

# 2020-21 Federal Pre- Budget Submission

## Australia Together

### Alliance Partners



## Table of Contents

<b>About Australia Together</b> .....	<b>3</b>
<b>Our platform for change</b> .....	<b>3</b>
<b>1. National leadership and investment</b> .....	<b>5</b>
Action 1.1: Short term public expenditure with long term plan .....	5
Action 1.2 A new way of doing business .....	6
<b>2. Engaging Communities</b> .....	<b>6</b>
Action 2.1 – A national Enabling Communities Commission .....	7
Action 2.2 – Targeted support for communities doing it tough .....	7
<b>3. Jobs and Skills</b> .....	<b>8</b>
Action 3.1 - Youth jobs guarantee .....	10
Action 3.2 - Job poor communities .....	10
Action 3.4 – Remote jobs fund .....	11
Action 3.5 - Strategic skills initiatives.....	12
<b>4. Housing and Homelessness</b> .....	<b>14</b>
Action 4.1 – National Housing Strategy.....	14
Action 4.2 – Increase the supply of social housing .....	15
Action 4.3 – Maintain support for those in need.....	15
Action 4.5 – Rental reform .....	15
<b>5. Early Childhood – Let’s do it for kids</b> .....	<b>16</b>
Action 5.1. Child Care Guarantee .....	17
Action 5.2. Put First People’s first.....	17
Action 5.3. National leadership and collaboration.....	17
Action 5.4 Support children and communities .....	18
Action 5.5 Tackle the social determinants of disadvantage for children:.....	18

## About Australia Together

[Australia Together](#) is an alliance of civil society organisations working together in the belief that Australia can be bold, visionary and build back better from the pandemic. We believe that there's a unique opportunity for Australia to build on the goodwill and collaboration seen through the COVID-19 experience to tackle some of the country's enduring challenges.

In July we convened a [National Community Recovery Summit](#). Nearly 300 people from across Australia attended the summit and we heard from over 30 speakers including Dean Parkin, Prof Sharon Goldfeld, Jay Wetherill, Terry Moran, and David O'Loughlin who canvassed both the immediate actions needed now to respond to the crisis and, importantly, the longer-term view for renewal.

We have now produced [Summit Statements](#) that articulate the actions we believe are needed to build back better and this submission is based on these statements. The Summit Statements have been endorsed by 25 organisations across our Alliance Partners and our Supporters.

## Our platform for change

We are calling for an approach to the recovery that is broad, holistic, sustained and represents a platform for deliberate, co-design, development and delivery. It calls for collaborative change leadership at all levels.

In this we call for a new partnership between our Government and local communities that involves:

- [National leadership and investment](#) to fund economic and social recovery to set us up for the future
- [Local communities](#) to direct the programs and projects - consistent with the national vision - that deliver outcomes specific to their local circumstances.

We are calling for large-scale and enduring investment in 'people and places' that enables children, young people, families and communities to thrive. We can also take a leap forward to respect the cultural authority of First Nation's people and support the capacity of their communities and leaders to build back a better, fairer and inclusive Australia.

In particular let's commit to:

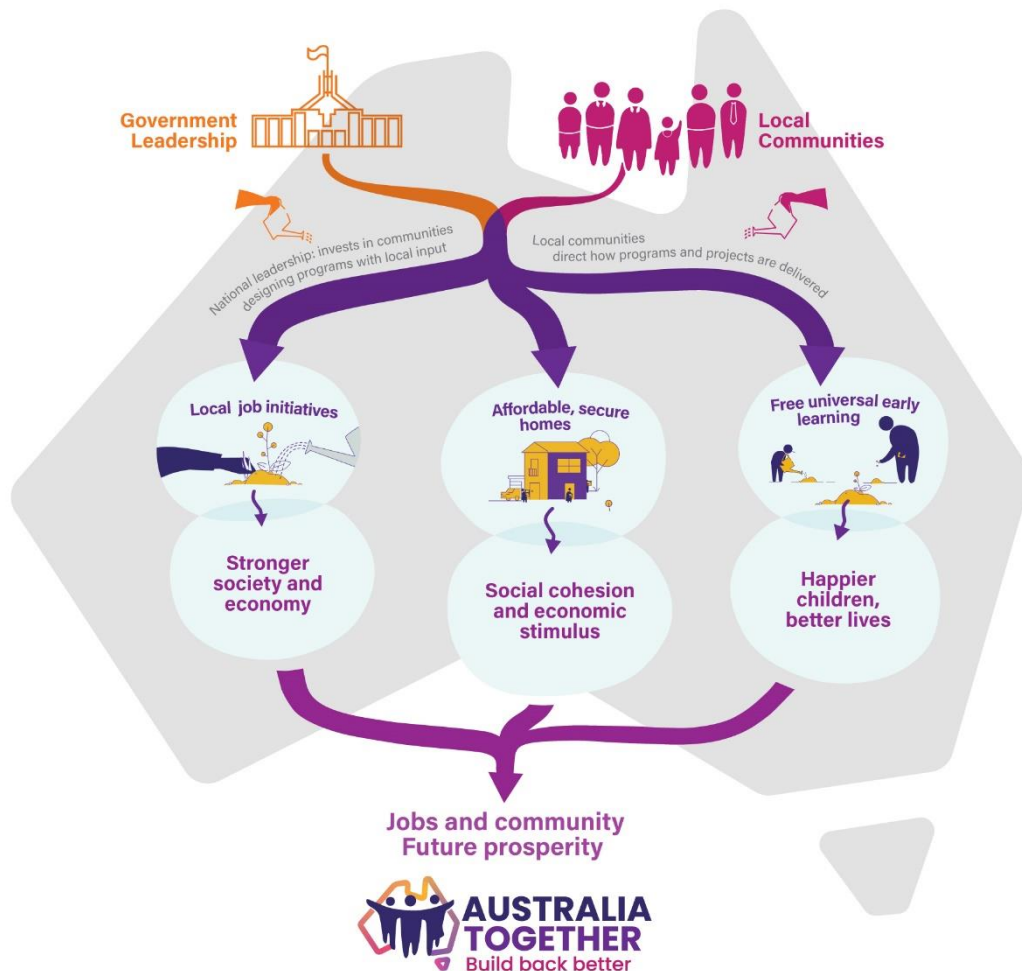
- Local [jobs](#) plans to create a strong society and economy
- Affordable, secure [homes](#) that build social cohesion and economic stimulus
- Free universal early care and learning and other nation-building infrastructure that enables all [children to thrive](#).

