

2024-25 Pre-Budget Submission

January 2024



Introduction

About SSI

Settlement Services International (SSI) is a large not-for-profit organisation dedicated to creating a more inclusive society in which everyone can meaningfully contribute to social, cultural, civic and economic life.

SSI was founded in Sydney in 2000 with the aim of helping newly arrived refugees settle in Australia. Over time, our expertise in working with people from diverse cultural and linguistic (CALD) backgrounds served as the foundation for a gradual expansion into other social services and geographical areas.

In 2018, SSI merged with Queensland-based Access Community Services, and in 2019 opened in Victoria providing an extensive footprint across the eastern coast of Australia. In 2022/23 SSI supported more than 56,000 clients through 59 programs and initiatives. In addition to supporting individuals and communities through the services we provide, SSI seeks to influence the systems, laws and policies that result in inequities and limit opportunities. SSI is an impact focused organisation, whose Impact Strategy sets out our goals for an equitable, resilient, enriched, and inclusive Australia where our clients fully participate in the economic, social, civic, and diverse cultural life.

About SSI's submission

SSI welcomes the opportunity to make a submission to the 2024-25 Australian Government Pre-Budget process. In this submission, SSI puts forward five proposals for reforms and new areas of investment over the forward estimates. Our proposals align with the Australian Government's policy priorities and commitments to:

- address national skills shortages;
- provide quality aged care services;
- promote equity, fairness and social cohesion;
- and support a stronger, more diverse and independent community sector.

The five Budget proposals are summarised in the table below and detailed in the following pages:

Proposal	Description	Page
1. Unlock the economic potential of migrants and refugees through place-based employment hubs	Pilot and evaluate place-based refugee and migrant employment hubs in regional and metropolitan locations, in collaboration with settlement service providers and migrant organisations, employers, and all levels of government. The pilots should be located in disadvantaged areas with high proportions of migrants and refugees.	4
2. Fix the skills and recognition skills and qualifications system	Establish a national oversight body to ensure that processes are fair and reasonable. Work with state/territory governments, industry bodies and unions to streamline processes for assessment and recognition of overseas skills and qualifications.	6
3. Address workforce shortages in the home care	Extend funding for the Home Care Workforce Support Program and ensure that any future model adopted for the Program has a continued targeted focus on migrant and refugee communities.	9
4. Ensure a whole-of-government commitment to the new national Multicultural Framework	Establish effective machinery of government to ensure a whole-of-government commitment to the national Multicultural Framework, including a new Federal Office of Multiculturalism. Additionally, the immigration and multicultural affairs portfolios should be represented by a Minister at Cabinet level to drive portfolio change and lead development of a joined-up commitment and approach with state/territory governments.	11
5. Value and invest in the community sector	Provide indexation in a fair, transparent and consistent manner across all relevant government portfolios and community service grant programs. Increase standard lengths for community service grants to at least five, and preferably seven years across all relevant portfolios.	13

In addition to these proposals, SSI has been involved in and endorses the *2024-2025 Community Sector Pre-Budget Submission* led by FECCA and a range of peak bodies including ACOSS, Refugee Council of Australia, Settlement Council of Australia to implement a range of measures including those arising from the recommendations of the forthcoming Multicultural Framework Review.

SSI's budget proposals outlined above complement those put forward by these peak bodies as part of a united call for promoting equality and addressing disadvantage to be prioritised in the Australian government's forthcoming budget. This would help achieve the Australian government's commitment to put well-being and economic inclusion at the centre of the national budget.

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Proposal 1: Unlock the economic potential of migrants and refugees through place-based employment hubs

Proposal Description

Pilot and evaluate place-based migrant and refugee employment hubs in regional and metropolitan locations, in collaboration with settlement service providers and migrant organisations, employers, and all levels of government. The pilots should be located in disadvantaged areas with high proportions of migrants and refugees.

Delivery timeframes

2024-25 ongoing over the forward estimates.

