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Pre-Budget Submission 2023-24

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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 \$1.94 billion, a workforce of over 11,000 staff and 6,000 volunteers, the Network delivers more than 50 service areas in the Australian community. Our services are delivered to over 474,00 people and reach close to 1.37 million Australians in total. In all, Anglicare services reach over 1 in every 19 Australians.

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

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Introduction

Anglicare Australia is pleased to make this submission to the 2023-24 Australian 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.

This budget is the next step on Australia's journey to becoming a wellbeing economy, with the delivery of the first Measuring What Matters statement. It recognises that the wellbeing of the Australian community is about more than just GDP or economic prosperity.

A truly prospering society is not only one where 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.

In reality, the context for this Federal Budget is an Australia facing growing inequality, and where the cost of living is rising faster than wages or income support payments. More and more people 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 earning the lowest incomes has never been greater.

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 high and low-income Australia, the Government can afford to end poverty, homelessness and insecurity for all Australians.

A liveable income for every Australian

Lift people out of poverty

Anglicare Australia has long called for all Australians to have an income above the poverty line. Decent incomes are vital to building a fair and prosperous society for all. Yet changes to the labour force and a broken safety net have pushed more and more people into income insecurity and poverty.

For a short time, Australia's social security system was overhauled. JobSeeker was doubled in through the Coronavirus Supplement. Obligations for those getting the payment were lifted. The JobKeeper wage subsidy was brought in to help workers, especially casuals, stay afloat if work dried up. In changing much of the employment support and social security system, the Government openly acknowledged that existing policies were not fit-for-purpose.

This support package gave many Australians access to a form of basic income. Almost immediately, hundreds of thousands of people, including over 800,000 children, were lifted out of poverty, many for the first time. Research, including by Anglicare Australia, has documented the profound impact this had on poverty levels and on people's lives. People were able to afford fresh food, fill their prescriptions and pay their bills on time.

In the eighteen months since the Coronavirus Supplement was abolished, Australia has seen a major rise in the cost-of-living. Rents have soared across both cities and regional areas, and essentials such as food, fuel, and energy have been rising quickly. Anglicare Australia services have reported a surge in demand for help. Cuts to support have coincided with some of the most challenging economic times Australia has faced.

This experience confirms what many have always known – poverty is not inevitable. It is a policy choice. There is increasing interest and support for a basic income in Australia. Anglicare Australia's *Valuing Every Contribution* survey, conducted in 2021, found that almost eight in ten respondents across all demographic groups supported the creation of a permanent basic income. This echoes previous findings that a very strong majority of Australians believe that nobody deserves to live in poverty.

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 in 2020-21, creating a guaranteed adequate income. 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.ⁱ

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.ⁱⁱ Whether it is achieved through a universal payment or a guaranteed adequate income for every Australian over the poverty line, it is clear that there is enormous public support to end poverty and income insecurity across Australia. With public support and much research into possible models, it appears that policy makers are lagging behind civil society and public opinion by dismissing its potential.

Recommendation

Anglicare Australia recommends investing guaranteeing every Australian an income above the poverty line. As an initial step, we recommend raising all social security payments above the poverty line.

Abandon mutual obligations and develop a tailored system

Many people hope to draw a secure income from a secure job. Without a secure income it is hard to live beyond the next pay cheque, plan for the future, or take control of our lives. But the job market is not delivering for many Australians, including people with disability, those without qualifications or experience, older people and people trying to re-enter the workforce after a long break.

Anglicare Australia's Jobs Availability 2022 Snapshot showed there are two people with barriers to work for every entry-level job. When all jobseekers are considered, there are 15 people seeking work for every entry-level job. Disadvantaged jobseekers are just not getting a look in.

With so few jobs available or attainable for people with barriers to employment, mutual obligation requirements are pointless and demoralising for job seekers. If these obligations are judged not to be met, people's payments can be suspended, leaving them without income. Forcing people with barriers to work to engage with for-profit employment service providers, apply for multiple jobs, and complete meaningless training programs, when the ratio of job seekers to available jobs is so skewed, will never work.

At the same time, employment service providers are paid enormous sums to breach and issue 'demerit points' to their clients, with no observable change to their job search outcomes. In many cases, providers profit by simply doing nothing. Job seekers who successfully find work for themselves, get themselves work-ready despite the system, and do this while complying with their obligations, are highly profitable for providers. They are paid for holding appointments with the job seeker 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 a perverse set of decisions, for-profit providers have been entrusted with the responsibility to issue breaches and penalties to give them a new funding stream.

The new Government has begun a review of Workforce Australia and the employment services system. Our view is that the regime of punishment and compliance that has grown up around the

current employment service system should be replaced with a system that is tailored and person-centred. It should look more like the system that job seekers want, with less busywork and more genuine support, including support to turn jobs into lasting opportunities. People should not be forced to participate in a failing system, and Anglicare Australia recommends an end to compulsory participation and abandonment of mutual obligations.

Recommendation

Anglicare Australia recommends abolishing the mutual obligation requirements currently imposed on income support payment recipients. The savings should be reinvested in supporting people to set their own goals and select their own activities as part of a voluntary regime.

Make ParentsNext voluntary

Pre-employment programs that assist parents into meaningful employment when they can do so are essential. Unfortunately, ParentsNext is creating greater vulnerability to poverty, rather than supporting people out of it.

The ParentsNext program has two central flaws – its compulsory nature, and the possibility of participants having their payments suspended if they breach the program’s Targeted Compliance Framework. Through our Network, we have heard of Parenting Payments recipients who had their payments suspended because they are juggling parenting responsibilities on top of surviving on a payment that is below the poverty line. Many have turned to Anglicare Australia’s member agencies to help avert homelessness or to put food on the table.

