

Priorities for the 2023-24 Budget

The Community Industry Group (CI Group) is the peak body working for community services and organisations in Southern NSW. ¹ We support community organisations, promote expertise and innovation, foster industry development and pursue social justice in the region.

For 30 years, CI Group has taken a leadership role in the local community services sector. As part of our leadership role, we connect with organisations, services and individuals engaged in supporting disadvantaged community members to collect their opinion, expertise and recommendations.

The organisations we support and represent are part of the health care and social assistance industry – the largest employer in our region, employing an estimated 36,500 workers (15.5% of the workforce).² These organisations support vulnerable people, those living in poverty or on very low incomes, people with disability and older people.

Natural disasters such as drought, floods and bushfires, combined with the COVID-19 pandemic crisis in Southern NSW, have deepened levels of disadvantage for many in the region who have lost their homes, employment, and social and economic security.

In 2022 CI Group conducted two surveys of organisations in Southern NSW. The surveys included questions on the issues of most concern to organisations, problems facing their communities and challenges for organisations.

This submission is informed by our work across the region and focuses on immediate priorities for the 2022-23 Budget.

Increasingly, people in our region cannot access bulk billing general practitioners, psychologists, mental health workers and allied health professionals. This is particularly the case in Southern NSW, where many communities are rebuilding following the bushfires of 2019-20. There is an urgent need for increased investment in public health, primary care, health promotion and mental health services in the 2023-24 Budget.

Recognising that there are competing priorities for the government to consider, we request that the following are addressed in the 2023-24 budget.

- Jobseeker and Youth Allowance income support payments should be increased by at least \$73.00 per day, and the Commonwealth Rent Assistance should be lifted by 50%.
- Any housing investment should ensure that houses are sustainable, energy efficient and built to be resilient to bushfires and other extreme weather events.
- Bring forward, and fund in full pay rises for aged care nurses and personal assistants.
- Allocation of fee-free university places to workers in the Health Care and Social Assistance industry.

¹ The geographic region we represent is broadly aligned with the SENSWPHN catchment. Southern NSW includes the following Local Government Areas (LGAs) Wollongong, Shellharbour, Kiama, Shoalhaven, Eurobodalla, Bega Valley, Snowy-Monaro, Queanbeyan Palerang, Goulburn-Mulwarree, Yass Valley, and Upper Lachlan. The region is a mix of rural and higher-density communities (such as Wollongong), with approximately half of the population living outside major cities. Much of the region is classified as 'outer regional'. The communities across southern NSW are diverse and unique, each with its strengths and challenges. All LGAs in our region are projected to experience population growth in the next 20 years.

² <https://labourmarketinsights.gov.au/media/iohhdgk/industry-profile-illawarra-south-coast-nov-2022.pdf>

- The standard length for the community sector funding contracts should be at least five years, with longer standard contracts for Aboriginal organisations and service delivery in remote communities.
- Contracts should fund the full cost of service delivery, including management and administration costs.
- Indexation should reflect the real costs of providing services.
- Funding should be allocated to a range of local community services to address poverty, disadvantage and isolation.

Overview of issues

COST OF LIVING

Over 42% of the population in our region experiences high socio-economic disadvantage. The region has more than 25,000 low-income households with 11.5% of households experiencing financial stress from rent or mortgage payments. Our region is poorly serviced by public transport and 6.3% of households have no motor vehicle.³

People on lower incomes spend a more significant proportion of their incomes on essentials. Over 40% of respondents to our survey undertaken in May - June 2022 identified housing as the most significant issue in their communities. In November 2022, when the following survey results were compiled, the biggest problem for communities was access to services (followed by housing).

Our survey findings are consistent with the Australian Community Sector Survey, which found that communities are struggling with cost of living and housing pressures, the needs of people seeking services are increasingly complex, and services are struggling to meet demand.⁴

INCOME SUPPORT

It is time for a new approach and attitude to income support in Australia. The Coronavirus Supplement demonstrated that poverty can be reduced by increasing income support payments. The punitive approach to allocating and administering income support has been inefficient and damaging to people who rely on these supports. Providing income support that allows people to maintain an acceptable standard of living reduces poverty and supports people to participate in social and economic life.

Jobseeker and Youth Allowance income support payments should be increased by at least \$73.00 per day and Commonwealth Rent Assistance should be lifted by 50%.

HOUSING

Housing and homelessness are the most significant issues impacting vulnerable communities in our region. Securing a safe, stable and affordable place to live is fundamental before issues such as mental illness, domestic or family violence, substance abuse, or unemployment can be addressed. Almost all areas across Southern NSW face a minimum of 5-10 year waits to access social housing.

