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The Contest for a Fairer Nation ACOSS 2010 Election Statement

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The contest for a fairer nation: Our call to candidates

The recent economic crisis reminded Australians that anyone of us could face losing our jobs or our homes, and our children could struggle to find work when they leave school. This gave the nation fresh insight into the lives of the two million Australians who live in poverty, especially those who juggle budgets to survive from one social security payment to the next.

Low and middle-income Australians are still under financial pressure, in part due to the high and growing cost of housing and the shift to private funding for essential services such as health and education. These pressures are felt most keenly by those who have to rely on social security payments or low wages. For example, over the last decade electricity costs have almost doubled (91%), and housing and health costs have risen by about 60% (58% and 63%, respectively).

In an election year where living standards and quality of life are a major concern, we call on the parties to endorse policies that assist people doing it tough.

Most Australians are relieved that we were not as affected by the global financial crisis as other wealthy countries. The Australian unemployment rate is around 5% compared to an average for wealthy nations of 9%. The Federal Government's stimulus packages and the Reserve Bank's economic management contributed to this outcome. By way of comparison almost one in ten workers is currently unemployed in the United States.

But the economic downturn is casting a long shadow. Young people and sole parents are particularly hard hit, competing for jobs in the face of unemployment rates of 14% and 10% respectively. As was the case after previous recessions, the level of long term unemployment is now rising. Over half of the 600,000 people on the Newstart Allowance (the unemployment payment) have received that payment for longer than a year. The main reason for this is that people who already had disadvantages in the jobs market, such as a disability, being over 50 years old, or living in an area with few jobs, are the last to be employed when the economy recovers. This has nothing to do with individual motivation and it is both cruel and pointless to blame those individuals who are affected.

Reducing long term unemployment is one of the most important things governments can do to prevent social exclusion. That means closing the yawning gulf between the skills and qualities employers seek and those of the people who remain unemployed. The Productivity Places program, which offers vocational training to many unemployed people, was a good start. But Australia invests less in employment assistance than the vast majority of wealthy nations. For example, Job Services Australia providers receive an average of just \$500 per person to assist long term unemployed people to train and overcome their other barriers to work.

We call on the parties to do more to help unemployed people overcome disadvantages in the jobs market through training that is relevant to their needs, paid work experience in a regular job, and employment services that can afford to take the time to work with them intensively to find a job.

Jobless Australians missed out on last year's \$32 per week increase in pensions. That leaves them with a Newstart Allowance for singles of just \$231 per week (or \$33 a day) which is \$109 less than the pension for singles. An unemployed sole parent family with two children must survive on just \$460 per week. There has been no real increase in the unemployment payment for almost two decades.

It is not possible for an unemployed person to budget on the current level of Newstart payment. Around half of jobless households cannot find \$500 to spend in an emergency and many rely on charities for help with food, clothing and energy bills.

We call on the parties to reform the social security system so that payments are based on the minimum actual costs of living in Australia today, not whether one group is regarded as more or less ‘deserving’ of support than others. To begin to close the unfair gap between different payments, the single Newstart Allowance should be raised by \$45 per week.

The greatest financial pressure on low and middle income people is inflation in the price of housing. Australia already has among the most expensive housing in the world. As noted above, monthly housing costs for an average household rose by 58% over the last decade. One reason for this is that housing is increasingly treated as a speculative investment rather than an essential of life. Tax breaks for housing investment fuel home price booms whenever the economy grows strongly. This benefits people who could afford to buy into the market years ago, at the expense of people trying to buy their first home now and tenants generally.

Most low-income Australians can only dream of buying a home. They have to rely on the rental market where rents have risen well beyond inflation. For example over the last five years the median rent for a two bedroom flat rose from \$280 to \$420 in Sydney and from \$209 to \$340 in Melbourne – increases of over 50%. The Government invested solidly in social housing as part of its economic stimulus package. That investment will eventually reduce waiting lists by tens of thousands of people but there are around 180,000 people on waiting lists nationally. Social security recipients who rent privately are entitled to Rent Assistance but the most they can get is around \$70 per week if they have children. Single people only get \$57 - a fraction of rents in most parts of Australia.

We call on the parties to establish an Affordable Housing Growth Fund to set a pathway for ongoing construction of homes, to increase the maximum rate of Commonwealth Rent Assistance by 30%, and commit to halving homelessness by 2020.

Another growing pressure on household budgets is health costs. Privately-funded health costs rose by 63% over the last decade, well above inflation.

Many families and pensioners worry about the state of our public health system. Although a great deal of money has been invested in hospitals there never seem to be enough beds available for emergencies and people needing surgery. Despite (or because of) growing public subsidies for health insurance and the Medicare Safety Net scheme, households are paying more for health services but still can't get the services they need.

The main problem with our health system is that for many years governments have under-invested in primary care and prevention (for example, regular medical checks, allied health services and health promotion). This leads to more demand for acute care services such as hospital treatment. At the same time, there has been a shift towards ‘user pays’ and the cost of private health services has been inflated by Government rebates.

The three most under-resourced parts of our health system are Indigenous health, mental health and oral health, which translates into lack of access to necessary services and disparities in health outcomes across the country.