Most importantly, the program design devalues the important role of parenting and fails to address the most significant barriers that parents, particularly mothers, face: a payment that is below the poverty line, lack of access to childcare to facilitate work and study, and high effective marginal tax rates that provide a disincentive to re-enter the workforce by taking on part-time paid work.

A different and more beneficial response would be to value and celebrate the care that recipients of Parenting Payment are able to provide to their children by offering unconditional and person-centred help for parents to re-enter the workforce when it suits the needs of their family. Flattening the payment’s taper rates for recipients who are able to take on part-time paid work would also go a long way towards encouraging participation in the paid workforce.

Recommendations

Anglicare Australia recommends:

- An end to the compulsory nature of ParentsNext. Participation in ParentsNext should not be a condition for maintaining social security income.
- Abolishing the program’s compliance framework, which is needlessly punishing parents and harming their children.
- Addressing the workforce disincentive faced by Parenting Payment recipients by flattening the payment’s taper rate.

A fair taxation system

Withdraw tax cuts for high income earners

Australia has never been more prosperous, 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.ⁱⁱⁱ Forthcoming tax cuts for high income earners will worsen that inequality, making our tax system less progressive and more unfair.

The Stage Three Tax Cuts, legislated under the previous Government and set to be enacted under the current Government 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.^{iv}

High income earners will be the main winners 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. This includes an increase worth \$1,125 per annum for a person on \$90,000, rising to \$3,875 for person on an income of \$200,000 or more.^v The Australia Institute has estimated that 35 percent of these tax cuts would go to those earning more than \$180,000.^{vi}

The overwhelming share of these benefits go to men. Analysis from the Parliamentary Budget Office shows that over three quarters (78 percent) of the value of the tax cuts will go to the top 20 percent by income on \$102,000 or more, and only one third will go to women.^{vii}

Anglicare Australia notes that the cost of the tax cuts has now blown out to \$254 billion.^{viii} This cost is indefensibly high, particularly considering the Government ruling out action to alleviate poverty and tackle the social housing shortage on the basis of cost. As noted in the previous section, 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. That includes 840,000 children. They also show that the Government could build 36,000 social homes each year. This program would end the shortfall and provide affordable homes to hundreds of thousands of people.^{ix}

Together, these measures would cost \$208 billion over ten years, well below the \$254 billion cost of the tax cuts. They would give your Government the power to tackle poverty and housing stress for tens of thousands of people.

If we can afford to redistribute a quarter of a trillion dollars in revenue to the wealthiest Australians, then we can surely afford a safety net and a secure home for 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.

Reduce tax concessions to high-income earners

In 2018, 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 included superannuation tax concessions, negative gearing, capital gains tax concessions, the use of discretionary trusts, the exemption from the Goods and Services Tax (GST) of private health insurance and education, and the exemption from Capital Gains Tax (CGT) of the principle place of residence. The modelling found that all these concessions disproportionately benefit high income and high wealth households. The analysis showed that these measures impose a cost on the federal budget that easily outstrips that of any single welfare recipient group.

According to our modelling, the cost of foregone tax revenue from the richest 20 percent of Australians is over \$68 billion per annum. That’s around \$37 a week from every working person in the country.^x In contrast, the cost of income support in the 2016-2017 financial year was, by group:^{xi}

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

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

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

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

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

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, superannuation concessions 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 would 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 and education
- interest deductions
- dividend deductions
- deductions on litigation costs for managing tax affairs.

A strong community services sector

Grow the community services workforce

Anglicare Australia's Jobs Availability Snapshot, released each year, 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 six to one.

And yet, across Australia, some sectors are desperate for workers. The care industry is the fastest growing industry in Australia. These are meaningful jobs, in a growth industry, with a solid career trajectory.

For example, the demand for skill Level 4 aged and disability care workers is projected to grow by nearly 25 percent over the next five years. The community mental health, family violence and youth sectors are all facing workforce shortages. The Royal Commission into Aged Care Quality and Safety reported an estimated need for more than 130,000 additional, full-time equivalent workers by 2050. 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.

We 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.

Recommendation

Anglicare Australia recommends investing in job creation in the care industry and other growth sectors

Apply a fair and consistent indexation formula to community sector funding

There is no consistent or fair approach to indexing grants and funding for community service organisations. Organisations 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 wildly across different departments and program areas 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.

For example, the 1.7 percent indexation applied to aged care funding in 2022-23 was woefully inadequate and put quality service delivery at risk. Two-thirds of residential aged care providers are

already operating in deficit, and indexation this low could send more into financial crisis.

A fair formula would account for the high rate of inflation, and the nearly 5 percent increase to the minimum wage, as well as the superannuation guarantee increase. The formula should be made public, and the rate of indexation published in the Budget Papers.

Recommendation

Anglicare Australia recommends developing a fair and consistent formula for indexing of community services, that reflects the true costs of delivering services.

Action on Housing and Homelessness

Funding for homes, not investments

House prices in Australia have been rising much faster than incomes for decades. This is in large part fuelled by tax concessions for property ownership that encourage speculative investment, and disadvantage first homebuyers. In addition to squeezing first home buyers out of the market, these tax concessions also cost over \$88 billion annually,^{xiii} resources that would be much better spent directly delivering more affordable housing.

Four key policy settings have fuelled demand and driven up prices. First, owner-occupied homes are exempt from capital gains tax (CGT) and there is no tax on the wealth in a home that a person lives in. These concessions are estimated to be worth around \$83 billion a year.^{xiv}

Second, most of the value of the main residence is excluded from the Age Pension assets test. This benefit is worth at least \$7 billion a year to home-owning pensioners.^{xv} The pension assets test heavily favours owner-occupiers. Many households with significant housing wealth receive a full-rate Age Pension, while many pensioners who do not own their homes get much less pension despite having less assets overall.