These three elements work together to create social and economic wellbeing. We need to work across them, not in silos. Investment in childcare and housing create quality jobs as well as create wellbeing for children in families. Providing adequate and secure jobs and a solid safety net means families are able to put a roof over their head and participate in early childhood education and care.

By investing now, we can build and renew. By adding community voices and solutions to the recovery agenda, we can shape a strong future where family and community building are the foundations of nation building.

We are not alone in our approach, we are not alone in calling for change for renewal. There are many people, organisations and campaigns across Australia that are making the case for change. We join their voices.

## How it works



Investment in people + places = build back better.

Jobs + Kids + Homes = build back better

## 1. National leadership and investment

National leadership and investment to fund economic and social recovery that sets us up for the future

**Governments acted quickly and effectively in the crisis – to support people with additional investment and new ways of doing business. This must continue as we renew and build back better.**

For many people, the COVID pandemic has been traumatic and difficult. However it is also providing an opportunity like no other. The response to the pandemic has been heartening. The formation of the National Cabinet created an environment of collaboration across jurisdictions. The importance of following the advice of experts – health, economic and business have all been highlighted as has the important role of the Federal Government in supporting effective responses.

Communities have come together to support each other through formal and informal networks.

On the downside, weakness have been exposed – weaknesses that have significantly impacted on families, children and communities. People in insecure jobs, those experiencing housing stress, those without digital connections, have all been impacted. Vulnerabilities to violence, isolation and mental illness have been exacerbated. Weaknesses in our social safety net, including insufficient income support levels have been exposed.

As we look to renewal post COVID, we can build on the strengths to make Australia overall, and each of our communities, more resilient, sustainable, inclusive and prosperous.

The bold national leadership and investment we have seen to date, must continue if we are to build back better.

Now is not the time to withdraw government spending and action. Australia faces a globally synchronised recession (Grattan, 2020a). Action to date has been fast and large, and as a result, communities and the economy have been cushioned against some of the impacts. But the impacts will continue to be felt for some time.

Private sector confidence and contribution to employment growth will be low in the short to medium term. With little to no migration; low consumer spending; and little private sector appetite for investment, Governments must step in.

Every person deserves a job, a home, support for their children through this pandemic and beyond. By meeting these basic needs, we will set ourselves up for a fairer, more prosperous Australia in the future.

### Action 1.1: Short term public expenditure with long term plan

To move into a strong future, the Federal Government must commit to substantial short term public expenditure and create a long term plan for renewing Australia in a way that benefits all - particularly those that have previously been left behind or who have been more recently impacted by COVID. This needs to happen in practical ways, place by place. Now is not the time for austerity, but for a big, sustained multi-lateral effort.

Acting now creates jobs - good jobs that build social capital and support communities. Acting now puts money in people's hands and therefore in local economies. Acting now

provides homes for those that need them. Acting now supports children and families to be the best they can be. Acting now makes the change we need to build back better in a post COVID world.

### Action 1.2 A new way of doing business

The creation and continuation of the National Cabinet has been widely lauded. The National COVID Coordination Commission includes the perspectives of business and industry in the recovery effort. We need to continue the collaboration and bipartisan approaches that these efforts have engendered.

But we can do more. Improved transparency will support continued increases in public confidence and trust in government. To tackle national priorities and barriers and enable state and local recovery efforts we also need to bring in the range of voices, including local government, community sector, academia and communities (see Section 2 – Engaging Communities)

Australia has extensive experience and expertise in disaster responses that involve dedicated recovery leadership and coordination at national, state and local levels. These arrangements bring stakeholders together around key ‘functional areas’ across social and economic outcomes. These provide strong roles for local governments and local business and community representatives. These can be built on to achieve renewal post COVID.

