



CATHOLIC WELFARE AUSTRALIA

2006/07 Pre-Budget Submission

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Mr Frank Quinlan
Executive Director
0409 655 460

EXECUTIVE SUMMARY

Catholic Welfare Australia and its members offer a vast array of social services to the Australian community, many in partnership with state and federal governments. The provision of these services is underpinned by certain principles which also inform our priorities with regard to the Federal Budget. These principles include the dignity of the human person, preferential option for the poor, common good, and distributive justice.

In this Pre-Budget Submission, Catholic Welfare Australia has focused on six areas of particular need in our community: Welfare Reform; Family; Social Inequity; Mental Health; Rural and Regional servicing; and Community Sector Development.

In Welfare Reform, we raise particular issues regarding the Job Network, Personal Support Program (PSP) and Breaching. Specifically, we call for three changes to the structure of the Job Network: enhancements to Intensive Support Customised Assistance; a flexible participation package to achieve greater integration between employment programs; and, introduction of a 'Work First Program' for very disadvantaged job seekers. We seek for additional resources to be provided to the Personal Support Program. We also propose that the 8 week non-payment period for income support recipients be suspended for 12 months.

Under the heading of Family, we focus specifically on housing and child care. We propose that the government reviews the targeting of the first home owners grant and reduces the number of Commonwealth Rental Assistance recipients experiencing housing stress. In childcare we place particular emphasis on the role grandparents play in supporting this community need, and recommend ways this can be better supported.

For Social Equity, we recommend that changes to the income tax schedules address the high effective marginal tax rates faced by low-income earners as a matter of urgent priority, including consideration of earned income tax credits.

Focusing on Mental Health, Catholic Welfare Australia identifies the need to make funding available for the community sector to ensure staff have suitable knowledge and capability to deal with early identification of potential mental health disorders and appropriate referral of clients with mental illness. We propose funding for health professionals to work along side Employment Officers in the Job Network and Disability Employment environments and other programs.

With our extensive member network of regional and rural community service providers, we recommend the establishment of a Rural and Remote Welfare Services Advisory Committee. We also seek funding for research into rural service delivery, including OH&S risks in provision of outreach services.

Finally, we identify an increasing need to take a nation-wide view of the community service sector workforce. We call on the government to establish an Australian Welfare Workforce Advisory Committee to oversee the future workforce needs of this sector and concomitant with this, we ask for a Productivity Commission inquiry into the issues impacting the community sector workforce.

RECOMMENDATIONS

Welfare Reform

RECOMMENDATION 1:

To achieve higher outcomes for disadvantaged job seekers:

- Introduce enhancements to Intensive Support Customised Assistance (ISca);
- Develop a flexible participation package to achieve greater integration between employment programs; and
- Introduce a 'Work First Program' for very disadvantaged job seekers.

RECOMMENDATION 2:

That additional resources should be provided to PSP through:

- setting PSP fees with reference to Job Network fees with a 20% loading in recognition of the degree of disadvantage clients experienced by PSP clients;
- introducing a brokerage account for PSP providers, to be set with reference to Job Network fees with a 20% loading in recognition of the degree of disadvantage clients experienced by PSP clients; and
- an increase in PSP places.

RECOMMENDATION 3:

That the 8 week non-payment period for income support recipients is suspended for at least 12 months.

Family

RECOMMENDATION 4:

In order to address the affordability of housing for low-income earners there should be a better targeting of the assistance provided under the first home owners grant.

RECOMMENDATION 5:

That the Commonwealth reduces the number of Commonwealth Rental Assistance recipients experiencing housing stress (those who pay more than 30% of their income on rent) to nil.

RECOMMENDATION 6:

That Government invests in widespread access to affordable and accessible childcare according to demand.

RECOMMENDATION 7:

That Government ensures grandparents continue to be supported through appropriate benefits and formal child (respite) care where necessary.

Social Inequity

RECOMMENDATION 8:

That changes to the income tax schedules that are implemented as part of the 2006-07 Budget address the high EMTR's faced by low-income earners, and consideration be given to the use of earned income tax credits to address the severe impacts on low income earners under current arrangements.

Mental Health

RECOMMENDATION 9:

Establish a specific funding pool for all services within the community sector to ensure staff have suitable knowledge and capability to deal with early identification of potential mental health disorders and/or appropriate referral of clients with mental illness.

RECOMMENDATION 10:

Fund specialised mental health professionals, such as psychologists, to work alongside Employment Officers in the Job Network and Disability Employment environments.

Rural and Remote

RECOMMENDATION 11:

Rural and Remote Advisory Committee that draws its membership from leaders who deliver 'on the ground' family relationship services in rural locations, as well as rural researcher, should be formed as a priority.

RECOMMENDATION 12:

Significantly increased, targeted research should be commissioned to inform rural service delivery policy and planning in the social services sector.

RECOMMENDATION 13:

Acknowledging the increased OH&S risk when providing rural and remote outreach services, Government ought fund national research and benchmarking for standards of acceptable practice.

