saw in their lives. Sharon Bond's article captures the key themes of their responses. Similarly, Helen Kimberley reports the pattern of responses from a project exploring the capabilities of older adults and what they value, which will inform the development of services and advocacy to meet their needs.

Keeping up to date
Since our last issue, many *Comment* readers will have received several issues of our convenient enewsletter, *Brotherhood Update*, which keeps you abreast of new reports, policy submissions, events and campaigns. If you have not yet done so, please visit our website and register to receive the enewsletter.

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What would help people to gain and retain decent work?
Research insights

Employment is often understood as the key path to social inclusion because of the social, economic and personal benefits that a job may bring (Cole 2008); and yet for many Australians this is not the case. Over the past few decades there has been an erosion of the standard employment relationship (Vosko, MacDonald & Campbell 2009) and a 'staggering' growth in casual work (Owens 2001), which provides few of the benefits of permanent employment.

The longitudinal project 'Job retention and advancement of disadvantaged jobseekers' is a collaborative undertaking of the Brotherhood of St Laurence and the Melbourne Institute of Applied Economic and Social Research. Our research seeks to identify the factors that assist the job retention and advancement of people who have been unemployed or out of the labour market.

The project has two main components. The first is an analysis of the Household Income and Labour Dynamics in Australia (HILDA) data, undertaken by researchers at Melbourne Institute; and the second, managed and implemented by researchers at the Brotherhood, is a longitudinal study that comprises an annual survey and interviews with a sub-sample of respondents.

Survey participants
The initial survey in 2008 targeted disadvantaged jobseekers who had been taking part in either the Intensive Customised Assistance phase of the Job Network, the Personal Support Programme or Vocational Rehabilitation Services and had moved into employment in the previous three months.

Research participants were recruited from clients of the three partner organisations: Mission Australia,

Job Futures and CRS Australia. The first wave of questionnaires were mailed to 8302 clients in June–November 2008. Of these, 1268 were returned, a response rate of 15 per cent. Follow-up surveys were sent to these respondents in 2009, with a response rate of 55 per cent. In 2010, 1255 surveys were sent out, with a response rate of 48 per cent. The fourth and final wave of surveys will be sent in 2011.

Comparison with DEEWR outcomes data suggests that our sample is older and includes more women than the overall population leaving employment services. Our sample also seems to be more highly educated, although direct comparisons are difficult. Nevertheless, the data is rich and provides useful insights into the experience of disadvantaged jobseekers and workers on low incomes.

The questionnaire covers a range of broad topics and includes space for respondents to provide their assessment of 'what would help' them to get and keep a job and advance in their chosen field.

Permanent, sustainable, decent work
Overwhelmingly, respondents identified permanent, secure jobs with predictable, regular hours as important. For example, in 2008, a 58-year-old woman wrote:

> I require permanent, full-time work … The types of jobs I was offered were either temporary or casual. I have been offered and have accepted full-time temporary work with Centrelink for three months, therefore I need to resign from my two casual positions—one of which I have been with for 15 months. If I don't receive a permanent position at Centrelink, I believe I will be back where I started. It is quite concerning!

The following year she wrote:

> Government departments such as Centrelink should cease

using the non-ongoing contract process. Both state and federal [governments] should lead by example. It has been very soul-destroying to be in a position for 12 months and then to be told at 4 pm that you do not have a job.

Employment may be precarious because of its casual nature, because it is contract-based and reliant on government funding or because the hours are uncertain or irregular. Pocock, Skinner and Ichii (2009) distinguish between *employee*-centred flexibility and *employer*-centred flexibility. Our respondents highlighted the need for more employee-centred flexibility, support and understanding for employees, better equipment and safe working conditions. A job that matched their abilities and circumstances was also important.

There was a sense of powerlessness among some respondents, including one 60-year-old woman:

> Employers' attitude to staff is that 'there's plenty more out there'. Every job is casual and there's no commitment to keep you employed, give you holidays, etc. This leads to finance insecurity and being unable to plan even a few months ahead. Casual employment to me means no commitment to any staff by employers and it makes them easier to replace. There is a lack of respect and caring from employers … It is a messed up society, especially on the Gold Coast.

Skills and training
Skills recognition and flexible assistance including funding for training to gain new, relevant skills were also seen as important. People want access to on-the-job training and funding so they can undertake short courses and acquire 'tickets' and licences such as forklift driving licences. Respondents were often locked into low-paid, insecure work and unable to do the training they wanted, as one woman explained:

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I would like to undertake further study to gain employment elsewhere but cannot afford it, so I feel I am stuck in a job that is not challenging enough and pays a pittance.

Responsive, ongoing support

Some respondents praised their case managers, often by name; others called for additional ongoing support. Respondents emphasised the importance of more responsive assessment of skills, experience and aspirations to enable better job matching. As a 28-year-old man put it:

> Get case managers to find real jobs for people and stop training them for jobs that are not there or [not] suited for individuals.

Respondents attributed the lack of support to inadequately trained staff, lack of resources, high staff turnover, poor equipment, time-limited support and insufficient funding for specific training.