Third, owner-occupied housing is exempt from state land taxes. As a result, about 75 percent of residential land by value attracts no land tax, and state government budgets forgo about \$7 billion a year in revenue.

Fourth, Federal and State governments have provided financial assistance to first home buyers in various forms for decades. Government assistance has mainly pushed up purchase prices for first home buyers rather than making the first purchases of a home more affordable. By driving up demand and encouraging more people to compete for housing, grants to first home buyers have driven up the cost of housing. This approach has also been expensive. It is estimated that governments spent \$22.5 billion on grants to first home buyers between 1964 and 2011.^{xvi}

It is now well known that these tax and policy settings have locked a generation of Australians out of the housing market. What is less well understood is that this has meant that the cost to the budget is largely spent on measures that make affordability worse. At the same time, many billions of dollars in revenue have been starved from directly supplying social and affordable housing. If the Government is serious about housing affordability, it will end this nonsensical approach.

Anglicare Australia proposes phasing in a regime of tax reform. As part of these reforms, the capital gains tax discount would be incrementally reduced over the next ten years. This incremental approach would guard against concerns about the impact of the reform on housing markets.

Negative gearing should be used target investment in social and affordable housing. The current negative gearing arrangements should be phased out for new investors in the private market.

These tax reforms should be accompanied by a reset of policy settings which provide inequitable benefits to those with existing wealth and assets. There are several options for review and reform which could raise revenue and promote equality. For example incentives to downsize, introduced in the 2017 Federal Budget, could be abolished. In practice these simply deliver a tax break for high income earners with high marginal tax rates earning income from property sales.

The revenue savings from these changes should be invested in measures that directly improve rental affordability, including a more effective incentive for new investment in homes for rent.

Reforms should be balanced to ease the burden for first time home purchasers, without prejudicing small scale investors. This may include 'grandfathering' and designing scalable deductions that truly reflect the financial standing of investors.

Phasing out negative gearing and capital gains tax exemptions would provide significant and immediate funds for homes for people on low incomes who are struggling to survive in the private rental market or are homeless. It would also reduce house price inflation, encourage investment in new build to add to housing supply, and reduce price pressure in the rental market.

Recommendations

Anglicare Australia recommends phasing in a regime of tax reform. This includes:

- incrementally reducing the capital gains tax discount over the next ten years. This incremental approach would guard against concerns about the impact of the reform on housing markets.
- using negative gearing to target investment in social and affordable housing. The current negative gearing arrangements should be phased out for new investors in the private market.

End the social and affordable housing shortfall

Housing supply is perhaps the most prominent answer to housing affordability. It is the favoured solution of the development industry, property commentators, and drives the logic behind the Federal Government's recently announced National Housing Accord. Yet the reality is that Australia has an oversupply of dwellings compared to its needs and demographics.^{xvii} Between 165,000 and 240,000 new dwellings are already built across the country each year.^{xviii} Increasing supply in the private market has simply failed to make housing more affordable. The undersupply is not in housing, but in social and affordable housing.

The Federal Government used to invest strongly in social housing to meet need. Yet over the last three decades, governments have withdrawn from this responsibility. Social housing stock has simply not kept pace with the growth in population,^{xix} with demand now far outweighing supply. Housing has become less and less affordable over that same period.

In walking away from social housing, governments have assumed that the private rental market would provide enough affordable housing for those who need it. That has been shown to be false. Analysis by the Australian Housing and Urban Research Institute shows that governments' move away from directly supplying housing towards a reliance on 'demand-side assistance,' such as rent assistance, has led to a housing market that has never been less affordable. The shortage of affordable rentals for low-income households grew between 1996 and 2011, contradicting the theory that housing supply in the private market would 'filter' into low-rent accommodation over time.^{xx}

A major investment is required to change course and end this shortfall. A recent analysis has estimated the additional social and affordable housing required to meet the present need and the projected population growth running up to 2026. The analysis focused on people who are waiting for social housing as well as those on low and moderate incomes paying more than 30 percent of their income in rent in the private market. The data shows Australia will need an additional 500,000 social and affordable homes to meet these needs.^{xxi}

Building these social and affordable homes costs money. Just to maintain the current share of social housing as a proportion of Australia's housing stock will require construction of 15,000 new social housing properties a year.^{xxii} Our current rate of new social housing construction is about 3,000 dwellings a year.^{xxiii}

The Government's proposed Housing Australia Future Fund would create 'off budget' funding for 20,000 social housing dwellings over the first five years. This is a welcome first step, but will not come close to meeting the social housing shortfall. Taking on the shortfall will require building 25,000 social homes each year for two decades.

It is not possible to end Australia's housing crisis off-budget. It will require a capital investment, and a plan to sustainably fund and maintain social housing. In addition to the CGT and negative gearing reforms proposed above, the Government should also consider the tax and policy reforms proposed in the Savings and Revenue section of this submission.

Commonwealth Rent Assistance is supposed to help people manage the cost of housing. But its not keeping up with soaring rent, and people on the lowest incomes are locked out. Only one in three people on the JobSeeker payment, and on in ten young people out of work is eligible for the payment. 46 per cent of people who get rent assistance are still in rental stress. Yet recent figures from the Productivity Commission show the Government spends more than three times as much on rent assistance as on social housing and homelessness services combined. We urge the Government to change its approach to housing affordability and end the social housing shortfall. In the short and medium term, while the social housing shortfall is being address, Commonwealth Rent Assistance should be increased to a level that reduces rental stress, and reformed to make sure it benefits people with the lowest incomes.

