# CSI BUDGET RESPONSE

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## *V 1.0*

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***This response discusses how the key changes presented in September's Federal Budget are likely to have an impact on different social issue areas; positive and negative. We explore how, while being primarily about securing jobs and stimulating the economy, there are a number of people and groups who are at risk of being left behind.***

As we've come to expect, this Federal Budget was framed around jobs and the economy. And during a time of economic recession – indeed the largest since the great depression – it is an important response. Jobs are a vital ingredient to economic recovery, but they are not enough alone. We need a 'jobs and…' Budget. If we look through Australia's recent economic history at our booms and busts since the Second World War, economic recovery and strength has been marked by (at least) four common ingredients:

1. The creation and maintenance of jobs (and therefore low unemployment rates),
2. People consuming goods and services (and with (1) addressed as well as a living standard social security rate, they have the resources to do so),
3. Government regulation and investment in economic activities (prices, taxes, wages and investment in essential industries), and
4. Looking after and investing in people (through social security safety nets, increased migration and so on).[1]

***Each of these ingredients are interdependent and cycle around the economy. They each feed into the relationship between production, trade, and the supply of money.***

We've seen the government focus on a number of these through the creation of jobs, incentivising employers, improving safety nets in some areas and providing additional support for young people, veterans, mental health services, still birth, but so many are left behind.

There is a conspicuous absence of support for Indigenous Australians, there is barely a mention of children, families, refugees and migrants. And where is social housing? There's support for infrastructure, which is vital, but not calling out social housing specifically was an enormously missed opportunity.

As the Budget papers outlined, Australia's economy had contracted by 7 per cent in the June quarter. In the space of just one month, more than one million Australians had lost their jobs or saw their working hours reduced to zero. There is an expected deficit of $213.7 billion, equivalent to 11 per cent of the GDP. These changes in the functioning economy have had a dramatic impact on business and the larger structure of the labour force. Against this backdrop, there have also been widespread changes to the functioning of the economy because of the various public health orders and social distancing rules that have been introduced to prevent the spread of the virus. We have also seen profound social and health implications on the way we live: how we work, play, interact and belong.

In this response, our first, we will dive a little deeper into some key social issue areas to explore what the budget means for particular groups.

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[1] Maddock, R. and Stilwell, F., "Making a Living: Boom and Recession", in Curthoys, A., Martin, A.W. & Rowse, T. (Eds), *Australians from 1939*, Fairfax, Syme & Weldon Associates, Sydney, pp. 255-272.

# 1. Beyond jobs: financial wellbeing out of reach for many

The financial wellbeing of Australian households throughout the pandemic has been a complicated story. Many low-income households and vulnerable groups saw a short-term boost to their financial wellbeing, as the crisis drove increased levels of social security support through the Coronavirus supplement. But with that increased support set to end, and no further extensions announced in the budget, many household's financial wellbeing is about to take a big hit.

In suppressing the usual functioning of the economy, there has been a significant drop in national economic output and a reduction in jobs and hours work in the economy. The pandemic has driven a significant rise in the unemployment rate (currently at 6.8 percent - a rise of 1.6 percent from the same time last year) and underemployment rate (currently at 11.2 percent - a rise of 2.7 percent from the same time last year). In simple terms, the way to stop the pandemic was to largely shut down the economy, and now with the worst of the crisis behind us we need to restart it, but the continued threat of outbreaks means that we cannot restart it in the same way that it was functioning before.

The budget solution to fix the economy and improve financial wellbeing is "all about jobs". The creation of jobs in this budget is achieved through a suite of measures aimed at stimulating the economy and offering support to business. The largest measures come through the $74 billion JobMaker Plan, with a variety of different items being used to drive job creation. The impact on households is complicated, because much of the benefit will come through increased employment opportunity that is expected to occur through increased business spending – which is supported through the tax relief and financial support offered to business.

One of the central pieces of the JobMaker Plan is to directly create jobs through the Jobmaker Hiring Credit, a wage subsidy estimated to create 450,000 jobs for young people – which we discuss in detail below. There are efforts to stimulate the economy through both business and household tax relief, with households receiving tax cuts that have been brought forward from their original schedule next year. The government forward estimates project the combined tax relief to be worth more than $50 billion. There are also two stimulus payments of $250 being given to recipients of the age pension, disability support pension, carer payments, family tax benefit, carer allowance, pensioner concession card holders, Commonwealth Seniors Health Card holders, and eligible Veterans' Affairs payment recipients and concession card holders - estimated to be worth $2.6 billion.

***While the manufacturing and construction industry has received a massive boost, there are a number of other sectors that have been more impacted by the pandemic that could have used the assistance, with the services sectors being the hardest hit by the pandemic.***

There has been significant infrastructure spending already announced prior to the budget and a truckload more added in the budget.