RECOMMENDATION 14:

Rural and Remote Advisory Committee be provided with sufficient funding to liaise with universities, to develop curriculum to ensure students are job ready for rural service delivery. This approach could mirror the University Departments of Rural Health established by the Australian Government Department of Health and Ageing.

RECOMMENDATION 15:

Government should establish a funding pool to facilitate attendance at conferences by rural practitioners. This pool could provide scholarships similar to those that operate for other professions, such as nursing.

Community Sector Development

RECOMMENDATION 16:

Catholic Welfare Australia recommends the establishment of an Australian Welfare Workforce Advisory Committee to oversee the future workforce needs of this sector.

RECOMMENDATION 17:

That the Productivity Commission conducts an inquiry into the issues impacting on the community sector / welfare workforce.

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CATHOLIC WELFARE AUSTRALIA

PRE-BUDGET SUBMISSION 2006/07

SECTION 1: INTRODUCTION

Catholic Welfare Australia strives to promote and advance the ministry of Catholic social welfare as integral to the mission of the Catholic Church in Australia. It lives out this role as key adviser to the Australian Catholic Bishops Conference on social services issues, as a peak body for Catholic community organisations and as a voice for the poor, marginalised and disadvantaged in Australia.

It carries out this mission by interacting with Catholic organisations, governments, other churches and all people of good will, to develop social welfare policies, programs and other strategic responses that enhance the human dignity of every person and work towards the economic, social and spiritual well-being of the Australian community.

As one of Australia's largest peak community organisations in the social services field, Catholic Welfare Australia represents 57 Member Organisations throughout the country. Through this network we are directly delivering services to over one million people on an annual basis.

As a Catholic organisation we are driven by certain principles which underpin our priorities for Federal Budget initiatives. These principles include the:

- Dignity of the Human Person;
- Preferential Option for the Poor;
- Common Good; and,
- Distributive Justice.

In the context of this vision, the mission of Catholic Welfare Australia is to promote a fairer, more inclusive society that preferentially assists those most in need.

SECTION 2: WELFARE REFORM

Employment services

Catholic Welfare Australia believes that greater resources should be allocated to employment services to enable those people still out of work to participate in the labour market. With the official unemployment rate at historically low levels, those who are still unemployed or outside the labour force experience higher levels of disadvantage and need more intensive assistance to re-enter the workforce.

Over 60% of Newstart recipients have been receiving payment for more than 12 months¹. They are highly likely to face a loss of skills, experience, training and self-confidence.

A significant number of working age people remain outside the labour force and are not counted as officially unemployed, including many recipients of Parenting Payment (Partnered and Single) and the Disability Support Pension. The 'Welfare to Work' reforms will mean that many of these recipients will now be required to look for work. These groups experience high levels of disadvantage. For example, almost half of all single parents on income support have a mental illness, including 20% who have depression². Similarly, two-thirds of all Disability Support Pension recipients are mature aged, and 90% have no current employment income³.

JOB NETWORK

Catholic Welfare Australia calls for three changes to the structure of the Job Network to achieve improved outcomes for disadvantaged job seekers:

Enhancement of Intensive Support Customised Assistance (ISca)

ISca services should be continuous with re-commencement initiated on an annual basis. Unit ISca funding should increase with each anniversary following the job seekers initial ISca eligibility (not commencement). In keeping with this, ISca fees should reflect a job seeker's highly disadvantaged Highly Disadvantaged (HD) status and duration of unemployment at the time of commencing any particular annual ISca programme, and not depend upon the number of programmes of ISca already received.

There should be two grades of HD funding - Standard and Special. All Aboriginal and Torres Strait Islander peoples, People with a Disability, HD and job seekers who have been unemployed for 37 months or longer should

¹ DEWR 2005, 'Labour Market and Related Payments: A Monthly Profile', <http://www.workplace.gov.au/>

² Butterworth 2003, *Estimating the Prevalence of Mental Disorders Among Income Support Recipients*, Policy Research Paper no.21, FaCS, p.33

³ FaCS, 'Characteristics of Disability Support Pension Recipients', <http://www.workplace.gov.au/>

receive HD (Standard) fees with DSP clients receiving the HD (Special) funding level.

Based on Catholic Welfare Australia's experience of the inadequacy of current IScA funding levels, to have a significant performance impact, unit funding differentials will need to be significant. The following would be appropriate:

- 25-36 month unemployed: unit funding 25% above funding for those 13-24 months unemployed;
- HD (Standard): 50% above 13-24 funding; and
- HD (Special): 100% above 13-24 funding

The above unit funding differentials should be delivered via commencement fees, not outcome fees, with a sliding scale that increases the commencement fee as a proportion of the total fee as duration of unemployment and HD status increase.

Flexible participation package

The differing expectations for, parameters of and operational limits of the various programs aimed at disadvantaged job seekers create disincentives to transferring clients from one program to another as needs change.

There is a need to ensure that each of the programs involved primarily Job Network, Community Work Coordinators (CWC), Personal Support Programme (PSP), Job Placement Employment and Training (JPET), and Disability Open Employment Services (DOES) have in-built incentives and appropriate resources to encourage freer job seeker movement among them and joint servicing arrangements that work to the benefit of the job seekers involved.