Many respondents noted that they had taken an unsuitable job because they were desperate or felt compelled to do so. Compliance—that is, having to meet the requirements of the employment services system—was often mentioned by respondents. Their comments suggest that employment services were driven by motives other than the best interests of the clients. For example, a young man wrote:

> I feel strongly that all they care about is putting in claims—or rather, billing the government for job placement fees or government grants. My personal view … is that they don't help or assist as they claim, but rather force.

Others highlighted the costs associated with returning to work, especially if they had an ongoing medical condition or disability.

What is striking about the comments across the three waves is the sense that respondents were caught, with few options to improve their situation. They need more flexible income support that provides a secure foundation for managing in a labour market context of short-term, insecure work.

Freedom from discrimination

Respondents highlighted discrimination as a key impediment to getting, keeping and advancing in decent work. Most frequently identified was age discrimination. A 63-year-old man explained:

> At my age the only jobs, despite [my] being well experienced, etc., are the temporary roles. No-one seems to want to employ full-time on permanent basis someone my age.

Other respondents referred to discrimination on the basis of parenting status, disability or gender. Several mentioned discrimination as a client of employment services or because of where they lived.

Rethinking job design to better match skills and abilities with jobs is an important element in meeting the needs of older workers and workers with disabilities. More broadly, employers need assistance to develop better safer, more accepting workplaces.

More than jobs or training

Respondents also referred to the need for other basic services to enable them to get, keep and advance in their jobs, such as affordable, reliable transport; health care including aids such as prescription glasses; affordable, accessible, quality child care; and decent, stable housing close to work.

Vosko, MacDonald and Campbell (2009, p.19) suggest that to fully understand the consequences of insecure or precarious work we need to 'go beyond the job'. Jobs are shaped by interrelated economic and social policies and practices that affect workers differently depending on their circumstances. Nevertheless, while the challenge may not be just about jobs, decent, sustainable work remains fundamental.

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What is striking … is the sense that respondents were caught, with few options to improve their situation.

Integrated service hubs
Creating opportunities for community governance

The interest at all levels of Australian government in citizen involvement in governance practices continues apace. The Australian Social Inclusion Board (2011) asserts in its report, *Governance models for location based initiatives*, that government must show 'willingness to meaningfully engage local communities in substantive policy development and delivery decisions' (p. 57). Such initiatives designed to engage ordinary citizens are based primarily at the local level. Initiatives such as those introduced under Government 2.0, however, which employ communications technology to encourage a more 'consultative, participatory and transparent' form of government, rely on the capacity for citizens across municipal and state boundaries to share information of collective benefit (Government 2.0 Taskforce 2009, p. 33).

Unfortunately, the goals of many shared governance projects are undermined by factors in the broader economic and political environment. A new threat to positive social outcomes for community governance comes from new definitions of community empowerment which seem to reduce government responsibility without resourcing community capacity.

Support for community governance in Australia is related to the recent 'rediscovery' of neighbourhoods as the most appropriate site for programs designed to address significant social problems. Federal investment in 'place-based' policy and programs has its origins in the Whitlam government's urban and regional development programs of the 1970s, and the Hawke government's Building Better Cities program in the early 1990s (Reddel 2002). Place-based programs gained new attention at both state and federal levels over the last ten years as concerns grew regarding the 'unequal spatial effects' of neoliberalism (Lawson & Gleeson 2005, p. 83).

Australian governments at the same time came to understand that complex social problems—which, as in the UK, were increasingly conceptualised as problems of 'social exclusion'—required 'joined up solutions' (Barraket & Crozier 2008). State and federal government departments have been encouraged not only to share knowledge and resources with each other but also to form partnerships with the private and community sectors to undertake place-based programs (O'Flynn & Wanna 2008). Victoria's Neighbourhood Renewal and the federally funded Communities for Children represent different models of inter-sector collaboration.

Including ordinary citizens in program development and management builds on this logic that better program outcomes are achieved where disparate stakeholders pool knowledge and resources. There is also an understanding on the part of government that program beneficiaries alone can be a 'qualitatively better source of policy ideas and processes' than politicians and administrators (Adams & Hess 2001, p. 15). Adams and Hess (2010) argue that governments have embraced community governance as a response to a demise in public faith in representative democracy. Citizens' expectations of democracy are increasingly consistent with participatory and deliberative models (Connelly 2011).

Role of the not-for-profit sector
A crucial task for the not-for-profit sector is to advocate for the government to expand the range of community governance strategies it invests in and to argue for this on intrinsic grounds—that is, on the basis that citizens have a right to determine the 'shape' and activity of their communities. By assisting community members to participate in governance, not-for-profit organisations not only help service users to access full citizenship but also acquire valuable knowledge about community needs for their own service development and advocacy. In so doing, they strengthen their claim to community representativeness.

The not-for-profit sector can help to clarify which models of governance foster the capability development of individuals and which associated conditions are most likely to deliver community empowerment. Researchers including Bell and Hindmoor (2009) have indicated that chief amongst these conditions are: that governments have a strong preference for collective action, that citizens are appropriately informed about the relevant issues and that communities have sufficient social and material resources to build on.