Recommendations

Anglicare Australia recommends:

- Investing in a long-term program to grow the supply of social and affordable housing by 25,000 dwellings each year.
- Increasing the existing level of funding for social and affordable housing in the National Housing and Homelessness Agreement.
- Immediately increasing Commonwealth Rent Assistance and benchmarking the rate of the payments to rents instead of CPI, and reforming the eligibility criteria so that people on the lowest incomes can get help.

Affording the basics

Meet growing demand for emergency relief

Inflation, extreme weather events that have affected food supply and distribution, the destabilisation of the world energy market, and the COVID-19 pandemic have all impacted the availability and cost of basic goods. The price of fresh food items has increased dramatically in the last year, and even with a temporary reduction in the federal fuel excise, the cost of petrol reached record highs this year. The rental market has never been less affordable.^{xxiv}

More and more people, including those working full time, are struggling to afford essentials such as food, utilities, and rent. The increased financial strain that has been placed on low-income households has flowed through to emergency relief providers who are themselves under strain, unable to provide enough help to enough people.

Emergency relief providers provide many types of help, including food hampers or vouchers, transport or medical costs, utility payments, and rent. In late 2022, all Anglicare Australia emergency relief providers surveyed reported an increase in demand for services, ranging from 10 percent to 50 percent compared to the beginning of the year. Many reported that they were seeing new clients who had never used their service before.^{xxv}

There will always be a need for emergency relief. People experience crises, or are unable to manage their finances for a variety of reasons. But much of the current need is driven by structural factors, rather than people's poor choices or inability to manage their own affairs. In the longer-term, policies that reduce poverty, like increasing income support, will also reduce the need for emergency relief. But in the short- to medium-term there needs to be an increase in funding for emergency relief. There is an urgent need to take pressure off people who are in financial crisis, as well as emergency relief providers themselves.

Recommendation

Anglicare Australia recommends an urgent increase in funding to emergency relief providers to enable them to meet growing demand for help

Regulate Buy Now Pay Later products

As the cost-of-living crisis threatens family budgets, more people are turning to buy now pay later (BNPL) products to cover the costs of essentials, like groceries, utilities and back-to-school equipment. They are then struggling to make ends meet, forcing them to forgo essentials like food or heating. Research from ASIC shows that one in five people with BNPL debts have cut back on essentials to make their repayments.^{xxvi} Some open multiple BNPL accounts to pay for other essentials, while meeting their repayments, or use credit cards or other loans. This loan stacking and use of multiple accounts can quickly lead people into a debt spiral.^{xxvii}

BNPL is a credit product and should be regulated in the same way as other credit products, including

credit cards and personal loans. But BNPL products are unregulated. They use a loophole in our credit laws to bypass basic consumer protections – like assessing someone’s ability to repay or having hardship processes. The voluntary industry code currently in place is failing to provide adequate protections to the community. Not all providers are signatories, and there are few genuine sanctions or accountability mechanisms in place.

The Government can better protect vulnerable and low-income people by meeting its election commitment to regulate BNPL products in the same way as other credit products.

Recommendation

Anglicare Australia recommends protecting vulnerable people from exploitation by closing the regulatory loopholes that apply to buy now pay later credit providers.

Tackle energy debt

From COVID-19 lockdowns which saw consumption increase, to cost of living and the war in Ukraine pushing up global energy prices, bill shock is an increasingly common experience across Australian households.

By the end of 2021, nearly a quarter of a million Australian households were suffering from energy debt and the average debt each household was facing was \$1,000.^{xxviii} Further, in 2021-22 customers with an energy debt of upwards of \$2,500 older than 24 months grew by 39 percent.^{xxix}

While retailers are generally required to offer payment plans for those facing hardship, many low-income households struggle to make any significant dent in their debt. The Government can provide support to households with emergency payments of up to \$1,000 to help pay down energy debts.

However, paying down current energy debts will do little to prevent households from accruing future debt as pressure on prices continues. Community energy programs provide advice about energy usage, can assist in negotiating appropriate rates and providing information about hardship measures. By providing funding assistance to these services, the Government can ensure that these services are able provide support to clients when they are finding themselves in financial difficulty.

Recommendations

Anglicare Australia recommends:

- Providing emergency payments of up to \$1,000 for low-income households participating in hardship programs with high energy debts.
- Funding community energy programs that support and advice to low-income households on energy and financial hardship

Close the digital divide

Access to the internet is an essential service that enables people to participate in work or school, access health services online and connect with friends and family. The pandemic has driven more

people online for more of the time. Remote working and schooling requires a good quality internet connection and a device to access it on.

The Government is also increasingly moving service provision online. Under the Workforce Australia employment services program, many people engage exclusively online. Without reliable internet, they will struggle to meet their obligations and find job opportunities or supports.

28 percent of Australians are “digitally excluded,” lacking either the skills, money or equipment to regularly access the internet.^{xxx} People in low-income households, older people, public housing tenants and single people are more likely to be excluded.

Affordability of internet and devices is a major barrier to internet access. A recent survey of low-income households showed that nearly 60 percent had trouble paying for their mobile data or broadband internet. Survey recipients identified that discounted services, free or affordable devices and free wi-fi would help keep them online.^{xxxi}

Existing programs, many delivered through community organisations in our Network, are facing huge demand, even though many consumers don’t know they exist. The Government can help keep households connected by funding the delivery of equipment and devices, including for school-age children. In addition, regulatory requirements on telecommunications retailers should be reviewed, to ensure they are required to offer affordable services and appropriate hardship programs

Recommendation

Anglicare Australia recommends providing free or low-cost digital devices and equipment for low-income households, to enable them to participate in school, work and access services.

Dignity in ageing

Fully fund the implementation of the Aged Care Work Value case in 2023

Older Australians, their families, and the workers who care for them deserve dignity and respect. Many older people rely on aged care workers to deliver care, and a skilled and caring workforce is vital for a sustainable aged care system. However the system is facing intense workforce shortages. More than 110,000 direct care workers will be needed within the next decade.^{xxxii} At the same time, many existing staff are considering leaving due to poor pay, insecure work, or burnout.

