

Funding What Matters

POLICY PRIORITY AREAS 2023

3 Practical Solutions for the 2023-24 Federal Budget

1. **Aged Care Older Australians deserve**
2. **Advance equality through the care sector**
3. **Raise revenue to fund what matters**

UnitingCare Australia is the national body for the Uniting Church's community services network and an agency of the Assembly of the Uniting Church in Australia. We give voice to the Uniting Church's commitment to social justice through advocacy and by strengthening community service provision.

We are the largest network of social service providers in Australia, with 50,000 staff, 30,000 volunteers, supporting 1.4 million people every year across urban, rural, and remote communities. Over 80% of our workforce and 60% of our services recipients are women.

The UnitingCare Aged Care Network is the largest not-for-profit aged care provider nationally. We support approximately 97,000 older people, comprising 8.5% of total residential beds and 10% of Home Care Packages nationally.

UnitingCare Australia's policy priorities are economic equality and inclusion, justice for First Peoples and ageing to our full potential. This submission is specifically focused on economic equality and ageing. It reflects our deep concern for the growing number of people in our community who are struggling to live well.

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THE BACKSTORY

Prioritising wellbeing is essential.

Better wellbeing is crucial to a better future for all Australians. A healthy society and environment, supported by a strong economy, creates the best opportunity for people to live a full, happy life.

Putting wellbeing at the heart of policy will create economic systems that are sustainable and geared toward a better, fairer Australia.

Because millions of Australians are struggling.

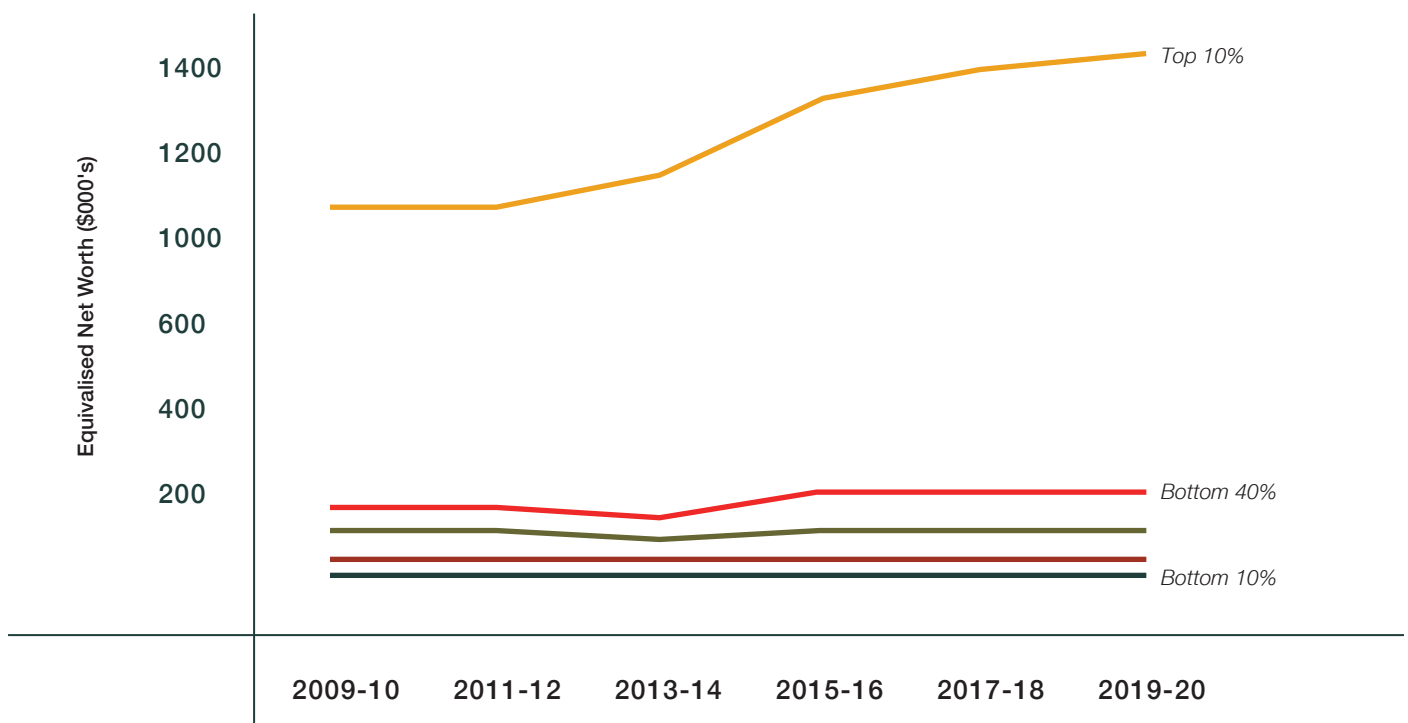
Over the last decade, millions of Australians have suffered diminished wellbeing as a result of skyrocketing wealth inequality and income stagnation.¹