Some sectors remain deeply affected by the pandemic, with industries like tourism still changing the regular functioning of the economy. Even with the kind of stimulation of the economy that the government has proposed, it's estimated that the unemployment rate will still reach 8 percent by the end of December. Regardless of how many jobs are created, how those who remain unemployed are treated is a significant issue for hundreds of thousands of people and households. With unemployment projected by Treasury to stay above 6 percent into 2022, even with the stimulus, creating jobs needs to be seen in conjunction with increasing support for those who are unemployed. As history has shown, it's the combination of these ingredients that have gotten us out of economic downturns in the past.

However, the JobSeeker rate is currently set to return back to pre-pandemic levels on December 31, when the Coronavirus Supplement is scheduled to finish. The previous JobSeeker rate was widely considered inadequate and was one of the lowest rates among OECD nations. There were hopes that this date would be pushed back in the budget, or that an increase to the rate of JobSeeker would be announced. This means that at the end of December the real economic impact of the pandemic is about to hit a lot of low-income households. Households with unemployed persons over the age of 35 who won't be helped back to the workforce with the JobMaker Hiring Credit are especially at risk. We can expect to see this translate into financial hardship for people on JobSeeker, as their income is going to drop well below the cost of living.

It's worth noting that the stimulus support is not evenly distributed. Young people have been a deliberate (and important) policy priority. But, while they have been helped in additional ways, others have been left behind. A key group who have not received sufficient support is unemployed older workers, especially women - with women over 45 being the most likely people to be on JobSeeker prior to the pandemic. As has been noted by a number of commentators, women have borne the brunt of job losses, but the majority of job creation measures have been in male dominated sectors.

# 2. Youth Unemployment: a key policy priority in a recession

We welcome young people being a key policy priority in our current economic climate. They face unique challenges entering the labour force and are one of the worst affected groups in a recession (both during and in the recovery periods). For example, recent work from Treasury has demonstrated that in the Australian context young workers experience wage losses during a recession starting at 8 percent that endure for up to ten years. Young people also experience unemployment at a higher rate than the rest of the workforce, with the current youth unemployment rate at 14.3 percent, compared to the national unemployment rate at 6.8 percent. Supporting them into the labour force is a good idea.

There are multiple connected elements to the policy response to this issue. To help reduce youth unemployment and encourage businesses to hire young people, the government is offering wage subsidies of various forms. There are subsidies being offered both to employ young people, and also to train them. There have also been some changes made to higher education funding to meet expected increases in course demand for next year, with many young people expected to look to study instead of entering a weak labour market.

The changes to higher education funding will lead to an increase in government funding overall, but a reduction in funding per degree. Within the reforms to higher education funding there is a reduction in cost for students for what the Education Minister has deemed more 'job-ready' degrees like nursing, mathematics and teaching, while raising the cost significantly for humanities and social science degrees. There are also changes that will see students who fail too many subjects removed from government support. Students with different backgrounds and different resources will be affected by these changes to different extents. We need to ensure that all young people have equity to access for higher education.

The wage subsidies, which are called "JobMaker Hiring Credits", offer a subsidy for businesses that hire someone who is on JobSeeker, Youth Allowance or a Parenting Payment for at least one of the previous three months. Businesses receive a $200 per week payment for people aged 16-29, and $100 per week for people aged 30-35. There are an estimated 450,000 jobs that will be created for young people with the JobMaker Hiring Credit.

In addition to the JobMaker hiring credit, 100,000 apprenticeships are being funded for up to 50 percent of their cost (although amounts are capped for how much support a single business can receive). The support for training is a bit more complex, with some reforms to higher education funding that are attached to the increased funding. If an apprenticeship is an area where there is a skill gap in the economy, then the subsidies are valuable because everyone benefits. The young person receives a valuable skill that will help them secure employment after the apprenticeship. The business receives subsidised labour for the duration of the apprenticeship. The level of support that the young person receives directly from the government is reduced from an unemployment social security support payment, and in the longer term the person will contribute to a needed skill within the wider economy.

However, there are some issues with the proposed mechanisms that are likely to result in negative consequences:

- Subsidising wages can introduce perverse incentives in employment decisions;
- Subsidising wages for only some categories of unemployed persons makes it harder for people in other categories to find work because they are 'more expensive' to hire;
- A number of jobs that are subsidised would have been created anyway;
- Flat rate wage subsidies favour the creation of low wage jobs because they cover a higher share of a low wage job; and
- This will address youth unemployment, but won't help with youth underemployment, which has been a growing issue over the last decade.

