

# **The Salvation Army Tasmania Division**

Submission to  
Select Committee on the Cost of  
Living  
March 2012



# The Salvation Army

## Core Values



Hope



Justice



Community



Compassion



Human Dignity

## Contact

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## **Introduction**

As Tasmania has some of the lowest incomes and highest levels of disadvantage in the nation, so too must it have some of the highest levels of support, safety nets and protections to ensure that the community at large, and the most disadvantaged in particular, are assured basic living standards and are empowered to aspire to and access the opportunities available to Australians across the nation.

Indeed, in its efforts to maintain contemporary theoretical and analytical relevance to its policy formation and in recognition of the well known pressures and risks to the wellbeing and social cohesiveness of its constituents, the Tasmanian Government is to be commended for its efforts to date through the work of its Social Inclusion Unit.

In particular, the significant commitment and efforts expressed through its publication of A Social Inclusion Strategy for Tasmania (2009) and A Cost of Living Strategy for Tasmania (2011), together with the formative and supporting data and reports for each of these. They provide a substantial grounding on which the Tasmanian Government and the Tasmanian community can progress a timely and worthwhile reform agenda.

Existing evidence already confirms that many Tasmanians are facing significant hardship and others crippling poverty, while still more people are among the working poor and teetering on the edge of financial peril with the arrival of the next bill. It is within this context that the following submission seeks to provide a way forward for the Tasmanian Government, and the people of Tasmania, to work together in addressing some of the drivers and impacts arising from unfettered cost of living pressures.

This submission draws on The Salvation Army's long and close association with disadvantaged people and communities and seeks to represent policy directions and other actions that would ease their daily burdens. We also acknowledge that there are other organisations that make a similar valuable contribution to this area in the community.



## Background

In 1865 William Booth and his wife Catherine formed an evangelical group dedicated to helping people living in appalling poverty in London's East End. Their ministry recognised the interdependence of material, emotional and spiritual needs. In addition to preaching the gospel, they became involved in the feeding and shelter of the hungry and homeless, and the rehabilitation of alcoholics.

Since those humble beginnings, The Salvation Army is now one of the largest national providers of welfare services. Operating for over 130 years in Australia, The Salvation Army has a significant history working with and advocating for the rights and needs of disadvantaged people in our community. Consistent with our values of human dignity, justice, hope, compassion and community, The Salvation Army is committed to the promotion of social justice and protection of the rights of disadvantaged and vulnerable people. The basic social services developed by the Booths have remained a visible expression of the Salvation Army's religious principles and values. More than 30 million people each year receive support and assistance from services provided by the organisation globally.

During 2011, The Salvation Army in Tasmania provided for the physical and community welfare needs of Tasmanians on nearly 19,000 occasions. Apart from representing an enormous effort in service delivery and the burden of hardship being experienced throughout the Tasmanian community, it also represents an increase of almost 40 per cent since 2008. With similar data trends reported across other providers of emergency relief and welfare services, it is clear that many Tasmanians are facing serious, increasing and deeper hardship.

In response to some of these challenges, together with the increasing complexity of circumstances impacting people seeking material support, The Salvation Army is refining and rolling out its *Doorways* case management approach to the provision of emergency relief services as outlined in the following case study.

## CASE STUDY

### **Growth in Demand for Emergency Relief**

The growth in numbers of people accessing The Salvation Army Emergency Relief Centres is supported by the ACOSS – ACSS Report released August, 2011 which shows a 22% increase in the number of people seeking Emergency Relief Services and a 49% increase in the number of people who were turned away without being assisted from Emergency Relief provides across the nation.

This growth in demand is reflective of a change in the nature and complexity of issues driving people to seek emergency relief. Most notable is the need to plan for an increase in the number of people experiencing situational poverty, given that the underlying drivers creating this cohort are ongoing and will continue to have impact for years to come. Specific drivers include:-

- The flow-on consequence of the GFC,
- The continuing global financial instability in Europe and America
- The impact of the Australian ageing population and projected large numbers of retiring baby boomers, many of whom (especially women) have insufficient superannuation to support themselves into retirement.

### **Expansion of Doorways as an Active Intervention Strategy.**

Doorways has been established by The Salvation Army as an active intervention strategy. It is a shift to a holistic, capacity building approach in the delivery of Emergency Relief and Community Support Services that closely aligns with current Government policy trends that services should provide a “Hand Up not a Hand Out”.

The Doorways model is designed to provide a supportive environment to enable people experiencing intergenerational entrenched poverty, and the growing number of people experiencing situational poverty, to address the underlying factors leading to poverty.

To achieve this outcome, under the Doorways model staff address the immediate needs of presenting individuals via traditional Emergency Relief supports, plus through provision of case management and financial counselling services that support individuals to address underlying issues, explore options, progressively build confidence and capacity and gain a sense of personal direction and control.