Investment in people + places = build back better  
jobs + kids + homes = build back better

## 2. Engaging Communities

Local communities to direct the programs and projects - consistent with the national vision - that deliver outcomes specific to their local circumstances.

**The strengths of communities have been evident through the pandemic – now we can harness this and support communities to build back better.**

We seek a commitment to rethinking the way we do government in Australia, recognising the uniqueness of our regions and our communities. This approach makes the most of our social, cultural and regional diversity. It should enable children, young people, families and communities to thrive.

Decades of experience shows that recovery from disasters and other crises works best when communities are involved, supported to act and collaborate, and have a say in shaping and delivering recovery.

We call for a real voice for communities through local government and community initiatives to shape the national response.

## Action 2.1 – A national Enabling Communities Commission

Establishment of a national Enabling Communities Commission to lead community led recovery and support, advocate for, and facilitate co-investment in place-based and community-led recovery initiatives. This should be aligned with the work of the National Cabinet and the National COVID Coordination Commission and work beyond the life of the crisis.

The work of the Enabling Communities Commission should cover all communities and include:

1. Leadership – lead and build an understanding of the localism agenda in Australia and how to progress the recognition and prioritisation of community empowerment and local involvement;
2. Engagement – facilitate the voice of communities in the work of the Commission through regular Community+Commission forums comprising all levels of government and key community representatives.
3. Planning – support for the development of Local Development and Recovery Plans in communities that focus on practical initiatives to stimulate and sustain inclusive growth and quality jobs and enterprises, and identify short, medium and long-term priorities.
4. Learning - support local communities to fill gaps in expertise identified through the planning process.
5. Measuring - establishment of Community Wellbeing dashboards to enable informed decision making at the community level around action, priorities, impact and evidence. This includes data supporting local jobs plans, housing plans and child wellbeing outcomes.

There are existing structures in place that can facilitate this work without starting from scratch. Regional Development Australia Committees already play an active and facilitative role in their communities; they work with all levels of government, business and community sectors and have a clear focus on growing strong, confident and vibrant regions.

Likewise local governments are key drivers of economic and social outcomes in communities and could be supported and augmented to play a key role.

Funding will be required for the operations of the Commission, with additional flexible funding pools available to support community planning, governance and capacity building. An immediate assessment should be undertaken around the possibilities for the devolution of existing funding to local communities for local decision making.

## Action 2.2 – Targeted support for communities doing it tough

Expand and strengthen the role of existing place-based initiatives so that communities doing it toughest are enabled to become more prosperous and resilient. This work would be aligned with the work of the Enabling Communities Commission.

This includes:

- Expansion of the Stronger Places, Stronger People by urgently bring forward the activity in the existing 10 locations and expand the program with an additional 20 sites to be commenced by the end of 2020 and a further 20 by mid 2021 at an estimated cost of \$140m over 5 years.

- Establishment of an independent entity to guide the work of communities pursuing place-based change at a cost of \$2mill/annum. This group would help:
  - Facilitate a national network of communities and build the field for early stage communities
  - Provide thought and practice leadership and policy development to build capacity of local communities and governments for this work.

### Why now?

We have long known that community led responses are needed if we are truly to make change for people across Australia.

While the COVID pandemic has been devastating in so many ways, it has also shown us the strength that lies in our communities as we have come together to support each through this time. Many communities have activated local networks and taken the initiative to address the needs of people worst affected and most at need. It has revitalised the role of 'place' in our everyday lives – as we live, eat, play, work and find meaning in the world immediately around us.

It has also renewed a trust in government and an engagement with our political leaders. This is an opportunity in that it has made it easier for those in government to make big decisions (Dennis, 2020).

The complexity of the challenges faced by many communities in Australia requires us to work differently in community, and importantly, with community to address the multiple dimensions of change required. It requires working across the traditional silos and seeking the input of a diverse set of stakeholders (Smart, 2017)

We cannot return to a pre-COVID world in which communities were left out of the decisions that affected them, in which people felt disengaged and disheartened by governments and where systems perpetuating disadvantage were allowed to flourish.

Community led strategies can drive local housing and jobs plans, support children and drive real change for people and communities.

Investment in people and places = build back better.

jobs + kids + homes = build back better

### 3. Jobs and Skills

Local jobs plans to create a strong society and economy

**Investing in jobs helps deliver the services people need and supports communities —it is good for the economy and good for people.**

Of all the impacts of the COVID-19 pandemic, the impact on employment has been the most obvious and most significant. While there have been some improvements in the



unemployment data, Federal Treasury is still predicting that effective unemployment will top 13 per cent before the end of the year (Guardian, 2020)

It is widely recognised that, even as we return to positive growth, the creation of new, ongoing, jobs in the private sector will be slow. Public sector employment and job-intensive public spending will be essential to prevent protracted, widespread unemployment and to boost consumer and business demand.