Low-income Australians feel the lack of these services most keenly. For example, over a third of sole parents on income support suffer from anxiety or depression and waiting lists for

public dental care are as long as three-and-a-half years in some parts of the country. Indigenous Australians are far more likely to die early or to suffer from diabetes. They are hospitalised for preventable conditions at five times the rate of non-Indigenous Australians. Yet in many parts of the country they have below-average access to primary care. This means that they are more likely to need hospital admissions for conditions that could easily have been treated outside hospitals.

The most glaring gap in the Australian health care system is in oral health with seven million Australians reporting they go without needed dental treatment due to cost.

We call on the parties to ensure all Australians have timely access to oral health care through a universal access scheme that covers a comprehensive dental health check and a basic course of treatment every two years. Health funding must provide for comprehensive, community-based primary health care across the country.

Aboriginal and Torres Strait Islander Australians are among the lowest income and most socially excluded population groups in Australia. They continue to experience very high levels of disadvantage, as is reflected in the 17-year life expectancy gap, low rates of employment, high rates of homelessness and overcrowding and high rates of poverty.

Despite some gains in Indigenous employment and education over the six years to 2008, large gaps remain, with educational attainment rates around half those for non-Indigenous Australians and the unemployment rate at three times the non-Indigenous employment rate.

We call on the political parties to redesign mainstream employment services in remote and regional Indigenous communities and expand the number of fully-funded jobs in remote communities. We urge improvement in national Indigenous health outcomes through investment in the capacity of Aboriginal primary health care services.

Australia's public debt is the second lowest among the 30 OECD nations. As the Reserve Bank Governor pointed out recently, Australia's public debt will not be a major factor in any interest rate increases.

Whilst the major parties are arguing over how best to reduce Federal Government debt, the greater concern is the future cost of providing health, community care, and other services for an ageing population. The Treasury estimates that by 2040, these and other costs will rise by \$40 billion in today's dollars, which is more than the current federal education budget.

As a community we have two choices in paying for this. We could make users pay for basic health care services, aged care, and other government services such as education. That is the direction we are already heading, and it has already squeezed the budgets of low and middle income households. Over the past seven years there has been a tax cut every year while basic services such as schools have been starved of funds.

Or we could fund the additional services required, and improve their quality, by raising the overall level of taxation. Australia is the eighth lowest taxing wealthy country. Opinion polls show that more Australians prefer better services than those who favour another round of tax cuts. Apart from not cutting taxes further, another way to raise more revenue is to ensure that everyone actually pays tax at their marginal tax rate, by closing off tax avoidance opportunities. This would improve economic efficiency as well as fairness, because tax would be less of a factor in investment decisions. More revenue could be raised without increasing tax rates for the vast majority of workers.

The Henry Review proposed a number of reforms to strengthen the income tax system including a reduction in the tax discount for capital gains, a reduction in negative gearing opportunities, and the removal of environmentally damaging tax breaks for company cars. It also advocated more reliance on taxes on resources such as land and minerals, including a new resource rent tax. The Review echoed the views of most experts when it argued that it is more economically efficient to raise taxes on these items than on more 'mobile' tax bases such as wages and bank interest.

We call on the parties to avoid another tax cut auction. Instead, the tax system should be strengthened by closing off income tax shelters and loopholes to ensure high income people pay their fair share and by introducing and extending taxes on mineral resources and land. This will improve basic services for the community without raising user charges.

Prices for essential utilities, particularly electricity and water, are increasing at rates well beyond other prices. For example, in the last decade, electricity costs have almost doubled. These price increases result from a range of factors including investments in distribution networks, power stations, renewable energy and desalination plants. The Government should ensure that energy and water are available and affordable for all households on fair terms. There is great potential to increase end use efficiency of water and energy in Australia's eight million existing dwellings. Improved energy and water efficiency can significantly reduce consumption, increase amenity, cut greenhouse gas emissions and minimise bills. The Government should accelerate its investment in household energy and water efficiency with a focus on low income households.

We call on the parties to acknowledge the reality of climate change, to put a price on carbon use with adequate compensation for low and middle income earners and to accelerate investments in the transition to clean energy and a clean economy. Investments in residential energy efficiency contribute to the goal of emissions reduction. Investments in energy efficiency and climate change readiness for the community sector will build resilience, lower costs of operation and ensure continuity of service. Investments in energy efficiency and climate change readiness for industry should include human services such as social services and the community sector in order to lower costs of operations and ensure continuity of service.

Australians expect and rely on social services to provide effective and high quality support in the community. On 4.3 million occasions last year Australians requested help from community services. This need is met by social service and community organisations, but it is also part of the responsibility of governments who fund much of the community sector's work. Yet social and community sector workers are significantly underpaid. An average wage for a community mental health social worker is \$42,000 while a worker doing the same job in government or the private sector can earn up to \$30,000 more than that.

Social and community services deliver essential support to Australians living on the margins of our communities. Fair Work Australia will soon hear a landmark equal remuneration application to increase the award rates of pay so that community sector workers receive decent pay for this vital work.

