



care DIGNITY
respect
change HOPE

Pre-Budget Submission 2024-25

January 2024

www.anglicare.asn.au

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. Our services are delivered in partnership with people, the communities in which they live, and other like-minded organisations in those areas. With a combined income of over \$2.19 billion, a workforce of over 20,000 staff and 5,600 volunteers, the Network delivers more than 50 service areas in the Australian community. Our services are delivered to over 500,000 people and reach close to 1.17 million Australians in total. In all, Anglicare services reach almost one in every twenty Australians.

As part of its mission, the Anglicare Australia Network partners with people, families, and communities to provide services and advocacy as well as build resilience, inclusion and justice. Our first strategic goal charges us to reach this by influencing social and economic policy across Australia with a strong prophetic voice; informed by research and the practical experience of the Network.

Contact

Kasy Chambers
Executive Director

Anglicare Australia
PO Box 4093
Ainslie ACT 2602
T: 02 6230 1775
anglicare@anglicare.asn.au

Contents

About Anglicare Australia	2
Contents	3
Introduction	5
Summary of Recommendations.....	6
Reforms for a fairer tax system.....	9
Withdraw tax cuts for high income earners.....	9
Tax reform to broaden Australia’s revenue base.....	10
Fair income support and employment services	12
Raise the rate of working age payments.....	12
Reform employment services and create a better system.....	13
Improve the quality and security of entry level jobs	14
Cost of living relief.....	16
Treating the internet as an essential service	16
Meeting demand for emergency relief	17
Expanding the Energy Price Relief Plan	17
Tackling energy debt.....	18
Action on Housing and Homelessness.....	19
Funding for homes, not investments.....	19
Invest in social housing.....	20
Reforming Commonwealth Rent Assistance	21
Funding for housing-first services.....	22
A just climate transition	23
Upgrade low income household energy efficiency.....	23
Climate disasters and emergency adaption.....	23
A safe future for children and families.....	25
Close the gap for First Nations children.....	25
Intervene early for children at risk.....	25
Provide universal early childhood education.....	26

End violence against women	27
Transition to Independent Living Allowance.....	28
Invest in individuals protecting Australia’s children	29
Compulsory superannuation for parents on parental leave	30
Dignity in ageing.....	32
Review the aged care pricing to meet the full costs of high-quality care.....	32
Ensure aged care is viable in regional Australia.....	33
Make consumer contributions fair and targeted	34
Improving disability services.....	36
Ensuring the future of the National Disability Insurance Scheme	36
Making disability employment services work.....	37
Disability Benefit bridging payment.....	38
Building the capacity of disability advocacy.....	38
Supporting the mental health of Australians.....	40
Funding the missing middle for mental health services.....	40
Improving mental health support in schools	40
A strong community services sector.....	42
Grow the community services workforce.....	42
Provide longer term grant agreements	43
Adequately fund community services	44
Conclusion.....	45

Introduction

Anglicare Australia is pleased to make this submission to the 2023-24 Australian Federal Budget. It is based on the insights and expertise of Anglicare Australia's member organisations, and addresses the interests and experiences of the people with whom they work with.

Anglicare Australia believes that a truly prospering society is one where not only can everyone can access the basics of food, housing and a liveable income, but also where people are happy and healthy, where equity, dignity and fairness are central pillars of decision making, and where people can and do participate in a vibrant democracy and civil society within the context of a healthy planet and environment.

Yet the context for this Federal Budget is a nation facing growing inequality, and where the cost of living is rising much faster than wages or income support payments. More and more Australians from increasingly diverse backgrounds are turning to Anglicare Australia Network services for help. Coupled with housing that is more expensive than ever, the pressure on those on the lowest incomes has never been greater.

Our recommendations focus on tackling these issues over the long-term with a plan to build social housing, reforms to make the tax system fairer, an overhaul of the employment services system, and action to lift Australians out of poverty. We also make recommendations to provide targeted assistance to people and the community services that support them in the shorter term as the country continues to cope with rising living costs.

In this budget, the Albanese Government can choose to invest in measures that will end poverty, lessen the burden on struggling families, reduce inequality, and improve wellbeing. By doing away with tax cuts that will worsen inequality and widen the wellbeing gap between those on high and low incomes, the Government can afford to end poverty, homelessness and insecurity for all Australians.

Our hope is that the Government will accept this challenge, and work with us to equip our country for the future.

Summary of Recommendations

Reforms for a fairer tax system

Anglicare Australia recommends:

- The Stage 3 tax cuts legislated to begin in 2024 be withdrawn.
- Reducing tax concessions commonly used by high income earners to artificially lower their taxable income.

Fair income support and employment services

Anglicare Australia recommends:

- Raising the rate of all social security payments above the Henderson Poverty Line.
- Abolishing the Targeted Compliance Framework that imposes breaches and suspensions on income support payment recipients, and reviewing all Workforce Australia contracts.
- The passage of reforms to make jobs more secure, and urges the Government to persist with negotiations to pass the second part of the Closing Loopholes package.

Cost of living relief

Anglicare Australia recommends:

- The Government treat internet as the essential service it has become and regulate telecommunications providers accordingly.
- Expanding access to low income broadband connection programs.
- An urgent increase of 30 percent in funding for emergency relief providers to help meet demand.
- Expanding eligibility for the Energy Bill Relief Fund to Australians on lower wages.
- Providing emergency payments of up to \$1,000 for households on low incomes participating in hardship programs to reduce energy debts.
- Funding community energy programs that support and advise households on low incomes on energy and financial hardship.

Action on Housing and Homelessness

Anglicare Australia recommends:

- A phased tax reform agenda to make housing less expensive and the tax system more fair, including reducing capital gains tax discounts over a period of ten years, and reforming negative gearing to target investment in social and affordable housing.
- Investing in a long term social homebuilding program to deliver 25,000 new social and affordable homes each year for the next two decades.
- Increasing existing levels of funding for social and affordable housing through the National Housing and Homelessness Agreement to be renewed next year.
- Reforming the cut-in rate of Commonwealth Rent Assistance to expand access to the payment.
- Change the indexation formula of CRA to better reflect real increases in rental prices.
- Increasing funding for homelessness services to implement a truly housing-first approach.

A just climate transition

Anglicare Australia recommends:

- Expanding the Household Energy Upgrades Fund to better target support for low income and rental households.
- Ensuring the National Emergency Management Agency is given adequate funding to ensure support for Australians before, during, and after disasters.
- That the Federal Government creates a stockpile of demountable housing to ensure temporary options are available after disasters and extreme weather events.
- Investing in ongoing measures to help communities, especially those in regional and rural Australia, to adapt to and mitigate climate disasters.

A safe future for children and families

Anglicare Australia recommends:

- Full implementation of the Family Matters campaign recommendations.
- Investing in evidence-based early intervention programs, such as Rapid Response, to build family resilience.
- The removal of the activity test for the Child Care Subsidy.
- Additional funding for increased award wages for all early childhood educators and workers. This support should extend to facilitating professional development opportunities and establishing clear career pathways.
- Lifting expenditure on women's safety to at least \$1 billion each year, and increasing investment in men's behaviour change programs.
- Increasing the Transition to Independent Living Allowance, allowing those in need to access the payment more than once, and ensuring the payment can be accessed directly from Centrelink.
- Invest in the implementation of actions and recommendations under the National Framework for Protecting Australia's Children 2021-2031.

Dignity in ageing

Anglicare Australia recommends:

- That the Government review aged care pricing to meet the full costs of high-quality care.
- Adjusting the aged care funding model to ensure that regional, rural and remote areas are not wrongly classified as metropolitan areas.
- Adopting the principle that older people must not pay more for aged care services than other Australians would for similar services; and that consumer contributions should not act as a disincentive to receiving care.

Improving disability services

Anglicare Australia recommends:

- Providing adequate funding for both the National Disability Insurance Scheme and its administering agency, the National Disability Insurance Agency, to fully deliver care and support for people with disability.

- The Australian Government take accountability for the role it has in the administration and sustainability of an ecosystem of unified supports, as recommended by the Independent Review into the NDIS.
- The Government introduce the Disability Benefit payment, as an interim payment class between JobSeeker and the Disability Support Pension.
- Increasing funding for disability advocacy to meet demand generated by the NDIS.
- Improve access for people in rural and remote communities with barriers to accessing services.
- Improve data collection and publication to better understand service needs.

Support the mental health of Australians

Anglicare Australia recommends:

- Funding psychosocial support services to address the access gap for people with mental ill health or psychosocial disability.
- Investment to deliver the actions focused on mental health and wellbeing in education settings within the National Children's Mental Health and Wellbeing Strategy.
- Improving access to flexible learning options, including those run by community service organisations.

A strong community services sector

Anglicare Australia recommends:

- Investing in entry level job creation in the care industry and other growth sectors, in order to create employment pathways and avert workforce shortages.
- Funding organisations to pay students on placement in growth sectors.
- Standard contract length be extended to at least seven years, with at least six-months' notice be provided for extensions of funding arrangements.
- A transparent and consistent methodology be developed for calculating indexation rates for grants, and the resultant indexation level be published in the budget papers.

Reforms for a fairer tax system

Withdraw tax cuts for high income earners

Australia has never been more wealthy, yet we are facing growing inequality. Over three million Australians live in poverty, and wealth inequality is now the worst it has been in seventy-five years.ⁱ Forthcoming tax cuts for high income earners will worsen that inequality, making our tax system less progressive, more unfair, and putting more Australian's at risk of entrenched disadvantage.

The Stage 3 tax cuts, legislated under the previous Government and set to be enacted under the current Government, would create a flat tax rate of 30 cents in the dollar for those earning between \$40,000 and \$200,000. This will erode much of Australia's progressive taxation system. The changes will dramatically flatten the tax scales by abolishing the 37 percent tax rate, creating a single 30 percent tax rate for individuals earning between \$45,001 and \$200,000.ⁱⁱ

High income earners will be the main beneficiaries from these changes, with gains of \$1,125 each year for an individual on \$90,000. This rises to \$9,075 per annum for a person on an income \$200,000 or more.ⁱⁱⁱ The Australia Institute has estimated that 35 percent of these tax cuts would go to those earning more than \$180,000, and 26 percent would go to those earning more than \$200,000.^{iv}

Anglicare Australia notes that the cost of the tax cuts has now blown out to \$313 billion according to the updated 2022-23 Mid-Year Economic and Fiscal Outlook.^v This cost is indefensibly high, particularly considering the Government has ruled out further action to alleviate poverty and tackle the social housing shortage on the basis of cost. Costings collated by Anglicare Australia and based on the Parliamentary Budget Office show that working age payments could be raised to the poverty line, lifting 2.3 million Australians out of poverty, including 840,000 children. They also show that the Government could invest in 36,000 social homes each year. This program would end the shortfall and provide affordable homes to hundreds of thousands of people.^{vi} Together, these measures would cost \$208 billion over ten years, well below the \$313 billion cost of the tax cuts.