It is useful to think about the impact of COVID-19 on jobs in three ways (McKinsey, 2020).

- Immediate impact of **restrictions** – these are temporary, although their duration is uncertain, and most pronounced in sectors like hospitality and tourism. JobKeeper has mitigated some of the impacts, but not all jobs will return. There are also significant groups – many of them young and vulnerable workers – who were not covered by the scheme and have lost work and income.
- **Economic downturn** - non-mining business investment, already weak prior to COVID, is expected to remain low for at least a year (RBA, 2020). Consumer and business confidence are low, and it is suggested that the effects ‘could be expected to reverberate through the economy for a decade’ (McKinsey, 2020). Sectors like construction and manufacturing, while less immediately affected by restrictions, are forecast to lose jobs as local and global demand declines.
- Long term **structural changes** in the labour market have been created, and/or accelerated, by the pandemic. Bricks and mortar stores are suffering, and automation of some jobs has been brought forward. Pressures on profitability have, and will, accelerate job shedding.

The impact of job losses of this extent cannot be overstated. For everyone, a job provides income to support families, to pay mortgages, to pay bills. Importantly, for many, it provides connection and meaning.

The Government’s actions in implementing JobKeeper and the JobSeeker supplement have been crucial to reducing harm to those affected by health restrictions and their associated economic impacts. We urge the Government to remain cautious in phasing out JobKeeper. We join others in calling for a permanent increase to JobSeeker Allowance. In each case these measures will support consumer demand and prevent the corrosive effects of long term poverty on workforce readiness as the labour market improves.

But these measures are aimed at keeping existing jobs and preventing the worst effects of unemployment. We need new jobs to be created.

The Government must now turn its sights to the temporary but longer-term effects of depressed economic conditions and also act to improve capacity to adapt to long term structural change. Importantly it should also support human capital development – the capacities and skills that will aid social and economic recovery and pay immense dividends over time.

This includes spending on creating jobs for people, and in places, that would otherwise miss out. It includes supporting job creation in areas where there are service deficits.

And it includes a collaborative change effort, partnering with the private and non-Government sectors to provide Australian workers with the opportunity to acquire and apply future relevant skills.

### Action 3.1 - Youth jobs guarantee

At a time when the private sector is struggling to survive and rebuild, governments, at all levels, need to do more to provide work and learning opportunities for young people.

Governments are uniquely placed to provide high quality work and learning opportunities in growth sectors like information technology, professional and scientific services and health. Importantly this work adds to the public good, supporting communities and delivering services that will be needed as we work to build back better.

The Commonwealth, in conjunction with State and Territory Governments, should provide a guarantee of employment to young people within six months of becoming unemployed. To achieve this, the Commonwealth Government must show leadership in boosting its commitment to recruiting and training young workers by:

- a) Direct employment of 5,800 new traineeship and graduate traineeships each year for the next three years, across Commonwealth agencies, and distributed across the country. This would require lifting existing staffing level caps and efficiency dividends so that these new jobs make a net contribution to employment.

In addition, working with local communities, the Commonwealth should fund:

- b) Wage subsidies for unemployed young people, and those at risk - covering 25 hours per week at the minimum wage, plus on-costs, with priority given to employers who can provide ongoing employment and training, including those offering apprenticeships. We note that the UK Government has announced a scheme along these lines;
- c) Fund the employment of 2,000 jobs in local government including apprenticeships, traineeships and cadetships, particularly in locations with high rates of youth unemployment, at a level sufficient to enable the completion of apprenticeships;
- d) Reinststate an environmental youth jobs program. The Green Army program engaged 11,000 young people over the period from 2014-2018, with most in regional and remote areas. The program was recognised as achieving strong environmental, community and individual outcomes. (DEH, 2017) A program similar to Green Army offering full time employment for period of up to 12 months could be mobilised quickly and could engage a large number of young people;<sup>1</sup>

Investment in the services we need provides opportunities for job creation as well as supporting people and communities to be the best they can. Investment in social housing, investment in early childhood provide opportunities to lift people out of poverty and provide enduring benefits.

### Action 3.2 - Job poor communities

There is a strong correlation between area of residence and long-term disadvantage. While COVID restrictions have had dramatic, visible, effects on employment in urban centres, researchers have shown that jobs that are vulnerable to economic downturns are more likely to be in regional areas (Mitchell and Baum, 2020).

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<sup>1</sup> The evaluation recommended 12-month projects, and this appears to be appropriate given labour market conditions.