Long waiting lists for capped programs limit opportunities for timely cross-referral and joint servicing. Programs have competing objectives and this constrains achievement of employment outcomes.

To overcome these rigidities:

- consistent and compatible funding regimes (including service fees, outcome fees and Job Seeker Account (JSKA) credits) and fee sharing arrangements should be introduced to encourage appropriate joint servicing as required and the transfer of clients from one program to another as needs change;
- while recognising the need for additional specific outcomes for each program, the outcome definitions of the various programs should be compatible and the relativity of outcome payments rationalised. A core of common outcomes to all programs should be developed (possibly the economic outcomes used for Job Network and the social outcomes used for PSP) supplemented by additional 'transitional' outcomes for particular programs indicating

- progress towards eventual Workforce Participation (eg completion of a rehabilitation program);
- cross-referral by providers without reference to Centrelink should be possible, provided assessment evidence supports transfer to another program; and
- provider caseload levels should not be permitted to restrict free movement among programs, transfers being treated as supernumerary acknowledging that no additional overall cost will result if a client leaves one program and enters another as the savings in one should roughly counter-balance the costs in another.

'Work First Program' for very disadvantaged job seekers

The mutual interaction between various social and personal issues and unemployment (especially very long term unemployment) means that it is difficult to place job seekers in employment without resolving their non-vocational barriers to work. Hence, for disadvantaged job seekers, a new form of work experience program (Work First Program) is proposed that integrates employment, work preparation (eg training) and intensive personal assistance. The Program would work in the following way:

- 12 months subsidised employment or work experience in a real workplace on award wages or equivalent in the job seeker's field of choice;
- intensive personal assistance would be provided by Job Network members and/or PSP providers as necessary, to assist with the transition into the workforce;
- both Job Network members and PSP providers could initiate Work First Program placement and involve the other service as necessary to address employment and personal issues in the employment context;
- all highly disadvantaged groups would be eligible including all PSP clients, all JPET clients, and HD Job Network clients or Job Network clients receiving ISca;
- sponsorship would be open to both not-for-profit and for-profit organisations;
- tax incentives for business would apply, to encourage their participation;
- a specific Government/Business/Provider (Job Network member and/or PSP provider) partnership agreement would be signed with shared responsibilities outlined clearly; and
- specific Job Network and PSP Service fees would be set. Work First Program placement would qualify for 13 Week, 26 Week and other specific program outcomes in the usual way. An additional 52 Week outcome would acknowledge the very difficult adjustments required of this client group and the high risk of return to unemployment.

RECOMMENDATION 1:

To achieve higher outcomes for disadvantaged job seekers:

- Introduce enhancements to Intensive Support Customised Assistance (ISca);
- Develop a flexible participation package to achieve greater integration between employment programs; and;
- Introduce a 'Work First Program' for very disadvantaged job seekers.

PERSONAL SUPPORT PROGRAM

PSP provides intensive case management to job seekers facing multiple personal barriers, such as drug and alcohol addiction, mental health problems and family breakdown. PSP clients experience high levels of disadvantage. A recent survey of PSP clients in Victoria found that:

- 50% of the sample were homeless in the last 5 years;
- 70% had Year 11 as their highest level of education;
- 78% suffer from a mental health problem; and
- 66% had experienced family breakdown⁴.

Catholic Welfare Australia calls for additional resources to be allocated to PSP.

1. PSP fees should be set with reference to Job Network fees, with a 20% loading in recognition of the higher degree of disadvantage experienced by PSP clients

Currently, PSP providers receive a maximum payment of \$3630 for achieving a social outcome for a PSP client (defined as participation in the program for 104 weeks) or a maximum payment of \$4180 for an economic outcome (defined as employment or participation in ISca, Disability Open Employment Services, or education). This averages out as a maximum of \$34.90 a week for a social outcome, or \$40.19 a week for an economic outcome.

For the same PSP client, Job Network providers receive a maximum of \$8,450 for placing a Highly Disadvantaged client into a 26 week employment outcome at the end of two periods of ISca. This averages out as a maximum payment of \$81.25 a week across two periods of ISca, the maximum number of periods of ISca that an individual can receive over 2 years, (which is the same length of time that an individual can participate in PSP).

⁴ Perkins, 2005, 'Personal Support Programme evaluation: interim report', Brotherhood of St Laurence, p.v

Catholic Welfare Australia believes that PSP fees should be based on the fees Job Network providers receive on referral, for maintenance, and for outcomes, but with a 20% loading recognising the degree of disadvantage experienced by PSP clients.

However, there are instances in the current fee structure where PSP providers receive a lower fee than Job Network providers for similar types of activities. For example, a PSP provider receives \$1100 for a 13 week economic outcome, while Job Network providers receive a maximum of \$3300. The fee structure for PSP could be aligned with Job Network fees by addressing anomalies such as this.