It is particularly relevant that case management and financial counselling services are very effective early intervention mechanisms in preventing people experiencing situational poverty from spiralling into entrenched poverty. It is highlighted that this new cohort of people experiencing situational poverty are particularly vulnerable. They are often relatively lost with little experience in accessing services from both Government and Community Support Services. They also often delay approaching support agencies until they are in total crisis and at risk of becoming homeless.

The long term economic benefits of these early interventions are significant for both the individuals being assisted and all levels of Government.

The costs associated with funding case managers and financial counsellor positions (which require engagement of skilled and qualified staff) is a limiting factor in the ability of The Salvation Army to expand our Doorways holistic service delivery model.

To address this we have applied for Federal funds when available and continue to actively seek “corporate sector” (philanthropic) support. There remains, however, a significant funding gap.

We put forward the Doorways model as an innovative, solutions-based response and seek to engage the State Government as a partner and financial supporter in the further expansion of The Salvation Army’s Doorways Philosophy delivery model.



### Summary of Recommendations

The following list of recommendations represents a summary of the material that follows against each of the terms of reference established for the Cost of Living inquiry. The recommendations cover a variety of policy and practice interventions, implementation of which would incorporate a combination of new investment, together with policy and practice reform. This combination would represent the best and most meaningful mix of interventions to impact on the depth and breadth of hardship experienced by Tasmanians.

1. Efforts are made to ensure eligible concessions recipients are aware of their entitlements.
2. Barriers to uptake by eligible concessions recipients are identified and remedied.
3. Concessions data is collected by a central agency and made available to stakeholders.
4. Alternative models of planning and service delivery of concessions must be meaningful (ie it has a real impact on the cost of living).
5. The Tasmanian Government investigates implementation options for the measures outlined in the *Making electricity affordable: a four point action plan* – in particular the ‘lifeline tariff’ and ‘two-part concession’ as they may be applied for electricity and across other essential services.
6. The Tasmanian Government undertakes a literature review of existing evidence and alternatives around monetary penalties.
7. Any monetary penalties incurred should be proportionate to a person’s income.
8. Other alternatives to monetary penalties are identified and implemented.
9. Legislation is reviewed where necessary to provide for reform of monetary penalties.
10. The Tasmanian Government ensures its taxation policies, together with other charges and opportunities that impact on cost of living pressures for the most disadvantaged, including public housing rents, are not targeted through a default response (ie increased charges) in the interests of the budget bottom line.
11. Any further privatisation (selling-off) or deregulation of essential service enterprises ensure increased access and affordability for all Tasmanians in 2012 and the foreseeable future.

### **Response to terms of reference**

(a) The effectiveness of the current concessions system and related services, including social tariffs.

The Tasmanian Government is already aware that the current concessions system and related services are inadequate to meet the needs of increasingly disadvantaged and low income Tasmanians. This is clearly spelt out in both the *Cost of Living Strategy* and *Social Inclusion* reports and supporting research undertaken on behalf of the Tasmanian Government, together with other evidence from front-line service providers such as Anglicare, The Salvation Army and many others.

Indeed, apart from the inadequacy of concessions' quantum (amount) the Cost of Living Strategy points out that not all potential and eligible recipients of concessions are either aware of their eligibility or are opting not to access them for other reasons. The report also notes that uptake and other basic consumer data on concessions uptake is not collected.

### **Recommendations**

1. Efforts are made to ensure eligible concessions recipients are aware of their entitlements.
2. Barriers to uptake by eligible concessions recipients are identified and remedied.
3. Concessions data is collected by a central agency and made available to stakeholders.

(b) Alternative models of planning and service delivery of concessions including the option of 'bundling concessions' through a 'smart card system'.

It is clear that the current delivery of concessions in Tasmania is not sufficient to meet the basic requirements of many and increasing numbers of Tasmanians experiencing hardship. As a minimum, provision must be made for affordable access by **all** Tasmanians to essential services and consumables, such as energy and water (together with food and housing), as a matter of urgency.



While it will ultimately be a matter for the Tasmanian Government to determine its preferred way forward to ensure basic essentials provision and entitlements for all of its citizens, any such measures must be **meaningful** in their delivery and impact on those most affected (disadvantaged). They also must acknowledge the rising risks to lower income earners, who, despite their workforce participation, are increasingly disenfranchised from mainstream opportunities through cost of living pressures.

Amongst numerous options available to the Government to 'buffer' vulnerable individuals and groups, Anglicare (Tasmania) and the Tasmanian Council of Social Service (TasCOSS) have already provided a plan (*Making electricity affordable: a four point action plan*), which, if implemented, would ensure affordable supply for all Tasmanians. Other benefits of this plan are around environmental sustainability and energy conservation through market mechanisms that encourage and reward the lower consumption of these finite resources.