It is proposed that the Commonwealth work with job poor communities to establish job targets and to support job creation, both directly and indirectly. This can be achieved through:

- a) Identification and resourcing of local governance arrangements that include employers, service providers and community members to establish local Jobs Plans in consultation with the community. Initiative and cooperation at the local level is needed to reduce unemployment and labour market disadvantage (ACOSS, 2020) Where possible these arrangements would build on existing structures (eg Community Investment Committees, Regional Development Australia committees, local government).
- b) Through these arrangements, establish Job Targets for each community that reflect local labour market circumstances, needs and community aspirations and, in each case, are set to substantially increase local employment rates and increase employment for groups that face high levels of labour market disadvantage. The finalisation of job targets should not, however, delay immediate measures to create jobs in local communities.
- c) Establish a Community Jobs Fund to provide wage subsidies to enable new, temporary, jobs to be created for long term unemployed people in job poor communities.
- d) Target Commonwealth employment to help strengthen and diversify local economies. While other levels of government, particularly State/Territory Governments, should play a part, the Commonwealth should take the lead recognising its relative financial strength, its leadership role in employment, and potential long term income support savings from reducing disadvantage in poorer communities. As a critical strategy, increase employment opportunities for people in disadvantaged communities, particularly where these **strengthen services** and long term productivity. This could include, for example, increasing face to face delivery of Centrelink services in communities that find access difficult. Some jobs may be temporary to address a surge in service need, others would be ongoing, in recognition of the need to improve conditions in poorer communities.
- e) Use **procurement** policies to increase jobs in job poor communities, and for those more marginalised in the labour market. Social Traders have argued that allocation of 1% of planned Commonwealth Infrastructure spending would generate 9,000 jobs, particularly for the long term unemployed and people with disabilities. In addition, social procurement targets should be applied to non-infrastructure spending – as has occurred under the Indigenous Procurement Policy.

### Action 3.4 – Remote jobs fund

A specific remote jobs fund should be established to create jobs across remote communities, as proposed by the Fair Work Strong Communities Alliance, led by the Aboriginal Peak Organisations of the Northern Territory (APONT 2017).

The initial proposal was for the establishment of 1,500 youth traineeships and 10,500 part-time jobs, primarily in Aboriginal Community Controlled Organisations. Modelling commissioned by the Alliance showed a net cost (in 2018) of \$186.1m, increasing the employment rate in remote areas by 9.6% and reducing poverty by 2.6%. (Fowkes & Li 2018). The initial commitment of 12,000 jobs should be reviewed over time, as the economic impacts of COVID in these communities become clearer.

### Action 3.5 - Strategic skills initiatives

The labour market downturn has been described by some as providing an opportunity for people to reskill or upskill, in anticipation of ongoing and accelerated changes in the labour market.

However, as has been suggested through the draft VET Reform Roadmap (SSON, 2019), there is also a need to increase the use of training strategies that combine learning with work. In apprenticeships, there is evidence it is employer demand, rather than supply of willing learners that limits growth (FWC 2017). Investing in training without addressing the need for opportunities to use skills on the job, risks exacerbating existing skills mismatches and wasted resources in the skills system.

The strategic skilled workforce initiative would create a framework for joint public and private investment in the long-term development of a skilled local labour force. It responds to evidence of skills shortages and skills mismatches. It attempts to strengthen the link between employment and vocational training so that, over time, we can develop institutional structures that replicate the strengths of the traditional apprenticeship sector – in particular the high rates of employment following training. We should prioritise growth sectors, including those parts of the care sector where the human cost of poor quality care have recently become so apparent - like aged and disability care, and sectors like information technology and professional services which can be difficult for new entrants to navigate.

The Commonwealth should support development of new apprenticeship style models across growth sectors by:

- a) Acting as an ‘anchor employer’ for critical initiatives – for example in the information technology sector – by increasing intake of trainees and apprentices in these areas and through these initiatives, working with TAFE to build shared capability;
- b) Supporting sectors that rely on Commonwealth funding (eg disability services, aged care) to partner with TAFEs to increase provision of traineeships and apprenticeships, improve employer connection with training, improve training quality and support sector workforce strategies;
- c) Using its procurement processes to increase establishment of traineeship and apprenticeship pathways, including in sectors like professional services; and
- d) Funding new structures, modelled on group training arrangements, that can provide continuity of training and support where this is difficult – for example in small businesses and community services such as aged care and disability support.

Each initiative should include : one or more anchor employers who commit to providing employment and/or paid work experience; TAFE; relevant unions; support structures – for example group training arrangements – that can support employees and employers and maximise job outcomes.

Over time we expect that these initiatives will be led by industry partners, with the Commonwealth playing an important, supporting role. However, in the medium term, it will be for the Commonwealth and State Governments to lead this work – acting as anchor employers, key funders, and confidence builders so that – over time – we can rebuild a stronger VET system.

## Why now?

The actions proposed here target areas which were already challenging prior to the pandemic, but are now pressing. There is compelling evidence that failure to act will cost us in the long run.

For example:

We know that young people who cannot find work, or find work that uses their skills, are more likely to be unemployed, underemployed and have lower incomes over the long term (Productivity Commission 2020). In recognition of the high risk of future income support costs to the Commonwealth, young people leaving education for unemployment have been recognised as one of the key target groups for investment under the Australian Priority Investment Approach to Welfare (DSS, 2016). As well as these financial costs, expert modelling predicts substantial costs to mental health, and a substantial increase in suicides amongst the young, particularly if the employment effects last more than a year (AMA, 2020).