We call on the parties to recognise the vital role of social services in our community by committing to fund award increases for community sector workers that flow from the Fair Work equal pay claim.

Work and income support

(1) Long term joblessness

Issues

Now that Australia has escaped the worst effects of the global financial crisis, it is often forgotten that many people still face joblessness and poverty. The downturn has cast a long shadow on those who are disadvantaged in the jobs market.

As employers stopped hiring, young people and mothers returning to the workforce were particularly affected by the GFC. The youth unemployment rate rose from 9% in May 2008 to 14% one year later, and remained at 13% in May 2010. There are still almost 200,000 people under 25 years reliant on unemployment payments. Similarly, the unemployment rate among sole parents was 10% in June 2010. There are still over 400,000 sole parents on either Newstart Allowance or Parenting Payment.

After a downturn, many unemployed people find it difficult to get another job – even after unemployment falls again. A year or two after every downturn, the numbers of people who are unemployed long-term always rises substantially and this will happen again without strong preventive action. In 2009, of the 627,000 Newstart Allowance recipients, 309,000 received this payment for over a year and 222,000 for over two years. The main reasons that people have struggled to find a job include employer reluctance to take on mature age people, disabilities, low education levels, where they live, mental health problems, or simply the time they have been out of work already. Most Newstart Allowance recipients have less than a Year 12 education level, over 90,000 have a disability, and around 60,000 are over 50 years old.

Simplistic ‘get tough’ approaches to reducing ‘welfare dependency’ are not going to help people find a job. Already, people living on a Newstart Allowance of \$33 a day are required to apply for four to ten jobs each fortnight, report on this regularly to Centrelink and employment service providers, and participate in programs such as work experience and training to improve their job prospects. If they fail to turn up for interviews, their payments can be withheld until they do so.

We need to support people trying to find a job, not penalise them. Investment in programs such as paid work experience in a regular job, training, and relocation assistance is needed. Despite the welcome introduction of the Productivity Places vocational training program two years ago, Australia spends less as a proportion of GDP on employment assistance programs than most OECD countries. For example, the funding offered to Job Services Australia providers to help each long term unemployed person overcome barriers to paid work such as those described above is just \$500.

Proposals

ACOSS calls on all political parties to endorse:

Paid work experience

1. A national program of paid work experience for 3-12 months in a regular job for long term unemployed people who would benefit from it.

More flexible training

2. Vocational training and employment assistance providers to receive additional resources to work together to deliver training that is more relevant to the needs of the most disadvantaged unemployed people, including training linked with work experience.

Training places under the education and training entitlement for young people on income support who have not attained Year 12 to be fully funded by Government, along with career advice and mentoring services for every young person facing participation requirements.

Better integration of employment assistance and local community support and health services

3. Employment assistance providers and local health and community services to receive additional resources to work together as a team to overcome barriers to employment such as mental health problems and homelessness.

Voluntary relocation scheme

4. A voluntary relocation assistance scheme targeted to unemployed people disadvantaged in the jobs market who live in regions with high unemployment.

(2) A fairer and simpler social security system for jobless people

Issues

Those most affected by the GFC – people of working age who became jobless or were already unemployed – missed out on the \$32 per week increase in pensions awarded last year. As a result, there is now a \$120 a week gap between unemployment payments and the single pension rate – which itself is barely enough to live on. The single rate of Newstart Allowance is just \$231 per week, plus up to \$57 in Rent Assistance. For young people living independently of their parents, the maximum rate is just \$189 per week.

The other group that missed out on last year's payment increase were sole parents. A sole parent with two school age child on income support must live on \$460 plus up to \$67 in Rent Assistance.

It is very clear from research on living standards, and from the profile of clients who apply for emergency relief from charities, that unemployed people and sole parents are among the most impoverished Australians. Recent research found that 54% of Newstart Allowance

recipients, 56% of sole parents on Parenting Payment, and 42% of Disability Support Pensioners could not raise \$500 in an emergency¹.

The social security system pays more to people who are unable to work (pensioners) and less to people who are searching for a job (unemployed people). This creates perverse disincentives. People on the Disability Support Pension are scared to seek paid work in case they subsequently lose the pension and end up on the Newstart Allowance which is \$120 per week less.

The social security system for people of working age should be reformed so that all people who do not have a job receive at least the minimum level of payment needed to live decently in Australia today. People with extra non-discretionary costs above and beyond this, including people with disabilities, sole parents, and tenants, should receive supplements to help with those costs.

The Government has targeted unemployed people and sole parents for a new system of compulsory 'income management' where half their income support is compulsorily managed by Centrelink. This is based on the unproven assumption that they are irresponsible in spending their money. The previous Government imposed compulsory income management in a discriminatory way on Aboriginal people in the Northern Territory. The present Government plans to extend it more broadly to long term recipients of unemployment and sole parent payments in disadvantaged areas (including the whole of the Northern Territory). In the vast majority of cases, this will only make life harder for people by forcing them to negotiate with Centrelink over how they spend half their income support.