While this plan focuses on electricity, key aspects of the plan such as the 'lifeline tariff' and 'two-part concession' are principles that could be applied across other essential services.

### **Recommendations**

4. Any alternative models of planning and service delivery of concessions must be meaningful (ie it has a real impact on hardship and the cost of living).
5. The Tasmanian Government investigates implementation options for the measures outlined in the Making electricity affordable: a four point action plan – in particular the 'lifeline tariff' and 'two-part concession' as they may be applied for electricity and across other essential services.

(c) The impact of legislation such as the Monetary Penalties Enforcement Act 2005.

There is ample evidence to indicate that the impact of monetary penalties will 'punish' people who have the inability to pay disproportionately to those who have the means. Indeed, in many cases the inability to pay initial monetary penalties results in more crippling indebtedness through mounting default costs and the more serious



consequences of secondary offending (in cases such as licence or registration suspensions /cancellations). Amongst a substantial body of work and case studies already available around these issues, reports published by the Indigenous Justice Clearinghouse and the Law and Justice Foundation of New South Wales provide clear evidence and reasonable alternatives to current regressive monetary penalty enforcement.

Some of the potential alternatives and enhancements to the use of flat monetary penalties worthy of further investigation include:

- Fines that are proportionate to a person's income (eg 'day fine')
- Issue of a caution or warnings prior to an infringement or fine
- Realistic pay-by-installment schedules (eg fortnightly)
- Increased use of specialist and problem solving courts (models such as Victoria's drug courts and Koori courts, to name a couple)
- Increased use of alternatives to monetary fines such as community service, treatment/counselling, education etc.

Additionally, there are a number of other issues around monetary penalties where further inquiry and remedy is required:

- As it is often unclear on what basis the fine amount was (historically) set, all monetary penalties should be reviewed for their relevance/proportionality to the offence
- Does legislation provide sufficient flexibility for a minimum fine or suitable alternative for someone on government benefits or low income?

### **Recommendations**

6. The Tasmanian Government undertakes a literature review of existing evidence and alternatives around its monetary penalties
7. Any monetary penalties incurred should be proportionate to a person's means including income, disability etc)
8. Other alternatives to monetary penalties are identified and implemented
9. Legislation is reviewed, where necessary, to provide for reform of monetary penalties.

(d) The impact of taxation policies on cost of living.

Notwithstanding the failure to date of the Australian Government to address basic cost of living pressures for the unemployed through the widely advocated increases to the New Start Allowance, along with other missed opportunities across many other reforms through the tax and transfer system, state governments maintain significant roles and responsibilities in managing their substantial resources and addressing the needs of their constituents, including the disadvantaged and those experiencing hardship.

While The Salvation Army (TAS) has great empathy for the fiscal and political challenges facing the Tasmanian Government in its efforts to administer a fair and just reform agenda within an environment fraught with state, national and global economic and political constraints, The Salvation Army (TAS) calls on the Tasmanian Government to rise to those challenges. The Tasmanian government can ensure the decreasing severity and numbers of Tasmanians are not subject to conditions including insufficient nutritious food, heating and housing.

### **Recommendations**

10. The Tasmanian Government ensures its taxation policies, together with other charges and opportunities that impact on cost of living pressures for the most disadvantaged, including public housing rents are not targeted through a default response (ie increased charges) in the interests of the budget bottom line.

(e) The likely impacts in increased contestability policies on reducing cost of living pressures.

While there are many groups and individuals whose interests may be served, together with economic ideologies and philosophies that would advocate similarly, it is unclear what benefit would arise for the people of Tasmania by increasing the role of markets and contestability policies in relation to the provision of essential services, and in turn, their impact in reducing cost of living pressures.

Indeed, despite state ownership and full control of these essential service enterprises being a matter for history, contemporary governments must now instead regulate, tax and subsidise in order that



the benefits and profits from the sale of natural resources and their resultant essential services are rightly returned and shared among the people and done so in perpetuity.

### **Recommendation**

11. Any further privatisation (selling-off) or deregulation of essential service enterprises ensure increased access and affordability for **all** Tasmanians in 2012 and the foreseeable future.

### **Conclusion**

The Salvation Army's experience across many services in Tasmania and across the country in responding to individuals, families and communities in hardship reveals gaps in the system that hinder the effectiveness of existing policies and services.

We recognise that a great deal of government revenue and effort already goes into the current concessions system and other mechanisms that impact on cost of living. The Salvation Army shares the view of the Tasmanian Government that much more can be done to soften the impact of cost of living pressures.

The Salvation Army (TAS) encourages the Tasmanian Government to give its full consideration to the possible ways forward outlined in this and other submissions received through this Select Committee inquiry. The Salvation Army (TAS) would also welcome the opportunity to provide any further advice and assistance as deemed appropriate in advancing new directions that will benefit the people of Tasmania.