The Government also has the option to replace the tax cuts with targeted cost of living relief. A further report by Anglicare Australia shows that a person earning over \$200,000 will gain \$349.04 per fortnight. Our analysis shows that this amount is enough to pay for a tank of petrol and a modest selection of groceries, as well as the fortnightly cost of car insurance, mobile phone use, and electricity for a person on a low or middle income.^{vii}

Anglicare Australia believes that this course of action would be less inflationary than the tax cuts. The main drivers of inflation over the last three quarters have not been affected by consumer behaviour. Fuel, the cost of building of new homes, property rates and charges, rents, and electricity, and have been the most consistent drivers of inflation within Australia according to the Australian Bureau of Statistics.^{viii} Petrol prices and the cost of building homes are largely driven by international factors, while property rates and charges, rents, and electricity prices are not impacted by consumer

behaviour. By contrast, discretionary spending from wealthier people who are unaffected by interest rates is likely to increase, as the tax cuts will be adding to their disposable income rather than providing targeted relief to those in need.

Given diminishing public revenues, and growing public expenditure needs, we cannot afford the cost of the next round of tax cuts. They will clearly benefit those who need the least support and entrench inequities for years to come.

Recommendation

Anglicare Australia recommends that the Stage 3 tax cuts legislated to begin in 2024 be withdrawn.

Tax reform to broaden Australia’s revenue base

This year, Anglicare Australia released 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 and 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 available for services for all citizens.

These measures include superannuation tax concessions, negative gearing, capital gains tax concessions, the use of discretionary trusts, and the planned Stage 3 tax cuts. All of these concessions disproportionately benefit high income and high wealth households. Our analysis shows that these measures will impose a cost on the Federal Budget of \$146 billion.^{ix} We found that all of these concessions disproportionately benefit high income and high wealth households.

According to our modelling, the cost of foregone tax revenue from the richest 20 percent of Australians is over \$86 billion per annum.^x That easily outstrips the cost of the age pension or the full combined cost of working age payments, such as JobSeeker and the Disability Support Pension.

Expenditure	2022-23 (\$B)
Age pension	\$55.3
Working age payments	\$20.3

While the various tax concessions and exemptions that account for the cost to the budget of support for wealthy Australians are also available to people on low income, the benefits of such measures significantly favour those in the highest wealth quintile. Nearly 60 percent of the benefit of the concessions and tax cuts will flow to the top income quintile, compared to three percent to the bottom quintile.^{xi}

Benefit 2022-23	Total expenditure (\$B)	Bottom 20% (\$B)	Top 20% (\$B)
Principle residence CGT exemption	\$48	\$3.36 (7%)	\$20.64 (43%)
Superannuation - earnings	\$21.5	\$-0.06 (0%)	\$12.47 (58%)
Superannuation - contributions	\$23	\$-0.07 (0%)	\$13.34 (58%)
Capital gains tax concession	\$23.7	\$0.47 (2%)	\$19.4 (82%)
Negative gearing	\$5.06	\$0.1 (2%)	\$2.78 (55%)
Private health GST exemption	\$5	\$0.4 (8%)	\$1.75 (35%)
Discretionary trusts	\$2	\$0 (0%)	\$2 (100%)
Stage Three Tax Cuts (2024-25)	\$17.7	\$0 (0%)	\$14.10 (80%)
Total	\$145.96	\$4.20 (3%)	\$86.48 (59%)

Anglicare Australia appreciates that the Government has already ruled out changes to some of these concessions in its first term. Nevertheless, reforms to discretionary trusts and GST exemptions have not been ruled out and present a good opportunity to make savings while promoting fairness in the tax system. Anglicare Australia also notes that the concessions we explored were a sample, not an exhaustive list. We encourage the Government to explore changes to interest deductions, dividend deductions, and deductions on litigation costs for managing tax affairs as changes that can be made quickly and fairly to raise revenues.

Recommendation

Anglicare Australia recommends reducing tax concessions commonly used by high income earners to artificially lower their taxable income. Possible examples include:

- discretionary trusts
- GST exemptions on private health
- interest deductions
- dividend deductions
- deductions on litigation costs for managing tax affairs

Fair income support and employment services

Raise the rate of working age payments

Australia's social security system assumes everyone of working-age should be able to find full-time, full-year work. While some people may combine part-time or intermittent work with income support, the expectation is that reliance on income support will be temporary and short term. Governments have purported to solve the problems of poverty and social exclusion with payments that are designed to support people through temporary spells of joblessness, while moving the most employable people into the labour market.

This approach is not working. Many people lack the qualifications or experience to compete for available jobs, while others find themselves trapped in a system that cannot accommodate the circumstances of their lives. In the eight years that Anglicare Australia has released our Jobs Availability Snapshot, there hasn't been a single year where there were enough suitable jobs for people with barriers to work. On average, JobSeeker recipients remain on the payment for almost four years, well beyond the threshold for long term unemployment, which is defined as twelve months.^{xii} The average length of time on JobSeeker payment was even longer for people with disabilities and older Australians.^{xiii}

As the value of income support payments has deteriorated over time, many people have become caught in a poverty trap as they navigate a system that is not equipped to help them. The Business Council of Australia has stated that the rate of unemployment payments is so low it is acting as a barrier to work.^{xiv} There is little time and energy left for job hunting when so much effort is required just to survive and put food on the table.

While major reform to employment services and investment in direct jobs creation is crucial to help the many people missing out on work, so is the provision of an adequate income so that people have the security and stability to improve their quality of life. There are many ways to lift incomes above the poverty line. One option is to increase the rate of JobSeeker and other working wage payments, as was done temporarily in 2020-21.

According to the Parliamentary Budget Office, raising the rate of key payments to the Henderson Poverty Line would cost:

- \$128.1 billion over ten years for the JobSeeker Payment
- \$39.35 billion over ten years for the Parenting Payment
- \$30.57 billion over ten years for the Carer Payment.^{xv}

These changes would cost \$198 billion over ten years, considerably less than the cost of the proposed Stage 3 tax cuts. Around 1.44 million Australian adults would benefit from this change. In addition to the adult recipients, almost 840,000 children have a parent receiving one of these payments.^{xvi}

Growing up in poverty often leads to unemployment and poverty in adulthood as it often means missing out on early education, poorer educational outcomes, isolation, and hunger. The Breaking Down Barriers report by the University of Melbourne showed that children who grew up in poverty were less likely to be employed full-time, less likely to get a university degree, and on average earned an hourly rate that is 23 percent less than those who did not experience childhood poverty.^{xvii} Increasing the rates of income support payments offers the additional advantage of enhancing the future contribution of these children and breaking cycles of disadvantage.

Recommendation

Anglicare Australia recommends raising the rate of all social security payments above the Henderson Poverty Line.

Reform employment services and create a better system

Research has repeatedly shown that employment services are doing little to help those with the greatest barriers to work.^{xviii} In some instances the system, now known as Workforce Australia, is actively causing harm. Whilst this is happening, for-profit employment service providers have been entrusted with the responsibility to issue breaches and penalties, providing them a new funding stream.

Anglicare Australia's Jobs Availability Snapshot shows that there are few jobs available for people with barriers to employment, who typically need entry level work. At the time of our last Snapshot, there were 26 people seeking work for each entry level vacancy.^{xix} Mutual obligation requirements will not help people overcome these odds and are demoralising. The findings of many reviews into employment services show that participants generally gain employment in spite of the system, not because of it.^{xx} People are more likely to be unemployed longer if they are subject to mutual obligation activities or Work for the Dole, and if they participate in employment services.^{xxi} This is driven by the fact that the causes of unemployment tend to be structural, and run much deeper than the factors that can be addressed through short-term pre-employment interventions.

Employment service providers are paid to breach and issue 'demerit points' to their clients under the previous Government's Targeted Compliance Framework, with no observable change to job search outcomes. In many cases, providers profit by simply doing nothing. People who successfully find work for themselves, become work-ready in spite of the system, and do this while complying with their obligations, are highly profitable for providers. Providers are paid for holding appointments with their clients and having them on their caseload. They are then also paid bonuses when the person finds work, regardless of the role they played in that process.

In addition to the payments that providers receive to manage a participant, the system also offers many opportunities to for-profit providers to generate revenue streams from those who they deem to have few genuine prospects for employment. Many of the largest employment service providers now deliver training and offer workforce placements, meaning that a provider can be paid to take on a client by the Federal Government, then be paid to place them into training within their own

organisation, and then be paid again by placing the person into work somewhere else in that organisation's network.

If a person's obligations are judged not to be met by their provider, their payments can be suspended, leaving them without income. In the June quarter of this year, 45 percent of people with reporting requirements had their payments suspended.^{xxii} Forcing people with barriers to work to engage with for-profit employment service providers, apply for multiple jobs, and complete meaningless training programs will simply never work because the number of people who need entry level jobs far outstrips the number of vacancies.

The Government should not be spending over \$7 billion on a system that is both harming people and failing in its objectives. This ineffective regime of profit, punishment and compliance should be replaced with a system that is tailored and person-centred. It should look more like the system that people want, with less busywork and more genuine support, including support to turn entry level jobs into lasting opportunities.

Recommendation

Anglicare Australia recommends abolishing the Targeted Compliance Framework that imposes breaches and suspensions on income support payment recipients, and reviewing all contracts with Workforce Australia providers. Anglicare Australia notes that this was recently done with Disability Employment Services. The savings should be reinvested in supporting people to set their own goals and select their own activities as part of a voluntary regime.

Improve the quality and security of entry level jobs

The challenges facing people with barriers to employment extend beyond the lack of suitable jobs. Jobs have become increasingly precarious and insecure, with the proportion of employees engaged in non-standard jobs increasing from 24 percent in 1971 to nearly 57 percent in 2017.^{xxiii}

People with barriers to work, especially women, are particularly affected, as insecure jobs are often concentrated in feminised entry level sectors such as retail, accommodation and food services. When people struggle to get sufficient work hours or face uncertainty about ongoing employment, it makes it difficult for them to afford essentials and plan for their future.

This volatility also creates greater competition for secure entry level jobs. Achieving employment doesn't always lead to a long term outcome, but rather 'churn' as people find themselves in cycles of obtaining insecure work. Moreover, insecure work typically provides limited access to training and career advancement opportunities, contributing to the stagnation and obsolescence of skills. Consequently, if their employment were to end, these individuals face greater challenges in securing new employment, further deepening inequity in labour market experiences.

Because the superannuation system is linked to paid work, it overwhelmingly disadvantages people engaged in insecure work, including women who are more likely to engage in part-time or casual

work to fulfill unpaid caring responsibilities. Independent contractors and gig workers are not entitled to superannuation guarantee payments, while fixed term contract, casual, and part-time workers with irregular working patterns may fail to accrue sufficient superannuation for a comfortable retirement. As a result, people engaged in insecure work are doubly disadvantaged and are far more likely to experience poverty in old age.