Proposals

ACOSS calls on all political parties to endorse:

Australian Minimum Standard of Living

1. Income support payments for people of working age should be based on an Australian Minimum Standard of Living – a minimum publicly acceptable standard of living for a single adult living alone.
2. As a first step towards the Australian minimum standard of living, the single rate of Newstart Allowance and other allowance payments should be raised by \$45 per week (two thirds of the married rate), as proposed by the Henry Review.

Help with job search and training costs and energy bills

3. Supplements should also be introduced for job search and training costs, and to help people not entitled to the Pension Supplement (including unemployed people and sole parents) with the escalating costs of energy bills.

Income management

4. Compulsory income management should be replaced by a voluntary (opt-in) scheme, on an individual or community basis.

¹ ACOSS 2009, Missing out.

(3) A fairer allocation of resources to schools to reduce inequality of opportunity

Issues

Australian school students achieve good results by international standards, for example in tests of literacy. However our good overall performance is marred by a high level of inequality of outcomes. Children and young people from low income backgrounds often fall well behind their peers.

One of the reasons for this is that schools that service students from higher income backgrounds are often much better resourced, especially at the secondary level. Parents who can afford a private school education can to a large extent buy a better quality of education for their children. In addition, children and young people from higher income backgrounds are over-represented in academically selective schools.

On the other hand, schools in the poorest neighbourhoods have limited financial resources and have difficulty attracting the best teachers and retaining the most academically competent students.

The present system of federal funding for schools has worsened these inequalities by directing more resources to schools that were already well resourced, whose students generally come from higher income families.

Recent education policies have focussed on providing information to parents on national test results so that their choice of school is better informed. These policies are controversial as there is a risk that parents will compare headline scores (not the value added by the school) and that schools will narrow their focus on preparation for tests.

In the absence of a fairer funding formula, these policies could entrench and widen educational inequality as higher-income parents chase scarce vacancies in high performing schools and local comprehensive schools are left to provide for families on lower incomes, who are less able to compete for places.

This could lead to a downward spiral of poor performance and diminishing resources in those schools. It will put even greater pressure on parents to coach their children for tests or to buy an elite private school education. Over the last decade, the average cost of education to families has risen by two thirds. This financial pressure is likely to dwarf the benefits of recent federal rebates to help parents with minor school expenses. Any extension of this assistance to school fees would make matters worse by fuelling inflation in school fees.

In this more competitive environment, schools with mostly low income students can only perform if they secure at least the same public resources as those with students from higher income backgrounds. In the most disadvantaged areas, comprehensive schools need more than an average level of resources to deal with the higher incidence of social, health, and behavioural problems with which they are often confronted.

Proposals

ACOSS calls on all political parties to endorse:

A fairer system of school funding

5. The system of federal funding for schools should be reviewed with thorough public consultation. The key goal of the review should be to equalise as far as possible the overall resources available to students from different socioeconomic backgrounds, taking full account of the additional needs of disadvantaged students.

Tax reform

Tax revenues in Australia are \$60 billion below the OECD-average level. We are the eighth lowest taxing wealthy country. This affects the ability of Governments to raise revenue for the public infrastructure and services on which Australians rely. Over the next 40 years, Governments will need more revenue to provide health care and other services for an ageing population. Otherwise, people who are sick or need care will have to meet more of these costs from their own resources.

The Henry Report on tax and transfer reform contains many equitable proposals to strengthen the tax system so that public revenue can be raised to meet these needs without increasing personal tax rates or harming the economy. The Report demonstrates that this can be done by:

- removing inequitable shelters, loopholes and concessions from the personal income tax system;
- strengthening taxes on immobile resources, especially mineral resources and land.

Everyone should contribute to the cost of Government services according to their ability to pay. Yet for many people on the top two tax rates, paying tax at their marginal rate is voluntary. A high income earner with good tax advice, investment opportunities, and a cooperative employer can easily reduce the top tax rate from 45% to 15% by sacrificing salary for superannuation, to 30% by sheltering income in a private company, to less than zero if they can claim deductions against their wages for the interest costs of borrowing to invest in property or shares, and at a discounted rate of 23% once they sell these assets and obtain a capital gain.

'Levelling the playing field' so that different forms of income are taxed more consistently would improve the fairness of the tax system, especially given that the most generous tax breaks apply to income that is mainly received by high income earners. For example, bank interest is taxed at the full marginal tax rate whereas capital gains are taxed at half the marginal rate. The top 10% of taxpayers receive less than 30% of all interest payments but over 60% of all capital gains.

Removing these loopholes and concessions would not only improve equity. It would improve economic efficiency by reducing the role of tax planning in investment decisions. This is especially important to help prevent another inflationary boom in housing prices. Borrowing to invest in rental properties grew by one third each year in the early 2000s, partly driven by generous tax breaks. This inflated housing prices, increased household debt, made housing less affordable, and the economy more difficult to manage.

Proposals

ACOSS calls on all political parties to endorse:

Reform of personal tax on investments

1. As proposed by the Henry Report, investment income (apart from housing and superannuation) should attract a standard discount of 40% off each individual's marginal tax rate. This would increase tax on capital gains and reduce it on bank interest. The same 40% tax discount should be deducted from expenses claimed for loss making investments in shares or property.

