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Pre-Budget Submission 2018-19

Budget Policy Division
Department of the Treasury
December 2017

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 over 40 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 joint budget of \$1.48 billion, a workforce of over 18,000 staff and more than 11,000 volunteers, the Anglicare Network contributes to more than 50 service areas in the community. Our services are delivered to more than one million Australians, in partnership with them, 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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Strengthening the Safety Net

The context for the next Federal Budget is an Australia facing growing inequality, and where the cost of living is rising faster than wages or income support payments. Inequality is now the worst it has been in seventy-five years, in spite of two decades of uninterrupted economic growth.¹ But instead of strengthening the safety net and improving support to those who need it the most, recent budgets have focused on measures that drive increasing inequality and disadvantage in Australia, in turn creating further poverty.

Australia already has one of the most targeted and compliance-heavy social security systems in the world.² However, last year's Federal Budget included further cuts to Australia's shrinking social security net. Together, the [Social Services Legislation Amendment \(Welfare Reform\) Bill 2017](#), the [Social Services Legislation Amendment \(Better Targeting Student Payments\) Bill 2017](#), the [Social Services Legislation Amendment \(Ending Carbon Tax Compensation\) Bill 2017](#), and the [Social Services Legislation Amendment \(Payment Integrity\) Bill 2017](#) will lead to hundreds of millions of dollars in cuts and revive a culture of paternalism towards people on income support payments. At a time of growing concern about rising inequality and the erosion of social cohesion, and with welfare cuts opposed by the majority of Australians,³ any further cuts in the upcoming Federal Budget would be out of step with community expectations.

Recommendation 1: No further cuts to income support

Anglicare Australia calls on the Government to rule out any further cuts to income support ahead of the 2018-19 Federal Budget.

The evidence that these payments are already too low is almost universally accepted,⁴ 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 nearly 25 years.⁵ Australia now has the second lowest unemployment benefit in relation to average wages in the OECD. The OECD itself has reported that

¹ 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>

² Whiteford, P. (2016) 'Ideas for Australia: Welfare reform needs to be about improving well-being, not punishing the poor.' *The Conversation*. Available at: <https://theconversation.com/ideas-for-australia-welfare-reform-needs-to-be-about-improving-well-being-not-punishing-the-poor-56355>

³ The Australia Institute (2016) *Poll: Strong rejection of Newstart cuts*. Available at: <http://www.tai.org.au/content/poll-%E2%80%98other%E2%80%99-surge-senate-voting-intention-and-strong-rejection-newstart-cuts>

⁴ 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

⁵ Ibid, p38.

Australia's income support payments are insupportably low.⁶ As a result, these payments now trap people into poverty and are widely recognised as a barrier in themselves to people finding work.⁷ 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.

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; a need recently raised by the International Monetary Fund.⁸

Not only are the payments far too low, 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 \$538.80 per fortnight for a single person, compared to the minimum wage of \$1389.80 (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 14 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.⁹ 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 2: Restructuring income support

Anglicare Australia recommends an increase to income support payments, particularly Newstart and Youth Allowance to a rate that adequately reflects the actual cost of living and job seeking, and a removal of the deeming of people's payments so that all welfare payments are tax exempt.

⁶ 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>.

⁷ Education, Employment and Workplace Relations References Committee, op cit, pp41-42.

⁸ 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>

⁹ 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

Reforming human services

Anglicare Australia believes that the creation of a fairer society depends on human services. Human services are both a universal entitlement and a safety net, ensuring that everybody has a stake in the community and everybody counts.

We are still awaiting the release of the final report from the Productivity Commission Inquiry into Human Services. However, the next Federal Budget represents an opportunity to implement some of the recommendations already flagged by the Commission's Draft Report, particularly those which have already been welcomed by the community services sector and which focus on improvements to the delivery of human services.

Anglicare Australia notes that the Productivity Commission's Draft Recommendations 7.4-7.7 relating to family and community services were widely supported by stakeholders in the final round of consultation. These include measures for how the Federal Government could collaborate with State and Territory Governments to improve systems and service delivery models, and to share information and research.

