

6 October 2022

Budget Policy Division
Department of the Treasury
Langton Crescent
PARKES ACT 2600

UnitingCare Australia – October 2022 Pre-Budget Submission

UnitingCare Australia acknowledges that there is no formal pre-budget submission process for the October 2022 Budget but appreciates the opportunity to provide our views as contained in this letter.

UnitingCare Australia has three policy priority areas: addressing economic inequality, justice for First Peoples and ageing to our full potential. As such, we submit the following policy proposals which reflect our deep concern around the crisis in aged care, the growing number of people in our community who are struggling with the rising cost of living on unacceptably low wages or income support and the need to ensure adequate services in locations where the Cashless Debit Card is being abolished.

The Aged Care Australians deserve

UnitingCare Australia believes that Australians deserve quality care and support to ensure they can live to their full potential with dignity. This right has been decimated by the collapsing financial standing of the sector. We support the recommendations from the Aged Care Royal Commission Final Report and recognise that the Government is also committed to quality aged care.

Background

- Operating results in residential aged care have plummeted from \$9 operating profit per bed, per day in 2017 to a \$16 loss in 2022. This has been driven by:
 - drastically inadequate indexation, and
 - rising costs associated with the COVID crisis and inflation.
- This funding shortfall has led to a staffing crisis that is growing more and more expensive to fix as it matures.
- Demand for aged care services is forecast to skyrocket because of our ageing population.

Recommendations

- Increase government funding and care recipient contributions into the aged care sector by \$5 billion in keeping with the recommendation of the Royal Commission into Aged Care Quality and Safety.
- Improve indexation processes for aged care funding to ensure funding retains real value, including any efficiency dividend.

Investing in Australians and ensuring support is available

UnitingCare Australia welcomes the Minister's announcement in August that the Government will trial longer-term funding contracts and deliver proper indexation on community services funding grants and is looking for these changes to be included in the October budget.

- The rising cost of living has impacted the most vulnerable in our community, particularly those on low wages or income support.
- In real terms, the cost-of-living crisis has left the community services sector with more clients and less funding. Rising costs have:
 - driven increased demand for community services, and
 - aggravated the financial sustainability impact of insufficient indexation of federal contracts into the sector.

Background

Short term contracts and uncertainty of contract renewal mean it is difficult for organisations to recruit and retain staff and ensure continuity and consistency of service delivery. Only 5 per cent of organisations reported 6-months' notice of contract renewal in a 2022 publication by ACOSS. In a recent survey of the UnitingCare network, 84 per cent strongly agreed that they have had difficulty recruiting and retaining staff in the last 12 months.

80 per cent of community sector organisations reported that their main funding source did not cover the full cost of service delivery according to the Australian Community Sector Survey Report April 2022.

We commend the Albanese Government for repealing the Cashless Debit Card. A successful transition from this program will require short-term wrap around supports for exiting participants through the transition and a longer term sustained investment in those affected communities.

Recommendations

- Extend the duration of community services funding contracts, with a de-facto duration floor of 5 years unless there is a relevant exception.
- Review and improve indexation processes for community services contracts and ensure funding retains real value, including any efficiency dividend.
- Increase resourcing in locations where the Cashless Debit Card is being removed to provide temporary surge capacity and a longer-term strategy for economic and social development.

The October Budget provides an opportunity to rebalance the economy, prioritising the strengthening of our social infrastructure and investment in people as the means to deliver the greatest return on investment of Government resources

We would be pleased to provide further commentary on the recommendations made in this submission.

Yours faithfully,

Claerwen Little
National Director

UnitingCare Australia is the national body for the UnitingCare Network and an agency 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 providers of community services in Australia. With over 1,600 sites, the network employs 50,000 staff and is supported by the work of over 30,000 volunteers. We provide services to children, young people and families, Indigenous Australians, people with disabilities, the poor and disadvantaged, people from culturally diverse backgrounds and older Australians in urban, rural and remote communities.

UnitingCare Australia works with and on behalf of the UnitingCare Network to advocate for policies and programs that will improve people's quality of life. UnitingCare Australia is committed to speaking with and on behalf of those who are the most vulnerable and disadvantaged.