Such clarification has become more urgent in the light of recent changes in international policy direction, of which Big Society in the United Kingdom is the most striking example. The departure of the current British government's policy from that of the previous government is masked by the use of similar terminology. The Cabinet Office website (2011) states as a priority 'giving local councils and neighbourhoods more power to take decisions and shape their areas'. There are important questions raised, however, about the likely impact of the government's community governance programs given their reliance on a culture of volunteerism and presumption of an existing capacity for community self-reliance. As Kisby (2010) argues, this concept of community governance—with a minimal role for government—may result in vulnerable groups becoming

A new threat to positive social outcomes for community governance comes from new definitions of community empowerment which seem to reduce government responsibility without resourcing community capacity.

even more disadvantaged, as many lack the experience, skills, resources and networks to create self-governing communities.

Integrated service hubs

Integrated service hubs are ideally placed to support innovative practice in the area of community governance, not only because they are accessed by a broad range of citizens but also because, like 'joined up' government, they are premised on the understanding that collaborative decision-making results in more efficient and better service delivery. Integrated services have particular capacity to support the input of a diversity of stakeholders in decision-making.

Integrated services should model, within their own organisations, governance arrangements that are underpinned by the concepts of partnership and support. Research that the Brotherhood of St Laurence is undertaking towards establishment of the Atherton Gardens Child and Family Hub will help identify organisational arrangements that best assist communities and individuals to develop capabilities. Such programs would be expected to incorporate proper training and resourcing of community members.

O'Toole and colleagues (2010) have argued that not-for-profit organisations, and especially integrated services that involve community members in their governance structures, provide an important conduit for the local community to government policymaking processes. Integrated services are likely to have contact with society's most marginalised groups. Seeking service users' opinions on policy issues at these sites rather than through conventional processes such as surveys (which can be alienating for the uninitiated) is one way

integrated services can assist government shared–decision making projects. Integrated services can also play a role in helping communities access the electronic means to contribute to the development of policy relevant to issues beyond their neighbourhoods.

Research for the Atherton Gardens Child and Family Hub, then, will also consider what new opportunities exist for integrated service hubs to support the expansion of governments' deliberative strategies. In particular, the research will also consider how integrated services can work to re-establish what community empowerment means and what the duties of government are in sharing power with communities.

Another important task will be collecting evidence to support advocacy for changes to broader policy—in particular urban and regional planning, and employment policy—that will have a bearing on the success of place-based programs and their governance structures. The research will also focus on how this can be done.

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Underpaid and undervalued
Seeking fair pay for care workers

Social and community service (SACS) workers undertake the bulk of paid care work in Australia. They are engaged in vital, challenging work in family support, disability services, day care centres and employment services. In a landmark case currently before Fair Work Australia (FWA), the way in which care work is valued is being tested. The Australian Services Union (ASU) is seeking pay rises of between 14 and 50 per cent for some 200,000 SACS workers. This case has the potential to rectify decades of undervaluation; however, how employers will fund wage increases remains unresolved.

The reasons why care work has been historically undervalued include its roots in voluntarism and its highly feminised character (87 per cent of SACS workers are women) (Allebone 2011). Gender pay differentials can also be traced to the Harvester Judgment of 1907, when Justice Higgins ruled that the minimum wage for a woman was the amount sufficient to support herself alone, while for a man the minimum wage was enough to support himself, a wife and three children. While Higgins delivered a victory for workers' rights, in setting the female award wage at just 54 per cent of the male rate, his decision also codified a gender pay gap.

The gender pay gap
Since then, unions have sought to undo the legal impediments to pay equity. In 1974 the Arbitration Commission finally extended the same minimum wage to women but this did not end pay inequity, especially in highly feminised sectors. Although tribunal victories narrowed the gender pay gap considerably, recent evidence suggests that it is growing again. In May 2010 the gap between male and female average weekly earnings was 17.6 per cent—the equal highest weekly gap on record (Australian Government 2010). A study from the National Centre for Social and Economic Modelling (NATSEM) which calculated the loss in wages that can be attributed to gender found that, discounting all other factors (such as type of job, sector, education), 'being a woman' alone accounted for a loss of $1.87 per hour, equal to $65 a week, or $3394 a year (Cassells et al. 2009). It is hardly surprising, then, that low pay is endemic to spheres of work dominated by women.

The potential impact of the SACS pay equity case is magnified when it is taken into account that SACS workers are far more likely to be paid award rates than most other workers (30.9 per cent of SACS workers, compared with 18.1 per cent on average across all other industries) (ACTU 2010). Lifting the SACS award is, therefore, a highly effective way of delivering more equitable pay for many women (Australian Government 2010).

In its decision of 16 May, FWA upheld aspects of the pay equity claim, stating that:

> For employees in the SACS industry there is not equal remuneration for men and women workers for work of equal or comparable value (FWA 2011, p. 85).

Moreover, FWA found that:

> Gender has been important in creating the gap between pay in the SACS industry and pay in comparable state and local government employment (p. 87).

This is a highly significant outcome; however, FWA fell short of awarding an equal remuneration order and is now seeking clarification on the degree to which low pay in the sector is gender-related. A further complication is the reluctance of both state and federal governments to fully commit to subsidising the costs of an award wage increase.