The Fair Work Commission's interim 15 percent pay increase for aged care workers will help attract new workers and retain those already working in the sector. But the Government's decision to phase in its implementation over the next 18 months, means the full benefits will not be felt for some time.

Aged care services are struggling to fill shifts now. They need to be able to pass pay increase on to staff immediately to address the workforce crisis.

Recommendation:

Anglicare Australia recommends fully implementing the interim pay increases for aged care workers on 1 July 2023.

Develop a pricing framework that enables people to live a full and healthy life

Everyone deserves quality care as they get older. Aged care is about supporting older Australians, keeping them healthy, and supporting people to live a full, safe and healthy life.

Fair and sustainable pricing is one of the enablers of a system that can deliver this high quality of care. If aged care pricing does not include the full cost of providing high quality, person-centred care, or fails to keep up with rising costs over time, quality of care is compromised, and consumer choice curtailed. People with more complex needs will miss out on care, and their providers will fail, or leave the market.

The Aged Care and Health Pricing Authority is developing a new pricing framework for aged care services. Much of the consultation and discussion so far has been focused on personal and clinical care, and care minutes. We must not lose sight of the fact residential aged care facilities are about more than providing clinical health care. They provide homes and communities for people in the later years of their life. Principles of wellness and reablement are key to successful ageing, but too little has been done towards embedding them in the aged care system.

Providers should be enabled to work with older people to ensure they can live as fully as possible, including through funding for allied health, lifestyle activities and pastoral care.

Recommendation

Anglicare Australia recommends developing a pricing framework that is informed by the actual and

true costs of delivering holistic, person-centred care, including allied health, lifestyle activities and pastoral care.

Fund a short-term funding viability package to help services in crisis

An equitable, person-centred pricing framework will address many of the funding issues facing the residential aged care sector over the longer term. But in the meantime, services are in crisis.

More than 70 percent of residential aged care providers are operating at a loss.^{xxxiii} They are being forced to reduce budgets in critical areas like facility maintenance, lifestyle activities and allied health, which add so much to the experiences of older people in care.

And if these providers were to fail, whole communities could be left without care options and older people forced to move far from their families and support networks. Experts estimate that as many as 50 residential homes could close in the next 18 months if action is not taken.

To provide for the short-term viability of residential care services, while reforms are implemented, a sustainability funding package is needed.

Recommendation

Anglicare Australia recommends providing short-term financial support to residential aged care services to ensure their viability while broader reforms are implemented.

Continue providing assistance to older people experiencing housing insecurity

Most Australians want to age in their own home for as long as possible.^{xxxiv} Ageing in place requires a home that is secure, affordable, and appropriate for an older, possibly frail, person. It also needs to be a suitable place in which to receive in home care.. With Australia facing a housing affordability crisis, that is getting harder and harder to find. The experience of ageing in place as an older renter is different to a home-owner – they are more likely to experience financial hardship, live in poor quality or inappropriate housing, and face insecurity and the risk of eviction. The aged care system must address the needs of the significant cohort of older Australians who rent.

The Assistance with Care and Housing (ACH) program of the Commonwealth Home Support Program was targeted specifically to older people who are homeless or at risk of homelessness, including through eviction from a rental property or inability to secure appropriate housing. It links people in to affordable and appropriate housing options, as well as assisting people to connect with home care services.

Reforms to the home care program include rolling the ACH program into the broader Care Finder program and removing the requirement for Primary Health Networks to commission specialist homelessness services, meaning the dedicated funding, staff and expertise of the ACH program is under threat. Dedicated, ongoing block funding for the ACH program is vital to maintaining this essential service.

Even before the changes, the ACH program was unable to meet demand for its services, or provide the depth of assistance needed to support its vulnerable older clients. A consistent message from ACH providers throughout Australia, including Anglicare Australia Network members, was that the current ACH funding covered approximately 10 percent of their costs.^{xxxv}

Recommendation

Anglicare Australia recommends providing ongoing and additional block funding to the Assistance with Care and Housing Program that supports older people experiencing or at risk of homelessness to find appropriation housing and connect to aged care services.

Tackle loneliness

The COVID-19 pandemic and associated measures, including lockdowns, social distancing and restrictions on visiting people in aged and health care facilities are driving an epidemic of loneliness. It is well established that loneliness is bad for people’s health. It negatively impacts brain processes, ability to handle cognitive tasks, control of inflammation in the body, ability to regulate stress, and severity of mental health symptoms, just to name a few.^{xxxvi}

About 5 million Australians experience loneliness at any one time, with older people at particular risk.^{xxxvii} Many people are reluctant to report it, fearing judgement or embarrassment. Internationally, campaigns are having success at destigmatising loneliness and addressing misconceptions.

Tackling loneliness isn’t easy. It requires more than just connecting people with strangers. Connections must be real and meaningful, and that takes time to develop. Education for health and community service workers about positive social connections and identifying loneliness are also likely to be helpful. Australia would benefit from a comprehensive national strategy, as was recently introduced in the UK.

Recommendation

Anglicare Australia recommends the development and resourcing of a national strategy to tackle loneliness.

A safe future for children and families

Close the gap for First Nations children

The impacts of colonisation and dispossession have created a legacy of First Nations children separated from their families, culture and community. The National Agreement on Closing the Gap calls for a 45 percent reduction in First Nations children in out-of-home care by 2031. We are distressingly off-track to meet this target, and trending in the wrong direction.