We know that disadvantage is concentrated in particular locations, and that it tends to be self-reinforcing. The June 2018 Valuation report conducted as part of the Australian Priority Investment Approach to Welfare, found that people living in areas with the highest levels of socio-economic disadvantage (using the Socio Economic Indices for Areas (SEIFA) index) were more than 3 times as likely to be on income support as those with the lowest levels. They had substantially higher average lifetime welfare costs. (DSS, 2019).

Remote Aboriginal and Torres Strait Islander communities had experienced increased poverty and persistent joblessness prior to COVID-19. These communities require specific attention to ensure that they do not fall further behind in the immediate downturn or as the economy experiences further change.

The Commonwealth Government has already recognised the need for reform to our skills systems to elevate the status of VET employment pathways, increase productivity and build workforce skills for the future. The economic downturn threatens these measures to upskill. It is predicted that there will be 330,000 fewer apprentices by 2023 (Mitchell Institute, 2020). Employer investment in training, already weak prior to COVID, will be further weakened as companies grapple with slower growth.

Over time, as we saw following the Great Depression, business and consumer confidence will grow and private sector job creation will accelerate. In the short to medium term, however, we need public sector action to prevent entrenchment of unemployment, and to support the development of a skilled, capable workforce.

**Job creation in services that communities need, led by communities is good for communities and the economy.**

**Investment in people + places = build back better.**

**Jobs + Kids + Homes = build back better**

## 4. Housing and Homelessness

Affordable, secure homes for social cohesion and economic stimulus

### **People deserve a safe place to call home – building social housing will support jobs in local communities and create homes.**

Stable and affordable housing is an important aspect of Australia's infrastructure stock - yet there are issues with shortages in Australia that have been exacerbated by the COVID-19 pandemic. Housing distress is detrimental to people's ability to earn, learn and contribute positively within their families and local communities and beyond.

However, shortages of social and affordable housing continue to widen. The social and affordable rental housing gap nationally (for current and projected unmet need) is estimated to be 1.02 million units by 2036 (Troy, 2019). Where rents are set at levels affordable to low-income households, revenues can only support modest levels of debt financing (Lawson, 2018). The importance of government support for social and affordable housing investments cannot be overstated.

In order to maximise social and economic outcomes, social housing requires a capital investment strategy informed by current and future needs. Place-based deals, such as Australia's emerging City Deal model, offer unique opportunities for enhancing urban and regional productivity by reconfiguring spatial relationships between employment, affordable rental housing and transportation.

Industry Super Australia has identified that current government spending in housing is mis-targeted and that there is "a 'mishmash' of disparate programs spread across layers of governments with no overarching coordination".

A study published by the Australian Housing and Urban Research Institute found that specific mechanisms are needed to create or preserve affordable rental housing in areas benefiting from new investment and improved connectivity to employment opportunities (Pill, 2020). Such mechanisms are largely absent in capital city strategic plans and regional planning frameworks, and Australia Together calls for a coherent approach across all levels of government under a National Housing Strategy.

### **Action 4.1 – National Housing Strategy**

A National Housing Strategy encompassing the multiple roles of Commonwealth, state and local governments is required to meet Australia's identified shortfall of 500,000 social and affordable homes. Continuation and expansion of the National Cabinet as outlined earlier, provides an opportunity to truly build a collaborative approach to housing supply with a focus on supporting increase of housing stock for those that are vulnerable in the housing market.

This national leadership and investment should be matched with local housing plans that support housing solutions that match local housing needs.

Importantly this collaborative approach should prioritise the development of a new funding agreement for Remote Indigenous Housing at levels at least commensurate with previously negotiated agreements.

### **Action 4.2 – Increase the supply of social housing**

Australia Together supports the call by the Community Housing Industry Association (CHIA) for the Australian Government to provide funding of \$7.7bill over 4 years to support the Social Housing Acceleration and Renovation program (SHARP) to be administered by a new arm of the National Housing Finance Investment Corporation (NHFIC) under the leadership of National Cabinet.

This includes:

- a) Social housing maintenance and upgrading – jobs and support for people in social housing can be achieved immediately through a maintenance and upgrade program for existing housing stock
- b) New stock – through the purchase of land and properties requiring renovation would build a pipeline of work and would help to increase social housing stock to support reduction in social housing waitlists
- c) New developments – over the medium term, commence work on shovel ready projects and development projects to maintain the pipeline of work.

CHIA identifies that under the SHARP, backed by state/ territory contributions, Australian Government investment would enable not-for-profit community housing organisations (CHOs) to deliver 30,000 social housing units and support 14,000-18,000 jobs per year over the four years (Community Housing Industry Association, 2020).

### **Action 4.3 – Maintain support for those in need**

We have seen how Governments can act to support rough sleepers through the pandemic with thousands of people being provided with crisis accommodation in motels and hotels across the country. Not only has this provided stability in housing, but has enabled the provision of supports including health, employment, mental health. We cannot stand by as people are returned to the streets and lose the supports they need.