Policy alignment

SSI's proposal aligns with the government's priority to address national skills shortages and focus on addressing entrenched disadvantage through place-based approaches. It also aligns with the priorities outlined in the National Wellbeing Framework and will help to shift the dial on the key metrics relating to broadening access to employment and well-paid secure jobs. ¹

The 2019 'Shergold' review of settlement outcomes for refugees recommended implementing place-based employment trials that bring together employment services, English language provision and settlement services in a single program. ² The Economic Inclusion Advisory Committee also recommends greater focus on place-based approaches to 'rewire investment in area where the biggest lift in economic inclusion can be achieved.' The Committee specifically suggests that 'place-based innovation zones' and hub models be created as part of the response to the Employment White Paper. ³ SSI's proposal aligns with ACOSS's 24/25 Pre-Budget Submission which recommends trialling new local mechanisms of employment support and related services.

Rationale and impact

"I thought it would be easy to find a job in Australia, but it wasn't. I had degrees in computer science from Iran and Japan, but I had to apply for more than 1,000 jobs in Australia before I eventually got an IT role. I worked as a labourer while I tried to find work in my field."

Australia is grappling with an unprecedented skills shortage. Multiple government reform processes are already underway to address this challenge. However, most discussion of migration as a response to labour and skills shortages focusses on policies to increase the number and assessment of migrants coming into the country. This is a lost opportunity as many migrants and refugees who are already here are under-employed or working in positions well below their skill and qualification level (even if they are in paid work).

Key barriers to unlocking this lost potential include: limited English language proficiency, lack of local work experience, limited local networks, the systemic challenges of gaining recognition of overseas skills, qualifications and experience (see Proposal 2), and discrimination and unconscious bias.

Place-based solutions offer an opportunity for stronger settlement and integration of newcomers so that approaches are more holistic, coordinated and tailored to the local context. The hubs should be co-designed with migrants and refugees, so they are shaped by lived experience and responsive to local needs. They would bring together government services, employers, education and training institutions to provide wrap around services for migrants and refugees.

This would incorporate: employment preparation and job readiness support; support to navigate the skills assessment and qualifications process; provision of workplace English programs; vocational training; job placement; mentoring and career advice; assistance with setting up small businesses or social enterprises; and links to broader family and community support. The hub model would also include a strong emphasis on engaging with industry to address critical shortages in the local labour market.

The hubs would provide targeted and tailored support to meet the needs of more disadvantaged groups such as refugee women, young parents, people with disability, and older refugees and migrants. Recent research conducted by the National Centre for Social and Economic Modelling (NATSEM) for SSI indicates that refugee women and migrant women from low- and middle-income countries (i.e. non-OECD countries) are lagging behind other women in the Australian labour market, despite their relatively high level of skills, qualifications and motivation to work. This highlights the need for a more tailored policy and program response. ⁴

The pilots should be located in disadvantaged areas with high proportions of migrants and refugees.

In addition, trialling place-based hubs in regional Australia would help to harnessing the existing skills of refugees and migrants to address growing workforce shortages in regional areas. With more than 90,000 unfilled jobs across regional Australia⁵, as the Regional Australia Institute says, “*migration will be critical to the growth and sustainability of regional Australia over the next decade.*” ⁶ While secure employment, commensurate with the skills and aspirations of newcomers, is a critical driver of initial decisions by newcomers to settle in, or relocate to, regional areas, the quality of the employment, including opportunities for progression, may have a more significant impact in later stages.

Recommendations

Recommendation 1: The Australian government should trial and evaluate place-based migrant and refugee employment hubs in regional and metropolitan areas, working in collaboration with settlement service providers and migrant organisations, employers and all levels of government.

Proposal 2: Fix the skills and qualifications assessment and recognition system

Proposal Description

Establish an external body to provide oversight and ensure that assessment and recognition processes are fair and reasonable. Work with state/territory governments, industry bodies and unions to streamline processes for assessment and recognition of overseas skills and qualifications.

