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## **Pre-Budget Submission 2019-20**

Budget Policy Division  
Department of the Treasury  
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*[www.anglicare.asn.au](http://www.anglicare.asn.au)*

## Introduction

Anglicare Australia is pleased to make this submission to the Treasurer in regard to Australian Government's Budget for 2018-2019. It is based on the insight and expertise of Anglicare Australia's member organisations, and addresses the interest and experience of the people with whom they work.

## About Anglicare Australia

Anglicare Australia is a network of independent local, state, national and international organisations that are linked to the Anglican Church and are joined by values of service, innovation, leadership and the Christian faith that every individual has intrinsic value. With a combined expenditure of \$1.59 billion, a workforce close to 20,000 staff and 9,000 volunteers, the Anglicare Australia Network contributes to more than 50 service areas in the Australian community. In all, 1 in every 20 Australians access Anglicare services throughout the year. Our services are delivered in partnership with people, the communities in which they live, and other like-minded organisations in those areas.

Anglicare Australia has as its Mission "to engage with all Australians to create communities of resilience, hope and justice". Our first strategic goal charges us with reaching this by "influencing social and economic policy across Australia...informed by research and the practical experience of the Anglicare Australia Network".

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# Pre-Budget Submission 2019-20

<b>Introduction</b> .....	1
About Anglicare Australia.....	2
Contact Person.....	2
<b>Raising Revenue and Creating a Fairer Tax System</b> .....	4
<b>Strengthening the Safety Net</b> .....	6
Valuing carers and volunteers.....	8
Restoring support for asylum seekers.....	9
Commissioning in partnership with the sector .....	10
Helping vulnerable communities adapt to climate change .....	11
<b>Delivering Quality Aged Care</b> .....	12
Implementing the Aged Care Workforce Strategy.....	14
Ensuring funding for the Royal Commission recommendations.....	15
<b>Strengthening Disability and Mental Health Support</b> .....	16
<b>Action on Homelessness and Housing Affordability</b> .....	18
Strengthening renters’ rights.....	20
Renters and poverty in retirement.....	21
<b>A Better Future for Children and Young People</b> .....	22
Supporting Aboriginal and Torres Strait Islander children and young people.....	23
<b>Creating New Jobs and Reforming Employment Services</b> .....	25
Reforming employment services.....	25
Connecting policy interventions to workforce demand.....	27
<b>Conclusion</b> .....	29

## Raising Revenue and Creating a Fairer Tax System

The context for the next Federal Budget is an Australia facing growing inequality, and where the cost of living is rising faster than most wages or income support payments. Wealth inequality is now the worst it has been in seventy-five-years, in spite of two decades of uninterrupted economic growth.<sup>1</sup> As an organisation that speaks for the country's most disadvantaged people, Anglicare Australia is committed to addressing this inequality. In 2018, Anglicare Australia commissioned modelling to better understand how the tax and transfer system operates across different income quintiles, and to determine to what extent measures within the system support the richest versus the poorest Australians.

The modelling assessed the various tax concessions and other benefits available to high-income earners and contrasted them with income support measures for low-income earners and those reliant on our social security safety net. It also quantified the annual cost to the federal budget of various measures that allow Australians in our wealthiest quintile to minimise their taxable income, thereby reducing government revenue that pays for services for all citizens.

These measures included superannuation tax concessions, negative gearing, capital gains tax concessions, the use of discretionary trusts, the exemption from the Goods and Services Tax (GST) of private health insurance and education, and the exemption from Capital Gains Tax (CGT) of the principle place of residence. The modelling found that all of these concessions disproportionately benefit high income and high wealth households. The analysis showed that, in combination, these measures impose a cost on the federal budget that easily outstrips that of any single welfare recipient group.

According to the modelling we commissioned, the cost of foregone tax revenue from the richest 20% of Australians is over AU\$68 billion per annum. That's around \$37 a week from every working person in the country.<sup>2</sup> In contrast, the cost of income support in the 2016-2017 financial year was, by group:<sup>3</sup>

Benefit	Total expenditure (\$B)
Age Pension	\$44.468 billion (\$35 a week per worker)
Assistance to families with children	\$36.404 billion (\$20 a week per worker)
Assistance to people with disabilities	\$31.721 billion (\$17 a week per worker)
Newstart (unemployment benefits)	\$10.994 billion (\$6 a week per worker)

<sup>1</sup> Sheil, C., and Stilwell, F. (2016) *The wealth of the nation: Current data on the distribution of wealth in Australia*. The Evatt Foundation. Available at: <http://evatt.org.au/books/wealth-nation.html>

<sup>2</sup> Calculated using the methodology outlined in Answer to Question On Notice No: 257, *Taxation paid and 2016-17 Financial Year, what was the total government spend?* Senate Economics Legislation Committee, Treasury Portfolio, Budget Policy Division, Supplementary Budget Estimates 2017-2018.

<sup>3</sup> Dawson, E. and Smith, W. (2018) *The Cost of Privilege: A Research Paper by Per Capita for Anglicare Australia*. pp5-6. Available at: <http://www.anglicare.asn.au/docs/default-source/default-document-library/cost-of-privilege-report.pdf>

While the various tax concessions and exemptions that account for the cost to the budget of support for wealthy Australians are also available to low income citizens, the benefits of such measures – of course – significantly favour those in the highest wealth quintile. A direct comparison shows that the bottom 20% of Australians by wealth collectively receive just \$6.1 billion in such benefits, while the top 20% receive ten times as much, at over \$68 billion:<sup>4</sup>

<b>Benefit</b>	<b>Total expenditure (\$B)</b>	<b>Bottom 20% (\$B)</b>	<b>Top 20% (\$B)</b>
Principle residence CGT exemption	74	5.1	31.8
Superannuation – earnings	19.25	-0.06	11.1
Superannuation – contributions	16.9	-0.05	9.75
Capital gains tax concession	10.3	0.23	8.4
Negative gearing	4.55	0.3	1.73
Private health GST exemption	4.3	0.22	2.26
Education GST exemption	4.1	0.4	1.51
Discretionary trusts	2.0	0	2.0
<b>Total</b>	<b>135.4</b>	<b>6.14</b>	<b>68.55</b>

These figures show that half of the foregone revenue from negative gearing goes to the top 20%, while just 6.2 per cent goes to the bottom quintile. Similarly, more than 80% of the savings from the capital gains tax concession go to the wealthiest quintile, and just 2% to the bottom 20%. It also appears that the foregone revenue from discretionary trusts is entirely received by the wealthiest 20% of Australians, although it should be noted that it is difficult to calculate precisely the lost tax revenue from discretionary trusts based on available data.

It is important to bear these findings in mind in light of rhetoric about the benefits of tax concessions to “average” Australians – and in light of hundreds of millions of dollars in cuts from social security over the past four years. The foregone revenue identified in our research shows that these cuts were unnecessary as well as harmful to those most in need. If there is truly a need for cuts, our research shows that the place to start is by ending subsidies for wealth accumulation for those who need it the least.

#### **Recommendation: Creating a fairer tax system**

Anglicare Australia recommends a rigorous review of the superannuation tax concessions, negative gearing, capital gains tax concessions, the use of discretionary trusts, the exemption from the Goods and Services Tax (GST) of private health insurance and education, and the exemption from Capital Gains Tax (CGT) of the principle place of residence. This review should be conducted with a view to generating more revenue and creating a more equal tax and transfer system.

<sup>4</sup> Ibid.