That workers providing essential services to vulnerable citizens should not have to subsidise their sector through low, unequal rates of pay has been acknowledged by FWA, employers and governments alike. Funding for social and community services is ultimately a matter of budget priorities. In setting priorities, what is perceived to be good politics (for example, a budget surplus) should not overshadow the rights and needs of undervalued workers, the quality of service for clients and, ultimately, the wellbeing of society.

James Allebone

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This case has the potential to rectify decades of undervaluation; however, how employers will fund wage increases remains unresolved.

Australia's carbon price
Looking beyond the hype

Since the Gillard government's announcement of the carbon price, or 'Clean Energy Future' package, opponents of the carbon price have seized on concerns over cost of living pressures to argue that the price will increase costs for all households. Other opponents have claimed the scheme will lead to a redistribution of wealth. Here we consider the package and the implications for households on low incomes.

The basics of the scheme
The carbon price will be levied on the 500 biggest polluters in Australia. The scheme will commence on 1 July 2012 with a fixed price of $23 per tonne of greenhouse gas emissions. After three years of a fixed price there will be an automatic shift to a floating price set by the market—it will become an emission trading scheme.

Households won't pay the carbon price directly. Instead the biggest polluters, such as airlines, electricity generators, miners and heavy industry, will buy emission permits. These big polluters will in turn pass on the costs of these permits to all their customers. Ultimately consumers will pay more for goods and services with higher carbon—or more precisely, greenhouse gas—intensity; the exact costs will depend on their purchasing decisions.

Projected household costs
Treasury modelling shows that as a result of the carbon price their 'average' household will have to spend an additional $9.90 per week, which includes $3.30 for electricity and $1.50 for gas. Food costs are projected to increase by less than $1 per week for the 'average' household and domestic motor vehicle fuel has been excluded from the scheme.

How accurate the Treasury's modelling is remains to be seen. The government has announced an annual review of the price impact of the scheme on consumers.

Compensation package
Low and middle-income households will receive compensation for the carbon price impact on their budget (see Table 1). The amount of assistance for a given household is based on the average consumption of energy and other carbon-intensive goods by households with similar composition and income.

The assistance will be delivered through a combination of tax cuts for those individuals earning less than $80,000 per year and increases in benefits. These include increases in:

- the age pension by up to $338 for singles and $510 for a couple

- allowances such as Newstart by up to $218 for singles, $234 for single parents, and $390 for couples

- Family Tax Benefit Part A by up to $110 per child

- Family Tax Benefit Part B by up to $69 per family

Some single income families will receive a supplement of $300. Households with very high energy needs as a result of medical issues or disability will receive an additional $140 per year. Low-income households will also be eligible to apply for a supplement if they can show their compensation does not cover their extra costs.

For low-income households, the assistance will be at least 120 per cent of the projected additional costs from the carbon price. This buffer has been called 'over compensation' but many higher energy-using low-income households will need it, as their consumption will exceed the average as modelled.

Energy efficiency
Such variations highlight the ongoing importance of energy efficiency. We were pleased to see that the carbon price announcement included new energy efficiency programs targeting low-income households.

Those households who are already quite frugal, or energy efficient, will incur less extra cost and be able to pocket the compensation payments. Others will be able to pocket more of the assistance if they reduce energy use. Very low or no-cost improvements—such as washing in cold water, reducing the use of dryers, turning off standby power items and second fridges—could save a four-person household $530 per year.

Overall the carbon price compensation package appears to adequately compensate vulnerable households. We will however need to monitor the compensation in operation and ensure that the energy efficiency schemes are implemented effectively.

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> **Overall the carbon price compensation package appears to adequately compensate vulnerable households.**

Table 1: Compensation for low-income households, examples

Household and taxable income	Extra cost	Compensation
Single person, $12,217	$117	$218
Sole parent with two children, $39,500	$440	$529
Couple with two children (single income), $39,523	$426	$912

Data source: Australian Government 2011, *Clean energy future: detailed household outcomes*, <http://www.cleanenergyfuture.gov.au/clean-energy-future/our-plan/cameo-tables/>

Reducing the risks
Home contents and vehicle insurance for low-income Australians

Launching the Brotherhood's latest financial inclusion research report, Assistant Treasurer Bill Shorten (2011) stated:

> As long as the insurance products on offer are fair and reasonable, if people can afford insurance but choose not to take it out, the bottom line is that's their problem. If people can't afford insurance and therefore don't take it out, that's our problem.

Unfortunately, those who are least able to replace their possessions or absorb a loss are the least likely to be insured and most unable to afford it. Our research focused on home contents and vehicle insurance for low-income Australians and examined international innovations as well as domestic barriers to having adequate insurance.

The research grew out of a concern that people on low incomes, including those purchasing essential items on credit, might not be insured against loss. Through focus groups and phone surveys with low-income consumers and interviews with industry employees, the study developed a picture of barriers to insurance but also explored options for addressing them.