Likewise the Government took swift and decisive action to lift people's incomes during the crisis. The Increased payment levels for those on income support through the Coronavirus supplement to JobSeeker has provided welcome relief for people struggling with the cost of living. No-one should have to make the choice between paying the rent and paying for essential basics like schools books, medicine or enough food to be healthy and safe.

We now have the opportunity to convert that temporary relief into enduring reform with enormous social and economic benefits for the whole community.

This includes:

- a) Commonwealth and state governments must work together to provide long term housing solutions that provide the critical social and health supports to keep people off the streets.
- b) Continuation of the current levels of increased income support so that all of us have a home we can afford, regardless of how much earn. Reducing income support back to \$40 a day would have devastating consequences for people and the economy.

### **Action 4.5 – Rental reform**

National Cabinet's decision for a moratorium on evictions for residential tenancies in response to COVID 19 and the subsequent actions by States and Territories are an

opportunity to build a fairer and better system for renters and landlords. Nationally consistent tenancy law reform is needed and should focus on protecting tenants against evictions, unfair rent rises, discrimination and ensure the maintenance of properties.

### Why now?

Social infrastructure including schools, courts, prisons and hospitals serve societal as well as economic needs. They provide long term asset-based services that enhance social and economic wellbeing. Social infrastructure services are intentionally subsidised to maximise social and economic benefits to society, and full cost-recovery models can undermine the benefits these services deliver. Social and affordable housing shares similarities with other forms of social infrastructure. Investment in social infrastructure enables essential services

The intergenerational benefits of housing to economic development, health, and wellbeing are well documented. With housing our children have somewhere to do their homework after school; people who are sick have somewhere safe to recover, job seekers have somewhere to do the basic things like prepare a CV and shower before a job interview, and families have the best possible chance to thrive.

## 5. Early Childhood – Let’s do it for kids

Free universal early care and learning and other nation-building infrastructure that enables all children to thrive.

**The evidence is compelling — priority investment in children as we build back better from the COVID-19 pandemic —is good for the economy and good for children and families.**

We knew that one in five children in their first year of full-time school were developmentally vulnerable (Dept of Education and Training, AEDC, 2019) and that only 15% of three-year-olds in Australia participate in a pre-primary education program compared with the OECD average of 68.6%.

We knew that almost half of Australian parents with children under five struggle with the cost of child care. Childcare fees absorb about a quarter of household income for an average earning couple with two young children in Australia (Grattan Institute, 2020).

We knew that Aboriginal and Torres Strait Islander children have endured significant disadvantage in housing, health and education, family violence, and overrepresentation in child protection and youth justice systems.

These challenges for children and families are compounding due to COVID-19.

COVID-19 has exacerbated child poverty, housing stress and unemployment leading to negative impacts on educational outcomes of disadvantaged students (Smith Family 2020).

COVID-19 has also exposed the systemic problems of the Australian early childhood care and education sector— in particular the risk of closure of services; loss of jobs (predominantly women); and the inability for families to pay childcare fees.

The evidence is irrefutable, early years care and learning is one of the best ways to support children —to keep a line of sight and line of support from birth through school to keep



children safe and healthy. Australia is a “lagger” in early childhood learning, ranked below the OECD average in access, participation, affordability and investment in early childhood education and care. We cannot afford for Australian children’s learning to be further compromised (UNICEF Australia, 2020).

### **To do it for kids - what do we need in the budget?**

Let’s continue to work together to advance 5 major investments that ensure all children start school ready to learn and leave school ready for life.

#### **Action 5.1. Child Care Guarantee**

Extend free child care indefinitely and expand universal access to preschools to all three-year-olds. This can be the first step to a new system that ensures access to and quality of universal services including access to affordable high-quality early childhood education and care (ECEC). As first steps to a new system,

In adapting the modelling from the Grattan Institute (2020) major reform of childcare system costs is estimated to cost up to \$5 billion, yet could add \$11 billion to the GDP by increasing workforce participation —particularly of women.

Full-time net child-care costs absorb about a [quarter](#) of household income for an average-earning couple with two young children in Australia. The [OECD average is 11%](#). Almost half of Australian parents with children under five [say they struggle](#) with the cost. This major reform must be a key nation-building priority.

#### **Action 5.2. Put First People’s first.**

Respect cultural leadership and strengthen the capacity of Aboriginal Community Controlled Organisations (ACCO) to improve wellbeing of children and families.

We support the pre-budget submission from SNAICC (2020) that calls for government to:

- a) Invest in universal early childhood care and education for Aboriginal and Torres Strait Islander children. Provide *a minimum entitlement of 30 hours of 95% subsidised care per week for all Aboriginal and Torres Strait Islander children as an ongoing measure to Close the Gap in ECEC attendance and Australian Early Development Census (AEDC) outcomes.*
- b) *Provide regional intermediary support services to build capacity on community-controlled early childhood services.* SNAICC estimates that piloting, evaluation and establishment of up to 3 Aboriginal and Torres Strait Islander regional intermediary support services supporting an initial cohort of up to 40 Aboriginal and Torres Strait Islander early years services, would require a government investment of \$6 million alongside a philanthropic investment of \$2.1 million over the forward 4 years. Government investment would primarily cover service infrastructure and operational costs and increase as the number of regional intermediaries grows: 2020-21 - \$700,000; 2021-22 - \$800,000; 2022-23 - \$1.8 million; 2023-24 - \$2.7 million.