***Rather than paying the full wage of a full-time worker over the age of 35, there is now an incentive to fire that worker and hire someone eligible for the JobMaker Hiring Credit, because they represent a lower cost to the business.***

Subsiding only some wages can create perverse incentives for employers, as it encourages the employer to hire that group over another group. Rather than paying the full wage of a full-time worker over the age of 35, there is now an incentive to reduce the hours of that worker and hire someone eligible for the JobMaker Hiring Credit, because they represent a lower cost to the business. While the additionality criteria limits some of the potential ways in which this practice can occur – as there is both a payroll count and a headcount, it will still be possible in some circumstances, where the combined remaining wages are sufficient to clear the requirements. Because there is a requirement for the person to work at least 20 hours per week to receive the payment, there is an incentive to transfer some of the original workers wage to that person to help cover the pay for some of the 20 hours that need to be worked.

By making only some types of unemployed people eligible for the wage subsidy, it makes it significantly more difficult for other unemployed people to secure employment, because employers will be paying them a significantly higher wage. That means that this policy is likely to harm many older unemployed people, by making it harder for them to find work.

Many of the jobs that are most likely to be created by this are low-skill/low-wage because the payment is proportionally more beneficial to those on the lowest wages (through share of wage subsidised). If an employer receives a $200 subsidy for a $400 wage, the employer only has to pay 50 percent of the person's wage. If they receive $200 for a $1,000 wage, the employer is paying 80 percent of the wage. These kind of jobs may be helpful in the short term, but they are unlikely to offer good career opportunities in the longer term.

The JobMaker Hiring Credit doesn't address a key issue that is growing within the economy, that of underemployment. With the requirement for the subsidy only being for employees to work 20 hours per week, it's likely that some employers will hire multiple people part-time, and maximise the amount of time that they can have subsidised. Instead of hiring one person to work a 35 hour week, they might instead hire two people that combined work for 40 hours. While this will mean that those young people no longer appear in the unemployment numbers, they are likely to be seeking full-time employment.

## 3. Indigenous Australians: left out and left behind by the Federal Budget

*James Blackwell is a proud Wiradjuri man, and Research Fellow in Indigenous Policy at the Centre for Social Impact at UNSW Sydney*

Indigenous people are some of the most disadvantaged and systemically excluded in the country. Aside from issues of racism and discrimination, we have some of the lowest rates of educational completion, worst healthcare outcomes, and worst employment rates across all age groups. All of these combine to create large and sometimes systemic problems which by all accounts need addressing from governments at all levels. While we are a minority population within the country, the failure to address the systemic disadvantages faced by Indigenous people is a failure on all of us. This budget, as with every budget, represents an opportunity to remedy many of these issues.

Overall this is a budget which does very little specifically for Indigenous people. But it does not appear as if this was the goal. The budget is silent on Indigenous issues overall, and specifically silent on the issues relating to recovering from the coronavirus pandemic.

There is very little in terms of specific recovery items targeted at Indigenous people and communities. There are some small items which address issues like housing, and Indigenous rangers, but nothing terribly big picture. The closest the budget gets to this is a slight reorganisation of the Abstudy independence tests, but this appears to be merely another way to introduce further mutual obligations. More money to Clontarf is also concerning given what Indigenous media has uncovered in the last year regarding their operations. Also by giving money to an organisation focusing on Aboriginal men, Aboriginal women are once again left high and dry by the budget.

This is true especially regarding the government's commitment to 'Closing the Gap'. There is no new money allocated to achieving or implementing the newly revised and expanded targets announced earlier in the year, beyond the $46.5 million announced at that time. While there has been a reallocation of funding within the Productivity Commision to assess the Closing the Gap targets and their implementation, without funding to actually create change in this area, it is hard to see how the government is going to be in any way successful in making progress on Closing the Gap.

> ***"The real issue with this budget for Indigenous people is the lack of anything for us. Most of the announcements included in the budget are not using 'new' money, but merely reallocating existing appropriations for new purposes.*** *" – James Blackwell*

Money for Indigenous Australians not specified in the above also has been pooled within the budget for "welfare programs". This is concerning as it shows the overall mentality the government and its agencies have towards dealing with Indigenous Australians, and how they see the problems facing us; as issues of welfare more than anything else. This concerns me as this approach very much confirms at a federal level the deficit approach government is taking with Indigenous people, and the need for “welfare” to fund programs specifically for us.

All of these things, along with the lack of any funding for a referendum or work towards that goal, this budget appears to show a lack of commitment to specifically targeting Indigenous peoples issues and the long-running systemic disadvantages we face in Australian society and the workforce.