Today, one in four Australians report difficulties in getting by on their current income as we live through the largest increase in cost-of-living since the year 2000.^{2,3}

Financial stress is rampant and Australians regularly face forced choices between groceries and rent, or heating and medicine.^{4,5}

FIGURE 1

Wealth inequality is rising rapidly⁶



1. UnitingCare Australia, 2022. Addressing Economic Inequality.
2. ABS, November 2022. Higher rises in living costs for Employee households.
3. ABS, September 2022. Selected Living Costs Indexes, Australia.
4. ANU. Economic and other wellbeing in Australia, October 2022.
5. Uniting Vic.Tas, 2022. Can't Afford to Live.
6. ABS, 2022. Household Income and Wealth, Australia.

The services Australians rely on are struggling too.

Community services are also facing unprecedented challenges. Accelerating demand is placing mounting pressure on an already stretched workforce (see Figure 2).

Urgent investment in the sector is required to address the compounding issues of rising operational costs, increasing service demand, the growing complexity of client needs and, most significantly of all, staffing crises.

The result of growing need plus shrinking support is a wellbeing catastrophe.

We need to fund what matters.

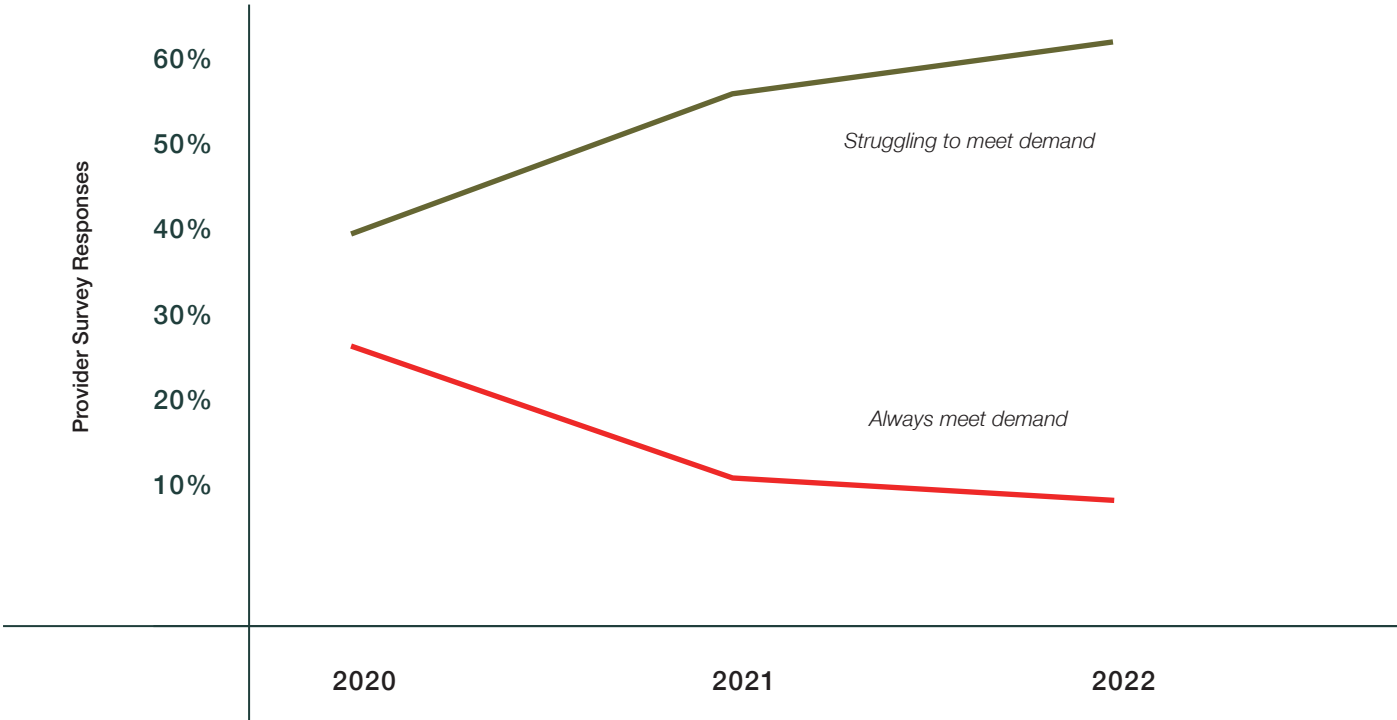
To build the future Australians deserve, we need to fund what matters and prioritise wellbeing.