Recommendation 3: Improving systems and information sharing for family and community services

Anglicare Australia recommends the Government adopt Draft Recommendation 7.4 from the Productivity Commission inquiry into Human Services. This would involve a commitment to:

- monitor the performance of providers of family and community services in achieving outcomes for service users
- evaluate service providers, programs and systems in ways that are commensurate with their size and complexity
- proactively support the sharing of data between governments and departments, consistent with the Productivity Commission's Inquiry into Data Availability and Use
- release de-identified data on family and community services to service providers and researchers
- develop processes to disseminate the lessons of evaluations to governments and service providers.

The sector has also strongly supported the Productivity Commission's long-overdue recognition of the harm done by short 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 default contract 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."*¹⁰

¹⁰ Productivity Commission (2017) *Introducing Competition and Informed User Choice into Human Services: Reforms to Human Services*. Draft Report. p20. Available at: <https://www.pc.gov.au/inquiries/completed/human-services/reforms/draft/human-services-reforms-draft.pdf>

If implemented, this would 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.

Recommendation 4: Stability in funding and service delivery

Anglicare Australia recommends the Government adopt Draft Recommendations 7.5 and 7.6 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.

Throughout the Inquiry, Anglicare Australia highlighted research on intelligent commissioning from the UK, which documents case studies utilising the Social Return on Investment methodology to demonstrate their value beyond individual outcomes. The Productivity Commission's Draft Recommendation 7.7 supports relational approaches to contract management, which could be further enhanced by exploring examples from overseas. Anglicare Australia commends the Social Investment on Return methodology developed in the UK, and the considerable body of work on effective commissioning and the third sector.

Recommendation 5: Commissioning and contract management

Anglicare Australia recommends the Government adopt Draft Recommendations 7.7 from the Productivity Commission inquiry into Human Services. This would involve a commitment to:

- train staff to increase their capacity to implement outcomes-based approaches to commissioning and relational approaches to contract management
- trial relational approaches to contract management in family and community services.

Anglicare Australia also urges the Government to support greater collaboration between the public sector, users and providers, and recommends the creation of a Government institutional framework to support more intelligent and thoughtful commissioning.

Not-for-Profit sector advocacy

The Commonwealth Government has been leading the move of Australia's human services towards a more person-centred approach, and key departments are working with community sector partners in the co-design of those services.

This trend is most apparent in the aged care and disability service sectors. The introduction of a rolling sequence of aged care reforms has invited ongoing consultation and sector monitoring of new systems and processes. This has been, and must continue to be, informed by the expert guidance of peak advocacy bodies speaking for service providers, health experts, care workers, and most importantly, the people who access the care and their families. We would not have the level of reform, nor the sector wide commitment to making those reforms work, without a higher systemic

level of advocacy.

The Government itself sees the National Aged Care Advocacy Program (NACAP) as “playing a significant role in informing systemic change and is an important and effective mechanism for capturing consumer perspectives and experiences regarding an evolving aged care system”.¹¹

Similarly, the Government's effective roll out of the NDIS relies on the National Disability Advocacy Program, which stretches from individual to systemic advocacy.¹² Indeed, the NDIS would never have been implemented if not for concerted systemic advocacy conducted over many years by the people most directly affected and the organisations that deliver the services and support that they need.

At time of writing, we are awaiting the final report and response from the Productivity Commission inquiry into in Human Services, however it is clear that sector-driven systemic advocacy is essential. The respect implied by this focus on person-centred care and the user choice can only be substantiated by supporting and welcoming that advocacy.

At a practical level, Anglicare Australia calls on the Australian Government to reverse previous decisions and invest in peak bodies for youth affairs, alcohol and other drugs services, and homelessness. These will be essential to informing and better developing programs and policies.

At a high level Anglicare Australia calls on the Australian Government to explicitly endorse the value of broad and systemic advocacy by the Not-for-Profit sector and ensure the DGR status for the sector's advocacy is maintained.

Recommendation 6: Supporting systemic advocacy by the Not-for-Profit sector

Anglicare Australia recommends the Government recognise the value of systemic advocacy by the Not-for-Profit sector by:

- investing in peak organisations for youth affairs, alcohol and other drugs services, and homelessness
- ensuring the DGR status for the sector's advocacy is maintained.

¹¹ Department of Health (2016) *Draft National Aged Care Advocacy Framework*. Commonwealth of Australia. p1. Available at:

https://agedcare.health.gov.au/sites/g/files/net1426/f/documents/02_2017/draft_national_aged_care_advocacy_framework.pdf

¹² Department of Social Services (2017) National Disability Advocacy Program. Commonwealth of Australia.