Once again the government lacks a clear and specific agenda for Indigenous people within this budget. They have not devoted any financial energy to Closing the Gap, despite the historic agreement to expand these targets and goals earlier in the year. They have decided to punt on the issue of a referendum for another year. And once again support for Indigenous people has to come in the form of “welfare”. Where they do spend money it is mostly a reallocation of existing funds, and what new money they have spent is problematic in various ways.

Indigenous people as a whole have been left behind by this budget, and more money is needed in a number of areas. What we don’t know is whether the government will be able to deliver on the things it has said it will deliver on, but given the ideological tone of this budget, it seems unlikely addressing Indigenous peoples’ systemic issues doesn’t seem likely to be high on the agenda.

# 4. Economic and social issues: can be addressed simultaneously by Government spending

While we care and attend to it, the economy is not a person. Instead, it is made up of individuals across society that contribute to its flourishing. Tools such as the Australian Social Progress Index (ASPI) can help us understand where there needs to be targeted investment and policy change to ensure that everyone has their basic human needs met, that there is appropriate infrastructure and services to support strong foundations of wellbeing, and that everyone is given the opportunity to flourish. Strong economies can help support these goals of social progress, but only if government spending invests in the needs of the diverse range of people living in Australia. We know from the ASPI that areas of vulnerability across Australia include access to information and communication, environmental quality, supporting equity in personal freedom and choice, and access to advanced education.

***The Budget’s emphasis on economic recovery through job creation will work only if there are adequate supports in place that allow people to gain and maintain jobs – such as affordable and appropriate housing and responsive healthcare.***

There also needs to be consideration of how issues cross-connect, such as an emphasis on male dominated industry and lack of appropriate childcare funding can disadvantage women.

COVID-19 has shown us that it is possible to respond to a crisis by focusing both on the economy *and* social issues. Increasing welfare supplements, as well as initiatives such as JobSeeker and JobKeeper help people without work to meet costs of living. Investing in primary and mental health care, as well as funding family and domestic violence services and early childcare fees ensures that those who are able to work can do so.

The Budget has largely responded to Australia’s wellbeing by recovering the economy through tax cuts and investment in businesses or infrastructure. Spending on primary healthcare (particularly focused on eliminating COVID-19), mental health and aged care are welcome investments. It also recognises the need to invest in education spending that prioritises equity for students who may experience barriers to accessing basic education.

However, the Budget is largely responding to issues such as wait times for aged care, the increased need for mental health care, and youth unemployment and underemployment as single-factor issues. In doing so, it does not address how disadvantage and marginalisation can compound to the extent that there are groups of people – such as Indigenous peoples, people with disabilities, and refugee and migrant communities – who are disproportionately impacted and excluded from participating in the economy. It also needs to challenge the assumption that everyone can participate in employment equally, and to reinforce that regardless of employment status, every person living in Australia has the right to have access to safe and secure housing, appropriate physical and mental health care, and have the opportunity to participate and contribute to their communities and the economy .

## 5. Housing and Homelessness: The Budget brought limited good news

*The Centre for Social Impact had recently joined the Everybody's Home Campaign and over 300 organisations calling on the Morrison government to use the Federal Budget to invest in social housing to create thousands of additional jobs in addition to addressing the critical shortages in housing stock.*

Prior to COVID-19 the demand for social housing was significant with considerable waiting lists for applicants(up to 10 years in some locations). In 2018, there were 140,600 applicants on the wait list for public housing and 8,800 awaiting State Owned and Managed Indigenous Housing (SOMIH) and 38,300 on the waitlist for mainstream community housing data (as at 2017).

To help address this shortage, CSI and the Everybody's Home campaign were calling for the budget to support the building of approximately 30,000 social housing properties over four years. Such a rate of construction would also create approximately 18,000 construction related jobs a year in the building sector.

Prior to COVID-19, the specialist homelessness service (SHS) sector was already operating well above its capacity. In 2018-19, SHS's provided support to over 290,300 clients increasing from 255,700 in 2014–155. Significantly there were 254 requests for assistance to specialist homelessness services per day that were unable to be met.

***Not only did the Federal Budget fail to include the stimulus investment in social housing urgently needed to respond to growing homelessness but also includes a $41.3 million cut to homelessness services from July 2021.***

The economic contraction following COVID-19 means Australia is at a serious risk of a new wave of people experiencing homelessness. The Budget cuts to the National Housing and Homelessness Agreementwill mean SHSs will simply be unable to support those requiring assistance.

The Budget  included concessional loans for affordable housing, an extension of the first home buyers grant and some small temporary increases in funding to remote Indigenous communities in Queensland and the Northern Territory.