Beyond its financial repercussions, insecure employment takes a significant toll on physical and mental health, and often adversely impacts family life, social connectiveness, and personal relationships. For instance, it heightens the risk of developing coronary heart disease by 30 percent, and depression by 60 percent.^{xxiv} Businesses should also be concerned, as ill-health impacts their productivity.

The growth of insecure work is no accident. It stems from a deliberate choice to shift financial risk from employers to workers. Despite provisions such as casual loading, average hourly earnings in most non-standard jobs are below total average hourly earnings.^{xxv}

Anglicare Australia notes that the Albanese Government's reforms that give casual employees the choice to convert to permanent employment after one year of service are currently stalled in the Senate. Anglicare Australia supports negotiations to pass these reforms, along with further measures to regulate the gig economy. These steps are vital to ensure all workers who want secure work have access to it, and minimum standards and protections are extended to all workers.

Recommendation

Anglicare Australia supports the passage of reforms to make jobs more secure, and urges the Government to persist with negotiations to pass the second part of the Closing Loopholes package.

Cost of living relief

Treating the internet as an essential service

The internet was once proclaimed as the great social equaliser. Initially a luxury, it is now an essential part of how we work, access health, education, and government services. Access to the internet is critical to life, and yet it is still treated by regulations as a luxury rather than the essential service it is.

For people on JobSeeker, there is little left to pay for data and internet once they have paid for rent and food. For people looking for work, the most common place they do this is through online job boards. The 2023 Digital Inclusion Index found that one in four Australians experience affordability stress,^{xxvi} and a survey by the Australian Communications Consumer Action Network (ACCAN) of low income households showed that nearly 60 percent struggled to pay for mobile data or broadband.^{xxvii}

Anglicare Australia Network financial counsellors report that it is common for their clients to have no internet at home and rely on mobile data, or free public Wi-Fi at libraries and other locations. Anglicare Australia's Poverty Premium report showed that people on low incomes are penalised financially and pay more for data than people with higher incomes, as pre-paid mobile plans are often the preferred option but carry a worse per gigabyte cost.^{xxviii}

The Government has taken some steps towards improving digital connectivity, such as the School Student Broadband Initiative, a free program for up to 30,000 families with school age children who cannot afford home broadband. This program, while limited in scope, shows that the Government can act to ensure that Australians facing barriers to getting online are assisted with accessing this essential service. Some telecommunications providers have also taken steps towards supporting people on low incomes to access the internet. Telstra, for example, operates a voucher program to assist Australians already receiving financial support through community services, including Anglicare Australia members. However, many Australians are unaware that these options exist. The Government should support expanding access to these programs to better enable digital inclusion for all Australians regardless of their location, income or socio-economic background.

Recommendations

Anglicare Australia recommends:

- The Government treat internet as the essential service it has become and regulate telecommunications providers according
- Expanding access to low income broadband connection programs.

Meeting demand for emergency relief

As living costs continue to surge, demand for emergency relief services will continue to remain high. Many providers in the Anglicare Australia Network have reported this increased demand for services. As more and more people struggle to pay the rent and cover costs of utilities, food and other essentials, many of our services are unable to keep pace with the demand.

Emergency relief providers offer many types of help, including food hampers or vouchers, covering medical or transport costs, and assistance with utilities, rent, or other housing costs. In 2022, Anglicare Australia Network emergency relief providers reported an increased demand ranging from ten to 50 percent compared to the start of the year, with many people presenting to services for the first time.^{xxix} Similar stories continued to be shared this year.

Emergency relief is designed to be a safety net for emergencies and exceptional circumstances. However, it is now becoming a structural answer to shortages being caused by structural factors. The fact simply is that anyone relying on regular food hampers to get by is there because of a failure in the system. In the short term, emergency relief providers will need additional resourcing to ensure they can keep up with demand and continue to assist the growing proportion of Australians in need. In the long term, the underlying causes that are driving people to regularly access emergency relief services will need to be addressed. This means increasing income support to tackle poverty head on.

Recommendation

Anglicare Australia recommends an urgent increase in funding for emergency relief providers of 30 percent to help meet demand.

Expanding the Energy Price Relief Plan

The 2023-24 Federal Budget contained a \$1.5 billion package to establish the Energy Bill Relief Fund, an agreement negotiated with the states to provide between \$300-\$500 of energy bill relief for households, targeted to around five million households on the lowest incomes. Those receiving income support payments, pensions and part-pensions were all eligible for the scheme.

As power prices have not had a substantial decline, many low income households continue to face expensive energy bills, forcing more households to make a choice between keeping the lights on and other essentials. Across Australia, standard retail energy plans increased by between 14.7 percent and 28.9 percent throughout the 2023-24 financial year.^{xxx} Despite this, many households are unlikely to be covered by the relief fund, but would greatly benefit from it. Expanding access to the Energy Bill Relief Fund to Australians on the minimum wage and essential workers on lower-paid awards would provide greater relief for Australians struggling with ever increasing energy bills.

Recommendation

Anglicare Australia recommends expanding eligibility for the Energy Bill Relief Fund to Australians on lower wages.

Tackling energy debt

The Australian Energy Regulator's 2022-23 retail market report has revealed that residential energy debt has only continued to increase with price rises, and is at its highest rates in the past five years.^{xxxix} The data also shows that long term debt is down, whereas the number of Australians with energy debt younger than a year has increased substantially; up 25 percent for debt under \$1,500 and up 48 percent for debt between \$1,500 and \$2,500.^{xxxix}

Even though retailers have obligations to offer payment plans and other hardship programs for households struggling to make payments, for many low income households, ongoing financial hardship makes it incredibly difficult to make any noticeable difference to their debt. The Government can help eliminate energy debt by providing payments of up to \$1,000 to pay it down. The average household energy debt according to the regulator is \$986, so a one off-payment would greatly assist a number of households to eliminate their debt all together.^{xxxix}

It is worth noting that paying down and eliminating current debt would do little to prevent households from accruing future debt driven by increased prices. Better funding support for community energy programs that provide advice about usage, assist in negotiating better rates, or provide information about hardship measures, would help consumers facing difficulty manage their situations.

Recommendations

Anglicare Australia recommends providing emergency payments of up to \$1,000 for households on low incomes participating in hardship programs to reduce energy debts.

Anglicare Australia recommends funding community energy programs that support and advise low income households on energy and financial hardship.

Action on Housing and Homelessness

Funding for homes, not investments

Concern about the cost of housing has been growing, with housing stress becoming an increasingly prevalent contributor to financial hardship. Housing prices continue to surge, with the median house price now at least eight times the average household income.^{xxxiv} This is driven by favourable tax breaks, concessions and incentives that drive investment in property as a method of wealth creation.^{xxxv}

Anglicare Australia's research has shown that since 1981 federal government expenditure on housing has shifted dramatically. Per capita spending on rent assistance payments was just \$5 in the 1981-82 budget,^{xxxvi} but has since ballooned to \$212.^{xxxvii} In the same period of time, federal spending on social housing through housing agreements with the states has more than halved, going from \$168 to \$65 per capita.^{xxxviii}

These tax concessions cost at least \$75 billion in 2022-23 alone, with \$48 billion of that being primary residence capital gains exemptions.^{xxxix} Capital gains tax discounts and negative gearing concessions disproportionately skew to Australia's highest income earners and squeeze first home buyers out of the market.

Similarly, other tax settings favour owner-occupiers in a variety of ways. The Age Pension assets test excludes the value of the main residence, worth nearly \$7 billion a year,^{xl} while state land tax settings exclude about 75 percent of residences costing states another \$7 billion each year.

Federal and state governments have also attempted to use financial assistance schemes to boost first homebuyers ability to break into the property market. However, simply juicing the demand side by supporting first-time buyers drives up property values and fails to address the underlying issues that make buying a home more expensive, especially for those seeking to purchase for the first time.

Anglicare Australia believes that reforming tax incentives is crucial to solving the housing crisis. We propose phasing out these concessions and incentives over a period of ten years, guarding against concerns about the impact of quick reform on the market. Negative gearing arrangements should be phased out for new investors in the private market, and instead should be used to target investment in new social and affordable housing.

Reforms should also include a reset of policy settings that provide inequitable benefits to those with existing wealth, such as the downsizing incentives. As long as the tax system continues to favour those with pre-existing wealth, and keeps putting money back in their pockets, we will never truly address the systemic challenges at play in the housing market.

Recommendations

Anglicare Australia recommends a phased tax reform agenda to make housing less expensive and the tax system more fair, including:

- reducing capital gains tax discounts over a period of ten years.
- reforming negative gearing to target investment in social and affordable housing.

Invest in social housing

Over the last four decades, Australia has increasingly privatised housing, where once it had seen itself as a key provider. With the rental crisis the worst it has ever been, it has never been more important to be clear about the failures that have created the problem and the ways to solve the crisis. Too often the solution to undersupply of affordable housing is simply to increase overall supply and rely on the 'trickle-down' effect to solve the problem. This solution is favoured by developers, commentators and many others who lack direct experience with social housing, yet it fails to understand the problem at hand. Australia has an oversupply of housing compared to its needs and demographics, in fact, between 165,000 and 240,000 new homes are built each year.^{xli} In spite of this, rental affordability and vacancy rates are at all time lows across the country.

In the 1980s, government spending priorities shifted, and it started spending more on Commonwealth Rent Assistance payments year on year than it did on social housing through Commonwealth-State Housing Agreements.^{xlii} This shift in spending priorities has led ultimately to social housing stocks dwindling across the country, while waiting lists continue to grow.

Simply maintaining the current ratio of social housing in overall housing stock would involve building at least 15,000 new social homes a year.^{xliii} Currently we are building around 3,000 each year. In order to close the housing shortfall of 640,000 homes, we will need to build at least 25,000 new social homes every year for the next two decades.^{xliv} These figures far exceed any current proposals or programs from the Government.^{xlv}

This year, the Albanese Government passed its Housing Australia Future Fund, an off-budget funding mechanism that plans to deliver 20,000 new social homes in its first five years. While this is welcome, it is structurally incapable of delivering what is needed.

The housing crisis cannot be solved through off-budget financing streams or creative accounting. In order to seriously close the gap of our social housing shortfall, governments will need to make sustained capital investment. This could be paid for by reforming the generous capital gains tax and other concessions that push up the cost of housing.

Recommendations

Anglicare Australia recommends:

- Investing in a long term social homebuilding program to deliver 25,000 new social and affordable homes each year for the next two decades.
- Increasing existing levels of funding for social and affordable housing through the National Housing and Homelessness Agreement to be renewed next year.