Delivery timeframes

2024-25 ongoing over the forward estimates.

Policy alignment

The Migration Strategy ⁷ which is the government's response to the Review of the Migration System has identified improving the skills and qualifications recognition system as a key priority in migration policy settings to get the right skills in the right places. SSI's proposal also aligns with the recommendations of the 5-Year Productivity Commission Report ⁸ and the key objectives of the National Roadmap for Jobs and Skills, which include increasing equity and reducing disadvantage.⁹

On World Refugee Day June 2023, SSI launched *Billion Dollar Benefit: a roadmap for unleashing the economic potential of migrants and refugees*. More than 60 organisations have endorsed the Billion Dollar Benefit roadmap, including Allianz, IKEA Australia, ACOSS, the Salvation Army, and Jobs Australia. The roadmap's vision is for migrants and refugees to be given a fair go to use their skills, experience, and qualifications to build lives in Australia that are productive and fulfilling. One of the five key calls to action to achieve this is to improve the skills and qualifications recognition system.

SSI welcomes the government's commitments outlined in the Migration Strategy to improve the practice of Migration Assessing Authorities being progressed by the Department of Employment and Workplace Relations (DEWR). However, it is also critical to address the fragmentation and duplication of requirements for assessment and recognition of skills for migration and employment purposes and address the untapped potential of migrants and refugees already in Australia, working in roles that are not commensurate with their skills and qualifications.

Rationale and impact

"I am a qualified dentist with almost a decade of clinical experience. I want to sit the exams to get my qualifications and skills recognised in Australia, but I can't because they need one document from Afghanistan, which the Taliban won't send. I've applied for dental assistant jobs in the meantime, but I'm declined because I don't have Australian experience. I dream of working again as a dentist, but it's incredibly difficult."

In 2006, the Productivity Commission described Australia's skills assessment and recognition scheme as complex, time-consuming and bureaucratic¹⁰ and little has changed since that time.

Unlike most OECD countries where migrants tend to be less qualified than the native population, the opposite is true in Australia. The difficulty in having skills and qualifications recognised in Australia means many migrants and refugees are resorting to jobs well below their skill level. Research by CEDA shows that nearly a quarter of permanent skilled migrants in Australia were working in a job beneath their skill level 18 months after arrival in

the period from 2013 to 2018. Skills mismatch for migrants arriving in this period is estimated to have cost \$1.25 billion in foregone wages.¹¹

For too many skilled migrants, their excitement to live and work in Australia is quickly replaced by the stress of navigating a fragmented recognition system of more than 39 authorities spanning 450 occupations.¹² This complexity puts off many migrants from even applying for recognition. Between 2006 and 2016, only 39 per cent of migrants with post-school qualifications applied to go through the recognition process.¹³

In Australia, there is no external body that provides oversight of skills and qualifications recognition processes. This means that if an applicant is refused recognition and wishes to appeal, they must appeal to the same body which refused them in the first place. There is an opportunity to learn from models used overseas. In 2006, the Government of Ontario passed legislation that requires regulated professions to have fair registration practices in place and established the Office of the Fairness Commissioner (OFC) to ensure that the professions comply with the law. The OFC oversees the recognition processes of 42 regulatory bodies and health regulatory colleges. Within a decade, it achieved a 59 per cent increase in the licensing of overseas trained professionals.¹⁴ Denmark has also established a central agency with oversight of assessment of skills recognition of all holders of overseas qualifications.¹⁵

Background

On World Refugee Day June 2023, SSI launched *Billion Dollar Benefit: a roadmap for unleashing the economic potential of migrants and refugees*. The report has been endorsed by more than 60 organisations, spanning the community sector, businesses and unions and the roadmap outlines five actions to be implemented by 2025 to unleash the economic potential of refugees and migrants. The roadmap is derived from the collective views of 50 experts who participated in the Refugee and Migrant Skills and Job Summit in March 2023 at Parliament House hosted by SSI, the Federation of Ethnic Communities Councils (FECCA) and the Settlement Council of Australia (SCOA). One of the key calls to action to achieve this is to improve the skills and qualifications recognition system.

