

Pre-budget Submission

2024-25

Baptist Care Australia

25 January 2024

About Baptist Care Australia

Baptist Care Australia is the national representative body for Baptist community service organisations and their clients in the national policy debate. Together, our members care for over 50,000 Australians, employ more than 13,000 staff, work with 1,500 volunteers and have an annual turnover of over \$1 billion across a range of social service areas.

Our members serve people needing support as they aged care, needing housing, struggling to survive on low incomes, living with a disability, affected by family violence, and affected by multigenerational disadvantage. Services include all forms of aged care, social and affordable housing, crisis accommodation, out of home care for children, counselling, education, no- and low-interest loan schemes, and other programs that help people rebuild their lives or live independently with the right support.

As a peak body, Baptist Care Australia works to bring social justice to Australian communities, advocating nationally on issues important to our members and the people who access their services. A core principle in our work is to make sure that the interests and voices of marginalised people are heard in decisions that affect them. Our vision is a nation of hope-filled, purposeful people, building communities where every voice is heard.

Baptist Care Australia is a company limited by guarantee, a registered charity and a public benevolent institution.

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Summary of key recommendations

Social and affordable housing

- Build 500,000 social housing properties over the next decade
- Expand the Housing Australia Future Fund capital investment to at least \$20 billion
- \$3.0 million annually to a National Community Housing Industry Development Strategy

Homelessness services

- Increase funding for homelessness services by \$450 million annually
- Extend the \$73 million Equal Remuneration Order funding for homelessness services
- Fund wrap around support services to keep people with complex needs housed

Aged care

- Inject additional funding for aged care services to adapt to the new Aged Care Act
- Fund the uplift for Stage 3 of the Fair Work Commission Aged Care Work Value Case
- Implement those recommendations of the Aged Care Task Force that will ensure aged care services are sustainable in the long term; are of high quality; and accessible to all older people who need them, no matter their personal circumstances

Government support payments

- Lift JobSeeker, Youth Allowance, Parenting Payment Single and related payments to parity with pension payments and index to wages as well as prices
- Establish supplementary payments for the additional costs faced by some people, including a disability and single parenthood supplement
- Increase the maximum threshold for Commonwealth Rent Assistance by 60% and initiate a review process to better align eligibility with need

Community services

- Provide an immediate funding boost to essential community services to respond to recent increases in need
- Recognise and fund the full costs of delivering community services
- Establish a Services Quality Commission

Introduction

We are pleased to provide our 2024-25 Pre-Budget Submission to the Government for consideration.

Baptist Care Australia advocates for policies that improve equality and opportunity for people who are marginalised and disadvantaged. We are deeply concerned by the widening household income gap and increase in wealth inequality in contemporary Australia.ⁱ Levels of poverty are increasing in Australia. Over 3.2 million Australians, including 761,000 children, live in poverty in Australia, and wealth inequality is now the worst it has been in 75 years.ⁱⁱ Half of people in poverty are in households relying mainly on social security.ⁱⁱⁱ

But the big change in poverty in Australia in 2023 was the sudden rise in levels of destitution amongst the ‘working poor’. The rapid increase in the costs of living against weak wages growth has led to an increase in the number of working Australians struggling to meet their basic needs. In 2023, one food relief charity found more than half of the 2 million Australian households struggling to put food on the table have someone in the paid workforce.^{iv}

The Federal Government must play a central role in curtailing this trend by ensuring all Australians can secure a safe and affordable home, can access aged care services in a place of their choosing, can meet their basic needs when relying on Government support payments, and have access to community services when problems arise.

Safe and affordable housing as essential infrastructure

Baptist Care Australia believes every person deserves a safe and affordable place to live. A secure home is the foundation for a good life. Take it away, and people are pushed into poverty and insecurity.

Yet Australians have never faced a less affordable housing market. Across Australia home prices and rents are skyrocketing, plunging more people into housing stress.

Many reports and data sets throughout 2023 reinforced that housing vulnerability is a daily reality for thousands of Australians.^v The final report of the 2023 Senate *Inquiry into the Worsening Rental Affordability Crisis* captures it thus:

“Australia is in the midst of a rental crisis. Over the course of the inquiry, [the Committee] heard powerful accounts from renters who shared their struggles of securing and maintaining adequate housing that meets their needs. First and foremost, this is not a discussion about bricks and mortar: this is a human crisis.”^{vi}

In the 12 months to 12 January 2024, rents rose by 14.2 per cent in major cities and 9.9 per cent nationally.^{vii} As Anglicare Australia’s *2023 Rental Affordability Snapshot* confirmed, people on the lowest incomes face the greatest burden in this national trend.^{viii} Indeed, tenants in public housing (52%) and private rental (20%, and 50% for those aged 65 years and over) are at higher risk of poverty. Further evidence from the Productivity Commission shows 42.9% - or almost half – of people on Commonwealth Rent Assistance are in housing stress.^{ix}

Most concerning is the rise in housing insecurity amongst people with paid employment.