## Strengthening the Safety Net

As of 2018, more than three quarters of a million people in communities across Australia live on unemployment and student payments that do not cover the cost of housing, food, transport and healthcare. The single rate of Newstart is less than \$40 per day and living on Newstart and Youth Allowance presents the biggest risk to living in poverty. All of this means that lifting the single rate of Newstart, Youth Allowance and related payments would be the most effective step to reducing poverty in Australia.<sup>5</sup>

The evidence that these payments are already too low is almost universally accepted,<sup>6</sup> and the business and community sectors have been calling for an increase for years. The value of income support payments has eroded over time, as they have failed to keep up with wage growth and cost-of-living increases. The base rates of several income support payments, including the Newstart Allowance, have not been increased in 25 years.<sup>7</sup>

Australia now has the second lowest unemployment benefit in relation to average wages in the OECD. The OECD itself has reported that Australia's income support payments are insupportably low.<sup>8</sup> As a result, these payments now trap people into poverty and are widely recognised as a barrier in themselves to people finding work.<sup>9</sup> This is because the payments for Newstart and Youth Allowance are so low people struggle to meet the costs of looking for work such as transport, childcare, and other essentials. Anglicare's own agencies have reported giving people in their employment programs additional financial assistance to cover costs such as these so they could participate.

Research by the University of NSW shows that the rate of the single unemployment payment falls short by \$96 per week to meet the cost of housing, food, basic healthcare and transport. UNSW found that a single unemployed person needs \$434 per week to cover the cost of the basics.<sup>10</sup> Newstart is just \$278 per week. This deterioration in payments highlights why Anglicare Australia has long argued for the need to establish an independent Social Security Commission. Like Fair Work Australia or the Remuneration Tribunal, such a body could independently assess the cost of living and set rates accordingly. Anglicare Australia also supports calls from the Raise the Rate campaign to raise Newstart and Youth Allowance by \$75 to provide immediate relief.

<sup>5</sup> Australian Council of Social Service (2018) *Raise the Rate Briefing Note*. p1. Available at: <https://www.acoss.org.au/wp-content/uploads/2018/10/Briefing-note.pdf>

<sup>6</sup> Education, Employment and Workplace Relations References Committee (2012) *The adequacy of the allowance payment system for jobseekers and others, the appropriateness of the allowance payment system as a support into work and the impact of the changing nature of the labour market*. Parliament of Australia. Available at:

[https://www.aph.gov.au/Parliamentary\\_Business/Committees/Senate/Education\\_Employment\\_and\\_Workplace\\_Relations/Completed\\_inquiries/2010-13/newstartallowance/report/~media/wopapub/senate/committee/eet\\_ctte/completed\\_inquiries/2010-13/newstart\\_allowance/report/report.ashx](https://www.aph.gov.au/Parliamentary_Business/Committees/Senate/Education_Employment_and_Workplace_Relations/Completed_inquiries/2010-13/newstartallowance/report/~media/wopapub/senate/committee/eet_ctte/completed_inquiries/2010-13/newstart_allowance/report/report.ashx)

<sup>7</sup> Ibid, p38.

<sup>8</sup> Organisation for Economic Cooperation and Development (2008) *Growing Unequal?: Income Distribution and Poverty in OECD Countries*. p2. Available at: <http://www.oecd.org/dataoecd/44/47/41525263.pdf>.

<sup>9</sup> Education, Employment and Workplace Relations References Committee, op cit, pp41-42.

<sup>10</sup> Saunders, P. and Bedford, M. (2017) *New Minimum Income for Healthy Living Budget Standards for Low-Paid and Unemployed Australians: Summary Report*. p2. Available at: <http://unsworks.unsw.edu.au/fapi/datastream/unsworks:46141/binaaacbcf3-915f-40bc-a70f-2052746ab643?view=true>

**Recommendations: Increasing income support**

Anglicare Australia recommends the immediate increase of income support payments, using two mechanisms:

- The establishment of an independent Social Security Commission. The commission would have the power to set, and adjust, income support payments based on the actual cost of living and job seeking.
- An immediate increase of \$75 a week to those on Newstart and Youth Allowance. This would provide much needed relief while a Commission is established for the long-term.

Not only are income support payments far too low, but they serve as a barrier to gaining paid work and financial independence. The fragility of the safety net and its orientation towards penalising rather than supporting people to find and stay in work is particularly problematic when considering that most suitable jobs for people with barriers to work are casual or do not offer consistent hours. The increase in casualised work and the 'gig' economy highlights the urgent need to review the settings of our welfare system to ensure that payments are a proper safety net. This need was recently raised by the International Monetary Fund.<sup>11</sup>

The rapid tapering of a person's income support such as for people on Newstart and Youth Allowance is another major barrier to assisting people to stay in work, particularly for people whose first entry into the workforce is through a casual or part-time position. This tapering ignores the fact that it creates in effect a high marginal tax rate for people on very low incomes and stops them reaching minimum wage level through a combination of income support and variable casual or part time work.

For example, Newstart is just \$556 per fortnight for a single person, compared to the minimum wage of \$1438.40 (before tax) per fortnight. Yet a single person on Newstart has their income support cut by \$75 per fortnight for earning an extra \$254 a fortnight. This equates to just thirteen hours of paid work at the adult minimum wage rate. Rather than being rewarded for obtaining work and supported with income stability to reach minimum wage levels, people are in effect financially penalised for working. The disincentive created by this regime was a key reason for the Henry Tax Review and many other experts recommending that all welfare payments should be non-taxable.<sup>12</sup> Addressing these well-known holes in our safety net for people seeking work would have a significant positive impact on their chances of getting into work, their ability to live a decent life, and their overall wellbeing.

**Recommendation: Removing barriers to work**

Anglicare Australia recommends the removal of the deeming of people's payments so that all welfare payments are tax exempt. This will remove a key barrier to work and financial independence.

<sup>11</sup> Bagshaw, E. (2017) 'Part-time work and 'gig' economy are breaking down the welfare system, IMF warns', *Sydney Morning Herald*. 11 October 2017. Available online: <http://www.smh.com.au/federal-politics/political-news/parttime-work-and-gig-economy-are-breaking-down-the-welfare-system-imf-warns-20171010-gyxxo5.html>

<sup>12</sup> Ingles, D. and Plunkett, D. (2016) *Effective marginal tax rates*. Crawford School of Economics, Australian National University. Available at: [https://taxpolicy.crawford.anu.edu.au/files/uploads/taxstudies\\_crawford\\_anu\\_edu\\_au/2016-08/ingles\\_plunkett\\_policy\\_brief\\_1\\_2016\\_last.pdf](https://taxpolicy.crawford.anu.edu.au/files/uploads/taxstudies_crawford_anu_edu_au/2016-08/ingles_plunkett_policy_brief_1_2016_last.pdf)

## Valuing carers and volunteers

The contribution people make to their communities must not simply be viewed through the prism of profits and wages. It extends to creative endeavours, caring for one another, and caring for the environment and places in which we live. For example, there are at least 2.7 million unpaid carers in Australia, 32% of whom are primary carers, mainly for family members. Over half provide care for more than 20 hours a week. Australia's aged care and disability care systems in particular are indebted to the care provided by family members. With the average age of carers increasing and no certainty that next generations will replicate this level of unpaid care, it is crucial that we properly support those who choose to take on the role of informal carer for a family member.

The most immediate priorities are to significantly lift carer's payments, and restructure support systems so that the evident systemic disadvantage<sup>13</sup> resulting from caring for a family member is addressed.

There is also a strong ethos of volunteerism in Australia. A recent survey of the state of volunteering found 99% of volunteers would continue volunteering into the future and 93% saw positive changes as a result of their efforts, such as positive growth in others' lives, greater community connection, and greater personal sense of wellbeing.<sup>14</sup> Volunteers make an enormous contribution to the work of the Anglicare Australia Network, with over 9,000 individuals serving their communities through our Network in 2017-18, including in aged care, foster and kinship care and emergency relief services. It is this social capital which is vital to a healthy, sustainable and connected society, and an expression of lives we feel are meaningful. Such contributions are 'work', even when it does not involve employment.

Instead of valuing these contributions, our social security system actively penalises those who pursue them. Changes to income support payments introduced in 2017 mean that people over the age of 55 can no longer fulfil their mutual obligation requirements by volunteering, even though it is clear that many people in this cohort have a lot to give, but are unlikely to find paid work. People are also being penalised for caring for their own children as part of a long-term trend to reduce payments to single parents. In 2006, the Federal Government restructured parenting payments so that single parents would lose support when their youngest child turned eight. They would instead go onto the much lower Newstart unemployment benefit, and be expected to look for work. In 2013, the Government made further changes requiring all single parents with older children to be moved onto Newstart or other payments if eligible. At that time the maximum rate of Parenting Payment Single was \$331.85 per week. The maximum rate of Newstart was \$266.50. Each of these examples highlights how little our current system values unpaid work.