Not only is the number of First Nations children in out-of-home care increasing, so too is compliance with the Aboriginal Child Placement Principle. Only 40 percent of children were placed with First Nations carers in 2021, compared with 53 percent in 2013.^{xxxviii} For First Nations children, being separated from family can mean the loss of their cultural connection and identity, threatening their health and wellbeing.

Substantial transformation of child protection systems is required to turn the tide of over-representation of Aboriginal and Torres Strait Islander children in out-of-home care. 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 reiterate the campaign's calls for increased investment in Aboriginal-led early intervention programs to support families and prevent children from becoming at-risk, and participation 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 children protection decision-making
- Working with Aboriginal communities and organisations to develop targets and strategies 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. Investing in targeted early intervention programs can assist families before issues escalate, families breakdown and children enter out-of-home care. Supporting parents intensively and early when they most need help makes a significant difference in reducing the number of children that are removed and placed in out-of-home care.

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

3.5 times more likely to have a juvenile and/or adult community sentence, compared to children without contact with child protection services.^{xxxix}

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 carers. 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.^{xi}

It also 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.^{xli} It’ll also keep up to 1,200 children from entering out-of-home care or progressing to residential care each year.^{xlii}

Recommendation

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

Remove the activity test for Child Care Subsidy

Access to high-quality, affordable early learning increases workforce participation. It also acts as a protective factor against developmental vulnerability for children, a safeguard against abuse and improves school readiness and learning outcomes. Improved child development in the early years is positively associated with higher employment and reduced crime in adulthood.^{vi}

Recent changes to the childcare subsidy will improve access for First Nations children. Under the changes, all First Nations children will be eligible for 36 hours of subsidised care every fortnight, regardless of whether their parents meet the activity test or not. This will help First Nations children experiencing development vulnerability and contribute to closing the gap in outcomes between First Nations and non-First Nations children.

Yet the activity test continues to apply to non-First Nations children from low-income households or who are developmentally vulnerable. The activity test links the hours of subsidised care to work, volunteering or study of the parent with the least hours of work. Access to subsidised care is therefore reduced to one day per week for families where one parent, usually a woman, is not working. This policy exacerbates inequality, by leaving vulnerable and low-income children, who are most likely to benefit from early learning, without access to it.^{vii}

As well as its impact on children, the activity test acts as a barrier to employment for families facing unemployment or job insecurity. It is well documented that the path to steady employment for disadvantaged job seekers is not a linear one.^{viii} Full-time employment, part-time employment, temporary jobs, casual and insecure work, unemployment and underemployment may all be part of a

family's journey, and parents may cycle in and out of employment. Under the current activity test, 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.

The activity test can also be a barrier to parents getting the support they need to address health or wellbeing issues that could be preventing them from securing or maintaining employment. For example, our members report that parents who are seeking support for drug and alcohol addiction often need to access between two and five days of childcare each week. This level of care allows parents to engage in drug and alcohol counselling, group work, relapse prevention and health appointments.

Recommendation

Anglicare Australia recommends the bottom two steps of the activity test should be removed, guaranteeing three days of subsidised early learning and care for every family, including where the parent with the least hours of work is engaged in fewer than 16 hours of recognised activity.

End family violence

The impacts of family violence on women and their children are far-reaching. Not only is it the leading cause for homelessness among women, it can result in mental ill-health, substance misuse, poverty and family breakdown. 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. Breaking the cycle requires social and cultural change, and challenging the gender inequities that allow violence to thrive. Attitudes and beliefs that condone or excuse abusive or controlling behaviours are one of the key drivers of violence. Yet these attitudes remain. For example, 43 percent of Australians think that rape results from men not being able to control their sexual needs. One in five Australians continue to believe that family violence is a normal reaction to stress, and that a woman can sometimes make a man so angry he hits her.^{xliii}

The Government has made significant investments in prevention and early intervention initiatives in recent budgets, including \$225 million for education around consent and respectful relationships in schools. According to a PricewaterhouseCoopers report, in line with other public health prevention campaigns (smoking cessation, skin cancer reduction and road safety), the estimated optimal spend on primary prevention is 9.5 – 12 percent.^{xliiv}

Changing attitudes takes time. Preventative efforts must be complemented by services and support for victim-survivors. Anglicare Australia welcomes the greater funding and extension of the escaping violence program to 2026 last budget. However at this stage, it is unclear how the program will be delivered once the trial ends this year. It must be well resourced to deliver on its potential.

Further, we believe that the payment criteria is too narrow. The current criteria limits eligibility for

the payment to Australian citizens, permanent residents and protected special category visa holders who have experienced intimate partner violence. However, family violence can occur in other forms of relationships, including between siblings, and between parent and child. Migrant and refugee women are also disproportionately impacted by family violence, but often have no access to support services because of their visa status. The Government should expand payment eligibility criteria to ensure that anyone who experiences family violence can get the help and support they need to stay safe from violence and abuse.

Recommendation

Anglicare Australia recommends lifting expenditure on family violence prevention and extending eligibility for escaping family violence payments

Make superannuation compulsory for parents on parental leave

Everyone, regardless of gender, should have equal opportunity to live out their later years in dignity. Yet, the superannuation system, which was introduced to help Australians save for retirement, is failing women.

Women on average retire with superannuation savings that is 28 percent lower than men.^{xlv} Because the superannuation system is linked to paid work, it overwhelmingly disadvantages women who earn less than men, are more likely to engage in part-time or casual work, and are more likely to take time out of work to fulfil unpaid caring responsibilities.

Women are further penalized after having a child because no superannuation is paid whilst on parental leave. Analysis conducted by Finder revealed that for every year of maternity leave a woman takes off from her full-time job, on average, she loses \$17,000 in superannuation at retirement.^{xlvi} 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. This is unlike other types of leave (e.g. annual leave), where employers are obliged to pay superannuation. 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.