There is a rental crisis in Southern NSW. Vacancy rates for rental properties are low across the region, and rents have increased at twice the rate of wages.⁵ In December 2022 vacancy rates for

³ Ghosh, A. 2019, Population Health Profile: South Eastern NSW. COORDINARE- South Eastern PHN. (Last updated December 2022).

⁴ Cortis, N. and Blaxland, M. (2022) *Helping people in need during a cost-of-living crisis: findings from the Australian Community Sector Survey*, Sydney: ACOSS.

⁵ Regional Development Australia Illawarra, *Is the Illawarra Future-Ready?* October 2022

rental properties in the Illawarra were 1.6% and 1.7% for the South Coast.⁶ The Shoalhaven is among the least affordable areas for private rental in NSW. Across the Illawarra and Southern Highlands there are no available rental properties that are affordable and appropriate for a single person or a couple on income support.⁷

The housing crisis in Southern NSW has intensified in the wake of multiple natural disasters that have reduced the availability of affordable and appropriate housing stock. People still live in temporary accommodation, having lost their homes in the 2019-20 bushfires.

We welcome the commitments made by the government to address the housing crisis through the Housing Australia Future Fund, Housing Accord, and the National Plan to End Violence Against Women. There is a desperate need for National leadership to ensure that more social and affordable housing is constructed and available. We also welcome the announcement of a package to assist low-income households in transitioning from gas to electricity and support additional measures, such as the retrofitting of social housing, to support the health and wellbeing of people on low incomes.

Any housing investment should ensure that houses are sustainable, energy efficient and built to be resilient to bushfires and other extreme weather events (such as the FORTIS house⁸) – this will ensure that houses can be insured.

A SUSTAINABLE SERVICE SYSTEM

The respondents to our surveys in 2022 identified workforce and funding arrangements as the biggest challenges facing their organisations.

WORKFORCE

In Southern NSW, community organisations are struggling to attract and retain staff. This is attributed to several factors, including insecure funding, low wages, child care, transport, contract arrangements that limit the capacity of organisations to offer permanent employment contracts and the lack of affordable housing for workers in Southern NSW.

The Health Care and Social Assistance industry is the largest employer in the Illawarra South Coast. Most of the workers in this industry are women (72%)ⁱ.⁹ The average earnings are \$1057 per week.¹⁰ The workforce shortage in aged care and disability services has been widely documented, and there is an urgent need to address workforce issues in these sectors.

The need for aged care services in our region is increasing. Just over 21% of our population is over the age of 65 years, and in some areas, such as Eurobodalla and Bega Valley, it is much higher (32% and 28% respectively). The percentage of people over 65 is projected to increase to over 30% by

⁶<https://www.reinsw.com.au/common/Uploaded%20files/2023/01%20January/REINSW%20Vacancy%20Rate%20Result%20December%202022.pdf>

⁷ Anglicare 2022, *Rental Affordability Snapshot Greater Sydney and Illawarra, 2002*.

https://www.anglicare.org.au/media/8909/2022_rental_affordability_snapshot_regional_breakdown.pdf

⁸ <https://fortishouse.org/>

⁹ <https://labourmarketinsights.gov.au/media/iohhhdgk/industry-profile-illawarra-south-coast-nov-2022.pdf>

¹⁰ <https://labourmarketinsights.gov.au/industries/industry-details?industryCode=Q>

2030.¹¹ There are over 55,000 NDIS participants in our region¹² and close to 5000 Aboriginal people who are over the age of 50 and eligible for aged care services.¹³

Commonwealth Home Support Program (CHSP) and Home Care service providers in our region have advised that workforce shortages are resulting in services being unable to be provided, including domestic services, personal care and maintenance. These services are essential to protect the health and wellbeing of older Australians and reduce the risk of hospital admissions (falls and accidents related to lack of domestic assistance). Older people are in hospital waiting for services to be put in place before they can be discharged. Workforce shortages can potentially jeopardise the implementation of the support at home program.

The Productivity Commission has identified that there is likely to be a shortfall of aged care workers for *decades*. This is attributed not only to the ageing population but also to changes in policy (staff ratios), competition for workers in other sectors (mental health, disability) and declining informal care.¹⁴

It is widely recognised that workers in aged care are undervalued and that this inequality is gendered.¹⁵ The Fair Work Australia Decision for an interim 15% increase in the minimum wages for nurses and personal care workers should be fully funded and paid immediately full.