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<sup>13</sup> Australian Bureau of Statistics (2015) *Survey of Disability, Ageing and Carers*. As cited by Carers Australia: <http://www.carersaustralia.com.au/about-carers/statistics/>

<sup>14</sup> Ibid.

**Recommendations: Valuing every contribution**

Anglicare Australia recommends:

- The incorporation of carers payments as part of the work of the independent Social Security Commission; and an immediate increase in carer's payments in the interim to better reflect their cost of living to meet basic needs.
- A system-level review of the value of carers to Australia's aged and disability care systems with a view to ensuring that reform of these core community services removes an assumption of reliance on the current levels of unpaid care.
- Changes to the mutual obligation framework so that people undertaking voluntary paid work, as well as those with caring responsibilities, are exempt from job-seeking activities.

## Restoring support for asylum seekers

Anglicare Australia has major concerns about the changes to the Status Resolution Support Services (SRSS) program for people seeking asylum. These changes have greatly heightened vulnerability criteria for asylum seekers and have affected over 8,000 asylum seekers.

People seeking asylum often need support to survive in Australia while their claims for protection are being processed. Having often faced traumatic circumstances, they can have difficulty finding work because of their lack of permanent status and are not entitled to the social security payments available to others. The Government did not permit people to work for several years, but once work rights were granted, many people seeking asylum have worked to support themselves. Unfortunately, many of the jobs are short-term, and this temporary work has meant that people need basic financial assistance while they look for another job.

Support for people seeking asylum has been provided in recent years through the SRSS program. The program provides a basic living allowance (typically 89% of Newstart allowance, or \$35 per day), casework support and access to torture and trauma counselling. Profound cuts to the program in 2018 now make it almost impossible for people to apply for the program. Very few people now fit the restrictive criteria. This will see a reduction of the program by over 60%.

With over 4,000 children currently receiving support through SRSS, children and their families are facing homelessness, food insecurity, and disrupted education as a result of the changes. We are also concerned about elderly people with limited English who cannot find any employment. Our members have shared troubling stories of grandmothers and grandfathers who cannot find employment and have no means to pay their rent or buy their medications.

The services that support asylum seekers are already overstretched and exhausted, and the changes are leading people to lose payments assistance before they can find other means of support. Those who are working now face uncertainty without access to a basic safety net. We note that this harsh policy is entirely within the discretion of the Minister, and does not require Cabinet approval or legislative change to reverse. Furthermore, in the context of the overall budget, the savings are minor.

**Recommendation: Full restoration of the SRSS program**

Anglicare Australia calls for an immediate suspension of the new eligibility requirements for SRSS, and a full restoration of the SRSS program to all people seeking asylum regardless of their status in the determination process.

**Commissioning in partnership with the sector**

A key barrier for the community sector in meeting community need is the precariousness and insecurity of contracts. This has most recently been seen in recent confusion around funding and contracts for emergency relief and food assistance, generating panic in the sector and across the community.

For this reason, the sector has strongly supported the Productivity Commission's recent and long-overdue recognition of the harm done by short-term and insecure contracting. As the Commission noted in its Draft Report:

"Currently, contracts for family and community services generally default to three years or less. This can deter providers from investing in service improvement, especially when combined with uncertainty about contract renewal until very close to contract end dates. As a result, service providers spend too much time seeking short-term funding, which is a costly distraction from delivering and improving services... [A seven year term] would better recognise the time needed for setup (making the investments that are necessary to deliver effective services, including workforce capacity, and building relationships in the community) and the time needed for a smooth transition to a new provider at the end of the contract."<sup>15</sup>

Longer and stable contracts are critical to organisations dealing with the most pressing and complex social issues in their work. For example, in Indigenous affairs, long-term funding will help build trust between the Government, service providers and Aboriginal and Torres Strait Islander communities. It will also greatly assist with alleviating the financial pressure on, and allowing proper evaluation and support for, smaller specialised services. Longer contracts will also save the Government money. Anglicare Australia calls for full implementation of the Productivity Commission's recommendation for a default contract length of seven years for human services.

**Recommendations: Stability in funding and service delivery**

Anglicare Australia recommends the Government adopt Recommendation 8.5 from the Productivity Commission inquiry into Human Services. This would involve a commitment to:

- Increase default contract lengths for family and community services to seven years
- Allow exceptions to be made, such as for program trials which could have shorter contract lengths
- Provide justification for any contracts that differ from the standard term
- Ensure contracts contain adequate safeguards to allow governments to remove providers in any cases of serious failure
- Provide payments to providers for family and community services that reflect the efficient cost of service provision.

<sup>15</sup> Productivity Commission (2017) *Introducing Competition and Informed User Choice into Human Services: Reforms to Human Services*. Report No. 85. Available at: <https://www.pc.gov.au/inquiries/completed/human-services/reforms/report/human-services-reforms.pdf>

## Helping vulnerable communities adapt to climate change

Anglicare Australia Network members are daily helping people with the reality of our overheating world. Our emergency relief services help people with the everyday stress of high power bills. These costs are worsened by poor housing that is expensive to heat and cool. Some parts of the Anglicare Australia Network help to provide affordable, energy efficient housing for people on low income. Others are policy and research experts on energy poverty and fair responses to climate change. Many of our members are partners in state and territory emergency action plans, or respond by helping people rebuild their lives after extreme weather and natural disasters.

It is clear from our work that people on low incomes have the least ability to cope, move away from, or recover from extreme weather events and natural disasters being exacerbated by climate change. Some struggle to afford food when prices are affected by extreme weather and disasters. Many cannot afford to stay cool or warm during extreme weather, and this can have severe health impacts. Others have lost affordable housing which has too often not been replaced by governments after disaster events. Some members of our community, such as people with a disability, and the elderly, can also be particularly vulnerable during extreme weather events as they require additional assistance to react and recover. Geography also plays a part in deciding who is most vulnerable. For example, rural Australians needs special attention in order to cope with and adapt to prolonged droughts and more frequent flooding.

Anglicare Australia also believes that responding to climate change offers an opportunity to make our communities fairer and more resilient. For example, renewable energy makes electricity more affordable and reliable for people on low incomes. Actions such as overhauling housing stock to promote energy efficiency and comfort is an opportunity to provide everyone with a good home. Many of these actions, such as switching to renewable energy, providing energy efficient housing, and improving public transport offer an opportunity to create a fairer community.

With climate change now upon us, research and resourcing to help our communities prepare and adapt is critical. The community sector is often overlooked in climate policy. Yet as services on the frontline, as detailed above, we help communities facing extreme events and provide vital support for the most vulnerable. Our sector must be properly equipped to help communities respond to climate change – and recover from the impacts that are already happening.

### **Recommendations: Responding and adapting to climate change**

Anglicare Australia recommends:

- The restoration and increased funding for the National Climate Change Adaptation Research Facility as a key resource to help communities identify risks and opportunities and adapt to existing climate change.
- Dedicated support for the community sector to adapt and respond to climate change impacts, and to support the community with adaptation and response. A climate adaptation fund would allow organisations to apply for funding to retrofit buildings, respond to extreme weather events, and better prepare their clients for the impacts of climate change.

## Delivering Quality Aged Care

The aged care sector is in a time of unprecedented reform – and unprecedented scrutiny. The ageing population has called greater attention to person-centred care and the shift towards providing care and support in the person’s home. At the same time, the establishment of a Royal Commission into Aged Care Quality and Safety shows that we are far from achieving our goals. The Government and sector must work together to fund and deliver a system that delivers the care that the community expects.