Awareness and protection
The report (Collins 2011) showed that low-income Australians are aware of the role of insurance in protecting assets and that many do purchase insurance products, although they may not fully understand the policy provisions. However, the level of non-insurance among this group is well above the national average. In this study, 79 per cent of Progress Loans[1] clients and 32 per cent of low-income Australians more broadly did not have home contents insurance; 39 per cent of Progress Loans[1] clients and 9 per cent of low-income Australians had no insurance (see Table 1). It is alarming that 26 per cent of Progress Loans clients reported owning a vehicle but holding no vehicle insurance.

Most respondents nominated affordability as the major barrier to having more insurance cover and the reason for becoming uninsured.

Towards solutions
As well as reducing costs and offering more appropriate levels of cover, there is scope to implement different payment methods, such as fortnightly payments using Centrepay (deductions from income support) and to enable social and community housing tenants to purchase tailored products, potentially paying for insurance with their rent, as already occurs in Scotland and Canada (Hood, Stein & McCann 2009; SoHo Insurance 2011; Whyley, McCormick & Kempson 1998). Another possible innovation is for community sector finance providers to offer information about insurance alongside their other services. This would enable interested clients to ask questions in a comfortable environment, as well as increasing awareness of the risks of being uninsured, especially for vehicle owners and people who purchase items on credit.

The challenge is for the community sector, insurers and government to collaborate to develop and market more appropriate products through traditional channels and to use more creative means to improve knowledge and access to insurance.

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The level of non-insurance among this group is well above the national average.

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Table 1 Types of insurance held by respondents

	Progress Loans sample (%)	Low-income population sample (%)
Home contents	21	68
Home building	5	57
Third party vehicle	20	44
Comprehensive vehicle	22	66
Private health	7	38
Life	15	30
Other	14	12
None of the above	39	9

[1] Progress Loans are small personal loans available to low-income customers through ANZ and the Brotherhood of St Laurence.

On inclusiveness and Australian economic growth

Within the policy and science community concerned with sustainable development, it is now widely accepted that inclusive economic growth constitutes a necessary condition for sustained poverty reduction. As made clear at the OECD–World Bank conference on Challenges and Policies for Promoting Inclusive Growth held last March in Paris (OECD 2011), however, encouraging inclusive growth constitutes a real challenge, as it requires an agenda encompassing both policies to promote equality of opportunity for individuals and policies to level the playing field for investment and increase productive employment.

Inclusive growth

The concept of inclusive growth implies a shift from the high-growth policy agenda of the Washington Consensus, in which the priority was to design an institutional framework for promoting faster economic growth. Remarkably, this agenda assumed that economic growth would translate automatically into social inclusion by bringing new opportunities for disadvantaged people.

In contrast, the inclusive growth agenda now embraced by international agencies such as the World Bank and the International Monetary Fund explicitly recognises that increasing the productive capacity of the economy is not a sufficient condition to improve opportunities for the poor. Thus, it is argued that unless the constraints that prevent meaningful economic participation of this group are removed, growth on its own cannot lead to poverty reduction (Ianchovichina, Lundstrom & Garrido 2009). For growth to be considered as inclusive, therefore, it must allow people to *contribute to* and *benefit from* the economic activity and

ensure that benefits of sustained growth are *shared equitably*.

Promoting inclusiveness requires a social policy strategy to remove the institutional and policy biases that limit the capacity of poor people to actively participate in a market economy. It includes the design of direct, pro-disadvantaged policies to guarantee universal and equal access to high-quality education and health services, the elimination of the borrowing constraints faced by the poor in financial markets and the design of a fair social insurance mechanism. Further, as Kakwani and Pernia (2000) suggest, enabling the poor to participate requires the elimination of discrimination on grounds of gender, ethnicity or religion, as well as the removal of legal barriers to business competition.

Australian trends

Internationally, Australia is now viewed as the model of an economy capable of maintaining sustainable growth, after two decades of economic growth. Since 1991, Australia's real economy has grown by an average of 3.3 per cent per year, with the gross domestic product (GDP) per capita more that 1.5 times as large in 2009 as in 1991. This positive view was reinforced during the recent global financial crisis, when Australia was the only advanced economy to record positive growth in 2009 and 2010, contrasting with an average contraction of 3.2 per cent for the advanced economies collectively during this period.

Nevertheless, recent research on the levels of poverty and social exclusion casts doubts on the inclusiveness of Australian growth. For example, using several different poverty thresholds, Harding, Lloyd and Greenwell (2001) concluded that, despite the nation's economic growth between

1990 and 2000, poverty rates in Australia did not decrease during that period. Similarly, in their analysis of social exclusion for the period 2001–07, in which the real GDP grew on average more than 4 per cent a year, Scutella, Wilkins and Kostenko (2009) find that the incidence of poverty remained fairly constant over this period, whereas the number of individuals experiencing deep exclusion in Australia declined from 7.5 per cent to about 5 per cent.

At the Brotherhood of St Laurence we believe it is essential that economic growth comes after increasing the opportunities and participation of disadvantaged people in the economy, so benefits from growth can be distributed equitably. For this reason, ongoing research at the RPC is aimed at determining the extent to which economic growth in the last decade benefited disadvantaged Australians by looking at how income gains were distributed among different population subgroups.