## 6. NDIS: gets a top-up after 2019 under-spend

Widely regarded as one of Australia's most ambitious policy reforms the $22 billion National Disability Insurance Scheme (NDIS) has the aim of improving the lives of over 400,000 Australians with disability. The NDIS receives bipartisan support. There are currently around 400,000 NDIS participants and July 1st 2020 saw the completion of the staged national roll-out of the NDIS with all eligible Australians now able to access the scheme no matter where in the nation they live.

While the NDIS has seen positive outcomes, there have also been areas of failure. An independent review of the NDIS (the Tune review) commissioned by the Government and released in January 2020 found a number of key problem areas including a lack of transparency, consistency and timelines in NDIA decision making, poor experiences of participants when interacting with NDIA staff and Partners in the Community (Local Area Coordinators), lack of a clear definition of what is "reasonable and necessary" regarding services and supports participants require, legislation that is unclear on when the NDIA needs to make decisions, and that delivery does not work well for certain groups such as those with psycho-social disabilities and intellectual disability.

There are also concerns about the independent NDIS Quality and Safeguards Commission, with recent reports showing that despite more than 8,000 complaints lodged in the past two years, only one fine has been issued and one provider banned. In short, it is a scheme that needs some serious attention in order for it to work.

Shortly after his election in 2019 Prime Minister Scott Morrison publicly pledged that addressing issues with the NDIS would be a priority for his government and the Government promised the development of an NDIS Participant Service Guarantee to come into place from 1 July 2020 with the aim of improving the NDIS participant's experience with the scheme by simplifying and streamlining processes and removing legislative barriers.

However, in 2019 when the Government claimed a balanced budget for the first time in over a decade it was revealed that this had been achieved largely in part due to a significant underspend of $4.6 billion on the NDIS. While the Government claimed the underspend resulted from a slower than expected transition of people into the NDIS, many disability advocates argued it was due to delays in participants accessing the scheme because of difficulty navigating the complex system, funds being underspent due to poor planning processes, and tightening of eligibility criteria for accessing services.

The Treasurer has assured Australians that the NDIS will always be fully funded and committed a $3.9 billion top-up to the NDIS in the budget. However, given the underspend on the NDIS last year this is likely just what is required to ensure that all participants currently in and coming into the scheme are able to have their services guaranteed.

The NDIS Quality and Safeguards Commission will also receive an extra $92.9 million over four years to assist with rigorous regulation of the disability services sector to ensure quality and safety of services. While is it positive that the Government is committed to fully funding the NDIS, there are clearly many issues with the scheme still to be resolved which may require extra funding on top of the base level of ensuring all participants can access services. For example, a staffing cap of 3,000 employees placed on the NDIA by the then Abbott Government in 2014 has been identified as a contributing factor to issues with the scheme. Although this cap was raised by 800 in 2019 which was welcomed by the disability sector, the NDIA originally estimated staffing levels would be around 10,000 staff by 2018-19. More funding for NDIA staffing has not been covered in this budget and is likely needed to allow the agency to better address current challenges such as more streamlined processes for participants, wait times, and pricing and payment delays.

***When the Government claimed a balanced budget for the first time in over a decade it was revealed that this had been achieved largely in part due to a significant underspend of $4.6 billion on the NDIS***

In addition, a robust NDIS market that can truly deliver choice and control for participants requires the support of not only quality service providers but also support from other parts of the disability sector such as Advocacy organisations, peer support groups, and information services. Currently many of the activities these groups carry out to help people get what they need from the NDIS are predicated on Information, Linkages and Capacity Building (ILC) Grants which are usually only funded over the short term (1-3 years). More permanent funding for these essential activities as part of the NDIS budget would enable not only more eligible people to access the scheme but provide a better experience for current participants as well as playing an essential role in market stewardship as the NDIS market matures.

The extra funding for the NDIS Quality and Safeguards Commission is clearly needed in light of the findings on abuse and neglect in the Disability Royal Commission and the large number of complaints received by the Commission in the last two years. Whether the extra funding will be enough to enable the NDIS watchdog to ensure quality and safety remains to be seen.

# 7. Mental Health: a welcome boost to existing supports but ensuring people are not left behind is a priority

Stress and trauma caused by compounding disruptions this year – the impact of the 2019-2020 bushfires and COVID-19 – are having immediate and long-term impacts on the mental health of Australians.

The social determinants of mental health and wellbeing are all impacted by COVID-19 through disruptions to financial stability, employment, secure housing, families, relationships and social connections - increasing our vulnerability to mental health issues at a population level.

This Budget matters for those in the general population experiencing the difficulties of these crises, as well as people with pre-existing vulnerabilities who may be experiencing their situations more acutely, and may have faced greater barriers to accessing support for their mental health.