Anglicare Australia is concerned that the focus on the Royal Commission will see government choose not to invest further in aged care until it hands down its findings. Yet the Royal Commission itself has acknowledged the considerable number of reviews already completed into aged care reform, and stated it will focus on examining how those issues have been respond to. Many of these reviews have consistently identified the same areas requiring urgent government intervention, and we call on the Government to step up this process. There are a number of key actions that should be committed to in this budget, outlined below.

Anglicare Australia supports removing the cap on the supply of residential care places by discontinuing the Aged Care Approvals Round (ACAR) as soon as possible. However, we are concerned that the Government does not have a strategy to ensure the financial sustainability of the sector. Financial sustainability for aged providers underwrites their capacity to provide high quality care for people regardless of their background or circumstances. In lieu of developing such a strategy, the Government must make a substantially greater commitment to funding residential aged care in order to meet the growing level of need and demand in the sector.

There is also clear evidence that recent funding freezes have exacerbated pressures on the quality of care, and placed many residential care facilities in financial peril. This budget should restore the \$675 million per annum cut from residential aged care via funding indexation cuts and freezes,<sup>16</sup> to give some sustainability to the system while other major reforms are planned and implemented.

There is also a growing need to develop a new funding model for residential aged care. It is well documented that the current Aged Care Funding Instrument (ACFI) model is not fit for purpose, and issues have been exacerbated by the recent funding freeze. Our Network’s experience accords with the evidence that ACFI has not kept pace with the changes in the key characteristics of people entering residential aged care in design or quantum of funding.<sup>17</sup> Of particular concern to the Anglicare Australia Network is that the ACFI provides a disincentive for re-ablement, as improving the condition and capability of a resident results in a loss of funding.

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<sup>16</sup> Leading Age Services Australia, Aged & Community Services Australia, and the Aged Care Guild (2018) *Where do you stand on funding for the care of older Australians?* Available at: <https://lasa.asn.au/wp-content/uploads/2018/07/Key-Issues-Where-do-you-stand-on-funding-of-care-for-older-Australians.pdf>

<sup>17</sup> Australian Health Services Research Institute (2017) *Alternative Aged Care Assessment, Classification System and Funding Models Report*. Available at: [https://agedcare.health.gov.au/sites/default/files/documents/07\\_2017/ahsri\\_acfi\\_final\\_report\\_accessible\\_vol\\_2\\_renumbered.pdf](https://agedcare.health.gov.au/sites/default/files/documents/07_2017/ahsri_acfi_final_report_accessible_vol_2_renumbered.pdf)

The Anglicare Australia Network believes that the Alternative Aged Care Assessment, Classification System and Funding Models research provides a detailed evidence base for designing a new funding model that accurately reflects the quality and kinds of care elderly Australians need in residential facilities, including with regard to the provision of appropriate care for people with dementia, and palliative care.

This budget should fund the testing of this model further to develop an accurate cost of care model, and to map a continuum of care between community-based care and residential care, with particular attention paid to complex care needs such as those arising from dementia.

A new residential care funding model based on an evidence-based classification system is also the best way to address the deadlock of opinions around appropriate staffing configurations to meet high quality standards of care.

### **Recommendations: Improving residential aged care**

Anglicare Australia recommends:

- Restoring the \$675 million per annum cut from residential aged care funding.
- Discontinuing the Aged Care Approvals Round for residential care places, instead assigning places directly to the eligible people within the residential care cap
- Creating provisions to ensure continuing supply of residential care services in areas with limited choice and competition
- Developing a strategy to fund these changes.
- Funding the next stage of the Alternative Aged Care Assessment, Classification System and Funding Models to develop a cost of care model.

### **Care in the home**

While recent increases to funding for care in the home have been welcome, there is still a major shortfall between the number of Home Care Packages funded at appropriate care levels, and community need. The longer this goes on, the more many elderly Australians experience loss of health and quality of life, and the more pressure it places on residential and hospital services.

Additionally there is no clarity regarding the planned merger of the Commonwealth Home Support Program (CHSP) with the newer Home Care Package system. It is essential that the merger of these two systems does not result in a net loss of care benefits.

This budget should see the government make a significant funding commitment to end the waiting list for home care packages; and clarify how the Commonwealth Home Services and Care at Home programs are going to merge and ensure there is no loss of options and quality of service for people.

The amount of unspent funding in Home Care Packages remains a major concern, now estimated to have reached approximately half a billion dollars. Research into better understanding the drivers for elderly Australians underspending on their care, and how to help them use their entitlements to ensure they have their care needs met; and if necessary redirect funds in the system, is needed.

**Recommendations: Improving access to home care packages**

Anglicare Australia calls for immediate action to improve access to home care packages. This would mean:

- Increasing investment in home care, including immediately releasing more HCPs, in particular more level 3 and 4 HCPs, to directly reduce the number of clients waiting for care and support;
- A recommitment to, and action on, the integration of the Commonwealth Home Support Program (CHSP) and the Home Care Packages Program to give older Australians an end to end home care system supporting both low and higher-level needs as and when individuals require support;
- Removing consumer cost incentives to remain under the CHSP program. These were intended to provide entry level services, but are becoming a substitute for HCPs.
- Research into the psychological drivers of people unnecessarily underspending on their own care at home, and identification of methods to address it at an individual and systemic level.

**Implementing the Aged Care Workforce Strategy**

One of the key challenges facing our aged care system the need to plan for growth, as well as a growing workforce that is well paid and well trained. The Aged Care Workforce Strategy Taskforce attempted to deliver this through *A matter of care—Australia’s Aged Care Workforce Strategy*.

The strategy outlines fourteen areas for action to support Australia’s aged care workforce in their essential role of caring for some of the frailest, most vulnerable members of our society. It encompasses the education and training system, across both vocational education and training and higher education, so as to ensure graduates have the skills and knowledge that will support safe, quality care. It also calls for investment in better workforce planning, better job pathways to allow for career progression, leadership development across the industry at all levels, and practical strategies for attracting and retaining the right people.

To execute the strategy, all of those in the industry will need to work together to support workforce transformation. Anglicare Australia welcomes the newly formed industry leadership group dedicated to transforming the sector’s workforce to improve services to consumers. The Aged Care Guild, ACSA and LASA have also recently welcomed establishment of this Aged Care Workforce Industry Council as a key recommended the Aged Care Workforce Strategy Taskforce in its final report.

Our expectation is that the Council will lead the implementation of the aged care workforce strategy, empower the industry as a whole to improve, and allow the workforce and the broader community to gain maximum benefit from its recommendations.

**Recommendation: Implementation of the Aged Care Workforce Strategy**

Anglicare Australia calls for the full implementation of the Aged Care Workforce Strategy. This includes the proper resourcing of the Aged Care Workforce Industry Council to oversee its implementation.

## Ensuring funding for the Royal Commission recommendations

Older Australians and their families need to know the facility they have chosen will provide safe, high quality, person-centred care that is grounded in respect, comfort and dignity. Anglicare Australia has supported the Royal Commission into Aged Care Quality and Safety since it was announced. We note that this will be the twentieth review into aged care in as many years.

Each previous review of aged care provides rich data to draw on. But recommendations from previous reviews into aged care have not always been acted on, as is highlighted by Tune Review. Our hope is that this royal commission will break that cycle by engaging the public in an in-depth examination of all elements underpinning quality care. It will also need to have the scope to make recommendations that go beyond changes to the regulation of safety and quality and the governance of the regulator.

It is also important that its recommendations are acted upon fully, unlike previous reviews that have made recommendations relating to funding and staffing. Given the timetable for the Royal Commission's work, Anglicare Australia recommends that some funding be set aside in the next Federal Budget in anticipation of this expense.

### **Recommendation: Anticipating costs from the Royal Commission**

Anglicare Australia recommends funding be set aside in the next Federal Budget in anticipation of implementing major changes to the aged care system.