Table 1: Funding available to employment service providers over 24 months⁵

Employment service	Funding provided on referral	Maintenance funding	Outcome payment	Total
Job Network	\$2650 (approx) Includes: - service fee of \$1200 - Job seeker account of \$1361	\$850 Includes: - second service fee of \$742 - job search review fee of \$109	\$4,950 (max) For an IS Outcome: - \$3,300 for a 13 wk outcome + \$1,650 for a 26 wk outcome For an IS Intermediate payment: - \$550 for a 13wk outcome, plus additional \$550 for a 26 wk outcome	\$8450
Personal Support Program	\$1320 Includes: - commencement payment of \$660 - action plan payment of \$660	\$1320 Includes: - \$660 payment at eight months, and second \$660 payment at 16 months	Economic outcome: \$1540 Includes: - \$1100 for 13 wk outcome - \$440 for a 26 wk outcome Social outcome: \$990 - \$825 social outcome payment	\$4180 (economic outcome) \$3630 (social outcome)

⁵ DEWR 2005, Exposure Draft of Employment and Related Purchasing Arrangements 2006

2. To achieve parity with Job Network providers, PSP providers also need access to a brokerage account, set with reference to the Job Seeker Account in the Job Network, but with a 20% loading in recognition of the higher degree of disadvantage experienced by PSP clients

Fees between the two programs could also be aligned through the introduction of a Job Seeker Account in PSP.

Currently, Job Network providers are allocated approximately \$2600 on referral of a job seeker. This consists of a \$1350 paid into the Job Seeker Account and a \$1200 service fee. PSP providers receive a total of \$1320 on referral, but do not have access to a brokerage account.

The introduction of a brokerage account in PSP would allow the funding allocated to PSP providers on referral of a client to be set in line with the fees available to Job Network providers on a client's referral.

A brokerage account would also assist PSP providers to achieve economic and social outcomes for their clients. Given the complex disadvantages faced by the client base, PSP providers tend to make extensive use of specialised assistance to address non-vocational barriers experienced by their clients, such as drug and alcohol counseling and mental health specialists.

Given the greater degree of disadvantage experienced by PSP clients, a brokerage account in PSP should be set at a level 20% higher than that available to Job Network providers.

3. Increase in PSP places

Currently, around 50,000 people participate in PSP each year; which does not meet existing community demand. In addition, a large increase in PSP places will be needed to assist income support recipients that will be expected to look for employment as a result of Welfare to Work. According to National Employment Services Association (NESA), feedback from assessors and providers involved in the Early Intervention trial indicated that there was a referral rate to PSP of around 25%⁶.

The increase in places in PSP announced in the 2005-06 Budget is welcome but will be insufficient to accommodate the estimate number of income support recipients who will have part-time work requirements as a result of the Welfare to Work package. Department of Employment and Workplace Relations (DEWR) estimates that around 75,000 individuals will receive

⁶ NESA 2005, Response to the Exposure Draft for Employment and Related Services Purchasing Arrangements 2006, p.46

Newstart allowance instead of the Disability Support Pension (DSP) as a result of the package⁷. Based on this estimate, a 25% referral rate would imply the need for an extra 6,250 PSP places a year. The Budget included an extra 25,000 places over 4 years in PSP, sufficient to absorb this increase in referrals.⁸

However the increase in PSP places in the Budget did not take account of the increased number of referrals to PSP from parents who receive Newstart instead of other payments or the current PSP wait list. DEWR estimates that around 86,000 parents will receive Newstart instead of Parenting Payment Single⁹. A referral rate of 25% for this client group to PSP would imply a need for an additional 21,000 places in PSP over 3 years.

Part of the increase in PSP places in the Budget would also be absorbed by the current PSP waitlist. The PSP waitlist was 3,800 in January 2003 and is likely to now be higher¹⁰.

RECOMMENDATION 2:

That additional resources should be provided to PSP through:

- setting PSP fees with reference to Job Network fees with a 20% loading in recognition of the degree of disadvantage clients experienced by PSP clients
- introducing a brokerage account for PSP providers, to be set with reference to Job Network fees with a 20% loading in recognition of the degree of disadvantage clients experienced by PSP clients
- an increase in PSP places.

BREACHING

Catholic Welfare Australia is opposed to the 100% suspension of income support for the disadvantaged for a range of economic and social reasons, and calls for the 8 week non-payment period for income support recipients to be suspended for 12 months to allow an assessment of the likely reach and impact of the new provisions.

Changes to the compliance framework announced in the 2005-06 Budget mean that there are now a greater range of matters for which Newstart recipients will lose payment for 8 weeks. Given this, Catholic Welfare Australia believes it is more appropriate to initially observe the extent to which both Newstart recipients and Centrelink and Job Network staff understand

⁷ Senate Employment, Workplace Relations and Education Committee 2005-06 Budget Estimates Hearing, Questions on Notice, Question no. W003-06, W016-06 and W017-06

⁸ DEWR 2005, 'Welfare to Work: Budget 2005-06 Information session', <http://www.dewr.gov.au/>

⁹ Senate Employment, Workplace Relations and Education Committee 2005-06 Budget Estimates Hearing, Questions on Notice, Question no. W003-06, W016-06 and W017-06

¹⁰ Committee Hansard, Senate Employment, Workplace Relations and Education Committee 2004-05 Additional Budget Estimates Hearing, 17 February 2005, p.EWRE138

these new requirements, by observing the rate at which they are met, without applying a financial penalty.