The Government has been quick to respond to the mental health impacts of both COVID-19 and the 2019-20 bushfire emergency. Since March, the Australian Government has invested $165.9 million in mental health as part of the COVID-19 response. Their continued investment in mental health in the 2020-21 Budget indicates that mental health and suicide prevention are a national priority, with an unprecedented $5.7 billion to be spent on mental health in 2020–21. This is a substantial increase from last year's budget which dedicated $736.6 million in mental health funding (2019-20 Budget).

The 2020-21 Budget outlines five key elements of the Federal Government's strategy to prioritise mental health.

### 1. ***<u>Rapid COVID-19 pandemic mental health response and increased investment in telehealth</u>***

The $2.4 billion investment in telehealth (including for health and mental health services) forms a considerable part of the Health Budget, and is a core element of the future direction in the provision of mental health services.

From March 2020, the COVID-19 response has provided $165.9 million in mental health to (1) increase the provision of immediate MH support and enhance existing mental health services ($74m); and (2) assist implementation of the first three priorities of the National Pandemic Mental Health Plan ($48.1m).

## 2. *Extra support for Victoria*

The State of Victoria has experienced a devastating second wave of COVID-19. The strict lockdown measures put in place to prevent the spread of the virus have had wide-reaching social and economic consequences. The Federal Budget is committing $43.9 million in extra assistance, with additional 10 Medicare subsidised psychological therapy sessions (already in place from August for those subject to increase restrictions, and a measure that will be expanded to all Australians under new Budget provisions), enhancing capacity of existing services like Beyond Blue, Lifeline and Kids Helpline, and the development of fifteen mental health centres.

## 3. *Better Access Pandemic Support measure, expanding access to psychological therapy sessions*

The *Better Access* measure effectively doubles the number of psychological therapy sessions Australians can access, through investing $100.8 million for up to 10 additional Medicare-subsidised psychological therapy sessions each year.

## 4. *Suicide Prevention*

In response to recommendations from the National Suicide Prevention Adviser, the Budget includes a significant investment in suicide across multuple prevention and intervention strategies, including extending the National Suicide Prevention Trials and enhancing evaluation of effectiveness ($13.4m), expanding existing services such as Beyond Blue's Way Back Program which provides outreach and aftercare ($7m) and postvention support for families and carers bereaved by suicide ($10m through the Stand By Support After Suicide Program).

Expanding existing programs that provide youth support and peer support ($4.6m), and suicide prevention training and education in schools ($4.4m) boost the focus on youth suicide. Upgrading support infrastructure in regional and remote areas have also been included, although just at a few sites ($21.7m). And crisis support continues to be a focus with $2 million additional funding that includes Lifeline and Kids Helpline.

Ongoing investment in a Prevention Hub – a collaboration of the Black Dog Institute and Everymind – will provide a boost for a research program that targets people at greater risk of mental health conditions and suicide (additional $2.1m).

## 5. *Mental Health Bushfire Response*

The Government has committed $76 million across a range of strategies to help communities recover from bushfire devastation. This includes frontline counselling, expanding existing mental health services, trauma training for emergency services personnel, expanding capacity of headspace services, funding for bushfire trauma response coordinators and facilitation of small community grants for grass-roots activities aimed at strengthening local communities.

## *Additional measures*

The Budget has committed to more targeted, innovative measures as well, including 10 additional training places for psychiatrists to specialise in veterans' mental health care, and a proposal to offer community-based mental health services through private health insurance. The Individual Placement and Support program to support young people with mental illness into the workforce has also been expanded ($45.7m over four years).

Support within the aged care section has also been enhanced, with a boost to grief and trauma support services for aged care ($12.5m), and aged care specialist counselling teams to provide expert psychosocial services ($11.3m).

The Government will provide an additional $62.1 million over four years to improve access to mental health services via support for digital mental health services (e.g., Head to Health which is a mental health gateway), support to provide parents, guardians and carers with mental health and career information for students, and funding to enhance the headspace network.

*The Australian Government has recognised the growing mental health crisis facing Australia in the wake of the bushfire disasters and ongoing COVID-19 impacts, and should be applauded for providing a proportionate response.*

The Budget 2020-21 outlines an unprecedented commitment to invest in mental health spending, which is welcome given the growing - and pressing - need.

Not all Australians are affected equally by the impacts of COVID-19, and there is similarly no 'one size fits all' approach to strengthening our communities' mental health and helping those experiencing mental distress. For instance, we know that telehealth does not work for everyone in effectively supporting their mental health, and the growing digital divide means that many people and communities will continue to be excluded from accessing telehealth services (which require access to technology, private spaces to use the technology, adequate broadband, data and devices).