## Strengthening Disability and Mental Health Support

The National Disability Insurance Scheme (NDIS) presents an historic opportunity for people with disabilities to receive the support they need to live contributing lives. We are now at a pivotal stage in the delivery of the NDIS, and in our view, fundamental questions relating to the provision of services remain unresolved. As we enter 2019, at such a critical stage in the implementation of the scheme, this is deeply concerning. In particular, the provision of services to people with psychosocial disabilities requires urgent attention.

By far the biggest issue is that of unmet need. It is expected that 90% of people with psychosocial disabilities and many thousands of carers will not be covered under the NDIS.<sup>18</sup> While it is essential that the eligibility criteria for the NDIS are urgently clarified, doing so will not change the lack of funding for the level of services required to support Australians with psychosocial illness and disabilities and their families and carers, regardless of where that service is located (within the NDIS, in the community, or through clinical care pathways).

The eligibility criteria for the NDIS are not clearly defined for psychosocial disability, and this is resulting in inconsistent inclusion and exclusion of prospective participants. Given how restrictively the NDIS criteria are defined with regard to mental health, it is also clear that the level of unmet need will have implications for funding between the Commonwealth and State and Territory Governments.

If State and Territory Governments continue to move all the mental health service funding earmarked for incorporation into the NDIS as planned and don't find new funding for other services, there will be a severe shortfall. This will have flow-on costs for the NDIS as people with manageable mental illnesses go without assistance and risk ending up needing more complex and expensive life-long care. On the other hand, if the eligibility criteria relating to psychosocial disability for the NDIS are broadened, it brings into question whether there is enough funding in the scheme to cater for the expanded need. We urge the Government to respond to these issues in the upcoming Federal Budget, and ensure that the NDIS doesn't ultimately fail people with psychosocial disabilities.

### **Recommendation: Identifying and addressing areas of unmet need in the NDIS**

Anglicare Australia calls on the Government to release funding to map NDIS-based and community-based mental health services. This would allow for the identification of geographic and service-type gaps and urgently address them. While this work is done, funding guarantees must be provided to all community-based mental health services, including increases, to meet unmet need.

Anglicare Australia also supports several of the major recommendations from the Productivity Commission's recent inquiry into NDIS Costs. In particular, we highlight Recommendations 4.4; 6.1; 7.1; 8.1; 8.2; 8.3; 12.3; and 13.1 from the Commission's final report. We call on the Government to ensure that the NDIS and the NDIA are properly resourced so that these recommendations can be taken forward as part of the 2019-20 Federal Budget.

<sup>18</sup> Mental Health Australia (2016) *The Implementation and operation of the psychiatric disability elements of the NDIS: A recommended set of approaches*. Available at: [https://www.pc.gov.au/data/assets/pdf\\_file/0008/215864/sub0155-ndis-costs-attachment.pdf](https://www.pc.gov.au/data/assets/pdf_file/0008/215864/sub0155-ndis-costs-attachment.pdf)

**Recommendations: Implementing the Productivity Commission’s Inquiry into NDIS Costs**

Anglicare Australia recommends the Government adopt the major recommendations of the Productivity Commission’s Inquiry into NDIS Costs. This would involve a commitment to:

- implement a psychosocial gateway as the primary pathway that people with psychosocial disability to enter the NDIS
- increase funding for Information, Linkages and Capacity Building (ILC) to the full scheme amount of \$131 million for each year during the transition
- address thin markets by considering block-funding; publicly releasing the Provider of Last Resort (POLR) policy and Market Intervention Framework as a matter of urgency
- ensure that price caps are set in a manner that is transparent and evidence-based, and subject to regular review
- transfer the NDIA’s power to set price caps for scheme supports to the National Disability Insurance Scheme Quality and Safeguards Commission by 2020.

## Action on Homelessness and Housing Affordability

It was not very long ago that it was accepted that everyone has a right to a home. The truth and value of a home for all of us has not changed, but the willingness of governments to see it has the responsibility to ensure everyone can have a home has. Our understanding of the vital importance of home to people's wellbeing has increased, yet public and community housing numbers have decreased as a proportion of the market. In recent years, governments have argued that it is up to the private market to provide a home for all.

But on every measure the private rental market is failing to deliver affordable and appropriate shelter for millions of Australians, let alone provide what most of us understand as a home. Anglicare Australia's most recent Rental Affordability Snapshot surveyed 67,000 rental properties in April 2018 and found that on people living on income support payments can hardly afford rent anywhere.<sup>19</sup> Across Australia, there were only:

- 485 rentals were affordable for a single person on the Disability Support Pension
- 180 rentals were affordable for a single parent with one child on Newstart
- 3 rentals were affordable for a single person on Newstart
- 2 rentals were affordable for a single person in a property or share house on Youth Allowance
- 0 rentals were affordable for a single person on Newstart or Youth Allowance in Sydney, Canberra, Melbourne, Adelaide, Darwin or Perth.<sup>20</sup>

Although these findings were stark, they are not isolated. Each year, the Snapshot has shown declining affordability. And for all the recent commentary on the collapse of the housing market, it is important to remember that the impact on renters has been meagre – rents in 2018 simply failed to grow and are now at the same unaffordable levels they were at in 2017.<sup>21</sup>

The consequences of this are far-reaching. Because rent is immutable and income is fixed, people and families cut spending on other basic needs and damage their own health and prospects in life to maintain shelter. Put simply, people go hungry; go without heating in winter and cooling in summer; can't afford essential transport, medical expenses or have to deny their kids involvement in school and recreational activities. Current policies to promote affordable housing bear little resemblance to those proposed by the sector and independent experts. They also fail to match the scale and urgency of the crisis. The Government must work with the sector to develop a collaborative, evidence-based approach to housing affordability.

### **Recommendation: Joint Government-Sector Taskforce**

Anglicare Australia calls for a Joint Government-Sector Taskforce into affordable housing. This taskforce would work with the Government to develop solutions to the housing crisis.

<sup>19</sup> Anglicare Australia (2018) *Rental Affordability Snapshot*. p4. Available at:

<http://www.anglicare.asn.au/docs/default-source/default-document-library/final---rental-affordability-snapshotb811d9309d6962baacc1ff0000899bca.pdf>

<sup>20</sup> Ibid.

<sup>21</sup> Domain Group (2019) *Domain Quarterly Rental Report*. Available at:

<https://www.domain.com.au/news/sydney-house-rents-drop-annually-for-first-time-in-12-years-domain-data-reveals-793830/>

The Everybody's Home campaign, which Anglicare Australia is a member of, has highlighted the fact that many individuals and families are paying 50% or more of their income in rent, and living with the constant threat of becoming homeless. Anglicare Australia members across the country work with people from all walks of life living in severe rental stress, or dealing with being locked out altogether due to unaffordability. There is little doubt that rates of homelessness are an underestimate given the number of people couch-surfing, returning to live with parents or other family even when the accommodation is unsuitable (for example, whole families cramming into single spare rooms) because they have no other choice. We are also seeing a growth in rates of homelessness and rental stress among older people, particularly older women. The shift towards a housing market that advantages existing property owners is seeing a growing number of older people locked out of secure housing at the very time that it is most essential to them.

Other impacts are less evident but as just serious. Without secure housing, it is much harder to maintain stable employment, have healthy family relationships, or pursue education. Anglicare Australia has case studies from our members of young people forgoing education and employment opportunities because they can't find affordable accommodation where they would need to live; and of women seeking to escape family violence being unable to move away from the perpetrator. Another issue of critical importance to Anglicare Australia is the relationship between housing and other services. The quality of aged and disability care is much harder to deliver in inadequate, unaffordable, or insecure housing.

Anglicare Australia echoes the calls of the Everybody's Home coalition for an urgent investment in low-cost rental housing, especially public and other social housing, into the market. Having access to more low cost properties improves choice for renters at the lower end of the market, and in turn make it cheaper and easier for more prospective renters to find a home.

**Recommendation: Investing in new social and affordable rental homes**

Anglicare Australia supports calls for an increase in Federal and State Government investment to deliver 300,000 new social and Aboriginal housing properties over ten years. We also recommend new federal subsidy to leverage super fund and other private sector investment in 200,000 low cost rental properties for low and middle income earners over ten years.