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For growth to be considered as inclusive, therefore, it must allow people to *contribute to* and *benefit from* the economic activity and ensure that benefits of sustained growth are *shared equitably*.

Influencing policy through effective social research
The role of not-for-profit organisations

The Brotherhood of St Laurence mission is to work for an Australia free of poverty and social exclusion. We seek to be an influencing organisation, using innovative service delivery to inform both policy reform and practice improvement. This has led to stronger investment in research and policy analysis to ensure that government planning incorporates community needs.

Despite this investment we face significant challenges in shaping social policy. But we are not alone! Recent studies indicate the considerable expansion of research within human service not-for-profit organisations over the past two decades (Goodwin & Phillips 2011; Keen 2009).

It is important to consider the dynamic context in which we operate and especially the exchange of knowledge that shapes policy. For a recent professional development forum of research officers, I developed a schematic representation of the knowledge triangle between the three pivotal sectors to explain the complex relationships that have developed (Figure 1).

Traditionally, the three sectors are: government departments, which oversee policy design, program implementation and resource allocation at the behest of their political masters; academic institutions, which undertake much of the intellectual inquiry and conceptual research; and community sector organisations, which deliver services and undertake advocacy on behalf of community members.[1]

The overarching challenge for researchers is to cooperate as efficiently as possible to generate knowledge to advance public policy based on a robust evidence

Figure 1 The knowledge triangle

base. While the rhetoric espouses collaboration, I would argue that the reality is very different, with substantive drivers in each sector preventing effective collaboration.

Knowledge exchange

Clearly, governments publish a wide range of reports on policy, programs and research either through their own portfolios or through intermediaries such as the Australian Institute of Health and Welfare or the Productivity Commission. Academia and the government share research findings by means of contracted reports, submissions, consultancies and advisory groups.

The huge expansion of the role of the not-for-profit sector in delivering social services under government contracts won by competitive tendering has altered the availability and dissemination of data and knowledge in the public arena. The dominant forms of direct information flow between governments and the community sector are now contract reporting and performance measurement by the latter.

For their part, academic researchers increasingly seek industry partners to support grant applications, and require access to program staff and clients for primary data collection. In exchange, community agencies receive expert advice and the research findings. The value of this exchange may vary depending on the strength and nature of the relationship. Too often, research questions are not designed together, resources flow to the academic institution and long timelines do not match community agency needs.

This is a simplified view, but it encapsulates the challenge of producing high-quality social research. Within each sector, researchers have to meet their own organisation's expectations first. I would argue that this creates a gulf between the three sectors.

Further, developments in each sector militate against evidence-based policy: the declining independence of public administration and the rising influence of ministerial advisers, the changing role of the media, the conversion of academic institutions into business units

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[1] Of course other players, including peak bodies, think tanks, research consultants and government-funded institutions (such as ABS, AIHW and AIFS) play a vital role in knowledge creation and dissemination.

and the marketisation of social services by governments to private and not-for-profit organisations have limited the intersectoral collaboration that is essential for stronger evidence leading to informed policy. It is important that these constraints in the social research environment are recognised and addressed. Otherwise we shall continue to witness populist social policy decisions without defensible evidence, such as compulsory income management, coercive activation conditions imposed on income support recipients and the detention of asylum seekers.

The lack of collaboration between the sectors may result in poor access to data collected by government, lack of consultation in research design, duplication of small projects and inadequate resources. Essentially these are symptomatic of each sector seeking to use the others for narrow self-interest rather than for the common good. Professor Peter Shergold, former Secretary of the Department of Prime Minister and Cabinet, has pointed to 'the uneasy relationship between public policy and academic research' characterised by 'mutual disinterest, mistrust or suspicion' (Shergold 2011, p. 3).

Research capacity in the not-for-profit sector

It is worth considering why there has been such a growth in the research capacity within not-for-profit organisations. One explanation is that not-for-profit organisations are keen to ensure that research projects will produce an evidence base for improved services and effective advocacy for vulnerable groups.

I would also argue that the growth of 'in-house' research capacity in the not-for-profit sector partly reflects the twin forces of public service managerialism and individualisation. These have led to

corporate behaviours being adopted by community service providers as entrepreneurial businesses. Risk management by boards dictates strategies to maintain revenue streams, encouraging the development of research capabilities to deliver the evidence essential to attract resources through new tenders or to retain existing service contracts. As contracted service providers, not-for-profits are liable to focus on self-preservation and lose sight of their core mission, spending most resources on program monitoring, contract management and data collection rather than on documenting best practice and innovation.

Under the 'contract state', governments too focus more narrowly on contract oversight and performance measurement. Sharing of data and knowledge is constrained by increased competition between providers, defensive positioning of government departments and narrow framing of evaluations towards accountability and performance. The history of the privatisation of employment services (Job Network and Job Services Australia) serves as a valuable lesson in this respect (BSL 2011).

The challenge ahead

The not-for-profit sector has historically been at the forefront of innovative social service delivery and offered a conduit for the 'voices' of the community. As Smyth (2011) has pointed out, collaboration between sectors is not new: it emerged in the 1960s and the 'voluntary sector' was to play an integral role in shaping public policy planning and welfare provision. This capacity for a transformative influence on public services is currently constrained, despite research and knowledge-building efforts.