In October 2023, SSI, the Department of Employment and Workplace Relations (DEWR) and Unions NSW co-hosted a roundtable to gather insights from people with lived experience on the skills and qualifications system, including skills assessment for the purpose of migration. A key challenge identified by roundtable participants is the difficulty they face in understanding and navigating the complex skills assessment system. Participants emphasised that information on skills assessment requirements needs to be presented in a more accessible manner (multilingual options, plain or easy English) including checklists or flow charts which clearly set out the required steps. For example, Germany has established an online portal which provides a one-stop-shop for all information on skills and qualifications recognition and includes a step-by-step guide to the relevant procedures in 11 languages.¹⁶

Participants also identified the costs and financial strain of assessment as a key challenge, with each step cumulatively adding to the cost. High costs discourage newcomers from applying especially if they are unsure about the chances of success.¹⁷ Within health professions, for example, these costs can run into thousands, or even tens of thousands of dollars. These costs come at a time when newcomers may have experienced periods of unemployment or precarious employment which typically follows arrival in a new country. The OECD specifically notes the very high fees charged in Australia compared to other countries.¹⁸ Up until 2015, Australia's Assessment Subsidy for Overseas Trained Professionals played an important role in funding overseas professionals through the costly recognition process. Providing financial support to help newcomers meet these costs is critically important for humanitarian entrants.

Roundtable participants also spoke about challenges they face in providing documentary evidence such as original transcripts from overseas, particularly (but not only) for refugees. The government should encourage industry bodies to streamline documentation requirements. For example, DEWR does some skills assessments for migration purposes and will accept a statutory declaration where it's not possible to obtain verification in other ways. Similarly, several organisations worldwide have established alternative assessment practices for applicants who genuinely cannot gain access to official documents.¹⁹

Recommendations

Recommendation 2: The Australian government should establish an independent body that provides oversight and ensures that recognition requirements for foreign credentials are fair and reasonable.

Recommendation 3: The Australian government should lead work with state/territory governments and industry accreditation authorities to streamline processes for assessment and recognition of overseas qualifications and skills. This should include addressing the fragmentation and duplication of requirements for recognition of skills for migration purposes and employment purposes.

Recommendation 4: The Australian government should work with industry accreditation authorities to make it easier for newcomers to navigate the steps required to have their skills and qualifications recognised. Ideally this should be through a single source of accessible online information with links to relevant assessing authorities, government departments and other relevant information.

Recommendation 5: The Australian government should provide subsidies to help overseas trained professionals, particularly refugees, meet the costs of assessment and recognition of their skills and qualifications.

Proposal 3: Address workforce shortages in the home care sector

Proposal description

Extend funding for the Home Care Workforce Support Program (HCWSP) and ensure that any future model adopted for the Program has a continued targeted focus on migrant and refugee communities.

Delivery timeframes

2024-25 ongoing over the forward estimates.

Policy alignment

This proposal aligns with the recommendations of the Royal Commission into Aged Care Quality and the government's priority to address skills shortages in the care and support sectors. It also aligns with the priorities in the National Wellbeing Framework and will help to shift the dial on the key metrics relating to equitable access to, and satisfaction with, quality health and support services.²⁰ Extending funding for the HCWSP, and ensuring a targeted focus on migrant and refugee communities, will help to meet the objectives of the forthcoming National Strategy for the Care and Support Economy, which includes ensuring that workforce supply meets growing demand, and that the workforce has the right skills and training to deliver quality care.