Fairer tax treatment of superannuation

2. As proposed by the Henry Report, superannuation should be made fairer by increasing tax breaks for contributions for low income earners and reducing them for contributions for high income earners.

Removal of tax breaks for company cars

3. As proposed by the Henry Report, the Fringe Benefits Tax breaks for company cars should be reduced to improve fairness and remove environmentally harmful incentives to drive further to save more tax.

Private companies and trusts

4. The tax benefits of shifting personal income into private trusts and companies should be reduced.

Proposals

Resource rent tax

5. As proposed by the Henry Report, a resource rent tax should be introduced on high-value mineral resources.

Taxes on land

6. As proposed by the Henry Report, taxes on land should be strengthened. The increased revenue should either be used to fund local infrastructure to help reduce the cost of new housing, and/or to reduce Stamp Duties on housing transfers.

Supporting Indigenous communities

Issues

Indigenous Australians are among the lowest income and most socially excluded population groups in Australia. They continue to experience very high levels of disadvantage, as is reflected in the 17-year life expectancy gap, low rates of employment, high rates of homelessness and overcrowding and high rates of poverty.

Recent NATSIS data shows that despite some gains in Indigenous employment and education over the six years to 2008, large gaps remain, with educational attainment rates around half those for non-Indigenous Australians and the unemployment rate at three times the non-Indigenous employment rate.

The Northern Territory Emergency Response (NTER) has produced mixed results. While the *Little Children are Sacred* report emphasised the need for a long-term and well funded response to the issues of child abuse in Indigenous communities, the previous and current Governments' approaches under the NTER have been largely focused on short-term, top-down initiatives developed without consultation or partnership with local Aboriginal communities. Emergency measures must provide a foundation for stable long term investment.

Although much recent national policy attention has been focused on remote Indigenous communities, 75% of the Indigenous population lives in major cities and regional areas. Forty-five per cent of Indigenous people aged 0-18 years live in highly disadvantaged areas.

Significant levels of COAG funding have been committed to initiatives for Indigenous people, with Government estimates of \$4.6 billion across early childhood, health, remote housing, economic participation and remote service delivery. This is welcome and a solid foundation to continue investment and reform to achieve the national Close the Gap targets.

Proposals

ACOSS calls on all political parties to endorse the following proposals:

1. Develop a long-term community development plan for NT communities

A long-term community development plan should be developed in consultation with Aboriginal communities. The plan should be fully costed and include clear goals and measurable targets to be achieved within fixed time frames. A transition from emergency response to sustainable development will require sustained investment in Aboriginal community controlled services, abolition of extensive NTER business management powers over community organisations and abolition of compulsory five year leases over land.

Plans for this investment must include:

- the rapid roll-out of new housing built by a local workforce, prioritising the use of local Indigenous companies and with a focus on Indigenous employment;
- an expansion of primary health care services to ensure universal access and child and maternal home visiting programs;
- an increase in early intervention and support services like childcare, respite for families with children at risk, and universal parenting/family support services;
- expansion of school infrastructure and better training and career development for teachers and Aboriginal Education Workers;

- more effective employment development and assistance programs;
 - more alternative education approaches and flexible learning options for young people and supports for children and young people disengaged from the education system; and
 - a focus on building capacity and provision of leadership training at a local level.
- 2 Improve national Indigenous health outcomes through investment in the capacity of Aboriginal primary health care services

Additional funding should be provided to Aboriginal Community Controlled Health Services for service infrastructure and to achieve parity for GP salaries to support quality workforce retention and recruitment. Service infrastructure investment should include the development of new clinics, medical equipment and transport. Recurrent funding should cover competitive wages, non-PBS medical consumables and utilities.

- 3 Redesign of mainstream employment services in remote and regional Indigenous communities

Mainstream employment services in remote and regional Indigenous communities should be redesigned in response to the specific labour market conditions and disadvantages faced by these communities. These services should be better integrated with community controlled local services, including by opening up more flexible pathways through the sequence of support; and providing a flexible pool of additional funds for investment in work experience that is better suited to the needs of the communities. This can only be achieved by asking individual communities to identify local opportunities for employment which will suit their community.

- 4 Expand the number of fully-funded jobs in remote communities

Recent reforms have abolished the Community Development Employment Project (CDEP) in non-remote areas and replaced CDEP wages in remote communities with income support payments. A number of CDEP positions have been converted to fully funded positions to support the delivery of Government services.

The number of fully funded jobs in local essential services in remote areas should be expanded considerably through relevant mainstream programs, in cooperation with local community-led organisations and state and local governments.

Housing & Homelessness

Issues

Australia has amongst the most expensive housing in the world. Rents and mortgages are the biggest source of financial stress in many households. Over the last five years median rents in Sydney have risen by 50% and in Melbourne, rents have risen 63% since 2004.

Over a million low-income households are in housing stress, with housing costs exceeding more than 30% of household income. While many Australians are struggling with housing costs, the majority of those in housing stress are private renters. 65% of low income private renters currently experience housing stress, with many of these households spending over half of their income on rent. Rising rents have also increased the pressure on public housing and crisis accommodation services and contributed to the current rate of homelessness.