We welcome the interventions announced throughout 2023 including:

- Passage of legislation to establish the Housing Australia Future Fund (HAFF), with an initial credit of \$10 billion. This aims to result in 30,000 new social and affordable homes over the next five years.
- A \$2 billion Social Housing Accelerator distributed to state and territory governments, which expects to deliver 4,000 new social homes by 2028^x
- The uplift in the National Housing Accord’s new homes target to 1.2 million new homes over five years from mid-2024
- The National Cabinet agreement on ‘A Better Deal for Renters’ including to:
 - Take a coordinating role to implement stronger rental rights
 - Continue to invest in public, social, community and genuinely affordable housing

Notwithstanding these welcome developments, much more will be needed if we are to restore housing security to low-paid working Australians and to those who rely on Government support payments.

Recommendations

Baptist Care Australia is concerned by the steep rise in the number of Australians who cannot secure a safe and affordable home. This national crisis requires a national response. We recommend the Federal Government:

Social and affordable housing

- Work to build 500,000 social housing properties over the next decade.
- Expand the capital investment in the Housing Australia Future Fund from \$10 billion to at least \$20 billion.
- Contribute \$3.0 million annually to a National Community Housing Industry Development Strategy to increase the capacity of the community housing industry to deliver more choice for low-income renters.
- Allocate an initial \$500K to the Australian Treasury in 2024/25 to consult on an overhaul of the National Regulatory System for Community Housing (NRSCH), in line with the recommendations of the 2017 Affordable Housing Working Group and the 2021 statutory review.
- Fund national reform for all levels of government to ensure interdependence and cooperation in order to improve the response to the housing and homelessness crises.

Homelessness services

- Increase funding for homelessness services by \$450 million annually.
- Extend the Equal Remuneration Order funding of \$73 million for homelessness services.
- Fund wrap around support services to keep people housed, particularly those with complex needs including but not limited to those experiencing long term homelessness, leaving DFV and with mental health issues.

See also our recommendations regarding Commonwealth Rent Assistance under the section *Ensuring people can meet their basic needs on Government support payments* below.

Ensuring older people can access the care they need as they age

Aged care service providers face another year of highly complex regulatory and operational changes in tightly compressed timeframes, all while supporting older people already in their care.

According to the most recent StewartBrown report, recent Government investment into aged care – including the new AN-ACC starting price from 1 July, the 24/7 RN supplement and the uplift in AN-ACC from 1 December 2023 – has moderated the impacts of cost increases. We welcome this investment and acknowledge the Government is exploring new approaches to the funding of aged care services. We support efforts to ensure aged care will be available to all people who need it by ensuring secure and accessible aged care in Australia. In line with our vision and mission, we will seek to ensure any such changes do not adversely impact older Australians who are experiencing poverty or otherwise marginalised in our society.

We note aged care providers are facing high expectations and no known additional resourcing to operationalise the changes attached to a new Aged Care Act and associated rules. The Act is yet to be introduced to Parliament and yet is intended to be operational from 1 July 2024. The level of resourcing needed to transition to the new law will bring significant new financial burdens on service providers that will need to be adequately funded by government. Without knowing the final detail, we anticipate this will require staff education programs, reframing of organisational policies, technology upgrades, changes to business systems, and other activity needed to embed the changes within our businesses.

Recommendations

Baptist Care Australia recommends the Federal Government:

- Inject additional short-term funding for aged care services to undertake the raft of changes required under the new Aged Care Act and associated rules.
- Fund the uplift in wages for those aged care staff covered by Stage 3 of the Fair Work Commission Aged Care Work Value Case, including on-costs and leave entitlements.
- Implement those recommendations of the Aged Care Task Force that will ensure aged care services are more viable and sustainable in the long term; are of high quality; and accessible to all older people who need them, no matter their personal circumstances.

We also put forward the following policy recommendations discussed by our members:

- Ensure appropriate funding for allied health as an important aspect of high-quality aged care.
- Increase funding for the care of residents with dementia. The way care costs are calculated under AN-ACC does not properly fund the care of people living with dementia. There are also not enough respite services available for both day centres and overnight respite care.
- Introduce measures to address the shortfall in funding around everyday living expenses (outside of AN-ACC funding for care).
- Remove the annual and lifetime caps, for those who have the means to pay.
- Increase the value of the home in the means test.
- Remove the RAD caps or significantly increase the current limit to the average median house price (taking into account geographic variability).

We note Baptist Care Australia's aged care service providers are members of the national peak body for aged care services, the Aged and Community Care Providers Association (ACCPA), and we commend their submission to you.

Ensuring people can meet their basic needs on Government support payments

People in households relying mainly on social security payments are five times more likely to experience poverty than those relying mainly on wages and salaries.^{xi} We join with many other agencies in calling on the Government to ensure all people in Australia have an income above the poverty line by permanently increasing the baseline social welfare payments.