Rationale and impact

Issues relating to recruitment and retention of staff are endemic in the care and support sectors, becoming more acute due to the impact of the COVID-19 pandemic. Attracting and retaining skilled and professional workers is crucial to meet the care and support needs of older people and ensure quality care. Modelling conducted for the Royal Commission by Deloitte, projected that the number of direct care workers needed to maintain current staffing levels in aged care, would be around 316,500 full-time equivalent staff by 2050; this included approximately 110,000 personal care workers.²¹ Workforce shortages have been amplified by the impacts of the COVID-19 pandemic, with many home care providers reporting a loss of essential workforce and volunteers.²²

The HCWSP was established in April 2022 by the Department of Health and Aged Care in response to the recommendations of the Royal Commission into Aged Care Quality and Safety to address the combined challenge of an aging population and skills shortage in the sector.²³ The Program works to grow and upskill the care workforce so that older people remain independent and can continue living at home.

Funding for the program is due to end in June 2024. SSI urges the government to extend funding for this important initiative to consolidate and further build on the success of the program to date. It is also vital that the model adopted for the program has a continued targeted focus on migrants and refugees as the care and support sector can be a pathway to employment for newcomers where this aligns with their career goals and aspirations. Most discussion of migration as a response to labour shortages focuses on policies to increase the number of migrants coming into the country, ignoring the untapped potential of migrants and refugees already here who are unemployed, under-employed or working below their skill and qualification level.

Equally, the development of a culturally diverse workforce within the Home Care sector is vital to ensure that services are responsive to the needs of people from culturally and linguistically diverse (CALD) backgrounds. For example, a distinctive feature of SSI's delivery of the HCWSP is that we provide SSI's cultural responsive training to all personal care workers to increase the capability of the home care sector to deliver culturally responsive support to clients from CALD backgrounds.

SSI commissioned an independent evaluation of its delivery of the HCWSP in NSW/ACT. The interim evaluation report includes qualitative feedback from Home Care providers:

“From my experience, it’s a fantastic program. As you know, we have got challenges of workforce across the board, so it has been a huge help to have a constant feed of referrals of people interested.”

“The leads that SSI have sent us have enabled us to meet our recruitment targets. So, we’ve actually been able to grow our community worker workforce by 24% year on year, which in a candidate market - with all the challenges we’ve got – has been fantastic.”

Background

SSI is one of six providers contracted across Australia to deliver the HCWSP, covering the NSW/ACT region for the period of 2022 to mid-2024.

Modifications to the program were announced by the Minister of Aged Care which came into effect in June 2023. These allow program providers to provide additional support to providers of other care types, such as residential aged care, disability support and veterans’ care in rural and regional areas and the Commonwealth Home Support Program. This measure recognises the acute workforce shortages and the extensive cross-over of career pathways across the care and support sector.

Through the program, SSI is working with the aged care industry, including home care and training providers, to build the capacity of the workforce to recruit, train and retain staff from culturally diverse backgrounds. The Program raises awareness of career opportunities in the sector; screens, trains and provides long-term supports new workers; and better equips providers to attract and retain workers.

The interim evaluation report noted key outputs from September 2022 to November 2023 including:

- 730 participants placed in jobs or accredited courses;
- SSI achieved 100% engagement with eligible Home Care providers in NSW/ACT (418 in total) to address their workforce needs;
- SSI developed formal partnerships with Registered Training Organisations and 128 Home Care providers.

As part of the HCWSP, SSI has developed an innovative Home Care Career Passport, which could be adapted to meet the needs of the aged care sector broadly. The digital personalised Passport booklet maps out the minimum requirements to commence employment within the sector and certifies that candidates have baseline requirements to start employment while awaiting overseas skills recognition or qualification completion.

Home care and aged care staff challenges are particularly acute in region areas and have additional complexity due to the barriers experienced with housing and retention of newcomers who move to regional communities. SSI, through our Work+Stay employment program, will design and deliver a pilot regional home and aged care workforce solution for providers in regional NSW to enable them to access and retain aged care staff. The pilot will use a holistic approach, partnering with key stakeholders within regional centres to plan for onshore and offshore recruitment, address housing requirements and provide wraparound support to candidates and their families to promote retention.