Reforming Commonwealth Rent Assistance

In 1981, the Federal Government spent \$5 per capita on Commonwealth Rent Assistance (CRA) payments. In the decades since, that number has ballooned to \$212 per capita.^{xlvi} With CRA projected to have cost the federal budget \$5.53 billion in 2023-24, it is Australia's single largest item of housing expenditure. However, the payment is not fit for purpose.

Intended to assist Australians on welfare payments, the CRA is not functioning for those who it is supposed to help. Only one in four people on working age payments, like JobSeeker or the Disability Support Pension, are actually eligible to receive it. Due to its rigid structure, people on lower rates of payment, like Youth Allowance, are barely able to receive the support despite being most in need. As a result, nearly half of all people on the CRA payment are still facing rental stress.^{xlvi}

The cut-in rate of the payment forces people to be in rental stress before they are eligible to start receiving the payment. A single person on Youth Allowance must spend a third of their income on rent before CRA kicks in.^{xlvi} Simply by removing the cut-in rate, access to CRA would be greatly expanded, ensuring that households with the lowest incomes wouldn't find themselves in rental stress before they could access the payment.

The Harmer Review found that CRA was not keeping pace with price growth in the market. As rental prices have grown faster than the consumer price index (CPI), CRA payments have failed to keep pace with the reality facing Australians. For example, the Productivity Commission suggested that between 1995 and 2019, rental prices increased at a rate nearly twice that of CPI.^{xlix} CRA payments must therefore be indexed and flexible according to rental prices and location, rather than top line inflation numbers.

Last year, the Federal Government increased the CRA payment by fifteen percent. This change was welcome, but ultimately did not have much impact on affordability across the country. Anglicare Australia's Rental Affordability Snapshot looks at affordability for Australians on the lowest incomes. We factor the full rate of CRA into this. For a single person on JobSeeker, only four properties were affordable across the country from nearly 46,000 surveyed.¹ The fifteen percent increase in CRA changed this figure to five properties. This increase in CRA had negligible impact on affordability and demonstrated that the payment needs more substantial reform to its eligibility criteria and structure and to make a meaningful impact.

Recommendations

Anglicare Australia recommends:

- Reforming the cut-in rate of Commonwealth Rent Assistance (CRA) to expand access to the payment
- Change the indexation formula of CRA to better reflect real increases in rental prices.

Funding for housing-first services

Homelessness is the inevitable outcome of a housing market in crisis and a social security system failing to give people adequate support. In the last year, Anglicare Australia members who provide emergency and crisis support have reported an increase in people with full-time work presenting to services, highlighting the increasing risk Australian’s face in becoming homeless. This is a problem that is getting worse and won’t go away easily.

To properly solve homelessness, we need to ensure that every Australian can find, access, afford and maintain a home. Unless crisis supports are given the proper resourcing to do this work, the cycle will only continue. Many Australians experiencing homelessness face additional barriers than simply being unable to find a home. They may also lived with ill health, trauma, violence or the fear of violence, isolation and loneliness, disability, drug and alcohol abuse, etc. Recognising the complexity of an individual’s circumstances is critical for crisis services to truly provide the support they need. Recognition takes time, understanding and ongoing support.

As it stands, most homelessness services operate under a housing-first model, believing that rebuilding a person’s life can only begin when they’ve secured a home. While this is correct, many Anglicare Australia members feel that they are forced to operate an accomodation-only service. Due to lack of proper support and resourcing, many services are unable to support a person in linking into other help services, be it mental or physical health support, welfare, disability services, or other supports. They believe that too often people are not supported to embed a tenancy, and often find themselves trapped in a cycle where they re-present to crisis services.

For services to truly realise the benefits of a housing-first approach, they must get additional resourcing to allow staff to be fully supported in doing the front-line work that is so critical to many Australians.

Recommendations

Anglicare Australia recommends increasing funding for homelessness services to implement a truly housing-first approach.

A just climate transition

Upgrade low income household energy efficiency

In the previous Federal Budget, the Government announced \$1.3 billion in funding to help households undertake necessary upgrades to improve the energy efficiency of their homes and ultimately reduce power bills. This is a welcome start in the broader fight against climate change.

Replacing gas appliances can reduce a household's yearly energy bill by up to \$1,899 and a further \$800 could be saved by installing solar panels.^{li} With 9.5 million households across Australia built before the introduction of national construction standards, upgrading these dwellings to meet the National Construction Code minimum standard of a 7-star energy rating, would be monumental in reducing household energy usage.

The challenge remains in ensuring that households on low incomes and renters can share in the benefits. 31 percent of Australian households rent and over 40 percent of households facing energy stress are in the lowest income quintile.^{lii} A system of rebates provides a challenge for households on low incomes who may not be able to pay the upfront capital costs, even knowing they would get the money back, while renters often don't have the legal rights to make necessary upgrades and rely on the benevolence of landlords to do the right thing.

Anglicare Australia calls for current schemes for energy efficiency upgrades to be expanded to ensure specific targeting of low income and rental households are able to access and share in the benefits.

Recommendation

Anglicare Australia recommends expanding the Household Energy Upgrades Fund to better target support for low income and rental households.

Climate disasters and emergency adaption

In recent years, Australian communities have increasingly faced profound devastation as a result of natural disasters. As the frequency of these disasters is expected to rise due to the impact of climate change, resulting in more intense weather patterns, the economic toll of natural disasters is on a continuous upward trajectory. Projections indicate a minimum annual cost of \$73 billion for Australia by 2060.^{liii}

Communities, particularly those most susceptible to disasters in regional and remote Australia, will bear the brunt of escalating costs associated with extreme weather events like bushfires and flooding. According a Climate Council report, six out of the top ten federal electorates with households at the highest risk of extreme weather are located in regional and remote communities.^{liiv} Recovery efforts following these disasters will be further complicated by factors such as the scarcity of affordable medium term housing in regional and rural areas.

It is critical that the Federal Government prepares for the immediate impacts of these natural disasters, which are likely to become more frequent and more severe. Anglicare Australia members are particularly concerned about the provision of housing after fires and floods, with little being done to procure temporary housing options in the years after the Black Summer bushfires.

The Government must also begin preparing for the medium to long-term. With expectations that over half a million homes will become entirely uninsurable by 2030 due to their heightened vulnerability to extreme weather, it is imperative for the Government to swiftly prepare communities for the risks and repercussions of such events. Proactive investments in disaster mitigation and community adaptation will ultimately lead to savings by reducing the necessity for extensive expenditure on recovery efforts.

Recommendations

Anglicare Australia recommends:

- Ensuring the National Emergency Management Agency is given adequate funding to ensure support for Australians before, during, and after disasters.
- That the Federal Government creates a stockpile of demountable housing to ensure temporary options are available after disasters and extreme weather events
- Investing in ongoing measures to help communities, especially those in regional and rural Australia, to adapt to and mitigate climate disasters.

A safe future for children and families

Close the gap for First Nations children

Child protection systems are continuing to fail First Nations children. First Nations children continue to be over-represented in out-of-home care (OOHC) and current trends indicate that The National Agreement on Closing the Gap target, to reduce the number of First Nations children in out-of-home care by 45 percent by 2031, will not be met.

It is not because there is a lack of solutions. For years, Aboriginal community-controlled organisations and communities have developed strategies that will positively change the trajectory for their children. Unfortunately, governments do not always heed these solutions or commit to supporting them.

Anglicare Australia is signatory to the Family Matters campaign, which aims to eliminate the overrepresentation of Aboriginal and Torres Strait Islander children in out-of-home care by 2040. We echo the campaign's calls for increased investment in Aboriginal-led early intervention programs to support families and prevent children from becoming at-risk, funding the transfer of authority to well-resourced Aboriginal and Torres Strait Islander community-controlled organisations for statutory child protection functions, and the inclusion of Aboriginal communities in child protection decision-making.

Recommendation

Anglicare Australia supports the calls of the Family Matters campaign, recommending:

- Increasing investment in Aboriginal-led prevention and early intervention programs that address the causes of child removal to enable children to grow up well and safely within their family.
- Establishing resourced roles for participation of Aboriginal communities and organisations in child protection decision-making.
- Funding the transfer of authority to well-resourced Aboriginal and Torres Strait Islander community-controlled organisations for statutory child protection functions impacting First Nations children.
- Listening to and adopting strategies designed by Aboriginal communities and organisations to eliminate the over-representation of Aboriginal and Torres Strait Islander children in out-of-home care.

Intervene early for children at risk

All children should be able to grow and thrive in a safe and supportive environment. Strategic investment in early intervention programs can effectively support families before issues escalate, preventing family breakdowns and reducing the necessity for children to enter out-of-home care. Offering intensive and timely support to parents when they need it most significantly decreases the number of children removed from their homes.

Despite the best efforts of out-of-home care providers, the child protection system cannot offer children and young people the stability and security they need to thrive. Children in care, for example, are two times more likely to be hospitalized, six times less likely to attend university and almost four times more likely to have a juvenile or adult community sentence, compared to children without contact with child protection services.^{lv}

Early Intervention programs work. For example, Anglicare Victoria's Rapid Response program gives parents and carers support to develop the parenting and coping skills they need to rebuild their confidence and become effective caregivers. At program closure, 97 percent of children and young people remained in parental care compared to 50 percent for families who did not participate in Rapid Response.^{lvi}

It makes good economic sense to focus on intervening early. An additional investment of \$150 million a year in targeted early intervention programs would result in a cumulative net savings of \$1.6 billion for the Victorian child protection and out-of-home care system over a ten-year period.^{lvii} It will also keep up to 1,200 children from entering out-of-home care or progressing to residential care each year.^{lviii}

Recommendation

Anglicare Australia recommends investing in evidence-based early intervention programs, such as Rapid Response, to build family resilience.

Provide universal early childhood education

Quality early childhood education provides children with the best possible start to life. It lays the foundation for lifelong learning and development, and leads to better health, education and employment outcomes later in life. For children from disadvantaged backgrounds, early education plays a significant role in levelling the playing field. As well as its positive impacts on children, accessible and affordable early childhood education empowers parents, especially mothers, to work and pursue further education.

No child should miss out on early childhood education due to financial constraints. Yet the Child Care Subsidy activity test disadvantages children from low income families who are most likely to benefit from early childhood education, as the number of subsidised hours of care a family can get is linked to work, volunteering or study of the parent with the least hours of work. The fewer the hours of 'recognised activity,' the fewer hours of subsidised childcare a family gets. Access to subsidised care is therefore limited to one day per week for families where one parent, usually a woman, is not working. Although families from all socioeconomic backgrounds may have a parent who is not working, studying, or volunteering, it is low income families that may face difficulties covering the full fees for early childhood education.

Apart from entrenching disadvantage amongst children from low socio-economic backgrounds, the activity test can also be a barrier to parents seeking to work or increase their work hours. Limited availability of subsidised childcare can limit the days that a woman can search for work. Parents engaged in casual employment with variable hours can see their hours of subsidised care cut, making it difficult to secure more shifts or increase hours.