The National Compact developed as part of its social inclusion agenda

by the Commonwealth Government includes a commitment for increased collaboration between governments and the not-for-profit sector. The compact includes aspirations 'to share relevant information and data' and achieve 'more transparent, accountable decision making and program delivery' (Australian Government 2011, p. 3).

Clearly resources are critical in determining what social research is undertaken, how and by whom. However, the challenge in realising the ideal of evidence-based policy within a social investment state is to develop practical strategies that encourage genuine dialogue and meaningful collaboration across the three sectors. There are positive signs of improved dialogue emerging, for example the new DEECD–Victorian Community Sector research forum. These may offer a way forward to more efficient and influential research through partnership in the future.

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The lack of collaboration between the sectors may result in poor access to data collected by government, lack of consultation in research design, duplication of small projects and inadequate resources.

Addressing the challenges together
Consultations with Brotherhood clients

In May, the Research and Policy Centre conducted five consultations with Brotherhood clients to better understand the challenges they faced and provide them with an opportunity to shape the Brotherhood's strategic plan for 2012–14. Some 41 people—including teenagers, parents, jobseekers, refugees and older clients—participated at Fitzroy, Frankston and Craigieburn.

The topics raised by these people included the cost of living and housing, the adequacy of government income support, and access to health care and employment. These concerns remained consistent since previous consultations in 2008. However, new concerns related to support and stigma, and social participation.

Costs

That living costs were increasing faster than wages, and made it hard to survive on income support, was the foremost concern. Food, petrol and spiralling utility costs, along with school expenses and public transport fares, impacted people's quality of life:

> Rose[1]: Until last week I was too scared to put the heater on to keep warm. I'm scared of the bills coming in … You're in a lot of pain all the time, so you really don't need that extra burden on you because of the finance going up.

> Diane: Having to worry about having enough to pay for all bills for the household. With utilities costing so much, [I] need to budget to the cent to get through the week. [I'm] having to work weekends to get extra money and forfeiting time with children. [I] can't save money for extra activities.

Accommodation costs were another big issue. Younger clients described housing and homelessness as a real problem in and around Frankston. Residential aged care costs consumed large portions of older clients' pensions, leaving little for personal expenses. Clients called for more help for those on income support or low wages, including government assistance with housing and transport costs, emergency support and counselling, and for the introduction of solar power and water tanks in public housing.

Access to health care was problematic, clients in outer suburbs noting a shortage of skilled and caring doctors and specialists. Younger and older clients alike who were suffering from serious, even life-threatening, illness said they struggled to afford medicines excluded from the Pharmaceutical Benefits Scheme.

Stigma

A sense of stigma attached to income support recipients was evident in the focus groups. Lorraine described how major illness and reliance on benefits altered her family's life and impacted their dignity: their lifestyle had to 'go down' and there was an expectation that you 'be thankful for what you're getting' which she found 'insulting'. Low-income clients noted they could not access First Home Buyers' Grants or solar rebate schemes, adding that beneficiaries were not criticised for accepting such assistance from government.

Refugees said attitudes of the community and of Centrelink and Job Services Australia staff left them feeling 'attacked', as though they 'were just enjoying the money', when the thing they desired most was work. Faulty assumptions about refugees and racism perpetuated by politicians were also reported to impact employment prospects:

> Eddie: Even the government is racist because they say a racial thing for their political benefit … and that is where everything gets worse. Whenever there is something that is political said about a certain group, you're going to affect everything. A lot of people will be fired from their job. Wherever you go, whatever group … you are always assumed to be the less[er] person—the person who doesn't know much.

Opportunities

Pathways into work represented a critical issue for refugee clients. Challenges included building networks, having overseas qualifications recognised and finding training that led to jobs rather than 'useless certificates'. Clients recommended that training providers develop partnerships with employers to provide the required skills and guarantee jobs for refugees. Other recommendations to government included equipping refugees to fill skill shortages, creating refugee-specific employment services and employing cultural liaison workers in settlement services that support adult learning and children's integration into school.

The final area highlighted was access to social and recreational opportunities, with older clients keen to see existing programs expanded and low-paid parents (particularly sole parents) eager to take part in new programs.

The Brotherhood remains committed to listening to people who use our services or experience social exclusion as we identify priorities for our future work.

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Note: A four-page summary of the study by Sharon Bond and Michael Horn, *Addressing the challenges together*, is available on the Brotherhood of St Laurence website.

That living costs were increasing faster than wages, and made it hard to survive on income support, was the foremost concern.

[1] Pseudonyms are used.

Valuing capabilities in later life
Findings from a survey of users of Brotherhood aged services

In the August 2010 issue of *Brotherhood Comment*, we introduced some research in progress about capabilities and social inclusion among BSL aged services clients. Amartya Sen, the originator of the capability approach, contends that people need to be free to choose a life they have reason to value (Sen 2009). He argues that at any given time a person has a set of 'achieved functionings' but that these may not constitute the limit of what the person really values—that is their 'capabilities'. Our research set out to identify what users of BSL aged services value and what they believe would enable them to lead more fulfilled and happier lives.