Additionally, the ability of people with disabilities and parents to adhere to the compliance framework also needs to be better understood before it is reasonable for the 8 week non-payment period to be applied. Under the Welfare to Work package, a greater number of parents and people with disabilities will now fall under the compliance framework that applies to Newstart recipients. The financial penalties for non-compliance are far harsher than those that apply to payments that these individuals have previously received. It is more appropriate to gauge the ability of these groups to comply with the benefit system before financial penalties are applied.

While income support policy is a matter for DEWR, the decision to suspend the application of the 8 week non-payment period will have financial implications and should be considered by Treasury as part of the development of the 2006-07 Federal Budget.

RECOMMENDATION 3:

That the 8 week non-payment period for income support recipients is suspended for at least 12 months

SECTION 3: FAMILY

Housing

A strong financial disincentive to starting a family for low-income earners is the recent fall in the affordability of housing. Between 1998 and 2004, housing costs as a percentage of disposable income for people who bought their first home in the last three years rose from 30% to 39%. At the same time the percentage of first home owners who are in the bottom 40% of income earners remained static, falling from 15% to 13%¹¹. More than half of all couples buying their first home have two incomes, and 40% of these couples both work full-time.¹²

There has also been a decline in the affordability of private rental housing. Between 1996 and 2001, there was an 8% fall in the number of dwellings renting for less than \$235 per week. There are now shortages of affordable rental accommodation for low-income households in all metropolitan regions other than Hobart.¹³ Households in the bottom 20% of incomes spend an average of 64% of their income on housing costs.¹⁴

11 Harding, Phillips and Kelly, 2004, Trends in Housing Stress, p.14

12 Productivity Commission, 2004, First Home Ownership, p.245

13 Yates, Wulff, Reynolds, 2004, Changes in the supply of and need for low rent dwellings in the private rental market, p.13

14 ACOSS, Submission to the Productivity Inquiry into First Home Ownership, p.7

The fall in housing affordability is also acting as a disincentive to starting a family.¹⁵ Purchasing a home is something to which many Australians aspire, but the fall in affordability of housing means that many people now purchase their first home, and start a family, later in life.

In order to address housing affordability for low-income earners, the Productivity Commission recommends that assistance under the first home owners grant could be better targeted by means-testing the payment, and introducing a commensurate increase in the size of the grant.¹⁶

RECOMMENDATION 4:

In order to address the affordability of housing for low-income earners there should be a better targeting of the assistance provided under the first home owners grant.

There is also significant scope to improve the rental assistance program, the major form of assistance to people on low-incomes in the private rental market. Commonwealth Rental Assistance (CRA) goes some way towards increasing rental affordability. The proportion of CRA recipients experiencing 'housing stress', that is those who pay more than 30% of their income on rent, falls from 70 per cent to 35 per cent, after payment of CRA. However, this still means that more one in three CRA recipients experience housing stress (see Table 2).

Table 2: CRA recipients, by proportion of income spent on rent without and with CRA, June 2002¹⁷

Proportion of income spent on rent	Australia
Without CRA	
30% or less	30.3%
More than 30% to 50%	41.8%
More than 50%	27.9%
With CRA	
30% or less	65.3%
More than 30% to 50%	25.6%
More than 50%	9.1%

RECOMMENDATION 5:

That the Commonwealth reduces the number of Commonwealth Rental Assistance recipients experiencing housing stress (those who pay more than 30% of their income on rent) to nil.

¹⁵ Catholic Welfare Australia, 2005, Response from Catholic Welfare Australia to the House of Representatives Standing Committee on Family and Human Services *Commonwealth Parliamentary Inquiry into Balancing Work and Family* available online at http://www.catholicwelfare.com.au/publications/Submissions/Work%20and%20family_08.04.05.pdf

¹⁶ Productivity Commission, 2004, First Home Ownership, p. xxxii

¹⁷ DEWR 2005, Exposure Draft of Employment and Related Purchasing Arrangements 2006

Childcare

In an Australian Bureau of Statistics report into childcare in Australia, 50% of children accessed formal childcare because of their parents work; this accounted for 84% of children at before and after school care programs, 60% of those attending family day care and 55% of children attending long day care.¹⁸ In these cases the primary consideration was not necessarily the development of the child but necessity for the parent. This was also the case for 46% of children using informal care. In comparison, the benefits for the child were given as the reason for 73 percent of preschool attendance and 37 percent of occasional care.

Childcare is a critical issue for families. Currently in Australia childcare is difficult and expensive to access. This instantly disadvantages the poor. The Department of Family and Community Services reported on the gap in childcare costs in 2002 for a family with one child in 50 hours of care with a family income of \$30,000 per annum. The average full-time weekly gap between the cost of care and the Child Care Benefit for long day care could range between \$45 and \$75 a week depending on the Australian State/Territory in which the family lived.¹⁹

With increased casualisation and flexibility of the workforce, the need for childcare in the evenings, school holidays, nights or on weekends has also increased. This increased need has not been reflected within the childcare sector with most childcare facilities still open between 8am to 6pm Monday to Friday.²⁰

RECOMMENDATION 6:

That Government invests in widespread access to affordable and accessible childcare according to demand.