During the COVID-19 pandemic, access to mental health services (particularly for vulnerable populations) was rendered more difficult, and may have exacerbated access difficulties for groups who are already underserved by the mental health system. Australians in rural and remote areas, Indigenous Australians, children and young people and people experiencing entrenched disadvantage are some populations that are less likely to seek support from clinical and non-clinical mental health services and also face additional barriers to accessing mental health support.

For some time, service providers and the voices of consumers of mental health services have highlighted systemic issues that exist in the mental health sector. There continues to be a lack of options that can address their specific needs, and the mental health system is increasingly complex, fragmented and difficult to navigate. This prevents many people from receiving the support they need at the time they need it.

While it is heartening to see increased support for mental health services already in place, Government investment needs to go beyond amplifying what is already in place, and actively support innovations that will effectively engage people from more marginalised backgrounds. Many Australians, particularly those in vulnerable situations or with acute or multiple unmet needs, need support options that fall outside the typical service models.

The Government needs to ensure that this injection of mental health funding can support our community to stay mentally well throughout the pandemic, but also address the underlying issues in our mental health system that leave many unsupported - issues that pre-existed the pandemic.

The COVID pandemic has shed light on what we have known for a long time: supporting people's mental health is vital to ensuring a strong, safe and productive community. It is encouraging to have the Australian Government recognise the value of this investment. Hopefully, the funding models proposed, and our service system, will find ways to ensure this injection of funding reaches people excluded from service access who have been particularly impacted by the crises of 2020.

## 8. The pandemic impacts women more than men, but male-dominated sectors get the funding in this budget

Before the budget was written we knew that the pandemic has disproportionately impacted women. While there has been widespread disruption to the economy, the sectors where women make up the majority of the workforce have tended to be more affected than others. In addition to working in sectors that have been more affected, women are more likely to take on caring roles in the household, meaning that women have faced additional challenges with changing to working from home. Simply put, it has been harder for women to move their roles to working from home, and when they have, many women have faced additional pressures when working from home. To help address this, there needed to be additional support for the sectors that have been the most disrupted, and more support to ease the burden on those who are the primary carers in the household. Metrics such as the gender pay gap and gender disparities in underemployment have shown that there are existing inequalities in the way women participate in the workforce. However it is rare for there to be any systemic responses that address gender inequities in unpaid work.

While women have received some specific funding support in the budget, it is a relatively low amount, with the government providing $231 million over four years for the Second Women's Economic Security Package, which represents a small proportion of Australia's largest ever Federal budget. The funding from the package provides:

- $90.3 million for concessional work test arrangements for Paid Parental Leave
- $47.9 million for Women's Leadership and Development Program
- $35.9 million for Boosting Female Founders Initiative
- $25.1 million for Women in STEM Industry Cadetship to support 500 women working in STEM industries to

complete an Advanced Diploma.
- A further $14.5 million over four years to support women to gain STEM skills and capabilities.
- $24.7 million over four years to streamline ParentsNext and modify existing eligibility criteria to provide assistance for parents most in need.
- $2.1 million over three years to establish a Respect@WorkCouncil to address sexual harassment.

While the support that is provided is welcome, there are some notable absences. The funding is restricted to very specific programs, primarily to support women finding work in STEM, and helping those in STEM to develop their skills further. What is lacking is direct support for many sectors where the workforce are primarily women, both within the Women's Economic Security Package, and elsewhere in the budget. Instead, the majority of industry specific funding has been directed to sectors that are male dominated like construction, energy and manufacturing.
Victoria is the only state to receive additional funding for childcare providers, receiving $314.2 million. These payments are for providers to remain viable, rather than to reduce the cost burden for those hoping to use providers. While there have been some increases in support for Paid Parental Leave, these payments don't help carers return to the workforce, they are geared towards supporting them while they are not in the workforce. Childcare is an essential service for working families, that enables people who would otherwise be acting as carers to participate in the work force. Childare itself isn't inherently gendered, but because women make up the majority of carers, it has implications for women's participation in the labour force.

The lack of support offered to women in the budget is a major let down, and does little to address systemic gender inequities that exist prior to, and have only been amplified by COVID-19. There is a real missed opportunity in terms of easing caring burdens, and in terms of providing direct support for sectors where women make up the majority of the labour force. In a budget that is centred around creating jobs, these are areas where more support would have directly contributed to the creation of jobs. In particular, care-related support is the kind of support that enables the creation of other jobs, because it allows those otherwise meeting care requirements to return to the workforce.

This will have long-term consequences for the economic prospects of women through the recession and moving out of it as well. With more support being offered to male dominated sectors, it means that women will be finding it harder to find work. We can expect that women will make up a larger proportion of people who lose their employment over the coming months, as we move towards the 8 percent unemployment rate projected in December.