Available at: <https://www.dss.gov.au/our-responsibilities/disability-and-carers/program-services/for-people-with-disability/national-disability-advocacy-program-ndap>

Supporting Aged Care Reform

At a time of continuing reform across aged care sector, greater attention has been given to increasing the focus on person-centred care and shifting towards providing care and support in the person's home.

Many of the most recent reforms have been designed to give aged care 'consumers' greater choice and control. Anglicare Australia supports this goal, but is concerned this is leading to people failing to fully access the care available to them, leading to increased pressure on family carers and a build-up of unspent funds. At the same time, we are seeing a growing waiting list of people who are eligible for higher level home care packages, but are unable to access them. Anglicare Australia strongly endorses calls made across the sector a significant increase in the supply of high level home care packages and action to reallocate unspent funds.

One of the key challenges facing our aged care system the need to plan for growth and, in the context of 'consumer directed care', a growing workforce that is well paid and well trained. Another is to ensure equity of access and outcomes for people who are poor, isolated or vulnerable.

The legislated review of the Aged Care reforms conducted by David Tune in 2017 was an important stock take of progress so far. Anglicare Australia urges the Government adopt the major recommendations of the review. These include providing additional high need homecare packages, introducing an extra level of high care, and improving the My Aged Care (MAC) portal as a matter of urgency. We note that the benefits to older people who need home care packages will not be realised quickly enough if the process of allocating packages is not fast tracked.

Anglicare Australia also supports recommendations to uncap the supply of residential care places by discontinuing the Aged Care Approvals Round (ACAR) as soon as possible; recognising as, the Tune Review does, the need to "ensure continuing supply of residential care services in areas with limited choice and competition" and the importance of adequately funding and supporting respite care and services.¹³

We are particularly concerned that the Government appears to have ruled out Recommendation 13, which would include the full value of the home in the means test, and Recommendation 15, to abolish the annual and lifetime caps on income tested home care and means tested residential care fees. Financial sustainability for aged providers underwrites their capacity to provide high quality care for people regardless of their background or circumstances. Anglicare Australia urges the Government to accept these key recommendations.

In lieu of adopting these measures, the Government must make a substantially greater commitment to funding aged care in order to meet the growing level of need and demand in the sector.

¹³ Department of Health (2017) *Legislated Review of Aged Care*. Commonwealth of Australia. Available at: https://agedcare.health.gov.au/sites/g/files/net1426/f/documents/08_2017/legislated_review_of_aged_care_2017.pdf

Recommendation 7: Implementation of the Tune Aged Care Legislated Review

Anglicare Australia recommends the Government adopt the major recommendations of the Tune Aged Care Legislated Review. This would involve a commitment to:

- discontinue the Aged Care Approvals Round for residential care places, instead
- assigning places directly to the consumers within the residential care cap
- create provisions to ensure continuing supply of residential care services in areas with limited choice and competition
- include the full value of the owner's home in the means test for residential care when there is no protected person in that home
- abolish the annual and lifetime caps on income-tested care fees in home care and means-tested care fees in residential care.

Improving end-of-life care

Anglicare Australia notes the widespread support for the Productivity Commission's draft recommendations relating to palliative care from the Inquiry into Human Services. These would see end-of-life care becoming core business for residential aged care. As the Commission has noted, this will unavoidably require additional funding from the Australian Government, and Anglicare Australia encourages consideration of this. We also hope this will inform other work underway to investigate alternative approaches to determining residential care funding that delivers more stable funding arrangements.

Recommendation 8: Funding for palliative care

Anglicare Australia recommends the Government adopt Draft Recommendation 4.2 from the Productivity Commission inquiry into Human Services. This would involve a commitment to:

- remove current restrictions on the duration and availability of palliative care funding in residential aged care so that palliative care is available to residents who have pre-existing high health care needs, and for periods of time that align with those provided in the health care system
- provide sufficient additional funding to residential aged care facilities to ensure that people living in residential aged care receive end-of-life care that aligns with the quality of that available to other Australians.

Disability Support That Meets People's Needs

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 development and implementation of the NDIS, and in our view, fundamental questions relating to the provision of services remain unresolved. 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.¹⁴ 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).