Employer-paid parental leave inclusive of superannuation is being offered by a growing number of large businesses, including some Anglicare Australia Network members. 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 economic security and close the gap between men and women’s retirement superannuation balances.

Recommendation

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

A just climate transition

Upgrade low-income household energy efficiency

As Australia transitions to a clean energy future, it is critical that all homes are as energy efficient as possible. However, the transition to efficient energy usage risks leaving households with the most to gain behind.

31 percent of Australian households are rentals and are therefore unable to undertake efficiency upgrades, saddling them with higher power prices and poorer quality homes. Over 40 percent of households experiencing energy stress in 2020 were in the lowest 20 percent by income.^{xlvi} Without the financial resources to upgrade their homes, low-income households will continue to struggle with energy prices.

The Government can ensure that the transition to clean, efficient energy is equitable. Simply replacing gas appliances can reduce a household's yearly bill, with savings up to \$1,899. These yearly savings increase by a further \$800 in households with solar panels installed on their roof.^{xlvi}

We know that low-income households and renters face the biggest challenge to undertaking energy efficiency upgrades due to the upfront cost, and, for renters, not having permission or "interest" in the property. The ACT and Victoria have successfully introduced loan and rebate programs to assist households undertake upgrades.

The Government's Solar Banks program allows households to buy in to the development of community solar farms that provide credits to lower household energy costs. This program is an excellent way the Government can ensure that low-income households, renters and other households who face barriers to solar installation or other energy efficiency schemes to also benefit from clean energy. The Government could expand this scheme to ensure as many households – especially low-income and rental households - as possible are able to access the program and offset the rising cost of electricity.

As Energy Ministers consider the implementation of the National Framework for Disclosure of Residential Energy Efficiency Information, the Government can support low-income and rental households upgrade their homes with a program to invest in retrofitting and efficiency audits.

Recommendation

Anglicare Australia recommends investing in a national scheme to upgrade and improve the energy efficiency of low-income and rental households

Build community resilience to disasters and emergencies

In the last three years, Australian communities have been devastated by disasters, including bushfires and floods. Such disasters will be increasingly common, as the effects of climate change drive more extreme weather patterns. The cost of natural disasters will only continue to grow and

are projected to cost Australia at least \$73 billion per year by 2060.^{xlix}

Communities most at risk to disasters, particularly in regional and remote Australia, will continue to face the highest cost of extreme weather such as bushfires and flooding. A report by the Climate Council identified that of the top 10 federal electorates with the households with the highest risk to extreme weather, 6 are based on regional and remote communities.^l Recovery from these disaster events will only be exacerbated by factors like the lack of affordable medium-term housing in regional and rural communities.^{li}

With over half a million homes expected to be totally uninsurable due to their high risk of extreme weather by 2030, it is critical that the Government acts quickly to prepare communities for the risks and impacts of extreme weather and natural disasters.^{lii} Investing pre-emptively in measures to mitigate disasters and help communities adapt will ultimately see return in saving money from having to be spent on recovery.

Recommendations

Anglicare Australia recommends:

- Investing in strategies to help communities adapt and prepare for more extreme weather events
- Investing in disaster recovery strategies to better respond and support communities impacted by natural disasters

Disability and mental health

Make disability employment services work

The Disability Employment Service (DES) is designed to assist people with disability gain access to employment. The system is managed by DES providers, which can be either for-profit or not-for-profit organisations. Access to the DES varies; either voluntarily, for example where people are receiving the Disability Support Pension and would like to work, or; are referred by Centrelink following a Jobs Capacity Assessment.

As the Department of Social Services designs the New Disability Employment Support Model, we believe there are several key areas that can be improved as part of this process. Firstly, restructuring the program to encourage and facilitate long-term engagement with clients would ensure that the best outcomes are being achieved and, importantly, sustained. DES providers have reported to us that the current structure encourages providers to assist people into the first job, rather than the right job.

Feedback from DES providers to Anglicare Australia has been that the system is not geared towards helping people prepare for work, but simply to get them into a job. People with disability, particularly those with a psychosocial disability, may require additional assistance over a longer span of time in order to prepare them for work. Without receiving such assistance, some people are simply unable to fully access support and employment.

Another key issue in the existing structure of the program is that providers are unable to work with people who are already employed. If a person with disability is trying to seek a role that is better suited, or their current role is under threat they are unable to access the DES program to find that support – they would have to leave their job. Incentive does not exist for career progression or resolving issues before they cannot be solved.

Anglicare Australia is also concerned that DES providers are required to enforce mutual obligation requirements on behalf of Centrelink. This undermines a strengths-based approach to assisting people into work and should be dropped as the Department designs a new model

Recommendations

Anglicare Australia recommends:

- Expanding DES to include people already in work.
- Ensuring DES providers can work with people over a longer period to ensure they are job ready.
- Removing all mutual obligation requirements from DES participants.

Provide the NDIS with funding certainty

Anglicare Australia welcomes the greater funding that the Government provided to the NDIS, particularly its administering body, the NDIA. But it remains apparent that questions about the long-term funding structure remain unresolved. It is important that appropriate language is used when

discussing these challenges that the NDIS faces. Anglicare Australia would push back on language such as “cost blowouts” and “ballooning”, which undermines the scheme and sets it up for failure with the negative perception that the scheme’s cost is inherently bad.

Anglicare Australia further welcomes the greater support the Government has provided in the last budget to support people with disability with appeals at the Administrative Appeals Tribunal (AAT). Further, the introduction of an expert review pathway to resolve disputes without going to the AAT will hopefully provide better outcomes for NDIS participants. However, while these changes are positive, they fail to address the underlying issue that people with disability are struggling to access the scheme in the first place.