Another unique feature of Australia's housing market is that it has effectively been designed to benefit speculation and investment, instead of housing. Government-subsidised investment has meant that prices are increasing much faster than incomes, and the market is failing to achieve adequate availability of affordable rental housing. Most experts and commentators now agree that there is an urgent need to minimise the impact of speculative investment through reviewing tax policies, such as negative gearing and capital gains tax. These tax policies have over the years driven up demand for housing while doing very little to support the supply of housing by providing a safety net for people who might otherwise not take such risks in the property market. Arguments that these measures create new housing supply have been comprehensively debunked. The Grattan Institute in preparing its 2013 report on the housing crisis investigated investment loan approvals found that only around 5% of approved investment loans were for the construction of new dwellings.<sup>22</sup>

<sup>22</sup> Kelly, J-F. Hunter, J. Harrison, C., Donegan, P. (2013) *Renovating Housing Policy*. Grattan Institute. p25. Available at: [https://grattan.edu.au/wp-content/uploads/2014/03/800\\_Renovating\\_Housing.pdf](https://grattan.edu.au/wp-content/uploads/2014/03/800_Renovating_Housing.pdf)

These tax policies, extensively discussed in the 2010 Henry Tax Review<sup>23</sup> have also contributed to a loss of billions of dollars each year in revenue for the Federal Government. These are funds which might otherwise have been used to finance social and physical infrastructure across the country.

**Recommendation: Ending unfair tax exemptions**

Anglicare Australia recommends that the Government phase out capital gains tax exemptions and targets negative gearing exemptions at investment in affordable housing. The revenue raised would also be used to incentivise investment in social and affordable rental housing.

## Strengthening renters' rights

Rental stress is worsened by insufficient tenants' rights in many parts of the country, which see people living in dangerously run-down accommodation because they are too scared the landlord will raise the rent or evict them if they ask for basic repairs; evicted without cause and forced to move so their kids too have to move schools and vital community connection is lost; and refused the simple joy of the companionship of pets.

The private rental market is dismally failing people on very low incomes, those with disability, single parents, and people with multiple or complex disadvantages. It is a market that is so heavily skewed in the interests of landlords and investors that the notion that tenants' needs and preferences are responded to is more of an exception than a rule. We believe that significant reforms to tenancy laws are required to better support the interests and rights of tenants who are seeking to make a home.

The lack of stability provided for tenants in the private rental market is a major issue, especially given the growing number of people who will be renting into the long term. This issue was highlighted recently in a report produced jointly by National Shelter and CHOICE called *Unsettled: Life in Australia's private rental market*.<sup>24</sup> The report found that long term fixed leases are very uncommon with only 6% of respondents on a fixed term lease for five years or longer. It found that 20% of renters are on a rolling or month-by-month lease.

Australia lags far behind comparable countries in giving renters proper rights, including the option of longer leases, the right to have pets and reasonably alter a property to make it a home. It is essential that such rights are recognised and guaranteed no matter where you are in the country. Making renting fairer, more stable and more flexible is an essential part of ensuring every person in Australia has a home.

**Recommendation: Strengthening renters' rights**

Anglicare Australia recommends the Government implement a National Renters Rights Plan that delivers consistent and fair renting conditions for all Australians. This should include working with State and Territory to improve protections against evictions, rent rises, and landlord refusals to maintain properties to a decent standard.

<sup>23</sup> The Henry Review (2010) *Australia's future Tax System*. Department of Treasury. Available at: [https://taxreview.treasury.gov.au/content/Content.aspx?doc=html/pubs\\_reports.htm](https://taxreview.treasury.gov.au/content/Content.aspx?doc=html/pubs_reports.htm)

<sup>24</sup> CHOICE and National Shelter (2017) *Unsettled: Life in Australia's private rental market*. Available at: <http://www.shelter.org.au/sites/natshelter/files/public/documents/The%20Australian%20Rental%20Market%20Report%20Final%20Web.pdf>

## Renters and poverty in retirement

Over the last year, Anglicare Australia Network members have witnessed the challenges faced by many older Australians as they retire into poverty. An increasing number of Australians face retirement without enough savings or assets, meaning they will rely entirely on the Age Pension. But with no home of their own and little or no savings, they struggle to get by on the Pension. Anglicare Australia's most recent Rental Affordability Snapshot found that just over one percent of properties were affordable for a single person on the Age Pension. That means that a huge number of retired renters, pensioners especially, are likely to be experiencing housing stress and living in poverty.

This particularly affects older women, and is reflected in their increased rates of homelessness. Older single women are one of the fastest growing cohorts of people experiencing homelessness and most of them have never been homeless before. Many women will retire with less because of time taken out of the workforce, lower pay, and the impact of life crises such as family breakdown or domestic violence. All of this can lead to women losing assets and income, making them much more vulnerable and likely to retire into poverty.

Secure, affordable housing becomes even more important after retirement, as older people begin planning the latter part of their lives and begin to need care and support at home. The structure and funding of our aged care system presumes that people own their own home or enjoy living in secure and affordable rental housing, while aged care itself is increasingly focussed on providing that care within the home.

Home ownership is a major factor in providing for comfortable and dignified retirement. Indeed, the Age Pension, the funding of the aged care system, and much of the social security system is predicated upon the assumption of home ownership. These systems will be greatly impacted by changing patterns of home ownership, as more and more people are now retiring as renters while others are retiring with substantial mortgage debt. To date, no work has been done to model that impact. Anglicare Australia believes this work is becoming urgent as a generation of Australians is locked out of home ownership and more people are set to be lifelong renters.

### **Recommendation: Modelling changing patterns of home ownership**

Anglicare Australia calls for treasury to conduct research on changing models of home ownership. This should explore the future impacts on the social security system, the broader budget, and the quality of life in retirement for future generations.

## A Better Future for Children and Young People

The transition from adolescence to adulthood – emerging adulthood – is now recognised as a significant stage in the life cycle in developmental, emotional and social terms. Young people leaving out-of-home care (OOHC) face this transition to adulthood without family support and with significant extra barriers such as poor mental health, intellectual and physical disabilities, developmental delays, and the trauma that led to them entering OOHC to begin with. They are further disadvantaged through structural impediments and economic and social policy factors, such as the lack of affordable or appropriate housing and high unemployment.

Stability of care and emotional security during time in care are significant predictors of young people's outcomes. However, residential care does not always meet the needs of vulnerable children and may also exacerbate trauma. The disparities in care-pathways between children in OOHC and those resident in traditional care structures is poignantly highlighted in the abrupt and instituted end of formal state care at the age of 16-18 years. The state, as the effective parent, ceases to provide ongoing financial, social and emotional support as a care-giver. For this reason, for a young person in OOHC, the process of leaving care has commenced well before adulthood. A review of Australian research, including a report by the Victorian Ombudsman, found evidence that some young people had little or no preparation for leaving care, and no leaving-care plan.<sup>25</sup>

By contrast, young people in the general population are now more likely to continue to live with their parents well into their mid-20s, entering and exiting the family home several times as they pursue various personal development opportunities. Driven by the increasing uptake of post-schooling education, the rising cost of housing and the increasing accessibility of travel, at present, almost 50% of people aged between 18 and 24 are still living with one or both parents.<sup>26</sup>

Research has consistently shown that the leaving care transition needs to be flexible, gradual and well planned. On this basis, Anglicare Australia members led by Anglicare Victoria have formed a coalition, Homestretch, calling for young people in OOHC to be given the option to remain in care until the age of 21.

A recent cost-benefit commissioned by Anglicare Victoria explored the potential benefits that could flow – both to the individual and to the public – from introducing a program of support for children in all forms of OOHC that gives them the option to extend such care from the age of 18 to the age of 21. The modelling results from the full study show that the benefit to cost ratio of the program is 1.84.<sup>27</sup> In other words, a dollar invested in the program is associated with an expected return of \$1.84 in either savings or increased income. This includes a benefit-cost ratio of approximately 1.6 for public spending.<sup>28</sup>

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<sup>25</sup> Mendes, P., Johnson, G., and Moslehuddin, B. (2011) *Young people leaving state out-of-home care: A research-based study of Australian policy and practice*. Australian Scholarly Publishing.