It is clear that 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 evident that the level of unmet need will have implications for funding intentions between the Commonwealth and State and Territory Governments. If governments proceed to move all the mental health service funding earmarked for incorporation into the NDIS as planned and don't find new money for non-NDIS mental health services, there will be a severe shortfall of these critical services. 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 sufficient funding in the scheme to cater for the expanded need.

Anglicare Australia believes that there is already enough evidence to show that even with restricted eligibility criteria there is insufficient funding in the NDIS to cover those participants eligible with psychosocial disabilities. This is due to the Reasonable Cost Methodology not taking into account the higher level of awards for staff working in mental health services and related quality standards, reflecting the required specialist qualifications and supervisory requirements.

Additionally, the current assessment and planning process does not adequately reflect the different approach required for participants with psychosocial disabilities. Firstly it doesn't recognise the significant time it takes to build rapport with some people with psychosocial disabilities, which is essential to achieve good planning outcomes, and needs to be reflected in overall scheme costs. Secondly, it doesn't recognise that the recovery model requires at times challenging a person's wishes, which is a point of friction with the consumer-directed care model that assumes 'the customer is always right'. The risk is that some NDIS service providers will take the latter route, delivering care that will not lead to recovery but will assist in keeping provider costs down, but which in turn reflects a false saving as that person may never exit the scheme or will require more intensive support than might have been possible with best practice care. This situation reflects a

¹⁴ 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

potentially perverse outcome from the friction between the recovery model for mental health versus the requirement that NDIS participants demonstrate a permanent or likely to be permanent impairment.

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 9: 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 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 next Federal Budget.

Recommendation 10: 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 government 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 2017 and found that on people living on income support payments can hardly afford rent anywhere.¹⁵ Across Australia, there were only:

- 586 affordable rentals for a single person on the Disability Support Pension
- 239 affordable rentals for a single parent with one child on Newstart
- 21 affordable rentals for a single person on Newstart
- 8 affordable rentals for a single person in a property or share house on Youth Allowance.¹⁶

Although these findings were stark, they are not isolated. Each year, the Snapshot has shown declining affordability. The consequences of this deterioration 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.

Many individuals and families are paying 50% or more of their income in rent, and living with the constant threat of becoming homeless. Anglicare agencies 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 network 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.

¹⁵ Anglicare Australia (2017) *Rental Affordability Snapshot*. p7. Available at: <http://www.anglicare.asn.au/docs/default-source/default-document-library/rental-affordability-snapshot-2017.pdf>

¹⁶ Ibid.

Anglicare Australia echoes the calls of the newly established *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 11: 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 increasing much faster than incomes, and the market 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 and revamping 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 recent 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.¹⁷ These tax policies, extensively discussed in the 2010 Henry Tax Review¹⁸ have also contributed to a loss of billions of dollars each year in revenue for the government. These are funds which might otherwise have been used to finance social and physical infrastructure across the country.

Recommendation 12: Ending unfair tax exemptions

Anglicare Australia recommends that the Government phase out negative gearing and capital gains tax exemptions, and using the revenue raised 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

¹⁷ 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

¹⁸ 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

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*.¹⁹ 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 13: 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.

Reviewing rent assistance

Rents across Australia have been growing much faster than CPI. Several commentators have noted that this has led to a decline in the value of Commonwealth Rent Assistance (CRA). However, a simple increase to the maximum rate of CRA would not improve rental affordability.

The structure and indexation of the payment, in particular the minimum rent (cut-in) and maximum rent (cut-out) thresholds, mean that the proportion of income paid on rent for eligibility for the payment doesn't change with increases to the payment. The proportion of income paid on rent to become eligible for CRA is different across different income support payments. For example, a couple on the age pension become eligible for CRA after paying 14 per cent of their income on rent; a person on youth allowance must spend 27 per cent of their income on rent before receiving CRA.

If the cut-in and cut-out thresholds are both increased, recipients would have to spend a larger proportion of their income on rent before becoming eligible for CRA. If the maximum payment is increased, then recipients will continue to spend the same proportion of their income on rent before receiving assistance, disadvantaging those on payments such as Youth Allowance or Austudy which require a higher threshold for eligibility.

Anglicare Australia believes that the CRA and its interaction with income support payments is in need of a radical restructure. Possible options include standardising eligibility percentage for all

¹⁹ 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>

income support recipients. This would mean a modest increase for the groups on lower incomes (such as those on Youth Allowance or Newstart). However, this would not result in increases to other groups unless without changes to the maximum rate. Modelling, research and consultation would be required to ensure that any increases are equitable between groups.