Early childhood education and care must not only be affordable, it needs to be accessible too. About 1.1 million Australians live in rural and regional areas where there is no childcare at all.^{lix} Childcare is also less accessible in low socio-economic neighbourhoods, as providers are incentivised to operate in advantaged areas where they can charge higher fees, even if there is greater competition.^{lx}

Despite a surge in demand for early childhood education, the sector is experiencing significant workforce shortages driven by the lack of professional recognition, low pay, and burnout. Many professionals in this sector earn only slightly above the minimum wage despite holding vocational qualifications and working to regulated professional standards. The Government must allocate funding for increased award wages for all early childhood educators and workers.

Recommendation

Anglicare Australia recommends:

- The removal of the activity test for the Child Care Subsidy.
- Additional funding for increased award wages for all early childhood educators and workers. This support should extend to facilitating professional development opportunities and establishing clear career pathways.

End violence against women

Every woman and child deserves to live in a safe home and community, but unfortunately, two in five women have experienced violence since the age of 15, and one in two women in Australia have experienced sexual harassment in their lifetime.^{lxi}

Violence has far-reaching impacts on women and their communities. Not only is it the leading cause for homelessness among women, it can result in death, disability, substance misuse, poverty, family breakdown, and lower productivity at work. Children who witness or experience family violence are also at greater risk of perpetuating the cycle as adults by entering abusive relationships or becoming abusers themselves.

Family violence is preventable. Shifting social attitudes and behaviours that condone and excuse gender-based violence and inequality is critical to ending gender-based violence. Whilst findings from Australia's National Research Organisation for Women's Safety (ANROWS) that Australian's attitudes to violence against women have improved over the last decade are encouraging, it is concerning that many people's knowledge and attitudes to violence are still misplaced and antiquated. For example, one in four Australians believed that a lot of times women who say they were raped had led the men on and later had regrets.^{lxii} One in four Australians continue to believe

that a lot of what is called domestic violence is a normal reaction to day-to-day stress and frustration.^{lxiii} The Albanese Government has set an ambitious goal to end violence against women and children within one generation and has made an unprecedented funding commitment of \$2.3 billion over the previous two budgets to address women's safety and support delivery of the two Action Plans under the *National Plan to End Violence against Women and Children 2022-23*.^{lxiv} This includes \$222 million for prevention initiatives.

While this funding is welcome, it is not commensurate with the scale of gender-based violence in Australia. Dr Chay Brown, a domestic violence academic and researcher, estimates that a minimum of \$1 billion annually is needed to end violence against women and children by 2032.^{lxv} However, present funding commitments are typically spread over a couple of years, resulting in an annual budget that consistently falls below the recommended \$1 billion expenditure. There is an urgent need for increased funding to implement well-resourced and effective systems aimed at ending violence against women and children.

Ending violence against women and children hinges on holding accountable those who choose violence, typically men. Yet, there has been a distinct lack of focus on holding perpetrators to account in the Budget. The Federal Government only committed \$27 million in funding from 2022-23 to 2026-27 for perpetrator-focused measures.^{lxvi} This equates to a meagre 1.2 percent of the total funding for women's safety. A survey of men's behaviour change program providers in 2020 found that the average wait time for admission into these programs is two and a half months, highlighting that a critical gap in perpetrator-focused programs already exists.^{lxvii}

Behaviour change takes time. Perpetrators require ongoing support to ensure that the behavioural changes they may have internalised during a men's behaviour change program are maintained for months and years to come. This requires funding for post-participation support and follow-up.

Recommendation

Anglicare Australia recommends lifting expenditure on women's safety to at least \$1 billion each year and increasing investment in men's behaviour change programs.

Transition to Independent Living Allowance

A decent, secure income is crucial to people's wellbeing. Income provides stability and helps people plan for their lives. Young people who are or have been in out-of-home care are one of the most vulnerable, traumatised and disadvantaged groups in Australia. When these young people leave care, they do not always have access to the same informal support other young people receive from their family.

The Transition to Independent Living Allowance (TILA) was introduced to support young people leaving statutory care with basic costs while they transition to independent living. Whilst the \$1500 TILA allowance is useful, it is inadequate, with 61 percent of care leavers surveyed in a longitudinal study of care leavers reporting that they needed more financial help to cover the costs of new

household items, rent, bond and more.^{lxviii} Even if a young person leaving care and in receipt of Youth Allowance were able to find a room in a group house paying 50 percent of their income, about \$130 a week, the bond on this room would require one third of their TILA allowance. Furnishing, appliances, and cookware all need to be purchased on top of this.

The effectiveness of the TILA is further hindered by its administration, which makes accessing the payment difficult. Anglicare Australia Network members have shared that leaving care plans are frequently approved after a young person has left care. Without an approved leaving care plan, they can't use the TILA they are entitled to. Since TILA was designed as a one-off payment to cover immediate moving expenses, this undermines its purpose and usefulness.

Young people are also unable to be reimbursed for costs incurred prior to the application for TILA, for example moving expenses. Anglicare Australia Network members spoke of foster carers and institutional care providers utilising their own scarce funds to support a young person to move before they receive TILA. If they don't have family or carers who can help, some young people may be forced to make difficult decisions about dropping out of school, living in inadequate housing or forgoing healthcare, in order to cover expenses they cannot be reimbursed for.

Faster processing times and greater flexibility around the use of the TILA would help ensure that young people leaving care receive adequate support at the time of transition and have the best possible chance of succeeding in life. Additionally, TILA is paid to a community organisation, who will use the funds to purchase items for the young person. Anglicare Australia Network members have advised that as a result, young people without contact with a case worker face difficulties in accessing TILA.

Not only is this process administratively cumbersome, it is also disempowering for care leavers. The Government should reform the system to allow young people to access the TILA allowance directly from Centrelink.

Recommendation

Anglicare Australia recommends increasing the TILA, allowing those in need to access the payment more than once, and ensuring the payment can be accessed directly from Centrelink.

Invest in individuals protecting Australia's children

Children and young people in out-of-home care deserve the same support, opportunities and experiences as any other child. Caring for children is expensive, and caring for foster children, who often have complex needs, is even more expensive. It is estimated the costs of caring for children in foster and kinship care is on average 52 percent higher than raising one's own children.^{lxix} With Australians spending an average of \$12,823 per child annually,^{lxx} foster and kinship carers require at least \$19,491 to provide proper care.

Foster and kinship carers also often change their work arrangements to care for children and young people. This can include reducing work hours or ceasing employment completely, affecting their superannuation and security in retirement. Some even dip into their savings or superannuation to purchase larger cars or make modifications to their home to accommodate children in care.^{lxxxi}

In January 2023 the Australian Government published the first action plan for The National Framework for protecting Australia’s children 2021-2031. Intended to drive collective action across governments, the Framework and accompanying Action Plans must be supported by substantial investment and immediate change for those who are putting their own financial and personal wellbeing at risk to provide a stable, safe and nurturing home for children and young people.

The National Framework for protecting Australia’s children 2021-2031 recognised the need for improved support for carers, and a commitment was made to better coordinate and improve supports for grandparent, foster and kinship carers. As the timeframes for the assessing the adequacy of support and avenues to improve carer recruitment draw to close, the government must invest to ensure the National Framework can achieve its goals.

Recommendation

Anglicare Australia recommends the Government invest in the implementation of actions and recommendations under the National Framework for protecting Australia’s children.

Compulsory superannuation for parents on parental leave

No one raising children should suffer financial insecurity in retirement because of time away from work. Yet, parental leave is the only commonly taken leave on which superannuation contributions aren’t paid. The superannuation system, which was introduced to help Australians save for retirement, is failing parents, particularly women who overwhelmingly (87 percent) take parental leave pay, and are more likely to take time out of work to fulfil unpaid caring responsibilities.^{lxxii}

Analysis conducted by Finder revealed that for every year of parental leave a woman takes from a full-time job will cost \$16,800 in superannuation at retirement.^{lxxiii} If the mother chooses to work three days a week for the first two years of the child’s life, the amount of superannuation she forgoes increases to \$46,000.^{lxxiv} As a result, women are far more likely to experience poverty in old age.

Denying superannuation to those receiving government parental leave runs the additional risk of exacerbating class disparities in the retirement income system. An increasing number of large businesses, including some members of the Anglicare Australia Network, are providing employer-paid parental leave that includes superannuation contributions. While this is extremely welcome, it does mean workers who receive only government parental leave – many of whom are women on lower wages, run the risk of falling further behind on their superannuation savings.

The Government can help address this issue by including compulsory superannuation in its parental

leave to support parents, improve women's long-term economic security and closing the gap between men and women's retirement superannuation balances.

Recommendation

Anglicare Australia recommends the Government to introduce compulsory superannuation payments on Parental Leave Pay to create a more secure future in retirement for women.

Dignity in ageing

Review the aged care pricing to meet the full costs of high-quality care

Residential aged care services are about more than providing clinical health care. Aged care facilities provide homes and communities for people in the later years of their life. Fair and sustainable pricing is one of the enablers of a system that can deliver high quality of care for older Australians. If aged care pricing does not include the full cost of providing high-quality, person-centred care, then the quality of care is compromised.

There are a range of emotional, spiritual and connectedness needs, on top of clinical care, that should be included in the cost of delivering care. If not factored appropriately into the aged care price, the implementation of the 200 care minutes requirement may have the unintentional impact of redirecting services from lifestyle and pastoral care to personal care. This will harm the overall wellbeing of older people in aged care facilities.

Allied health care is an essential service for reablement and encouraging a person to live as healthy and fulfilling a life as possible. Allied health services, including speech therapy, physiotherapy, occupational therapy and dietetics, were inadequately funded under the old Aged Care Funding Instrument and continue to be inadequately valued through the Australian National Aged Care Classification (AN-ACC). The aged care price is intended to include allied health care, but the reality is that people are missing out. The most recent Quarterly Financial Snapshot found that on average residents of aged care facilities are receiving less than five minutes per day of allied health care, a reduction from before AN-ACC was introduced and well below the 22 minutes recommended by experts. The Royal Commission recommended the development of a nationally consistent care assessment and planning tool, but this has not yet occurred. Nor is there a benchmark for the number of minutes people should receive. The real costs of providing allied health care to meet a person's needs and support their wellbeing and reablement should be calculated, monitored and included in the aged care price.

Administrative and regulatory requirements have also grown significantly in recent years, and continue to do so with the introduction of more extensive financial reporting, care minutes and governance requirements. We strongly support transparency and accountability by providers for the funding and the quality of care they provide. However, the reality remains that staff time and focus is being diverted away from the delivery of care to administration. Similarly, changing funding, regulatory and service delivery systems is not cost neutral for providers. Training staff, investing in IT and system capacity and platforms, and developing new policies all take time and resources. Reforms often happen at short notice, with providers having to rush to make sure they are complying with new rules and systems, and that everything is in place for a smooth transition. If the cost of this transition is not factored into the price, it forces providers to transfer resources and staff away from supporting older people.