<sup>26</sup> Deloitte Access Economics (2016) *Socioeconomic Cost Benefit Analysis by Deloitte Access Economics*. Anglicare Victoria. p2. Available at: <http://thehomestretch.org.au/site/wp-content/uploads/2016/08/Raising-Our-Children-Guiding-Young-Victorians-in-Care-into-Adulthood.pdf>

<sup>27</sup> Deloitte Access Economics (2016). *An accompanying document of the Socioeconomic Cost Benefit Analysis by Deloitte Access Economics*. Anglicare Victoria. p16. Available at: [http://thehomestretch.org.au/site/wp-content/uploads/2017/05/National-Summary\\_CBA-Extending-Support-for-OOHC-to-21-New-Cover.pdf](http://thehomestretch.org.au/site/wp-content/uploads/2017/05/National-Summary_CBA-Extending-Support-for-OOHC-to-21-New-Cover.pdf)

<sup>28</sup> Ibid.

Other key findings include:

- The probability of homelessness is halved, from 39% down to 19.5%;
- The probability of pursuing further education is increased, from 3.6% to 9%;
- The probability of arrests is down from 16.3% to 10.4%;
- The probability of hospitalisation is decreased, from 29.2% to 19.2%;
- The probability of alcohol or drug dependence is decreased, from 15.8% to 2.5%; and
- There are also benefits across other domains including improved mental health and physical health, reduced intergenerational disadvantage, and an increase in social connectedness.<sup>29</sup>

Based on the overwhelming evidence of benefits to young people and the community more broadly, Anglicare Australia supports moves to extend care to 21 years for those who wish to remain in foster care or kinship care and have the agreement from their carer; or, wish to remain in a supported care environment.

Extending care would require Governments to provide support in the form of ongoing carer reimbursements to carers and case management to the young person and resources to access education or employment activity. Some models internationally require participation in employment or educational pursuits as a condition to be supported in extended care. Other models provide financial reimbursement in the form of an allowance.

Although this is primarily an area of responsibility for State and Territory Governments, the Commonwealth has funding and oversight responsibilities in areas that are directly related to child protection and constitutional responsibility for Indigenous children, who form a significant proportion of children in care. National leadership in this area is necessary to ensure action, and consistency, across State and Territory Governments. The Commonwealth also stands to gain savings.

#### **Recommendations: Extending out-of-home care to 21**

Anglicare Australia calls on the Federal Government to establish a federally co-ordinated approach to continued care to 21 years for better outcomes for young people. This would include:

- Defining eligibility and criteria principles
- Enable legislation and define responsibilities for the states and territories
- Create a cost sharing arrangement between the Federal, State and Territory Governments.

### **Supporting Aboriginal and Torres Strait Islander children and young people**

It has been over twenty years since the release of *Bringing Them Home*, the landmark report into the Stolen Generations. At that time, many Australians were shocked to learn that Aboriginal and Torres Strait Islander children represented 20 percent of children in OOHC. Today, Aboriginal and Torres Strait Islander children make up over one third of all children living in OOHC.<sup>30</sup> The rate of Aboriginal and Torres Strait Islander children in OOHC is almost ten times that of other children, and disproportionate representation continues to grow.<sup>31</sup>

<sup>29</sup> Ibid.

<sup>30</sup> Family Matters (2017) *The Family Matters Report 2017*. SNAICC. p5. Available at: <http://www.familymatters.org.au/wp-content/uploads/2017/11/Family-Matters-Report-2017.pdf>

<sup>31</sup> Ibid.

The consequences of child removal are profound. Removals devastate families, deepen intergenerational trauma, and trigger poor life outcomes. In spite of the principles of prevention and early intervention enshrined in federal and state policy frameworks, over 80% of funding goes into the out-of-home care system instead of into solutions.

If we continue to do what we are currently doing in child protection, the numbers of Aboriginal and Torres Strait Islander children in OOHC will at least treble in the next 20 years, according to the most recent Family Matters report.<sup>32</sup> The rates of over-representation of Aboriginal and Torres Strait Islander children continue to increase across jurisdictions. Not only are we failing to close the gap, we are actively widening the gap.

Anglicare Australia is signatory to the Family Matters campaign, which aims to eliminate the over-representation of Aboriginal and Torres Strait Islander children in out-of-home care by 2040. We echo the campaign's calls to strengthen and support families to reverse the trend of removals, and to work with Aboriginal and Torres Strait Islander communities to ensure children and young people grow up safe and cared for in family, community and culture.

**Recommendations: Reversing the trend of Aboriginal and Torres Strait Islander child removals**

Anglicare Australia recommends the Government adopt the major actions identified by the Family Matters coalition. This would involve a commitment to:

- develop of a national Aboriginal and Torres Strait Islander Children's Strategy which includes generational targets to eliminate over-representation and address the causes of child removal to improve safety and wellbeing.
- increase efforts to connect Aboriginal and Torres Strait Islander children in OOHC to family and culture, through cultural support planning, family finding, return to country, and kinship care support programs.
- prioritise investment in service delivery by community-controlled organisations in line with self-determination, including through investment targets aligned to need and adopting co-design principles with Aboriginal and Torres Strait Islander communities.

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<sup>32</sup> Ibid.

## Creating New Jobs and Reforming Employment Services

Australia is in the midst of one of the strongest periods of growth in full-time employment. However, Anglicare Australia’s research shows that the job market is not delivering for those facing the greatest barriers to work – for example people who may not have qualifications or experience to draw on, those trying to re-enter the workforce after a long break, or those living in regional or remote areas.

Our most recent Jobs Availability Snapshot, released in October, shows a grave situation for people facing these barriers to work. In our sample month, there were 714,000 people who were unemployed, including 110,735 jobseekers who may not have qualifications or experience.<sup>33</sup> But entry-level jobs (or ANZCO Level 5 jobs) comprised just 26,000 (15%) of the 185,662 jobs advertised.<sup>34</sup> In other words, up to five of these jobseekers are competing for each entry-level role across Australia.

The Snapshot shows that people with barriers to work are not benefiting from the recent boom in full-time employment – and that the market cannot be relied upon to fix these problems without intervention.<sup>35</sup> The JAS shows why government intervention must move away from failed policies that force people onto an endless hamster wheel of job searching and training unlinked to real job prospects. Instead, we need to revisit the idea of job creation and drastically overhaul employment services.

### Reforming employment services

There is now unprecedented agreement that employment services must be radically overhauled. The Jobactive network is rightly facing intense scrutiny and criticism for its failure to offer genuine support and facilitate people into appropriate work, particularly people with additional barriers to securing a job. The current system reflects a lack of acknowledgement of the job market, with a consistent lack of entry-level jobs for those who need them.

The Jobactive network simply isn’t helping these people into work. According to the Department of Jobs and Small Business those who need the most help are spending an average of five years in the system. The Department’s own discussion paper on the future of employment services states that “almost half of the people in Jobactive have remained in the service for two years or more. Among the most disadvantaged job seekers (Stream C), the average length of time on the caseload is five years.”<sup>36</sup> The recently released report by Per Capita and the Australian Unemployed Workers Union also documents the failings of the Jobactive network in detail.<sup>37</sup>

<sup>33</sup> Anglicare Australia (2017) *Jobs Availability Snapshot*. p4. Available at: <http://www.anglicare.asn.au/docs/default-source/default-document-library/jobs-availability-snapshot-2017.pdf>

<sup>34</sup> Ibid.

<sup>35</sup> Ibid.