At a time when more than 105,000 Australians are homeless, crisis accommodation services are turning away 65% of people who seek accommodation. An average of 80% of couples with children and 69% of sole parents who request emergency accommodation are turned away from shelters because they are already full.

The numbers of available public housing properties has declined because of low levels of Government investment over the last ten years.

The Government has introduced several welcome initiatives including a substantial investment of \$6 billion under the Nation Building Stimulus Plan for 29,000 dwellings; the National Affordable Housing Agreement; the National Rental Affordability Scheme Housing Affordability Fund, and the initiatives outlined in the Homelessness White Paper and targets to reduce homelessness.

Ongoing investment to build more homes is needed to address declining housing affordability and meet the critical shortage of over 493,000 affordable homes.

Australia's housing affordability crisis has a number of causes. They include under-investment in social housing for low-income earners, a tax system that encourages over-investment in existing properties, bidding up prices without adding to supply, and inadequate income support for people on low incomes.

Proposals

ACOSS has long collaborated with other peak community groups, industry and union organisations to call for political action to fix the housing affordability crisis. ACOSS calls on all political parties to commit to:

1. Establish an Affordable Housing Growth Fund to expand the stock of affordable housing, with a down-payment of \$750 million in the first year and increased and sustained long-term ongoing funding;
2. Increase the maximum rate of Commonwealth Rent Assistance by 30% to assist low-income renters to meet rising rental costs;
3. Use the revenue saved from proposed reforms to the tax treatment of deductions for housing investment (see the tax section) to boost the National Rental Affordability Scheme – which directly encourages investment in new affordable flats and houses;
4. Implement the policy initiatives outlined in *The Road Home*, aiming to halve homelessness by 2020.

Oral Health

Issues

Despite a recent swathe of reform activities in health, access to dental care and oral health services continues to be a major gap in our health system. More than 1 in 5 Australians delay or avoid dental treatment because they are financially disadvantaged and more and more people are on waiting lists for dental care. Public dental patients are more likely than other Australians to have dental decay.² Nearly half of 6 year old children have a history of decay in their 'baby' teeth and teenagers are increasingly at risk of dental disease.³ In particular, Aboriginal and Torres Strait Islander children are more likely than other children to experience dental disease at all ages between 4 and 15 years.⁴

The health and social impact of poor oral health can be immense. Amongst people with serious oral health problems, 9 out of 10 experience pain or discomfort; 8 out of 10 have difficulty eating or are affected in their ability to go about daily activities; and 9 out of 10 have experienced embarrassment due to their teeth, contributing to poor self image, reducing their social interactions and limiting employment prospects.⁵ Additionally, common dental diseases cause extensive tissue infection, resulting in an estimated 32,000 preventable hospitalisations per year, particularly for people with underlying or chronic disease.⁶

Long public dental waiting lists prevent Australians with health care cards from accessing dental care when they need it. Other people who are also more likely to have poor oral health include those on low incomes who are not eligible for health benefits; and those in rural and remote areas, where waiting times in excess of two years are common. Waiting lists vary from place to place but standard waiting periods for general treatment are as high as forty-one months in some parts of the country.⁷

The problems of poor oral health across Australia are closely related to the inadequacies of the workforce. There are not enough dentists being trained to meet the current needs of the population; let alone the projected growth in population oral health needs over decades to come. A significant difference to oral health can be made by allied health professionals, both those practicing in oral health and in broader areas of health. Yet there are stark gaps in policy and funding frameworks that are preventing progress in this way.

ACOSS has renewed an alliance of national community, dental and health organisations to seek solutions to these poor levels of oral health experienced by many Australians. The National Oral Health Alliance is calling on all political parties in this year's Federal election to commit to direct and effective action to address the following priorities in oral health.

Australia must take steps to ensure that people's level of income cannot be read in their mouths.

² Brennan (2008) 'Oral health of adults in the public dental sector', *Dental statistics and research series no. 47*, Australian Institute of Health & Welfare.

³ Armfield et al (2009) 'Dental health of Australia's teenagers and pre-teen children: the Child Dental Health Survey, Australia 2003-04', *Dental statistics and research series no. 52*, AIHW.

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Proposals

1. Timely access to oral health care

Australians must be able to get dental treatment when they need it. The introduction of a universal scheme ensuring access to necessary dental treatment and oral health care is essential if we are to address the growing gaps in the oral health of low income Australians and those isolated from services compared with the rest of the population. At a minimum, universal access should ensure that every Australian is able to access a comprehensive oral health check and a basic course of treatment every two years, with capacity for additional treatment when warranted by particular circumstances.

2. Abolish the Medicare Chronic Disease Dental Scheme and Teen Dental Program

The funds for these schemes should be diverted to a scheme for ensuring universal access to timely dental care. These schemes are neither means tested, nor have they proved effective or efficient in redressing the great disparity in access to dental services and oral health outcomes across the country. The revenue from these programs should be redirected to the improvement of services and access to them for people on low incomes and in areas that are poorly-served by oral health care.