Recommendation

Anglicare Australia recommends that the Government review aged care pricing to meet the full costs of high-quality care.

Ensure aged care is viable in regional Australia

Many of the people for whom we provide aged care services have experienced poverty and other forms of serious disadvantage. Several Anglicare Australia Network members are specialist providers for people on low incomes, were homeless or at risk of homelessness before they entered care. We also provide older Australians with financial counselling, emergency relief, housing and homelessness support, and community-based mental health programs.

The AN-ACC funding model has now been in place for a year, and it has become very clear that it is not adequately reflecting the cost of providing care in regional Australia. It is well established that rural and remote facilities have higher costs and a methodology for accommodating these differences is incorporated into the fixed Base Care Tariff structure. However for some regional towns, far from major cities, the methodology is failing. For example, Kalgoorlie in WA is classified as Modified Monash Model 3 (MMM3), meaning they receive a fixed Base Care Tariff at the same rate as major metropolitan centres like Perth and Melbourne. However, the costs of wages, labour, goods and services are significantly higher.

The impact for services located in these regional areas is staff shortages and financial losses. They are being forced to reduce their capacity, and even consider ceasing operation. For older people in these towns this means less choice and the very real possibility of leaving their community and disrupting their relationships to access aged care elsewhere.

The National Disability Insurance Agency (NDIA) has already identified and addressed this issue by modifying the MMM classification of some locations. Where a location is surrounded by Remote or Very Remote areas the NDIA modifies that classification for planning and pricing purposes. The effect of the NDIA's Isolated Towns Modification is that Kalgoorlie, Broken Hill, Emerald and other towns in similar circumstances have an adjusted National Disability Insurance Scheme MMM rating of MMM6 as opposed to MMM3 or 4. A similar adjustment is necessary for aged care pricing.

While we recognise the intention to review, refine and evolve the implementation of AN-ACC over time, there is no need for older people in these geographic regions and the providers who service them to be disadvantaged in the meantime, when the NDIS has already identified and implemented an appropriate solution.

Recommendation

Anglicare Australia recommends adjusting the aged care funding model to ensure that regional, rural and remote areas are not wrongly classified as metropolitan areas. These adjustments could follow the approach recently set by the NDIA for disability services.

Make consumer contributions fair and targeted

The Aged Care Financial Sustainability Taskforce is considering reforms to modernise the funding of aged care, and make sure it is fair, sustainable and promotes innovation. Anglicare Australia agrees with the Interim Report, that where they can afford to do so, older people should contribute to their lifestyle and accommodation costs, as they would in the community. This would include things like food, accommodation costs, participation in recreational activities, cleaning or gardening. Care costs, including nursing, allied health, medical care and personal care should be covered by Government and no one should miss out on high quality care as a result of financial situation.

We note that in residential care, people already contribute to these lifestyle and accommodation costs through the basic daily fee. This system could be improved by making clearer it is for lifestyle and accommodation costs, rather than clinical and personal care.

We also recommend the means test for determining whether a person can afford to make these contributions be modified to ensure housing wealth be given appropriate weighting. Currently when an older person is means tested for care services, the government considers their housing wealth only up to the value of \$186,000. In the current housing market, few properties are valued at less than this amount, and most are worth many times more. This means people with multimillion-dollar properties are assessed as being able to contribute little more than someone with no assets and who has rented throughout their life. This accords with the 2017 Tune Review recommendation to include the full value of a home in the asset test, provided a family member is not still living in it.^{lxxv}

We recognise that the distinction between living costs and personal care in the context of home care is more difficult, as is the discussion around consumer contributions more generally. The Tune Review said there should be mandatory consumer contributions for home support, aligned to a consumer's income, instead of the current voluntary arrangements.^{lxxvi} We note the need for further and more detailed consultation about which components of the home care system should be covered by consumer contributions.

There is a risk that if consumer contributions are not carefully designed, they will create a two-tiered system of care where those who can afford to pay more receive higher quality and better access to care. There is also a risk that unscrupulous providers will cherry pick clients who are able to make financial contributions. This could leave for-purpose organisations like our members, who provide care to many low-income and disadvantaged people, at a disadvantage. Providers should not be disadvantaged or experience disincentives for supporting those with more complex needs or who are unable to contribute financially.

There are several other core principles which must underlie consumer contributions to aged care. First, **older people must not pay more for aged care services than other Australians would for similar services.** For example, health services like general practice or pathology tests, should not cost most through the aged care system. If cleaning or living related expenses are paid for by consumer contributions to the aged care system, it should be comparable cost to those purchased privately by other people. Accommodation should not be more than rent or the cost of purchasing a similar property in the same area.

Second, **consumer contributions should not act as a disincentive to receiving care.** There is a risk that if consumer contributions are perceived as too expensive, people may delay receiving care at home until their situation deteriorates, ultimately resulting in poorer health and wellbeing and the need for higher care and earlier entry into residential care.

The responsibility for collecting and pursuing unpaid client contributions in home care should also be on government. When the Income Tested Fee was introduced, some providers found themselves having to pursue clients for unpaid fees and make choices about withdrawing vital supports due to unpaid bills. This places an unreasonable burden on for-purpose non-profit services and can also damage the relationship between older people and their care givers. Providers also bore the risk of writing off debts, impacting their financial sustainability. Government has additional levers to address unpaid funds, including through the taxation and pension systems.

Recommendation

Anglicare Australia recommends that the Government adopt the following principles for consumer contributions:

- Older people must not pay more for aged care services than other Australians would for similar services; and
- Consumer contributions should not act as a disincentive to receiving care.

Improving disability services

Ensuring the future of the National Disability Insurance Scheme

Many questions have been raised in recent months by government and commentators about the funding certainty and future of the National Disability Insurance Scheme (NDIS). Language such as 'cost blow outs' and 'ballooning costs' have been used liberally to describe the scheme.

Simultaneously, people with disability are being forced into a Scheme that was never intended to be the only source of disability support services in Australia, further amplifying the cost pressures faced by the NDIS. Anglicare Australia urges continued caution when talking about the expenditure costs of the NDIS, as it undermines the Scheme and will only create the impression that the Scheme is bad.

Anglicare Australia welcomes measures in the previous Federal Budget to support the NDIS, and its administrating agency, the National Disability Insurance Agency (NDIA). These measures including investing in the NDIA's capabilities to improve policies and processes, additional support for participants to manage their plans, greater supports for independent living, and cracking down on dodgy providers. Anglicare Australia also welcomes specific commitments in the most recent budget to explore reform options needed to make plans more flexible, and longer where appropriate.

Following the release of the Royal Commission into the Violence, Abuse, Neglect and Exploitation of People with Disability Final Report and Independent Review into the NDIS, the Government must recognise substantial and continued investment is needed for the NDIS and mainstream disability services to become sustainable and operate as intended.

The Government should adopt proposed reforms to ensure NDIS plans are genuinely flexible enough for people with disability. For example, a person with a psychosocial condition will see their required support fluctuate month to month. Further, plans should be flexible enough to allow for amendment or variation to be made without a complete renewal.

Additionally, the Government must ensure the continued provision of adequate mainstream disability services to meet the needs of people living with disability who are not eligible for the NDIS.

The Government has set a specific growth target of eight percent for the NDIS. While the idea of ensuring that funding growth is stable is understandable, governments around Australia must recognise the role they have in ensuring sustainability and they must ensure that no Australian is worse off because expenditure is capped. The growth in the NDIS' funding would likely not be such a concern for the Government, if it better prioritised its spending and revenue commitments.

The NDIS was envisaged as the greatest social welfare reform since Medicare. The Government can ensure that the Scheme lives up to that promise by adequately providing the funding required for the Scheme to support every Australian who needs it and mainstream services for those who don't, rather than casting doubts over the financial viability of a necessary system. .

Recommendation

Anglicare Australia recommends providing adequate funding for both the NDIS and its administering agency, the NDIA, to fully deliver care and support for people with disability. Future changes and reviews, such as those publicly mooted over the course of the last year, should only occur through consultation and co-design with people with disability, their informal supports, and advocates.

Anglicare Australia also recommends the Australian Government take accountability for the role it has in the administration and sustainability of an ecosystem of unified supports, as recommended by the Independent Review into the NDIS.

Making disability employment services work

The Disability Employment Service (DES) aims to support people with disability in entering the workforce. Managed by DES providers, which can be for-profit or not-for-profit organisations, access to DES can be voluntary, such as for individuals on the Disability Support Pension seeking employment, or through referral by Centrelink following a Jobs Capacity Assessment.

As part of its development of Workforce Australia, the Department of Social Services has recognised the need for a 'one stop shop' for disability employment services, proposing a Disability Employment Centre of Excellence. Anglicare Australia welcomes the recognition that disability employment services must be structured in a way that best serves the community, and that bringing things under one agency would resolve some of these issues. However, Anglicare Australia believes that the program should be restructured to better foster long term engagement with clients. Feedback from DES providers has consistently indicated that the existing system tends to prioritise driving clients into the first job they can find, rather than ensuring the most suitable job is found.

Further, the system must ensure that it supports people living with all kinds of disability. Some DES providers have told Anglicare Australia that the system has lacked a focus on assisting people with psychosocial disabilities to adequately prepare for the workforce. We know that there will be people who require more extensive support to help them prepare for and transition into employment, and that in many ways those needs are not being met.

Currently, DES limits providers' ability to assist people who are already employed but may be seeking a better-suited role, or are facing challenges in their current job. Without a proper process and channel for career progression, issues with the system will only further be compounded and people with disability will continue to be denied equal opportunity to have enriching careers.

Finally, Anglicare Australia is concerned about the way in which DES providers are required to enforce Centrelink's mutual obligations regime. This is in direct contradiction to a strengths-based method for assisting people in employment, and should be dropped.

Recommendation

Anglicare Australia recommends:

- Expanding the Disability Employment Service (DES) to include people already engaged in work
- Ensuring DES providers can support people over longer periods of time
- Remove mutual obligation requirements from DES participants.

Disability Benefit bridging payment

Applying for the Disability Support Pension (DSP) can be a long and arduous process for people with disability. The requirements for people to reach a twenty point rating on the impairment tables often takes a great deal of paperwork and medical appointments. The application form itself is 32 pages long.^{lxxvii} Juggling the required assessments and appointments to prove eligibility for DSP while also completing the mutual obligations to receive JobSeeker is a major barrier for people with disabilities.