It is essential that the Government collects sufficient revenue to meet the social service needs of Australians.

We call on the Government to implement three high impact proposals:

- 1. Aged Care Older Australians deserve.
- 2. Advance equality through the care sector.
- 3. Raise revenue to fund what matters.

FIGURE 2
Community services are struggling to meet demand⁷



7. ACOSS, 2022. Helping People in Need During a Cost-of-Living Crisis.

POLICY PRIORITY 1

TARGET AUDIENCE

Older Australians · Care Workers · Women

Aged Care Older Australians Deserve

Background

All Australians should experience compassion and dignity as they age and exercise their rights as fully participating members of society. Older Australians should have access to the resources and supports they need, when and where they need them.

But aged care is in crisis.

The Royal Commission into Aged Care Quality and Safety recommended a \$10 billion per year increase to fund the services older Australians deserve.⁸

Expenditure estimates show that funding to the sector will increase by \$3 billion in 2025-26 following reforms since the Royal Commission.^{9,10} If the recently announced Fair Work Commission determination costs \$3 billion per annum, aged care will still be underfunded by \$4 billion, or 12 per cent. A conversation regarding how much consumers contribute needs to be on the national agenda. Future funding recommendations from the Independent Health and Aged Care Pricing Authority (IHACPA) should be publicly available.

Aged care workers have been undervalued and underpaid for too long. UnitingCare Australia supported calls for a wage increase and welcomed the interim determination from the Fair Work Commission that their award should be increased by 15 per cent. Aged care workers cannot afford to wait a day longer to be recognised and valued. The 15 per cent increase must be implemented in full from 1 July 2023, not delayed over 18 months.

Aged care workers have been undervalued and underpaid for too long.

Aged care is experiencing a workforce and funding crisis while being fully committed to reform and change. However, there are many examples over the past three years of the quick implementation of aged care reforms being prioritised over a strategic and staged approach to change management.¹¹

What is the policy proposal?

1. Increase revenue into the aged care sector by \$4 billion annually.
2. Deliver the Fair Work Commission aged care wage increase determination plus on costs, including existing leave, on top of indexation in full on 1 July 2023.
3. Commit to advanced planning of aged care reforms and providing necessary information about changes six months prior to implementation.

What will it do?

Implementing this policy proposal will enable the delivery of aged care services that older Australians deserve and expect.

How much will it cost?

The \$4 billion annual cost could be met by direct funding, increased consumer contributions or a combination of the two.

Bringing forward the delayed 5 per cent and delivering the full 15 per cent wage increase on 1 July 2023 will cost approximately \$1 billion.

8. Royal Commission into Aged Care Quality and Safety, 2021. Final Report.

9. Parliamentary Budget Office, 2018. 2018-19 Budget: Medium-Term Projections.

10. Budget 2022-23, October.

11. Cf. Announcement and rollout of HC Price Cap in January 2023, HC SCHADS Award July 2022, HC Payment System September 2021.