Catholic Welfare Australia is pleased to see that the Australian Government is also starting to acknowledge the role of grandparents as primary carers.²¹ This important work should render grandparents access to the same support mechanisms provided in society that parents receive. However, the rearing of children is physically and mentally demanding work, and the reality of being a grandparent is that the person is of an older age. Therefore, it is necessary to

18 Australian Bureau of Statistics, 2003, Child Care, Australia, available online at <http://www.abs.gov.au/Ausstats/abs@.nsf/Lookup/7D0F3D1C0AD1B230CA2568A90013933F>

19 Department of Family and Community Services, 2004, The Cost of Child Care, paper by Popple, J. & Martin, J., at the 8th Australian Institute of Family Studies Conference 2003, available online at <http://www.aifs.gov.au>

20 Senate Community Affairs Reference Committee, 2004, A hand up not a hand out: Renewing the fight against poverty, Report on poverty and financial hardship, The Senate, Parliament House, Canberra.

21 Family Assistance Office, 2004, Frequently Asked Questions, available online at <http://www.familyassist.gov.au/internet/fao/fao1.nsf/content/faq-faq10-faq10b.htm>

provide additional services to grandparents which are not required by those younger in years.

RECOMMENDATION 7:

That Government ensures grandparents continue to be supported through appropriate benefits and formal child (respite) care where necessary.

SECTION 4: SOCIAL INEQUITY

Tax reform

Catholic Welfare Australia does not support the reduction of the highest marginal tax rate. Given that the highest marginal rate is now paid by only 3% of taxpayers²², it would be more appropriate to use Government resources to address financial disincentives to take up paid work experienced by low-income earners.

Income support recipients who commence part-time work face higher effective marginal tax rates than the current nominal highest rate of 47 cents in the dollar. The Welfare to Work package has increased the Effective Marginal Tax Rate (EMTR) faced by income support recipients with very modest earnings. For example, a single parent with one child who receives Newstart allowance, and who has earnings from work of between \$31 and \$420 a week, will face an effective marginal tax rate between 65% – 75%. This is due to the combination of the allowance income test, the withdrawal of the allowance tax offset as income from work increases, as well as the payment of income tax²³ (see Table 3)

Table 3: Impact of Welfare to Work package on EMTRs of sole parents and people with disabilities, 2006-07²⁴

	Sole parent with one child over 6		Single person with a disability	
Private income	Current system	New system	Current system	New system
\$100	40	65	40	65
\$200	57	75	55	73
\$300	68	66	55	67
\$400	68	66	57	17

²² Commonwealth of Australia 2005, *Budget Overview 2005-06*, p.9

²³ Harding, Ngu Vu and Percival, 'The Distributional Impact of the Proposed Welfare-to-Work Reforms Upon Sole Parents and People with Disabilities', Paper presented at the 34th Conference of Economists, http://www.natsem.canberra.edu.au/publications/papers/cps/cp05/cp2005_014/cp2005_014.pdf, pp.9-11

²⁴ Harding, Ngu Vu and Percival, 'The Distributional Impact of the Proposed Welfare to Work Reforms upon Sole Parents and People with Disabilities', pp.8, 18

RECOMMENDATION 8:

That changes to the income tax schedules that are implemented as part of the 2006-07 Budget address the high EMTR's faced by low-income earners, and consideration be given to the use of earned income tax credits to address the severe impacts on low income earners under current arrangements.

SECTION 5: MENTAL HEALTH

Early detection and referral by the community sector

Catholic Welfare Australia is involved in Job Network through Centacare Employment. This provides Catholic Welfare Australia Member Organisations with a great insight into the people accessing employment services. Catholic Welfare Australia is also one of the largest national providers of family services. It is our belief that there are increasing numbers of people referred to generic employment and counselling services with mental health problems. In most cases the service providers, while experts in getting people a job, or assisting with family issues, may have little, if any, resources to address the special needs of people with mental illness. This is similarly true of housing services, and even generic counselling services.

In dealing with people with mental health disorders, it is critical that other allied service providers and Government acknowledge that they do not have the expertise to assist clients in the treatment of their mental illness. There is no doubt that they can offer assistance in other areas of their client's lives. However, it is often the case that without specifically dealing with the mental health problems, the client struggles to move forward in other life areas. The cost of this to the community has been well documented by others.²⁵

Catholic Welfare Australia believes that better training service providers, such as relationship and school counsellors and Job Network staff, in early identification of potential mental health disorders and referral processes would have substantial benefits to the community, including cost saving achieved in a range of related services.

RECOMMENDATION 9:

Establish a specific funding pool for all services within the community sector to ensure staff have suitable knowledge and capability to deal with early identification of potential mental health disorders and/or appropriate referral of clients with mental illness.