Recommendations

Baptist Care Australia recommends the Federal Government:

- Lift JobSeeker, Youth Allowance, Parenting Payment Single and related payments to parity with pension payments (currently \$78 a day) and index such payments to wages as well as prices.
- Establish supplementary payments that are adequate to cover the additional costs faced by some people, including a disability and single parenthood supplement.
- Increase the maximum threshold for Commonwealth Rent Assistance by 60% and initiate a review process to better align eligibility with need.

Strengthening essential community services

In the context of Federal government-funded service delivery, “community services” are those services that assist specific groups of people who have an identified need for additional support. Among others, these include children and young people, families, and people with disability. These services often overlap with other sectors, including health care and early childhood services.^{xii}

Demand for community services has been rising but this need cannot be met by community service organisations with the current funding levels. In 2023, one food relief charity reported a 50 to 70 per cent increase in demand for services across just four to six months.^{xiii}

Recommendations

In relation to community services, Baptist Care Australia recommends the Federal Government:

- Provide an immediate funding boost to essential community services to be able to respond to the increased numbers of people experiencing hunger, homelessness, relationship breakdown and other personal crises.
- Recognise and fund the full costs of delivering community services by accounting for staff wages, infrastructure, management, workforce development and administration in all relevant Commonwealth grants and contracts.
- Provide targeted long-term funding for place-based community development in low socio-economic communities as an effective approach to tackling entrenched disadvantage.
- Provide increased funding to service providers for targeted early intervention programs for children and families who are living in poverty or with diminished circumstances.
- Properly fund peak bodies and advocacy organisations to inform public policy development and social service design undertaken by government.
- Establish a Services Quality Commission to oversee service quality improvements and ensure these are genuinely innovative and person-centred.

Conclusion

This Budget is an opportunity for the Government to do its part to ensure all Australians have equitable access to the basics, such as a place to live, food to eat, and help when it’s needed most.

In Australia, 83% of people agree that Australia should be a country that looks after those in need.^{xiv} Taking this action would align with the general population’s views on the role of government in society to help those in need.

Baptist Care Australia looks forward to seeing the Government’s commitments put into action through the decisions taken in the 2024-25 Federal Budget.

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- ⁱ Davidson P; Bradbury B; Wong M & B; Hill P, 2020, [Inequality in Australia, 2020 Part 2: Who is affected and why](#) Australian Council of Social Service (ACOSS) and UNSW (Sydney).
- ⁱⁱ Clun, R., 2023, "[Australia gets 11 new billionaires as wealth gap widens](#)" The Sydney Morning Herald, 17 January 2023; Davidson, P., Saunders, P., Bradbury, B. and Wong, M., 2020, [Poverty in Australia 2020: Part 1, Overview](#). ACOSS/UNSW Poverty and Inequality Partnership Report. No. 3, Sydney: ACOSS
- ⁱⁱⁱ ACOSS & UNSW, 2023, [Poverty in Australia 2023: Who is affected](#). ACOSS.
- ^{iv} Williams, C, 2023, [More Australians are seeking food relief as prices rise. How do you access help for the first time?](#), ABC News Online, 10 April 2023.
- ^v Senate Community Affairs References Committee, 2023, [The worsening rental crisis in Australia: Final report](#). December 2023;
- ^{vi} Senate Community Affairs References Committee, 2023, [The worsening rental crisis in Australia: Final report](#). December 2023; SGS Economics & Planning, 2024, [Rental Affordability Index](#) as of week ending 12 Jan 2024; Anglicare Australia, 2023, [Rental Affordability Snapshot: National Report 2023](#). Fourteenth edition; Productivity Commission, 2024, [Report on Government Services 2024](#), Chapter G Housing and homelessness.
- ^{vii} SGS Economics & Planning, 2024, [Rental Affordability Index](#) as of week ending 12 Jan 2024.
- ^{viii} Anglicare Australia, 2023, [Rental Affordability Snapshot: National Report 2023](#). Fourteenth edition.
- ^{ix} Productivity Commission, 2024, [Report on Government Services 2024](#), Chapter G Housing and homelessness.
- ^x The Hon Julie Collins MP, Minister for Housing, Minister for Homelessness, Minister for Small Business, "[Housing and Homelessness Ministerial Council meeting](#)," Media Release, 23 November 2023, para. 3.
- ^{xi} ACOSS & UNSW, 2023, [Poverty in Australia 2023: Who is affected](#). ACOSS.
- ^{xii} Productivity Commission, 2024, [Report on Government Services 2024](#), Chapter F Community Services.
- ^{xiii} Borys, S. 2023, [Middle-income Australians turning to charity as cost-of-living pressures grow, while independent MP wants government tax offsets](#), ABC News Online, 12 January 2023.
- ^{xiv} ACOSS, 2023, [Community attitudes towards poverty and inequality survey 2023](#).