A capabilities framework for aged services
Drawing on ideas about capabilities frameworks created by Burchardt (2008), Chopra and Duraiappah (2008) and Lloyd-Sherlock (2002), we constructed a framework to portray the relationship between functionings, capabilities, services and social context so that we could examine the role that BSL services can play in enhancing capabilities.

Gathering information
We conducted a survey that attracted 220 responses from all BSL aged services in the northern and southern regions of Melbourne: residential care, community care, respite services and day programs. Forty service users also participated in focus groups. Our questions were based on Nussbaum's ten central human capabilities (Nussbaum 2003).

What BSL aged services clients value
Asked to nominate what is important in their lives, 94 per cent included 'my health'. Other leading selections were: 'making my own decisions', 'being independent', 'feeling respected', 'my family and friends', 'being safe', and 'the place where I live'. Also highly valued were: being well-informed, being active, achieving personal goals, being with other people, helping others, the natural environment and learning new things.

Health
While three-quarters of service users reported that they were 'as healthy as it is possible for me to be', the remainder did not. They believed that they would be healthier if they were more physically active or ate healthier food and said that they would eat better if they could afford better food, could cook for themselves, had the mobility to buy their own food and did not have to eat alone.

Making their own decisions
Almost half of the respondents reported that they desired to have greater control over their lives. They attributed their lack of independence to factors such as poor health, lack of money, disability, limited mobility, and lack of help and support from family.

Feeling respected
All respondents agreed that it is important to feel respected and valued. Such feelings are engendered by being valued for one's presence, knowledge and experience; being listened to; doing something useful; being asked one's opinion; having one's views respected; being appreciated; and being treated as equal.

Family and friends
Only one in three respondents expressed satisfaction with their relationships. One in four did not feel they had enough opportunities to meet up with other people and one in ten did not have in their lives enough people whom they loved and cared about.

Accommodation and neighbourhood
Some 95 per cent of clients expressed satisfaction with the place where they lived; however, one in seven did not feel safe and nearly one in five would like to live in a place where they could go out more often.

Applying the findings
The next step in this research is to pilot and evaluate the capabilities approach to aged services delivery using an action research methodology.

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Almost half of the respondents reported that they desired to have greater control over their lives.

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Bringing Brotherhood history to digital life

The Brotherhood Library has recently embarked on another exciting project which will unlock a wealth of precious historical materials documenting the later life of our founder, Father Tucker, and the early years of the Brotherhood.

This rich archival collection includes newsletters, manuscripts, diaries, photographs and personal correspondence, all of which provide fascinating insights into the history of our organisation and of Melbourne from the 1930s depression to the present. The collection was assessed as historically significant following the National Library of Australia heritage grant awarded to the Brotherhood in 2007.

The Brotherhood Library has partnered with the Melbourne University Library and the Melbourne University Digitisation Centre to convert these documents to digital formats. We are also working closely with students from the university's Student Ambassador Leadership Program, who will have significant input into the scanning and documenting of the collection. Once the materials have been digitally scanned and recorded, they will be stored in the open source digital repository solution DSpace, which the Brotherhood installed in 2010 with the help of our business partner, Cannon Global Pty Ltd.

The long-term goal is for the archive to be published to the web, allowing Brotherhood staff and members of the public alike to search, retrieve and view in digital form some truly intriguing materials which until now have been locked away in cupboards for safekeeping.

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Recent policy submissions

- Submission to the National Advisory Council on Mental Health regarding 'Daily bread, income and living with mental illness', August 2010

- Submission to the Treasury's National Credit Reform Green Paper, August 2010

- Submission to Australian Communications and Media Authority (ACMA) Reconnecting the Customer consultation, September 2010

- Submission to Senate Economics Committee Inquiry into competition within the Australian banking sector, November 2010

- Response to ASIC consultation on telephone sales for general insurance, December 2010

- *Line of sight: better tailored services for highly disadvantaged job seekers*, submission to the Australian Government on future employment services from 2012, January 2011

- Response to the Productivity Commission's Early Childhood Development workforce issues paper, January 2011

- Response to the Productivity Commission draft report *Caring for older adults*, March 2011

- Submission to Commonwealth Review of School Funding, March 2011

- *Maximising the positive economic, social and cultural impacts of migration*, submission to the Inquiry into Multiculturalism in Australia, April 2011

- Joint response to *Reforming flood insurance: clearing the waters discussion paper*, submission by the Brotherhood of St Laurence, Choice, Consumer Action Law Centre, Financial Counselling Australia, Footscray Community Legal Centre, Insurance Law Service at Consumer Credit Legal Centre NSW and National Legal Aid, May 2011

- Submission to the Department of Treasury and Finance Review of the Advanced Metering Infrastructure Program, June 2011

- Submission to the Essential Services Commission Vocational Education and Training Fee and Funding Review, June 2011

- Response to the Australian Communications and Media Authority's draft public inquiry report *Reconnecting the Customer*, July 2011

- Submission to the Natural Disaster Insurance Review: improving access to insurance for low-income Australians, July 2011

Policy submissions can be accessed on our website, under Hot Issues.

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