A number of Catholic Welfare Australia Member Organisations are providers of Personal Support Program (PSP). The PSP has been a very positive

²⁵ Mental Health Council of Australia, 2005, Not for Service: Experiences of Injustice and Despair in Mental Health Care in Australia, Canberra.

government initiative in helping to address the problem of disadvantaged and mentally ill job seekers receiving intensive assistance, including professional psychological services. As the cases are more complex, it is necessary for staff to have a greater knowledge of the diverse aspects of mental health problems and disorders. However, Catholic Welfare Australia notes that funding for the PSP remains significantly lower than for other programs such as Job Network. Catholic Welfare Australia believes that to address this situation, the government could fund health professionals, such as psychologists, to work alongside Employment Officers in Job Network and Disability Employment environments.

RECOMMENDATION 10:

Fund specialised mental health professionals, such as psychologists, to work alongside Employment Officers in the Job Network and Disability Employment environments.

SECTION 6: RURAL AND REGIONAL

Regional, rural and remote family relationship servicing

In 2001, the Australian Government Department of Health and Ageing's Office of Rural Health established the Rural Health Information Advisory Committee (RHIAC) for the purpose of advising on the development of a framework describing rural health information and developing a set of indicators against which to report on rural health. It is the recommendation of Catholic Welfare Australia that a similar body for advising on family relationship serving in regional, rural and remote Australia be established to provide advise to government. This recommendation was supported by research undertaken for FACS in 2005. This research remains unpublished but is available from FACS.

RECOMMENDATION 11:

Rural and Remote Advisory Committee that draws its membership from leaders who deliver 'on the ground' family relationship services in rural locations, as well as rural researcher, should be formed as a priority.

Rural organisations cannot afford to be rigid in the way they deliver services. Specialist services very often turn into generalist ones as they find ways to accommodate the community need. Rural practitioners cannot afford to be married to one theory or approach. As Miller, Duncan & Hubble (2001) point out; the more experienced a practitioner becomes the more eclectic is their practice. There are substantial benefits to the community to be realised from improvements in rural practice.

Finding methodologies that ensure the particular needs of rural communities are met adequately requires research. Action research lends itself to this intent. In fact, planning for rural servicing could benefit from well targeted research, as there appears to be little relevant material available.

RECOMMENDATION 12:

Significantly increased, targeted research should be commissioned to inform rural service delivery policy and planning in the social services sector.

The distances traveled to provide or attend family relationship services in rural Australia vary greatly, often covering vast areas of the country. Distance is a vital factor to consider in relation to rural service delivery. There is a growing trend to take family relationship services to the people, or at least closer to them, rather than depend on client ability to access town centre based service delivery outlets.

There are a number of features that contribute to good practice and high utilisation in circuits. Rural servicing can be a risky business:

Outreach work and home visits are usually done as a lone worker. All home visits have the potential for risk from motor vehicle accidents, breakdowns, lack of adequate phone coverage, involvement in domestic situations that may occur when the worker is in the home or due to isolation from police and other support services. (The Family Centre Community Projects Inc. Tweed Heads Shire, NSW, survey response)

Key to maintaining predictability and availability of services is establishing policies and procedures that manage all the risks associated with service provision. Essential is definition of:

- travel policies that identify boundaries around what is permissible and action guidelines that address isolation, accident, tiredness, breakdowns and emergencies,
- OH&S requirement of all venues and staff; and
- staff support practice aimed at avoiding exhaustion and burnout.

RECOMMENDATION 13:

Acknowledging the increased OH&S risk when providing rural and remote outreach services, Government ought fund national research and benchmarking for standards of acceptable practice.

Finding skilled staff willing to work in rural locations is problematic Australia-wide. Just over half the FRSP funded organisations reported issues with recruiting staff in 2004 and the highest concentration of this difficulty is in rural areas (FaCS, 2005).

Ever cognisant of the recruitment shortage, some rural services have been quick to form relationships with local universities and training institutions. Some services are forced to rely unduly on student placement. The level of complexity of the work in rural areas is high because problems are frequently entrenched before clients seek or are referred for help. Training programs have not prepared students for the complex level of work, so they can't assist with service delivery but are given research and promotional activities.

RECOMMENDATION 14:

The Rural and Remote Advisory Committee be provided with sufficient funding to liaise with universities, to develop curriculum to ensure students are job ready for rural service delivery. This approach could mirror the University Departments of Rural Health (UDRH) established by the Australian Government Department of Health and Ageing.

There is an ongoing need for rural staff to continue their training and the training procedures to be flexible. Further consideration must be given to creating or expanding systems to ensure widespread and varied training opportunities are made available in rural and remote locations. Not only will this provide training and professional development for existing staff members, but access to increased training opportunities can also be an attractive incentive in recruiting new staff to these locations.

RECOMMENDATION 15:

Government should establish a funding pool to facilitate attendance at conferences by rural practitioners. This pool could provide scholarships similar to those that operate for other professions, such as nursing.