#### **Action 5.3. National leadership and collaboration**

Building on the achievements of the National Cabinet and the proposal for an Enabling Communities Commission, drive collaborative and evidence based strategies for leadership and investment on children across all communities. This includes:

- a) Establish a 10 year National Partnership Agreement on Thriving Children and National Council on Thriving Children focused on prevention and early intervention starting in the first 1,000 days.
- b) Improve collection and reporting of child wellbeing measures and data to drive improvement in and accountability for outcomes for children in the early years through the National Wellbeing Index.

It is vital that the wellbeing of children and young people is elevated as a nation-building priority. A whole of government, long-term mechanism driven by the National Cabinet is required to develop, implement, and evaluate a National Partnership Agreement to guarantee that all children start school ready to learn and leave school ready for life.

The National Partnership Agreement must feature public reporting and government accountability for agreed wellbeing outcomes and measures and a broader wellbeing measurement to support planning and action at the national and local levels.

#### **Action 5.4 Support children and communities**

There are communities in which far too many families and children experienced entrenched disadvantage before COVID. This hardship is exacerbated by the pandemic. (See Section 2 – Engaging Communities). As we expand place-based strategies the focus of investment and effort must be on outcomes for children. In these regions, this would include:

- a) Roll-out of more integrated early learning, health, family support services and school hubs to enable a “line of sight” and “line of support” to all children from birth.
- b) A focus on prevention and early intervention in the first 1,000 days as outlined above.

#### **Action 5.5 Tackle the social determinants of disadvantage for children:**

Before the pandemic we knew that children and young people in jobless households, without decent housing and those with disabilities, have been at particular risk of poor educational and health outcomes. Creating positive outcomes for children requires action across the social determinants of disadvantage including housing, jobs, health, and addressing poverty.

It is critical that lifting children out of poverty is front of mind as we build back better. This includes:

- a) Commit to a permanent increase in JobSeeker and Youth Allowance and other improvements to the income support system as outlined by ACOSS in their submission.
- b) Invest in localised housing and job generation collaborations in disadvantaged locations to address intergenerational unemployment, overcrowding and homelessness that create poverty for children.

We knew that one in six children in Australia were living in poverty (ACOSS, 2020) and over half a million children aged 0-14 years were living in jobless families (ABS 2017).

We support the advocacy and budget submission by ACOSS to raise the rate of Newstart and Youth Allowance and maintain JobKeeper to lift Australians enduring hardship out of poverty.

#### **Why now?**

We know that the financial cost of late action – of not providing early support to children and families - is \$15 billion annually (Teagher, Fox and Stafford, 2019).

We know that 20% of children will consistently fail to start school ready to learn.

Multiple surveys of parents have raised concerns about significant numbers of families having to reduce the number of days their children are in care or remove them altogether once fees return. This has consequences for children's care and learning. It also has consequences for economic recovery as parents (primarily women) are forced to exit the workforce.

Based on the [Commonwealth Child Care Subsidy](#) means-test, a family getting the maximum subsidy (85% of costs for households with income less than [A\\$68,000](#)) pays about \$9,000 a year to have two children in full-time care. For a family where each parent earns A\$80,000, the cost is about A\$26,000 a year (Grattan Institute, 2020). The Grattan Institute (2020) modelling suggests a subsidy of 95% of child-care costs for low-income families, tapering down slowly to zero as family income increases, would cost taxpayers an additional \$5 billion a year, compared with at least \$14 billion more for a universal scheme.

We accept the evidence that reducing childcare costs would do more than any other policy change to boost workforce participation for mothers of young children (Grattan Institute, 2020). Every \$1m spent on childcare creates about 9.2 jobs, while every \$1m spent on construction creates just one (ABS). Investing in high-quality childcare directly creates jobs in the short term, boosts the labour force in the medium-term and improves productivity in the long term. A PWC report commissioned by The Front Project (2019) published last year concluded that \$2 of benefits flow for every \$1 spent on early childhood education.

As stated by Stanley and Dennis (2020):

*Investing in universal early childhood education, embedded in a system to help those families with special needs and problems, serves two major positive agendas: it ensures the majority of our children, including those in poor circumstances, reach teenage and adulthood healthy and able to achieve their intellectual potential — an enormous benefit to our future economy and social fabric; secondly it reduces the very significant costs to our health, mental health, education, welfare and justice systems by children who are damaged early. An extreme example is the rising rate of foetal alcohol spectrum disorders that cost the health, education, disability, and justice systems so much.*

A holistic approach to supporting children creates jobs and supports communities

Investment in people + places = build back better.

Jobs + Kids + Homes = build back better

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