Recommendation 14: Reviewing Commonwealth Rent Assistance

Anglicare Australia recommends the Government undertake a comprehensive review of the CRA payment and its interaction with income support, with the aim of improving housing affordability for CRA recipients and ensuring equity between groups.

Adopting a ‘Housing First’ approach to ending homelessness

While homelessness is often a result of a number of complex issues in a person’s life, the shortage of affordable and available rental housing is a significant cause of homelessness. It is also a major barrier to moving out of an experience of homelessness. Domestic and family violence, poverty, unemployment, social exclusion, mental illness, exiting state care, or exiting prison are also major causes of homelessness in Australia.

Homelessness in Australia is rapidly increasing as a consequence of these factors. The 2011 census surveyed 105,237 people who were experiencing homelessness.²⁰ In 2015-16, specialist homelessness services assisted 279,196 people – a 9% increase on the previous year.²¹

Anglicare Australia’s most recent Rental Affordability Snapshot called for the adoption of a Housing First approach to ending homelessness. The experience of Anglicare agencies is that moving people through different ‘levels’ of housing may address short-term issues, but is not a pathway to independent living. Housing First approaches are based on the concept that a person’s first need is a stable home, enabling them to take on other issues in their lives.

Anglicare Australia calls for the development of a national housing and homelessness strategy, adopting a Housing First approach, and drawing on consultation from across the sector. This will be vital to supporting the new National Housing and Homelessness Agreement.

Recommendation 15: A national housing and homelessness strategy

Anglicare Australia recommends the development of a national housing and homelessness strategy, adopting a Housing First approach to homelessness and aiming to end functional homelessness in ten years. This would require participation across all levels of government, the community sector, and the private sector.

²⁰ Australian Bureau of Statistics (2011) *Census of Population and Housing: Estimating Homelessness*. Cat. no. 2049.0. Available at:

<http://www.abs.gov.au/ausstats/abs@.nsf/productsbyCatalogue/ED457E1CF56EA15ECA257A7500148DB3?OpenDocument>

²¹ Australian Institute of Health and Welfare (2016) *Specialist homelessness services 2015–16*. Available at: <https://www.aihw.gov.au/reports/homelessness-services/specialist-homelessness-services/contents/clients-services-and-outcomes>

Ensuring Out-of-Home Care Doesn't Leave People Behind

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, and developmental delays. 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.²²

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, delayed marriage, 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.²³

Research has consistently shown that the leaving care transition needs to be flexible, gradual and well planned. On this basis, Anglicare agencies 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 1.84.²⁴ 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.²⁵

²² 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.

²³ 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>

²⁴ 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

²⁵ 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 a number of other domains including: improved mental health and physical health outcomes, reduced intergenerational disadvantage, and an increase in social connectedness.²⁶

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 stay on in their foster care or kinship care placement and have the agreement from their carer, or
- Are not ready to go and wish to remain in a supported care environment but either cannot remain in the care placement past 18 years; such as those exiting residential care, or do not wish to remain in foster care.

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 could assist State and Territory Governments to research and develop models for extending care. The Commonwealth also stands to gain savings, and may wish to invest in pilots or trials.

Recommendation 16: Developing models to extend out-of-home care to 21

Anglicare Australia calls on the Federal Government to collaborate with State and Territory Governments to research and develop models to extend out-of-home care to the age of 21.

Aboriginal and Torres Strait Islander children in care

This year marked the twentieth anniversary 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.²⁷ 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.²⁸

²⁶ Ibid.

²⁷ 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>

²⁸ Ibid.

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.²⁹ The rates of over-representation of Aboriginal and Torres Strait Islander children continue to increase across jurisdictions. Not only are we not closing the gap, we are failing to arrest the widening of 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.

Recommendation 17: 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.

²⁹ Ibid.

Creating New Jobs in Disability and Human 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 711,900 people who were unemployed, including 124,385 jobseekers who may not have qualifications or experience.³⁰ But entry-level jobs (or ANZCO Level 5 jobs) comprised just 25,979 (15%) of the jobs advertised.³¹ 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.³²

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.

Connecting government 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 an additional 70,000 full-time equivalent positions over the next three years.³³ 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-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.

³⁰ 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>

³¹ Ibid.

³² Ibid.

³³ 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>

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 18: 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.