SECTION 7: COMMUNITY SECTOR DEVELOPMENT

Staff recruitment and retention

The health and welfare sectors in Australia have seen significant growth over the last few decades. This has been both in terms of funding to and numbers working in the sectors. The total health sector spending as a proportion of Gross Domestic Product (GDP) was 9.5 per cent in 2002-03, up from 8.4 per cent in 1995-96.²⁶ Between 1996 and 2001 the number of health professionals increased by over 11 per cent and the numbers of allied and complementary health workers increased by more than 25 per cent.²⁷

²⁶ Department of Health and Ageing, 2005, Australian Health and Ageing System: The Concise Factbook, available online at <http://www.health.gov.au/internet/wcms/publishing.nsf/Content/health-statistics-june2005-introduction>

²⁷ Productivity Commission, 2005, Australia's Health Workforce, Position Paper, Canberra.

In the welfare sector, total spending in Australia in 1995-96 was \$8.9 billion or 1.8 per cent of GDP.²⁸ In 2002-03 this had grown to \$17.1 billion or 2.3 per cent of GDP.²⁹ In terms of staffing numbers, over the period 1996-2001 the number of people employed in community service occupations increased by 27 per cent.³⁰ The breakdown of the occupations is at Table 4.

Table 4: Number of people employed in community service occupations³¹

Broad occupation	Total number of people employed
Child and youth services	101,696
Family services	11,681
Disability workers	30,946
Aged or disabled care	51,784
Other community services	40,966
Total	237,073
Rate (per 100,000 population.)	1,228

Despite the increases in the funding to and size of the workforce, recruitment and retention of staff across many of the community sector and 'caring' professions is a significant issue, particularly in light of the ageing population. Recent studies have suggested significant current shortages in nursing, growing considerably over time.³² Other studies have suggested significant current or predicted shortages in dentistry, pharmacy and some allied health professions.^{33,34,35} Problems with recruitment and retention were also reported by organisations needing community care (aged and disability) workers.³⁶

There are significant synergies between the health and welfare sectors in terms of workforce. In making recommendations to the Productivity Commission Health Workforce Study, The Mental Health Council of Australia '...believes a fully funded and functional community services sector would be able to play a significant role in relieving pressure on Australian's stressed mental health system.'³⁷

²⁸ Australian Institute of Health and Welfare, 1997, Welfare spending stays at 1.8% of GDP, Media Release, available online at <http://www.aihw.gov.au/mediacentre/1997/mr19970907.cfm>

²⁹ Australian Institute of Health and Welfare, 2005, Welfare Services: Overview, available online at <http://www.aihw.gov.au/expenditure/welfare.cfm>

³⁰ Australian Institute of Health and Welfare, 2005, Labour force – community services, available online at http://www.aihw.gov.au/labourforce/comm_services.cfm

³¹ Australian Institute of Health and Welfare, 2005, Labour force – community services, available online at http://www.aihw.gov.au/labourforce/comm_services.cfm

³² Access Economics, 2004, Employment Demand in Nursing Occupations, Report to the Department of Health and Ageing, http://ageing.health.gov.au/rescare/acprtask/download/employment_demand.pdf.

³³ Spencer AJ, et al (2003) The Dental Labour force in Australia: the Position and Policy Directions. AIHW cat. No. POH 2, Australian Institute of Health and Welfare, Canberra.

³⁴ Health Care Intelligence (2003) A Study of the Demand and Supply of Pharmacists 2000-2010, available online at <http://www.guild.org.au/public/researchdocs/demandsupply2003.pdf>.

³⁵ Australian Government Department of Employment and Workplace Relations (2004) National Skills Shortage List 2004, available online at <http://www.workplace.gov.au/workplace/Category/ResearchStats/LabourMarketAnalysis/SkillShortages/>

³⁶ Brotherhood of St Laurence, 2002, Who will care? The recruitment and retention of community care (aged and disability) workers, available online at http://www.bsl.org.au/pdfs/who_will_care.pdf

³⁷ Mental Health Council of Australia, 2005, Submission to the Productivity Commission health Workforce Study, available online at <http://www.pc.gov.au/study/healthworkforce/subs/sub162.rtf>

The shortages across the health and welfare sectors are particularly noticeable in rural and remote areas and for Indigenous Australians and others with special needs.

In 2000 the Australian Health Workforce Advisory Committee (AHWAC) was established to consider national health workforce requirements other than medicine. Catholic Welfare Australia believes that a similar body to oversee and advise on the national welfare sector workforce is also required.

RECOMMENDATION 16:

Catholic Welfare Australia recommends the establishment of an Australian Welfare Workforce Advisory Committee to oversee the future workforce needs of this sector.

From a health workforce perspective, on 15 March 2005, the Treasurer wrote to the Productivity Commission requesting 'a research study to examine issues impacting on health workforce including the supply of, and demand for, health workforce professional, and propose solutions to ensure the continued delivery of quality health care over the next 10 years.'³⁸ A similar inquiry should be undertaken into the community services / welfare workforce.

RECOMMENDATION 17:

That the Productivity Commission conducts an inquiry into the issues impacting on the community sector / welfare workforce.

³⁸ Productivity Commission, 2005, Australia's Health Workforce, Position Paper, Canberra.