<sup>36</sup> Department of Jobs and Small Business (2018) *The next generation of employment services discussion paper*. p4. Available at: <https://docs.jobs.gov.au/documents/next-generation-employment-services-discussion-paper>

<sup>37</sup> Bennet et al. (2018) *Working it out: Employment Services in Australia*. Available at: <https://percapita.org.au/wp-content/uploads/2018/09/Working-It-Out-FINAL.pdf>

The Jobactive network rewards providers who churn people through their service, even if they only get a short-term job. Providers are also getting paid to put people through training, regardless of whether that training isn't linked to job opportunities or gaps in the workforce. Research from the Brotherhood of St Laurence shows that these training programs are not leading to work.<sup>38</sup> Clearly, the system is broken and must be overhauled as a matter of urgency.

Anglicare Australia rejects the notion that increasing competition will necessarily provide better outcomes for people who are unemployed or increase the quality of services. Indeed the evidence shows that human services are poorly suited to marketisation and competition as a means to produce better outcomes for the people they are meant to serve,<sup>39</sup> an observation echoed by the Productivity Commission.<sup>40</sup> The outsourcing of employment services, particularly the inclusion of for profit providers, has opened the way for widespread roting of the system and harm to vulnerable people.<sup>41</sup> The Australian Government must recognise its responsibility for stewardship of the system and ensuring people accessing government-funded employment services receive high quality support.

Governments must now think beyond employment services. Recent research by the Productivity Commission has found that despite 27 years of uninterrupted economic growth, the proportion of Australians living on “very low incomes” (9-10%) has not changed in these three decades.<sup>42</sup> This persistent disadvantage is one illustration that a new approach is needed to enable every Australian to have the opportunity to live a dignified life and participate fully in society. More broadly, the nature of employment has become more insecure and more casualised. Less than half of the employed population in Australia now holds a “standard” permanent full-time paid job with leave entitlements.<sup>43</sup> It is particularly difficult for young people entering the workforce, with nine-in-ten new positions created in 2017-18 for people under the age of 25 being part-time.<sup>44</sup>

To meet these challenges, Anglicare Australia has made several recommendations in our submission on the future of employment services system which could be acted on immediately.<sup>45</sup> Research from our own services and members shows that a person-centred approach would be much more effective

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<sup>38</sup> The Brotherhood of St Laurence found that 44% of unemployed people accessing their services had gotten at least 2 qualifications in the past 5 years – but they had not helped them into employment. See: Brotherhood of St Laurence (2014) *Investing in our future: Opportunities for the Australian Government to boost youth employment*. Available at: [https://cica.org.au/wp-content/uploads/Investing\\_in\\_our\\_future\\_2014.pdf](https://cica.org.au/wp-content/uploads/Investing_in_our_future_2014.pdf).

<sup>39</sup> Op cit 35.

<sup>40</sup> Op cit 15.

<sup>41</sup> See, for example: Australian Broadcasting Corporation (2015) *The jobs game*. Four Corners. Available at: <http://www.abc.net.au/4corners/the-jobs-game/6247206>; and Morton, R. (2017) *Failing employment services program sites branded a mess*. The Australian. Available at: <https://www.theaustralian.com.au/national-affairs/industrial-relations/failing-employment-services-program-sites-branded-a-mess/news-story/18d847b7858477721eabd6438790603b>

<sup>42</sup> Productivity Commission (2018) *Rising inequality? A stocktake of the evidence*. Available at: <https://www.pc.gov.au/research/completed/rising-inequality/rising-inequality.pdf>

<sup>43</sup> Carney, T. Stanford, J. (2018) *The Dimensions of Insecure Work: A Factbook*, Available at: [https://www.futurework.org.au/the\\_dimensions\\_of\\_insecure\\_work](https://www.futurework.org.au/the_dimensions_of_insecure_work)

<sup>44</sup> Conrad Liveris (2018) Growth and Change Australian Jobs in 2018. Available at: [https://conradliveris.files.wordpress.com/2018/07/australian-jobs-in-2018\\_liverisjune2018.pdf](https://conradliveris.files.wordpress.com/2018/07/australian-jobs-in-2018_liverisjune2018.pdf)

<sup>45</sup> Anglicare Australia (2018) *Submission regarding The Next Generation of Employment Services: Discussion Paper*. Available at: <http://www.anglicare.asn.au/docs/default-source/default-document-library/aa-submission-future-employment-services-aug-2018---final.pdf?sfvrsn=6>

in supporting long-term employment outcomes.<sup>46</sup> Such an approach would acknowledge individual differences and situational factors, and recognises people’s agency, strengths and aspirations. Employment services should be immediately reformed along these lines to support people into appropriate training and work, and to provide ongoing assistance to help them stay in employment. This is particularly crucial for people experiencing long-term unemployment and significant barriers to work.

Employment services must also be decoupled from penalties such as the loss of government income support. The current regime creates more hardship and suffering for people who are already highly vulnerable and trying to survive on government income payments well below the poverty line.

Finally, due to the marketisation and lack of proper regulatory oversight for Jobactive providers, there is an urgent need to create a third party independent body to both better regulate employment services in light of evidence of churning and roting. This body should also provide advocacy for the people using employment services.

### **Recommendations: Reforming employment services and the Jobactive network**

Anglicare Australia recommends:

- A restructuring of our system of training to ensure that training actually leads to work. This will involve working with people to identify their goals and assessing them against gaps in the workforce.
- An investment in supported work placements, especially those that include tangible training opportunities.
- A requirement for employment service providers to follow-up with people and help them stay in work once they secure a job, rather than rewarding churn.

### **Connecting policy interventions to workforce demand**

The implementation of the NDIS and our ageing population has sparked very strong demand for new workers in human services, including for entry level positions. The NDIS alone is expected to require tens of thousands of new full-time equivalent in the coming years.<sup>47</sup> Importantly, the need for a significant number of new workers is not just confined to Australia’s metropolitan areas, and includes strong demand in rural, regional and remote areas.

It is inexplicable that on the one hand there is serious concern about not being able to employ sufficient people to meet demand in the NDIS for example, particularly in regional areas; yet there is no strategic response to ensure that people known to seriously struggle for entry level work aren’t given the opportunity to help supply that demand with targeted support.

The concern that employee demand won’t be filled has become so acute the NDIA produces detailed geospatial market projections that include the number of jobs required. The Department of Employment and Jobactive network similarly know the location and numbers of Stream C (or entry-

<sup>46</sup> Goodwin-Smith, I. and Hutchinson, C. (2015) *Beyond supply and demand: addressing the complexities of workforce exclusion in Australia*. Journal of Social Inclusion 6(1). Available at:

<https://josi.journals.griffith.edu.au/index.php/inclusion/article/view/640/670>

<sup>47</sup> Productivity Commission (2017) *National Disability Insurance Scheme (NDIS) Costs*. Issues Paper. p22.

Available at: <http://www.pc.gov.au/inquiries/completed/ndis-costs/issues/ndis-costs-issues.pdf>

level) jobseekers. This presents a critical opportunity to harness this information and develop and implement an inclusive employment strategy that directly targets people with significant barriers to work and offer them pathways into employment within the disability sector.

Anglicare Australia urges the Government focus on creating voluntary pathways between employers who can offer entry level training and positions in known sectors or demand, and jobseekers who are interested in and suitable for the work on offer.

**Recommendation: Investing in job creation for disability and community services**

Anglicare Australia recommends the Government explicitly build employment pathways into the development of the NDIS and aged care workforce strategies, to better connect interventions to workforce demand. The Government should also provide an analysis of other industries and sectors expected to expand and capable of providing entry level job opportunities, and ensure the Jobactive network is tasked with targeting and realising such opportunities.

## Conclusion

Much is made of the need for evidence-based policy. But the problem we have seen emerging over many years is that the evidence of real inequity and policy failure is not being addressed.

These are not individual failures, but structural and market failures. They include the failure of the private rental market – and indeed the governments of Australia – to provide a home for people living on low incomes, the failure of job services to help the people most excluded from the workforce to find a job, the failure of government policy to address the evident impact of climate change on those least able to protect themselves, the failure of government to open the door to those at most risk of exclusion.

Our recommendations in this submission are for government to invest in programs, initiatives and policies which will address inequity, injustice and exclusion that are too well established in Australian society.