3. Fund comprehensive, community-based primary health care

Australia needs a comprehensive primary health care system that is able to meet the vast majority of health care and prevention needs of our communities. Oral health is a vital component of good primary health care along with many other health and allied services. Funding should be multidisciplinary, linking clinical services with allied health and associated community services. Funding should also be capitation-based, enabling the allocation of services according to the population needs of each community. Effective primary care is the fundamental platform of a health plan for the future that focuses on delivering effective and essential long term care to Australians who currently are alienated from services and hence from improving health outcomes.

4. Prevention and education

The best therapy is prevention. That applies particularly in oral health. Australia must have a clear strategy with national leadership and coordination to educate Australians and promote good oral health and the prevention of oral disease.

5. An appropriate workforce

A self-sufficient and sustainable dental workforce is an essential component in meeting these priorities. In particular, rural incentives that are available to medical practitioners and students should apply to dental practitioners and students.

Essential services – electricity and water

Issues

ACOSS regards water, electricity and gas as essential domestic services. Reliable and affordable supplies of water and energy for residential consumption must be guaranteed as far as reasonably possible. Energy and water are critical for health, wellbeing and social inclusion. The regulation of Australian energy and water markets should ensure fair and affordable household tariffs for basic levels of consumption. Water and energy should be sourced or produced, distributed and consumed sustainably.

While low income households generally consume less energy and water than wealthier households, these services account for a greater percentage of their total weekly spending. In real dollar terms, low income households spend half as much on electricity and gas as the wealthiest households, but as a share of total household spending, they spend almost twice as much. For tenants, additional energy and water costs may be hidden in rents. The cost of water and sewage as a percentage of total weekly spending is a third higher for low income households than it is for houses on an average income. Again, in real dollar terms, transport and fuel costs for a low income household are about half that of an average household. However, as a percentage of total weekly spending, the share spent on fuel is about the same in both.

The Australian Bureau of Statistics reports that over the year to March 2010 electricity prices increased by 18.2%, water and sewerage by 14.0% and gas and other household fuels by 3.6%. For households on low and fixed incomes these increases are significant. As prices increase so does the risk of under-consumption and disconnection. Under-consumption can have adverse effects on health and well-being. Disconnection from supply may result in additional costs for reconnection, disruption to work and education, other expense including the replacement of spoiled food.

Proposals

ACOSS proposes action in three areas to ensure that low income households remain on supply and can afford to pay their bills.

1. Invest in improving energy efficiency for low income households

Consumption: ACOSS calls for investment in improving end use efficiency of electricity, gas and water. Improvements to energy and water efficiency can significantly increase amenity reduce consumption of energy and water, cut greenhouse gas emissions and reduce utility bills. ACOSS supports the Green Start program that will begin to address water and energy efficiency in low income households. This program should be understood as a long term approach to the assessment and retrofit of as many as two million dwellings, one quarter of the existing stock. All new homes, including 'affordable housing' should be built to the highest possible standards of efficiency. Affordable should be understood to mean affordable to occupy, not cheap to build.

2. Ensure that water and energy and water are supplied affordably and fairly

Tariffs and consumer protection: In most instances energy and water prices remain the preserve of state and territory governments, as do community service obligations, concessions and rebates. The next Federal Government should ensure that energy and

water markets are consumer focused and that regulation, particularly of monopoly infrastructure that contributes to retail prices, is robust. The next Federal Government should commit to finalise and legislate the National Energy Customer Framework (NECF) in a manner that ensures best practice consumer protections for all residential customers, wherever they are in the national market. The new Framework should be implemented quickly, completely and consistently.

3. Ensure that benefits and payments reflect the real cost of living

Capacity to pay: The next Government should acknowledge disproportionate price increases for essential utilities relative to other prices. Centrelink benefits and payments that currently do not attract the Utilities Allowance of about \$10 per week should be increased immediately so as to address high levels of under-consumption and disconnection amongst recipients.

Climate change

Issues

ACOSS supports decisive and swift action by the next Australian Government to reduce domestic greenhouse gas emissions from industry and households and to work with the international community to reduce global emissions.

Low income households and disadvantaged communities are likely to bear the impacts of climate change disproportionately. They are generally less well equipped to cope, adapt and move. Adverse impacts on the natural environment, employment opportunities and community resources are likely to fall most heavily on poorer individuals and areas, wherever they are.

ACOSS believes that as a matter of principle, no group of low income households should be worse off as a result of climate change policies, and that they should be better off. This may only be as a result of avoiding dangerous levels of climate change. However, opportunities for training, employment and community development should arise and be widespread. The transition to a low carbon economy should provide opportunities for innovation and enterprise.

ACOSS supports the introduction of a price on carbon as one measure in a suite of measures designed to mitigate and adapt to the now inevitable reality of climate change.

The *intended* outcome of a carbon price and the *potential* outcome of measures such as mandatory targets for renewable energy is to increase prices for essential goods and services, at least in relative terms and at least in the short term.

The Parties should guarantee that no group of low income households need be financially worse off as a result of a carbon price. Low income Australians should be better off overall as a result of policies to reduce greenhouse gas emissions.