Recommendations

Recommendation 6: The Australian government should extend funding for the Home Care Workforce Support Program and ensure that the model adopted has a continued targeted focus on migrant and refugee communities.

Proposal 4: Ensure a whole-of-government commitment to the national Multicultural Framework

Proposal Description

Establish effective machinery of government to ensure a whole-of-government commitment to the national Multicultural Framework, including a new Federal Office of Multiculturalism. Additionally, the immigration and multicultural affairs portfolios should be represented by a Minister at Cabinet level to drive portfolio change and lead development of a joined-up commitment and approach with state/territory governments.

Delivery timeframes

2024-25 ongoing over the forward estimates.

Policy alignment

This proposal aligns with the government's commitment to establish a robust national Multicultural Framework. It also aligns with the priority outlined in the National Wellbeing Framework to build a cohesive society and will help to shift the dial on the key metrics relating to acceptance of diversity, experiences of discrimination, and sense of belonging.²⁴ This proposal also strongly aligns, with the *2024-2025 Community Sector Pre-Budget Submission* led by FECCA, which is endorsed by SSI and a range of peak bodies including ACOSS, Refugee Council of Australia, Settlement Council of Australia to implement a range of measures including those arising from the recommendations of the forthcoming Multicultural Framework Review.

Rationale and impact

“Multiculturalism is more than just a policy. It is part of our community fabric and requires active investment to maintain its strength and universal presence.” Violet Roumeliotis AM²⁵

As a country made up of a majority of people from migrant and refugee backgrounds, multiculturalism is part of Australia's internationally recognised 'brand'. It is a key point of advantage and difference that helps attract newcomers, tourism and investment to our country. For example, multiculturalism was a significant feature of Australia's successful bid for the upcoming Brisbane Olympic Games.

Conversely, experiences of racism and discrimination have the potential to erode social cohesion. Mapping Social Cohesion, conducted annually by the Scanlon Foundation, has found wide support for multiculturalism. However, discrimination and prejudice towards people from different backgrounds persist and the percentage of people reporting experiences of racial discrimination has doubled from 9 per cent in 2007 to 18 per cent in 2022.²⁶ This highlights the importance of ensuring a robust national Multicultural Framework and the work being progressed by the Australian Human Rights Commission to develop a National Anti-racism Strategy.

Multiculturalism impacts the entire domain of the Federal government. The development of an effective Multicultural Framework therefore requires suitable machinery of government to support implementation with a strong whole-of-government approach. SSI recommends establishment of a new Federal Office of Multiculturalism to ensure a renewed whole-of-government focus on multiculturalism. The Office would strengthen the multicultural access and equity policy and ensure mandatory implementation and reporting across all departments/agencies, including services that are outsourced. Given the extent of outsourcing of community services previously provided by government, it is vital that the government commits to strengthen the cultural responsiveness of all government-funded services, whether these are provided directly by government, private or non-profit providers.

Additionally, the immigration and multicultural affairs portfolios should be represented by a Minister at Cabinet level to drive portfolio change and lead development of a joined-up commitment and approach with state/territory governments.

The government should recognise the critical role played by multicultural organisations in supporting a cohesive and inclusive society. They are places where people from CALD communities feel a sense of belonging and are often the first point of contact for many newcomers upon arrival in Australia. The implementation of the Multicultural Framework should ensure proactive engagement and consultation with multicultural organisations and CALD community leaders.

The united vision of the community sector in the area of multicultural policy is demonstrated by the broad and wide support of over 100 organisations for the Community Sector Statement on the Multicultural Framework Review²⁷, developed by FECCA, ACOSS, SSI and others which supports a strong, staged implementation of the recommendations of the forthcoming Multicultural Framework Review.