POLICY PRIORITY 2

TARGET AUDIENCE

Individuals, Families & Children · Care Workers · Women · People with Disability · Remote & Disadvantaged Communities

Advance Equality Through the Care Sector

Background

Millions of Australians depend on the care sector every day to provide vital services that support individuals and communities to thrive. It includes aged care, disability services, community services as well nursing and early childhood education and care. As the largest and fastest growing employer in the country, the opportunity for the care sector to be transformational for Australia's future is boldly evident.¹² So too is the opportunity to advance gender equality through a strengthened care workforce.¹³

The care workforce comprises 76 per cent women from diverse backgrounds, many with caring responsibilities beyond that of their paid job. Of the 434,000 aged care workers, 86 per cent are women.¹⁴ A wage increase, such as that announced by the Fair Work Commission, would go a long way to dealing with the growing cost of living pressures they are currently facing.

Increasing inequality will continue to drive growing demand on government and community services, and lead to poorer wellbeing. Simultaneously, there are clear examples within the care sector where indexation has failed to meet the increasing costs of wages and goods.¹⁵ This means the demand for services grows while the capacity to deliver them is limited year on year. The Australians who rely on these services suffer, and so does the attractiveness of working in the sector.

What is the policy proposal?

As part of the new independent body, *Jobs and Skills Australia*, dedicate one of the proposed permanent Jobs and Skills Australia Deputy Commissioner roles to the care sector.¹⁶

The role would be responsible for the ongoing provision of advice to Government on strengthening the Care Sector workforce with the component objectives of:

- Increasing wages;
- Enabling upskilling, training, mobility, and developing appealing career pathways;
- Ensuring that there is equity of inclusion in workforce growth and participation including in remote locations and for people with disability;
- Ensuring coordination across all parts of government working on Care Sector development;
- Longer-term, appropriately indexed contracts to ensure security of services on the ground for those most in need, and;
- Supporting employers to support their workforces.

What will it do?

Supported well, the care economy provides a significant opportunity for workforce participation and inclusion across the nation, and a stronger care workforce will deliver the services Australians need today and into the future. With stronger and better support, Australians will be markedly better placed to rise to challenges and lead fuller lives.

How much will it cost?

A Deputy Commissioner with an accompanying staff of around 45 will cost approximately \$10 million annually from the Jobs and Skills Australia Budget.

12. UnitingCare Australia, 2022. Addressing Economic Inequality.

13. ABS, November 2022. Higher rises in living costs for Employee households.

14. Department Health, 2020 Aged Care Workforce Census Report

15. ABS, September 2022. Selected Living Costs Indexes, Australia.

16. ANU, Economic and other wellbeing in Australia, October 2022.

POLICY PRIORITY 3

TARGET AUDIENCE

Individuals & Families · Low-Income Households · Rural, Regional & Remote Communities

Raise Revenue to Fund What Matters

*Without a fairer tax system
the government can't fund the
services Australians need.*

Background

As the gap between the most and least well-off grows, more Australians will experience disadvantage and poor wellbeing, leading to increased demand on social services. In 2021, only one in 17 community service providers reported they were always able to meet demand. In 2022, just one in 33 services indicated the same.¹⁷

Too many tax concessions favour the already well-off and can incentivise behaviour that does not increase national wellbeing.¹⁸ We need to ensure that the supports are there when people need them and there is adequate funding to provide for them. Without a fairer tax system the government can't fund the services Australians need.

What is the policy proposal?

1. Within the next twelve months conduct a full analysis and projection of social service needs, including increasing income support payments and allowances, to establish the necessary baseline for revenue.
2. Review the taxation system with a view to growing revenue and scrap the Stage 3 tax cuts to better serve all Australians.
3. Expedite the appointment of an Evaluator General to oversee the evaluation of government programs and cut wasteful and inefficient spending.

What will it do?

Implementing this policy proposal will prepare Australia for challenges to wellbeing arising from growing wealth inequality and financial stress. These challenges will require increased income and service support from the government to individuals and families most in need. The outcome will be a fairer and stronger society. Scrapping the stage 3 tax cuts will also provide the Government with the funding it needs to invest in the wellbeing of all Australians.

How much will it cost?

The costs and benefits associated with policies one and two will be dependent on the findings of the analysis and review.

The Evaluator General's office would cost \$5 million annually. This office will generate savings from improved program efficiency.

17. ACOSS, 2022. Helping People in Need During a Cost-of-Living Crisis.
18. The Australia Institute, 2021. Rich Men and Tax Concessions.