Low income households should be fully compensated for cost increases attributable to a carbon price. This compensation should be paid through the social security and taxation systems and take account of the particular characteristics of various types of households.

The next Federal Government should introduce measures to significantly increase the efficiency of energy use in households, especially low income households, with a view to maximising amenity from energy consumed, minimising consumption and energy bills, and reducing carbon pollution.

Cost increases resulting from a carbon price should not adversely affect the capacity of government agencies, non-government organisations and others to deliver services in support of low income households and the community at large.

Proposals

Acknowledging the current absence of firm plans for a carbon price and an assessment of its impacts on households, decisions regarding targets and trajectories for emissions reductions, and detail of the actual price, ACOSS recommends that:

1. Invest in improving efficiency of housing stock

As a matter of urgency, commencing ahead of a price on carbon, the Australian Government should develop, fund and implement a long-term program to retrofit housing stock to maximise thermal efficiency, minimise energy consumption, and ensure reasonable levels of amenity and comfort with a view to anticipated climate change. This program should focus initially on low income households in both the public and private rental markets.

2. Invest in improving efficiency for households

As a matter of urgency, commencing ahead of a carbon price, the Australian Government should develop, fund and implement a program for low income households to facilitate the upgrade of basic equipment and appliances including for example, hot water systems and refrigerators, to best practice performance standards, with a view to mitigating against energy price increases, minimising consumption, and reducing greenhouse gas emissions.

3. Introduce best practice regulation of performance standards

As a matter of urgency, commencing ahead of a carbon price, the Australian Government in conjunction with state and territory governments should develop and implement nationally consistent regulatory frameworks to ensure that best practice minimum energy performance standards are introduced and enforced for equipment and appliances, for building and construction, and for related materials and processes.

4. Introduce a carbon price and protect low income households from price rises for essentials

The Australian Government should make arrangements for low income households to be fully compensated for cost increases resulting from a carbon price, from commencement of a carbon price, in a manner that is not contrary to the intent of a carbon price, takes account of the particular characteristics of various types of households and their patterns of consumption of services and goods, and ensures that compensation is maintained in real terms over time.

5. Invest in improving energy and water use-efficiency in community services

The Australian Government should ensure that community welfare services, however funded and delivered, are prepared for the impacts of climate change and are not adversely affected by the introduction of a carbon price but are supported through the transition to a low carbon future and enabled to contribute to emissions reduction. Community welfare services are a \$30 billion per annum sector of the economy. They provide critical services to the community in general and to low income households and disadvantaged individuals especially. The sector anticipates increasing demand for services and increasing costs for operations as a result of climate change and responses. The Government should set aside funds for investment in:

- provision of information, assessments and resources for organisational development, staff training and client education; and
- grants and incentives to invest in energy and water efficiency and in low emissions technologies, processes and products.

Pay equity for social and community sector workers

Issues

Low salaries in social services are increasingly curbing the community sector's capacity to offer effective services based on a skilled and experienced workforce. In the 2009 ACOSS community sector survey, over 70% of respondents reported that low salaries make attracting and retaining staff more difficult. This builds on previous findings that 64% of organisations had experienced difficulty attracting appropriately qualified staff. Meanwhile workloads are increasing at a greater rate than workforce numbers. While increased productivity, efficiency, and economies of scale may account for some of the discrepancy, the disproportionate increase of workload to staff numbers is further evidence of a workforce under pressure.

The poor pay of the community sector has a direct impact upon social services for clients in need. In 2007-2008, ACOSS found that 278,107 people were turned away by social service agencies, despite their eligibility for services. That is a 17.3% increase on the 237,024 people who were turned away by the same services in 2006-07; or one in 12 people. Additionally, a majority of agencies have reported tighter targeting of their services than in the past. Low retention rates and challenges in staff development and promotion heighten the stress faced by organisations that are already seeking to provide services with inadequate funding and resources.

To address the significant problem of low pay in the community sector, unions representing social and community sector and disability workers have lodged an application for an equal remuneration order with Fair Work Australia. Under the new federal industrial relations system Fair Work Australia, unions are seeking an equal remuneration order for social and community service workers to obtain similar outcomes to those in Queensland, for all workers in Australia. This pay equity test case has the support of the Commonwealth Government through a Heads of Agreement signed between the two parties. But there is no explicit promise of funding for any pay rises that might result.

Proposals

1. ACOSS is calling for full and new funding of wage rises to cover increases that follow from the equal remuneration case.

The capacity of services to pay decent wages is essential for ensuring that the vital work of the community sector is sustained. In particular, for those clients and communities who depend upon social services every day, employers must be able to attract and retain an experienced and effective workforce. To this end the Commonwealth and opposition parties must commit to covering the cost of any higher wages that result from the decision of Fair Work Australia. Commitments to funding must cover those services and organisations directly funded by the government, as well as additional funding provided to the sector for policy development, advocacy and advice.

2. Funding for decent pay must flow from all sources of funding including those from private enterprise and philanthropic ventures.

The federal government should provide an industry package of support to the community sector to enable much-needed work estimating the cost of higher wages and the extent of the workforce affected, for inclusion in budgeting processes and funding submissions.



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