The commitment to provide fee-free TAFE and community-based vocational education places and the targeting of places to the aged care sector is welcome. To facilitate the mapping of career pathways across the Health Care and Social Assistance industry consideration should be given to the allocation of fee-free university places for existing workers.

FUNDING AND CONTRACTS

Over the past two decades, there have been significant changes to the way that community organisations are funded. There has been a transition to individualised funding, payment for occasions of service and payment in arrears for deliverables. Contracts that only fund occasions of service and do not include allocations for operational and administrative expenses are increasingly common.

Funding bodies increasingly expect that not-for-profit, non-government organisations can subsidise service delivery costs. This is not the case. Funding should cover the full cost of service delivery, including management and administration costs, and indexation should reflect the actual costs of providing services.

Short-term contracts increasingly targeted to specific populations or interventions have increased the administrative burden for service providers and transaction costs. Inadequate notice of cessation

¹¹ Ghosh A. 2019, Population Health Profile: South Eastern NSW. COORDINARE - South Eastern NSW PHN. [Last Updated: Dec 2022]

¹² <https://data.ndis.gov.au/data-downloads>

¹³ [https://explore.data.abs.gov.au/vis?fs\[0\]=Census%202021%2C0%7CLocal%20Government%20Areas%20%28LGA%202021%29%23C21_LGA%23&fs\[1\]=Indigenous%20status%2C0%7CTotal%23_T%23&pg=0&fc=Indigenou s%20status&df\[ds\]=C21_LGA&df\[id\]=C21_G07_LGA&df\[ag\]=ABS&df\[vs\]=1.0.0&pd=2021%2C&dq=.2_4%2B_T. 1%2B3.10550%2B17040%2B16490%2B12750%2B16950%2B14400%2B16900%2B18450..1&ly\[cl\]=INGP%2CSEX P&ly\[rw\]=AGEP&ly\[rs\]=REGION&vw=tb](https://explore.data.abs.gov.au/vis?fs[0]=Census%202021%2C0%7CLocal%20Government%20Areas%20%28LGA%202021%29%23C21_LGA%23&fs[1]=Indigenous%20status%2C0%7CTotal%23_T%23&pg=0&fc=Indigenou s%20status&df[ds]=C21_LGA&df[id]=C21_G07_LGA&df[ag]=ABS&df[vs]=1.0.0&pd=2021%2C&dq=.2_4%2B_T. 1%2B3.10550%2B17040%2B16490%2B12750%2B16950%2B14400%2B16900%2B18450..1&ly[cl]=INGP%2CSEX P&ly[rw]=AGEP&ly[rs]=REGION&vw=tb)

¹⁴ Australian Government, Productivity Commission, Oct 2022: Aged care employment study report

¹⁵ <https://asset.fwc.gov.au/documents/sites/work-value-aged-care/decisions-statements/2022fwcfb200-summary.pdf>

of renewal of contracts and changes to funding allocations negatively impact service delivery and the recruitment and retention of skilled workers. The standard length for the community sector funding contracts should be at least five years, with longer contracts for remote service delivery. A commitment is needed to provide at least six months' notice for the cessation of agreements or changes to funding allocations.

Many regional non-government organisations have diversified their funding sources and are providing multiple programs. It is common for small community-based organisations to receive 'pots' of funding from two or more funding bodies and a mix of state, federal and local government. For example, a local service may provide child and family services, NDIS supports and CHSP or home care services.

The co-location of funded programs in one service can benefit the community and service users. However, the administrative burden for organisations increases when reporting to multiple funding bodies and the loss of one funded program may threaten the viability of the service. For example, there are services in Southern NSW that are reliant on multiple funding sources and are struggling to remain viable. This is particularly concerning in regions with few services or 'thin markets'.

The focus on increasingly prescriptive targeted services should not be at the expense of more generalist services that promote and support community wellbeing. There is a need for increased investment in services to address poverty, disadvantage and isolation. Local community services are essential community assets. They provide holistic support to people otherwise overlooked by targeted funded programs, such as isolated people, people with disability who are ineligible for NDIS and those facing food insecurity.

In 2021 ACOSS released a report into contracting in the community services sector.¹⁶ The recommendations in this report reflect the concerns that we heard from our service providers. We support all of the recommendations being implemented and a refresh of the existing approach to funding and contracting services.

¹⁶ Blaxland, M and Cortis, N (2021) *Valuing Australia's community sector: Better contracting for capacity, sustainability and impact*. Sydney: ACOSS