Background

Despite the longstanding narrative of the successes of multiculturalism, people from CALD backgrounds still experience substantial barriers in accessing government-funded services. For example, ten years after its establishment, the uptake of the NDIS by people from CALD backgrounds continues to be much lower than the rest of the Australian population, despite similar rates of profound or severe disability. The NDIA projected that by 2019, around 20% of NDIS participants would be from CALD backgrounds²⁸; however, in the first quarter of 2023-24, the proportion of CALD participants entering and receiving an NDIS plan was only 8.5 per cent²⁹. Lower levels of access are not related to lower levels of need but rather due to difficulties in navigating and accessing services that are culturally responsive. People from CALD backgrounds may experience multiple barriers to service usage such as: lack of accessible information; disability services not being culturally responsive to the needs of CALD communities; social isolation; lack of knowledge about a complex service system and lack of comparable systems in their home country; cultural stigma surrounding disability; and distrust of government agencies due to negative experiences in other countries.³⁰

In addition, in public discourse and commentary on a variety of social issues such as the rising cost of living, housing affordability, and the spread of COVID, migrants have been blamed and scapegoated in recent years creating damaging fault lines in our society. The COVID-19 pandemic in particular exposed major gaps in government communication and engagement with multicultural communities as highlighted in the findings of a recent independent review of Australia's response to the pandemic.³¹ Communication with CALD communities was initially problematic with major negative impacts on health and social outcomes. Lack of engagement with multicultural communities eroded trust between communities and governments, leading to poor reach and support for diverse communities. In contrast, communication with CALD communities in later stages of the pandemic was successful because it was supported by settlement providers, multicultural organisations and CALD community leaders sharing information with newly arrived communities. These organisations played a critical role in facilitating engagement between government and communities and were proactive in engaging with communities, addressing misinformation. They played a crucial role in garnering community support for promoting behaviours such as physical distancing, vaccination and testing.

Recommendations

Recommendation 7: The Australian government should establish a Federal Office for Multicultural Australia to ensure a renewed whole-of-government focus on multiculturalism.

Recommendation 8: The Australia government should ensure that the immigration and multicultural affairs portfolios are represented by a minister in Cabinet to drive cross-portfolio change.

Recommendation 9: The Australian government should implement a revised Multicultural Access & Equity Policy Framework that is strong and transparent and includes mandated reporting and data collection from all government agencies.

5: Value and invest in the community sector

Proposal Description

Provide indexation in a fair, transparent and consistent manner across all relevant government portfolios and community service grant programs. Increase standard lengths for community service grants to at least five, and preferably seven years across all relevant portfolios.

Delivery timeframes

Ongoing.

Policy alignment

The Australian government is currently working with the community sector to develop a Not-For-Profit Blueprint and review the operation of grants to community sector organisations. This reform process is intended to meet the government's election commitment to support a *stronger, more diverse and independent community sector*.³² To honour the intent of this commitment, it is critical that there is a whole-of government approach to the reforms, rather than being limited in scope to grants managed by the Department of Social Services. SSI's proposals in this area align strongly with the Pre-Budget Submissions of ACOSS and the Community Council of Australia to invest in quality community service and achieve a more stable financial and regulatory framework for all not-for-profits, particularly in relation to government funding.

Rationale and impact

The community sector is vital to the social, cultural, economic and civic fabric of Australia and is an important driver of economic activity employing approximately one in ten workers.³³ It is critical to maintaining strong, cohesive communities where people feel included, connected and valued through collaboration and partnerships.