Anglicare Australia proposes a new bridging payment, called the Disability Benefit. Paid at the full rate of the DSP, the benefit would be automatically paid to DSP applicants within one week if their application has not been assessed. There would be two streams of people eligible for the benefit:

- People currently eligible for JobSeeker who have a treating doctor's report certifying that they will be unable to work for more than fifteen hours per week for at least twelve weeks. This stream might also cover people gathering the necessary evidence to apply for the DSP.
- People who meet the requirements of a DSP, with twenty or more points across from the DSP impairment tables, whether on one table or across multiple tables. These applicants would have submitted a claim for a DSP, and would be awaiting assessment of their claim.

If an applicant was found to be ineligible for the DSP, they would then be moved back onto JobSeeker without penalty. Introducing this benefit would give Australians with disability more security when applying for the DSP.

Recommendation

Anglicare Australia recommends the Government introduce the Disability Benefit payment, as an interim payment class between JobSeeker and the Disability Support Pension.

Building the capacity of disability advocacy

When it was initially designed, the National Disability Advocacy Framework (NDAF) had a different function to the one that exists now. With the NDIS taking up a substantial amount of workload for disability advocacy services, the Framework is not working to provide the support actually needed. While the updated Framework for 2023-2025 somewhat acknowledges the workload associated with NDIS appeals, it provides no additional funding or commitments to support this work.

The Australian Federation of Disability Organisations has noted that funding must “ensure sustainability and stability of the sector”, and that “short term grants and last minute extensions do not support capability building”.^{lxxviii} Without formal and long term funding arrangements, disability

advocacy services will be forced to either close their books or maintain extreme waiting lists, making accessing individual advocacy support difficult for people with disability.

Anglicare Australia welcomed support announced in the last budget to assist NDIS participants to appeal decisions at the Administrative Appeals Tribunal. Noting that the Government has recently introduced legislation to abolish and replace the Tribunal, there should still be a greater investment in all functions of disability advocacy across a range of settings. This includes the Australian Review Council, set to replace the Tribunal in 2024.

Further, with the National Disability Data Asset still in development, there is very little published data about demand for, and accessibility of advocacy services. Ensuring that the Data Asset is up and running as soon as possible should be key to ensuring transparency for the NDAF.

Recommendations

Anglicare Australia recommends:

Increasing funding for disability advocacy to meet demand generated by the NDIS.

- Improve access for people in rural and remote communities with barriers to accessing services.
- Improve data collection and publication to better understand service needs.

Supporting the mental health of Australians

Funding the missing middle for mental health services

The Productivity Commission’s Inquiry into Mental Health Final Report recognised the existence of a missing middle in mental health services, referring to individuals who require mental health support but do not reach a level of severity that necessitates clinical care, or do not qualify for an NDIS individual support package. Psychosocial support services play a crucial role in helping individuals with mental ill health to engage in community activities, manage daily responsibilities, pursue work or education, secure housing, participate in various activities, and foster connections with family and friends.

It is estimated that about 690,000 people in Australia with mental ill health would benefit from access to a psychosocial support service. Further, 290,000 of those are people who experience persistent, severe or complex mental health conditions.^{lxxxix} The Productivity Commission estimated that around 64,000 people would meet the criteria to receive psychosocial treatment under the NDIS, while 75,000 would be reliant on services outside the NDIS. The Commission noted that as state and territory governments transferred psychosocial services funding to the NDIS, many former clients became ineligible.^{lxxx}

The Productivity Commission called for a “coherent system of regional funding for psychosocial supports designed in partnership with, and that work for, people with mental ill-health.”^{lxxxii} Disappointingly, the 2023-24 Budget did not expand access or funding for these mental health services, and recent budgets have only addressed one third of the recommendations made by the Productivity Commission.

The Government’s decision to reduce the pandemic-era free mental health sessions from twenty back to ten may have rightly recognised that entry level mental health services were becoming overloaded with more complex mental health needs, but without proper investment in the “missing middle” services, Australians requiring support will continue to fall through the cracks.

Recommendation

Anglicare Australia recommends funding psychosocial support services to address the access gap for people with mental ill health or psychosocial disability.

Improving mental health support in schools

The years marked by the COVID-19 pandemic have cast a shadow on the well-being of children and young people, generating uncertainties about their futures. The Australian Institute of Health and Welfare highlights a concerning trend, revealing that nearly one in three young people has endured persistent adverse effects on mental health and overall well-being due to the pandemic-induced disruptions.^{lxxxiii} These impacts are still being felt by young people to this day.

Recognising the pivotal role that schools play in shaping the social, mental, and physical well-being of young people, it is evident that these aspects form the bedrock for their ability to adapt, adjust, and flourish throughout their lives. Schools serve as conduits for lifelong learning, employment opportunities, and community integration, all crucial elements in the fight against poverty and the promotion of overall well-being and social inclusion.

Addressing the mental health crisis affecting Australian children and young people necessitates government investment in mental health and suicide prevention services at both primary and secondary levels. Currently lacking is adequate action to embed evidence-based approaches to mental health care within schools, leading to inconsistencies in addressing mental health issues within curriculums.

Enhanced mental health care within schools is not only beneficial for currently enrolled students, but is also vital for those who have disengaged from the educational system. In 2022, only half of Year 1 to 10 students attended school for more than 90 percent of the time. This is a significant decline from 2021, where the attendance level was 71.2 percent. Despite a rebound in 2023 to 61.6 percent, attendance levels are still below pre-pandemic levels. Further, the 2023 attendance level plunges to 36.4 percent for First Nations students.^{lxxxiii}

To address the needs of disengaged students, flexible learning options have proven effective in facilitating their successful re-engagement with education. Anglicare SA's Flexible Learning Options program is a notable example, offering support to young individuals by addressing underlying disengagement issues and tailoring personalised learning plans to reignite their interest in learning.

Recommendations

Anglicare Australia recommends:

- Investment to deliver the actions focused on mental health and wellbeing in education settings within the National Children's Mental Health and Wellbeing Strategy.
- Improving access to flexible learning options, including those run by community service organisations.

A strong community services sector

Grow the community services workforce

As previously noted in this submission, Anglicare Australia's Jobs Availability Snapshot, shows what the job market is really like for jobseekers who don't have qualifications or experience to draw on. In every part of the country, these jobseekers outnumber entry level vacancies by as many as 26 to one.^{lxxxiv}

Meanwhile, certain sectors, such as the care industry, are grappling with a shortage of workers, The care industry is the fastest growing industry in Australia. These are meaningful jobs, in a growing industry, with a solid career trajectory. Demand for aged and disability care workers is projected to grow by 28 percent by 2026.^{lxxxv} The community mental health, family violence and youth sectors are all facing workforce shortages. The Royal Commission into Aged Care Quality and Safety underscores the demand, estimating a need for more than 130,000 additional, full-time equivalent workers by 2050.^{lxxxvi} This would be a 70 percent increase on current levels.

Experts report that investing in early childhood education and other forms of social care would create twice as many jobs as the same investment in construction. As a female-dominated industry, job creation in the care sector can help improve the rates of women's economic participation. This illustrates the need to create pathways for people looking for work to be trained and skilled to fill the jobs of the future. There is a real opportunity to connect people with barriers to employment with entry level jobs, including by providing genuine and supported work placements and encouraging completion of high-quality training to ensure people have the right skills to meet the needs of employers and service users.

Student placements can be part of the solution. They provide students with practical on-the-job training and create a pipeline of new workers for employers. Many care sector degrees already require students to complete extended unpaid placements. For example, students studying social work are expected to complete 1,000 hours of unpaid placements.

However, this places huge financial burden on students as students often have to forgo paid work to meet their course requirements. A survey conducted by the Australian Council of Heads of Social Work Education revealed that more than four in five participants (85.5 percent) had to reduce or withdraw completely from paid employment in order to undertake placement.^{lxxxvii} Not only do students have to forgo earnings, placements can lead students to incur additional costs such as travel to placement.

In addition to disincentivising students from undertaking study within this sector, for those who decided pursue social work studies, this situation is causing students to drop out, with over one in five studying a community services degree withdrawing from study due to financial stress.^{lxxxviii} Anglicare Australia calls on the Government to fund organisations who take students on placement in order to pay them for their work.

Recommendation

Anglicare Australia recommends:

- Investing in entry level job creation in the care industry and other growth sectors, in order to create employment pathways and avert workforce shortages.
- Funding organisations to pay students on placement in growth sectors.

Provide longer term grant agreements

Six years ago, the Productivity Commission recommended lifting the default service contract length for family and community services to seven years, but little progress has been made in fulfilling this recommendation.^{lxxxix} Only 15 percent of disability services and 38 percent of aged care services have at least one five-year funding contract.^{xc}

Twelve-month contracts, short term extensions and ‘pilot funding’ all lead to short term employment contracts. Many community service employers employ workers on a casual basis or on short term contracts because they lack the funding certainty necessary to employ people permanently. This makes it hard to attract skilled staff, and even harder to keep them when more secure opportunities are available in other industries. In turn, this means disruptions for people using services and broken connections with the people with whom they have built trusted relationships. It also makes it difficult for organisations to secure long term leases, invest in capacity and capability building and be innovative.

Anglicare Australia recommends the default contract length be increased to seven years in line with the Productivity Commission’s recommendations. To ensure these longer contracts are responsive to the changing needs of communities, they must have inbuilt flexibility to enable organisations to identify changes in demand, priority groups or geographic boundaries, and respond accordingly.

Anglicare Australia members have reported repeated examples of contracts being extended or “rolled over” with late notice, sometimes just one or two months before the contract was due to expire. The ongoing rollover of homelessness program funding year after year, for example, with no long term or even medium term planning certainty, had counterproductive impacts on the organisations and individuals delivering services, and most importantly, on the those who use the services, people experiencing homelessness themselves. By the time contracts are given last-minute extensions, the best and most experienced staff have often been lost to more secure job opportunities. Boards and senior management are unable to make informed decisions about budget expenditure, growth or innovation, because they lack the certainty needed about future income.

Anglicare Australia calls on the Government to adopt the recommendations of the Productivity Commission and create a standard contract length of seven years. Organisations should also be provided with a minimum of six-month notice, and preferably twelve months, about extensions or changes to funding arrangements.

Recommendation

Anglicare Australia recommends standard contract length be extended to at least seven years, with at least six-months' notice be provided for extensions of funding arrangements.

Adequately fund community services

To deliver the highest quality of care to people that need it, the funding provided to community service organisations must be adequate, provide certainty and reflect the real, rising costs of delivering high quality services. However, it is not always clear how funding levels are determined. Some Anglicare Australia Network members have reported that funding from the Department of Social Services is at a lower unit cost than other comparable state-based services. Base funding can sometimes not cover the full range of community service organisations expenses, including administrative costs, evaluation and data collection, IT capacity and staff development. It is not uncommon for particular overheads to be excluded from some funding agreements.