The NDIS needs to become more flexible in the way it designs plans for its participants. For example, a person with a psychosocial condition may require different levels of support from month to month. Further, people who need to make variations to their plans should be able to do so without needing to completely renew their plan.

Rather than cast doubt on the NDIS’ financial viability, the Government should ensure that the scheme is guaranteed the resources and support required to ensure the scheme can fulfil its purpose.

Recommendation

Anglicare Australia recommends providing adequate funding to both the NDIS and its administering agency, the NDIA, to fully deliver care and support for people with disability.

Boost capacity for disability advocacy

When the National Disability Advocacy Framework (NDAF) was designed, the NDIS was not operating. But now, appealing NDIS decisions makes up a substantial workload for disability advocacy services. This work is time consuming and expensive. Many services are not able to cope and thus are forced to either close their books or maintain extensive waiting lists. This, coupled with the fact that not all advocacy is formally funded through the NDAF makes the system complex and makes it harder for people with disability and their family to access the advocacy support they need.

Anglicare Australia welcomes the greater support from the government for NDIS participants appealing decisions at the AAT. However, we believe that there should be greater investment in all the functions of disability advocacy to ensure that people with disability can access the support they need to advocate for them in a range of settings, not just appeals to the AAT.

Further, the Government can improve the measurability and accountability of the NDAF. With the establishment of the NDIS, the National Minimum Data Set ceased to exist, and as a result, there is little to no data published about the demand for and ability to access advocacy services, nor the outcomes being achieved. The lack of data about demand and outcome is therefore unable to be utilised for planning, analysis, and service design.

Recommendations:

Anglicare Australia recommends:

- Increasing funding for disability advocacy to meet demand being generated by NDIS
- Improve access for people in rural or remote communities who experience barriers in accessing services
- Improve data collection and publication methods to better understand need for services

Allocate funding for psychosocial support services

The Productivity Commission’s Report on Mental Health acknowledges the ‘missing middle’ of people who need support for their mental health, but are not so unwell as to require clinical care.

Psychosocial support services assist people with mental illness to participate in their community, manage daily tasks, undertake work or study, find housing, get involved in activities, and make connections with family and friends.

Anglicare Australia strongly supports the Productivity Commission’s call for a “coherent system of regional funding for psychosocial supports designed in partnership with, and that work for, people with mental ill-health.”

Yet recent budgets have commenced action on only one third of the Productivity Commission’s recommended actions. The Australian Government has yet to develop an implementation plan, or make an appropriate budgetary allocation.

Recommendation

Anglicare Australia recommends funding psychosocial support services to address the gap in access for people with psychosocial disability.

Strengthen mental health support in schools

The COVID years, and the uncertainty caused by the pandemic have impacted on the wellbeing of children and young people. Many young people are becoming increasingly anxious about the uncertainty of their futures and the Australian Institute of Health and Welfare reports that nearly one in three young people have experienced lasting negative mental health and wellbeing effects as a result of the pandemic.

Schools play a key part in shaping children and young people’s social, mental, and physical wellbeing – all of which are foundational to children’s ability to adapt, adjust, and thrive across their lifespan. Schools can also offer a pathway into life-long learning, employment, and community connectedness that is crucial to reducing poverty and enabling wellbeing and social inclusion.

The Government can help address the mental health crisis among Australian children and young people by investing in mental health and suicide prevention services in both primary and secondary. Currently, there is no national strategy or evidence-based approach to mental health care in schools,

and no consistency in how mental health is addressed within curriculums.

Better mental health care in schools will not help students who have already disengaged. Rates of absenteeism from school are increasing, with just seven in every 10 students going to school 90 percent of the time – down from almost eight in 10 in the years before the COVID-19 pandemic.^{liii} In regional and remote areas, just 61 percent of young people are going to school most of the time. This figure drops to 41 percent among First Nations school students. And this doesn't account for at least 50,000 Australian children who are not enrolled in school.^{liiv}

Flexible learning options help young people who have disengaged from mainstream school to successfully re-engage with learning. Anglicare South Australia's Flexible Learning Options program assists young people to re-engage in learning by supporting them to help address underlying disengagement issues, and personalising learning plans.

Recommendations

Anglicare Australia recommends

- Investing in a national strategy to strengthen mental health services in primary and secondary schools
- Improving access to flexible learning options, including those run by community service organisations

Conclusion

Anglicare Australia is pleased to make this submission ahead of the 2023-24 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 a wellbeing economy that recognises we need to measure more than GDP.

The nation is facing major challenges, and so is the Federal Budget. Hundreds of thousands of Australians are cannot find an affordable home. Those who are out of work or underemployed are struggling to make ends meet. And 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. And 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 the Government itself, that changes are needed to 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, Australia's safety net has become a poverty trap. Rates of JobSeeker have been frozen at dangerously low levels for 25 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. It is simply not working for many of the people it was created to serve. The Government 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 recognised this ahead of last year's Federal Election. 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 a more prosperous and vibrant Australia.

ⁱ Parliamentary Budget Office (2021) [Distributional analysis of the stage 3 tax cuts](#).

ⁱⁱ Australian Government (2022) [Treasury portfolio transcript](#).

ⁱⁱⁱ UNSW and ACOSS (2022) [The wealth inequality pandemic: COVID and wealth inequality](#).

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- ix Anglicare Australia (2022) [A Clear Choice: Ending poverty for the cost of tax cuts](#).
- x Calculated using the methodology outlined in Answer to Question on Notice No: 257, *Taxation paid and 2016-17 Financial Year, what was the total government spend?* Supplementary Budget Estimates 2017-2018.
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- xii Ibid.
- xiii Anglicare Australia (2018) [The Cost of Privilege](#). This figure includes income foregone from the capital gains tax concession, principle residence CGT exemption, and negative gearing.
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