Since 2016, SSI's partnership with Allianz since 2016 demonstrates the impact the community sector can deliver through a refugee education scholarship program which has benefitted newly arrived refugees including high school student Hala who missed out on almost a decade of her studies due to the conflict in Syria and works on weekends to support her mother and siblings:

*"It was getting too tiring to do my assignments on my phone, I had many things to pay for, rent, insurance, food - I had no ability to pay just one dollar for a laptop. So, when I got the scholarship, I thanked God every day, because now that I have a laptop, I can do more work, more studies, and more things."*³⁴

Community organisations also play a vital role in the response and recovery to health crises and climate disasters. For example, in 2020, in the early stages of the COVID-19 pandemic, SSI established an online multilingual portal for CALD communities with easy to understand and translated information on COVID-19, vaccinations and testing and tracing compliance protocols. We also worked with NSW Health to establish a pop-up vaccination hub out of a western-Sydney SSI office. SSI initiated this collaboration to increase confidence in vaccination in CALD communities and activate eligible individuals to protect themselves and their families.

The current government reform process recognises and seeks to address the significant challenges impacting on the community sector including rising operational costs, escalating demand for support, workforce shortages and a reduction in volunteerism. These challenges are longstanding but have been amplified by rising cost of living and the impacts of the COVID-19 pandemic and climate related natural disasters.³⁵

One of the key drivers of these issues is insufficient funding of community sector 'indirect costs' such as information technology, administration, human resources and staff learning and development.³⁶

There have been several recent instances where indexation or wage supplementation have not been applied consistently across government portfolios. The October 2022-23 Federal Mini-Budget included \$560 million over four years to provide funding supplementation to community sector organisations to help with higher inflation and staff wage pressures. However, this did not include funding to the Department of Home Affairs to pass on to settlement service providers and migrant organisations, despite these services being subject to the same inflationary and cost pressures. This resulted in funding cuts in real terms and triggered reduced staff hours, increased staff redundancies and cessation of some critical programs.

Similarly, the May 2023-24 Federal Budget provided a \$4 billion injection of funding over four years to support organisations, including community sector organisations to fund wage increases, higher service delivery costs and increased demand. However, grants provided by the Department of Home Affairs to settlement service providers were not included. Eventually, some indexation was provided at a later point following concerted advocacy by the community sector.

The short-term nature of many government contracts and grants programs, alongside often limited notice of their renewal, also creates significant problems for community organisations in ensuring continuity of service provision and attracting and retaining staff. While some Federal Government programs are shifting to longer-term contracts, this is not consistent across departments.³⁷ For example, the Department of Home Affairs has recently issued a tender for the Settlement, Engagement and Transition Support (SETS) program – the contract period is still only three years.

Background

Longer-term funding contracts are critical to enable community service organisations to develop collaborative partnerships. For example, for refugees, obtaining secure housing underpins stability across many areas of life, including health, safety, and security. As one client expressed it:

*“Housing is, above all, the most crucial basic need when resettling in a new country. If I have a proper place to live, I can have time to engage in other daily activities and look towards starting English training, job finding, etc, otherwise my whole time is spent worrying about where to find suitable accommodation.”*³⁸

However, settlement service providers face significant challenges in supporting refugee arrivals to access appropriate accommodation both on-arrival and longer-term. This is due to factors such as limited availability of suitable housing stock in settlement areas, lack of affordable rental accommodation, and prejudices that affect the ability of refugees to obtain rental accommodation. Short-term contracts limit the ability of settlement services providers to develop longer-term relationships and partnerships with social housing providers, developers and real estate agents to address the housing needs of migrants and refugees.

Recommendations

Recommendation 10: The Australian government should ensure a whole-of-government approach to current reforms to support a *stronger, more diverse and independent community sector*. Indexation and longer-term grant contracts should be applied in a fair and consistent way across all relevant government portfolios.

Recommendation 11: The Australian government should commit to fund the full cost of service delivery, including: infrastructure, management and administration costs; appropriate indexation, that is consistent across government portfolios and funded organisations, published annually, and that reflects the actual increase in costs incurred by funded organisations. The government should also commit not to apply efficiency dividends to community sector funding.

Recommendation 12: The Australian government should increase standard lengths for community service grants to at least five, and preferably seven years across all relevant portfolios.

REFERENCES

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