We already know that women over 45 are one of the largest groups receiving JobSeeker, and they have not received any direct support in this budget. As we discussed above, some of the wage subsidies for other unemployed people are going to make it harder for this group to find work moving forward – as their wages won't be subsidised in comparison to younger workers applying for the same roles.

If the recovery is structured around generating jobs, then it really matters who those jobs are being created for. As Treasurer Frydenberg made clear in his budget address, this budget is all about jobs, just jobs for sectors that are primarily male workers. For those who have missed out, the lack of clarity around increases for JobSeeker means that they are facing a difficult financial future.

## 9. Charities: will have to brace for an increased demand, on reduced funding

Given everything we know about how people have been hit by the pandemic, it's time to talk about our charities. It's our charities who make our country strong, and support our most vulnerable. They support people who are being left behind. As we've written before, charities are the strong threads in our social fabric.

Charities play a critical role in Australia's community and economy. In 2018 charities employed more than one in ten employees in Australia - 1.3 million people and drew on the contributions of 3.7 million volunteers (one in seven people in Australia). volunteers. Charities' total annual revenue of $155 billion accounted for over 8% of Australia's GDP.

Charities provide services that people, communities and government rely on. They deliver vital services on behalf of Commonwealth and State governments and taxpayers, from disability services to early learning. We all benefit from their contributions to education, health care, sports and recreation, aged care, religion, arts and culture, animal protection, and environmental protection.

The health and economic crises have driven an increase in charity services throughout the pandemic. Charities have had to operate on limited resources to answer an increased demand. Unlike for-profit businesses, charities do not see an increase in revenue when the demand for services increases. The coronavirus unemployment supplement will end in December 2020. We will see many families and individuals turning to charities for basics like food, clothing, financial support and many also in need for accommodation support. These are individuals and families who have not had to rely on charities in the past. Without support charities will struggle to answer the increased demand for services to ensure the wellbeing of Australians.

Charities also face several red tape burdens in fundraising and would benefit from incentives for donations on the one hand and simplified procedures for fund raising. For example, higher threshold of tax deductibility for donations and a separate body to coordinate fundraising which would allow charities to direct much needed resources towards their purpose.

***Charities employ 1.3 million people, more than 10% of total employees in Australia, more people than those employed in retail trade (10%) and more people than the construction industry employs (9.2%). Yet, the construction industry was the big winner of this year's budget and the charity sector, while servicing across the society was left without support.***

Due to recent financial uncertainty, many charities have had to close their doors, and there are fears that many more will have to do so by the end of 2021.

In the Federal Budget, tax cuts were announced to individual income but not to donations. People who earn between $45,000 and $90,000 will end up with an extra $1,080. But it will benefit higher income earners the most, with people earning more than $90,000 taking home up to $2,565 extra.

There is support for older people and carers, including home care packages that will support older people to keep living at home. While the extent of the impact on aged care services is not clear, it is likely to be supportive. Charities will likely have to adjust the type of support they provide, to in-home care.

It was announced that the additional coronavirus supplement, currently $250 a fortnight, will end at the end of December, returning the benefit to its pre-pandemic rate. No further support was announced, yet this space is likely to be discussed again in the near future. This is likely to affect charities through increased demand for services.

For example, sectors with high concentrations of charities – health care and social assistance, and education and training – are two of the three sectors expected to contribute the most to jobs growth in the next five years. Yet they did not receive any support. They are also female-dominated sectors, indicating another way in which women are not supported by the 2020/2021 budget.

Understandably, there has been a reduction in donations since the beginning of the pandemic. An avenue to support charities was to increase incentives for giving, including marginal increases in tax deductibility for a limited time or limited purpose. For example, an increase to 150% tax deductibility of donations for some charities. This approach is not unusual in some other countries where during a crisis government will incentivise giving by increasing deductibility and other tax concessions. Currently, the propensity to spend and donate is low and people in need of services might face a shortage of resources to access, their demand will be met by incapacity of charities to deliver their purpose.

On the note of funding, charities would benefit from certainty in terms of their government funding. Such funding should be extended for at least three years to allow charities to plan their operations. In addition, funding should not be tied through contractual agreements, but charities should be allowed to direct their funding where they are needed, to respond to emerging needs in their communities. These issues were not addressed in the budget. With uncertain funding, charities face difficulties in planning, developing and delivering their purpose.

An important aspect – the large number of individuals losing the $250 coronavirus supplement will find themselves in need. More individuals and families will turn to charities for support for basic needs like food, clothing, financial support, all areas that have seen an increase in demand during the pandemic. With the cut of the supplement, charities will have to brace for an increased demand, on reduced funding.