Anglicare Australia supports establishing a more transparent and consultative approach to determining pricing and funding levels, to ensure the Government understands the experiences of community service organisations. For example, the Independent Health and Aged Care Pricing Authority's (IHACPA) scope has recently been expanded to include providing advice on pricing for residential aged care and respite care. IHACPA gathers information from a range of stakeholders to inform the development of their pricing advice, and to understand the drivers of cost changes in the aged care sector.

The lack of consistency and transparency of indexation is also a barrier to sustainable funding of the community services sector. Organisations funded by the Department of Social Services don't know what indexation they will receive, when to expect it, and how to cover the gap between it and the real cost of delivering services. Rates of indexation can vary greatly across different services and rarely or never meet the actual increases. If organisations are not provided with details of the indexation rate to be applied in a timely way, they are unable to plan their budgets for the coming financial year or provide staff with certainty about their employment.

A fair formula would account for the currently high rate of inflation, increases to the minimum wage, as well as the superannuation guarantee increase.^{xci} The formula should be made public, and the rate of indexation published in the Budget Paper. We draw the Government's attention to the recent Victorian Government commitment to an indexation formula that accounts for inflation and changes to minimum and award wages, providing organisations with certainty about their funding.^{xcii}

Recommendation

Anglicare Australia recommends a transparent and consistent methodology be developed for calculating indexation rates for grants, and the resultant indexation level be published in the budget papers.

Conclusion

Anglicare Australia is pleased to make this submission ahead of the 2024-25 Federal Budget. The next Federal Budget will be a critical opportunity to tackle the cost of living crisis facing Australians, and embed the foundations of fairer economy that serves all Australians.

The nation is facing major challenges, and so is the Federal Budget. Hundreds of thousands of Australians cannot find an affordable home. Those who are out of work or underemployed are struggling to make ends meet. Many older Australians are retiring into poverty.

Yet in recent years these issues have failed to register in the Budget at all. This is in spite of the fact that, in each of these cases, there is widespread agreement about the problems we face and the solutions we need. In many of these cases, these analyses have come from the Government itself.

It is clear that more must be done to create jobs and help people participate. There is widespread agreement, including from Government, that changes are needed for employment services. It is time for that recognition to translate into proposals on how to build a more person-centred system.

As our submission highlights how Australia's safety net has become a poverty trap, rates of JobSeeker have been frozen at dangerously low levels for years. One-off payments and tax cuts will not lift people out of poverty. Instead, raising the rates of these payments is the most powerful step that any government could take to reduce poverty in Australia.

Another key part of our safety net, the National Disability Insurance Scheme, is in need of serious attention. Reviews continue to show that it is simply not working for many of the people it was created to serve. The Government has been made well aware that it cannot afford to underspend on the Scheme, or use it to fund a surplus.

And finally, Australia's aged care system remains under immense pressure. The Government itself has recognised this through its reform agenda. We now hope to work with the Government to give older people the care they deserve in a system that works.

A home, a decent income, and dignity in old age are things that every Australian deserves. Each of these areas is critical to making life better for all Australians. We urge the Government to address these issues in its next Federal Budget, and ensure that the new Government makes the most of its mandate to take on the issues facing our nation.

We look forward to working with the Government to build an equitable and more prosperous Australia.

-
- ⁱ Australian Council of Social Service (2022) [The wealth inequality pandemic: COVID and wealth inequality.](#)
- ⁱⁱ Australian Council of Social Service (2019) [The Government's tax cuts: Who gains? What do they cost?](#)
- ⁱⁱⁱ Ibid.
- ^{iv} The Australia Institute (2019) [Tax Targets.](#)
- ^v Australian Government (2022) [Treasury portfolio, transcript.](#)
- ^{vi} Anglicare Australia (2022a) [A Clear Choice: Ending poverty for the cost of tax cuts.](#)
- ^{vii} Anglicare Australia (2023a) [Trickle Up: Living costs and the Stage 3 Tax Cuts.](#)
- ^{viii} Australian Bureau of Statistics (2023) [Consumer Price Index, Australia.](#)
- ^{ix} Anglicare Australia (2023b) [A Costly Choice: Tax cuts, concessions, and widening inequality.](#)
- ^x Ibid.
- ^{xi} Ibid.
- ^{xii} Department of Social Services (2023) [DSS Income Support Recipients: Monthly Time Series.](#)
- ^{xiii} Ibid.
- ^{xiv} Raise the Rate (2018) [Raise the Rate Briefing Note.](#)
- ^{xv} Parliamentary Budget Office (2021) [Distributional analysis of the stage 3 tax cuts.](#)
- ^{xvi} Australian Government (2022) [Treasury portfolio, transcript.](#)
- ^{xvii} The University of Melbourne (2020) [Poverty in childhood leads to poverty in adulthood.](#)
- ^{xviii} Parliament of Australia (2018) [Jobactive: failing those it is intended to serve.](#)
- ^{xix} Anglicare Australia (2023c) [Jobs Availability Snapshot: Eight Edition.](#)
- ^{xx} Op cit: Parliament of Australia (2018).
- ^{xxi} Ibid.
- ^{xxii} Australian Council of Social Service (2023) [Workforce Australia Snapshot – Payment suspensions.](#)
- ^{xxiii} Ibid.
- ^{xxiv} Ibid.
- ^{xxv} Australian Council of Trade Unions (2023) [Australia's insecure work crisis: Fixing it for the future.](#)
- ^{xxvi} Thomas, J. et al (2021) Australian Digital Inclusion Index.
- ^{xxvii} Australian Communications Consumer Action Network (2021) Addressing Telecommunication Affordability: Evaluating Support for Low Income Customers.
- ^{xxviii} Anglicare Australia (2023) [The Poverty Premium](#)
- ^{xxix} Anglicare Australia (2022) [Nothing Left to Give](#)
- ^{xxx} Australian Energy Regulator (2023) [AER releases final determination for 2023-24 Default Market Offer](#)
- ^{xxxi} Australian Energy Regulator (2023) [Annual retail markets report 2022-23](#)
- ^{xxxii} Ibid.
- ^{xxxiii} Ibid.
- ^{xxxiv} CoreLogic (2022) [Housing Affordability Report](#)
- ^{xxxv} Anglicare Australia (2022) [Homes for All: A Roadmap to Affordable Housing](#)
- ^{xxxvi} 1981-82 Budget Paper No. 7
- ^{xxxvii} 2021-22 Budget
- ^{xxxviii} Commonwealth-State Housing Agreement 1981; National Housing and Homelessness Agreement 2018
- ^{xxxix} Anglicare Australia (2023) [A Costly Choice](#)
- ^{xl} Grattan Institute (2013) Balancing budgets: Tough choices we need.
- ^{xli} Australian Bureau of Statistics (2023) [Building Activity](#)
- ^{xlii} Anglicare Australia (2023) [Submission to the National Housing and Homelessness Plan](#)
- ^{xliii} SGS Economics (2021) Economic Impacts of Social Housing Construction
- ^{xliv} University of NSW (2022) [Quantifying Australia's unmet housing need: A national snapshot](#)

-
- xlv Australian Institute of Health and Welfare (2018) [Housing Assistance in Australia 2018](#)
- xlvi Ibid.
- xlvii Anglicare Australia (2023) Reforming Rent Assistance: Ending rental stress across Australia.
- xlviii Ibid.
- xlix Productivity Commission (2019) [Vulnerable Private Renters](#)
- l Anglicare Australia (2023) [Rental Affordability Snapshot](#)
- li Climate Council of Australia (2022) [Switch and Save: How Gas is Costing Households](#)
- lii Bryant, D, et al. (2022) [Power pain: an investigation of energy stress in Australia](#), Brotherhood of St Laurence
- liii Deloitte (2021) [Update to the economic costs of natural disasters in Australia](#)
- liv Climate Council of Australia (2022) [Uninsurable Nation: Australia's Most Climate-Vulnerable Places](#)
- lv Lima, F, Maclean, M and O'Donnell, M (2018) [Exploring outcomes for children who have experienced out-of-home care.](#)
- lvi Anglicare Victoria (2021) [Longitudinal Impact Evaluation of Rapid Response.](#)
- lvii Social Ventures Australia (2020), [Keeping families together through COVID-19: the strengthened case for early intervention in Victoria's child protection and out-of-home care system.](#)
- lviii Ibid.
- lix Victoria University (2022) [Childcare deserts and oases: how accessible is childcare in Australia.](#)
- lx Ibid.
- lxi OurWatch (2023) [Quick Facts.](#)
- lxii Australia's National Research Organisation for Women's Safety (2023) [Attitudes matter: The 2021 National Community Attitudes towards Violence against Women Survey.](#)
- lxiii Ibid.
- lxiv Department of the Prime Minister and Cabinet (2023) [New Action Plans include concrete steps and targets to end gender-based violence.](#)
- lxv Refer to [comments made by Dr Chay Brown.](#)
- lxvi Department of Social Services (2023) [Supporting young men to break cycles of family violence.](#)
- lxvii No to Violence (2020) [Long waitlists for men's behaviour change programs, survey shows.](#)
- lxviii Ibid.
- lxix Ibid.
- lxxi Ibid.
- lxxii Workplace Gender Equality Agency (2023) [WGEA Gender Equality Scorecard 2022-23 | WGEA.](#)
- lxxiii Finder (2023) [Super on parental leave.](#)
- lxxiv Ibid.
- lxxv Commonwealth Department of Health (2017) [Legislated Review of Aged Care \(Tune Review\).](#)
- lxxvi Ibid
- lxxvii Services Australia, [Claim for Disability Support Pension form \(SA466\).](#)
- lxxviii Australian Federation of Disability Organisations (2022) [Submission to Review of the National Disability Advocacy Framework 2022-2025.](#)
- lxxix Mental Illness Fellowship of Australia (2021) [Pre-Budget Submission 2021.](#)
- lxxx Productivity Commission (2020) [Mental Health Inquiry Report.](#)
- lxxxi Ibid.
- lxxxii Australian Institute of Health and Welfare (2021) [COVID-19 and the impact on young people.](#)
- lxxxiii Australian Curriculum, Assessment and Reporting Authority (2023) [Student attendance.](#)
- lxxxiv Op cit: Anglicare Australia (2023c).

lxxxv National Skills Commission (2022) [Projecting employment to 2026](#).

lxxxvi Department of Health and Aged Care (2022) [Royal Commission into Aged Care Quality and Safety](#).

lxxxvii Australian Council of Heads of Social Work Education (2023) [Submission to the Australian Universities Accord](#).

lxxxviii Ibid.

lxxxix Productivity Commission (2017) [Introducing Competition and Informed User Choice into Human Services: Reforms to Human Services](#).

xc Australian Council of Social Service (2023) [Australian Community Sector Survey 2023](#).

xci FairWork Commission (2023) [Annual Wage Review 2022-23 – Announcement of Decision](#).

xcii Premier of Victoria (2023) [Promoting fair jobs for vital community sector workers](#).