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Multicultural Disability Advocacy Association Submission to the Select Committee on the Cost of Living

WINNER OF THE 2023 NOT FOR PROFIT BUSINESS EXCELLENCE MEDAL

The Multicultural Disability Advocacy Association of NSW (MDAA) is the peak body in NSW for all people with disability (PWD) and their families and carers, with a particular focus on those from a culturally and linguistically diverse (CALD) and non-English Speaking (NES) background with disability.

Having consulted with especially with PWD, and people from CALD and NES backgrounds on this submission, MDAA's submission will focus on the ways the cost of living affects PWD, and people from CALD and NES backgrounds in four key areas:

1. The rising cost of healthcare
2. The exponential, and exorbitant increase in the cost of housing for both renters and owners.
3. The considerable and consistently increasing cost of purchasing essentials like food, petrol, and utilities like gas, water, and electricity.
4. Inadequate financial support provided by government, and the limitations of the NDIS funding model.

Preface

As this submission will demonstrate, there is not just one factor, but several factors contributing to the cost-of-living crisis Australia is currently experiencing. The key issues at the heart of this crisis are intertwined and hitting vulnerable Australians from all sides at once. Tooze labelled the existence of such overlapping and compounding issues a 'polycrisis'. Which he says is "not just a situation where you face multiple crises. It is a situation where the whole is even more dangerous than the sum of the parts". These issues do not have to be related to have a combined effect, in fact, the only thing these individual crises have in common is an underregulated financial system designed to benefit the rich to detriment of the poor, and the neglect of the state in failing to provide sufficient support to those most affected by such an underregulated economic system.

As is always the case, the impact of this polycrisis' is felt most profoundly by the most vulnerable people in society. That is because, these issues have a disproportionate effect on social groups such as, the elderly, people with chronic health conditions, people with mental health issues, young children, and people from/with lower socio-economic groups/status. In addition to these categories, PWD and people from CALD and NES backgrounds, may also be vulnerable because of their limited functional capacity, accessibility needs, and comprehension restrictions caused by language and cultural barriers. As such, PWD, and people from CALD and NES backgrounds, are often unable to speak up and have their voices heard, which makes them uniquely vulnerable to the effects of this cost-of-living crisis.

Rising cost of healthcare

Seeing a General Practitioner (GP) under Medicare was meant to ensure healthcare was accessible, and subsidised, if not free. But as Kohler explains the cost of seeing a doctor in Australia has risen over the last few years because the GP's "rebate has fallen in real terms and Medicare payments have increased 80 per cent since 1984-85, while the consumer price index (CPI) and average weekly earnings have increased 240 per cent".

According to Attwooll from News GP, Royal Australian College of General Practitioners (RACGP) President Dr Nicole Higgins stated, "GPs can no longer afford to subsidise patient care, many have had to make the difficult decision to move to mixed billing and pass on some of our costs on to patients just to stay afloat". This means fewer people can access medical advice and treatment and will make the dangerous but unavoidable decision to wait until a medical issue becomes so serious it requires emergency treatment. It also means people will forgo medications as the cost becomes prohibitive.

PWD and people from CALD and NES backgrounds are disproportionately affected by this because many PWD are not in stable employment and thus, cannot afford private health insurance to offset the increasing cost of healthcare. Additionally, many PWD have comorbid health conditions that place them at risk of complications arising from the absence of treatment, making an increase in the cost of healthcare particularly dangerous for PWD.

Ultimately, underfunding of Medicare over the last decade, if not longer has led to rising costs for GPs, resulting in considerably less GPs providing bulk billing services, and fewer GPs available. This means that people on income support payments like Jobseeker or the Disability Support Pension (DSP) are forced to decide between using their money to see a doctor for medical treatment or paying for housing, food, transport etc. If this issue is not fixed, the wellbeing of PWD will deteriorate significantly, resulting in even greater demands on the medical care system.

While the tripling of bulk billing incentives for GPs will provide welcome relief to some patients, the funding increase is lacking in scope, volume, and certainty. There is no requirement for GPs to pass on the funding increase to patients by the way of offering increased bulk billing. Instead, it is just expected that GPs will pass on the benefit to patients because they should. Nor does the increased benefit apply to everyone, which ultimately means that some people will still have to forgo visiting a GP and end up in the already overstretched hospital system.

Housing Costs

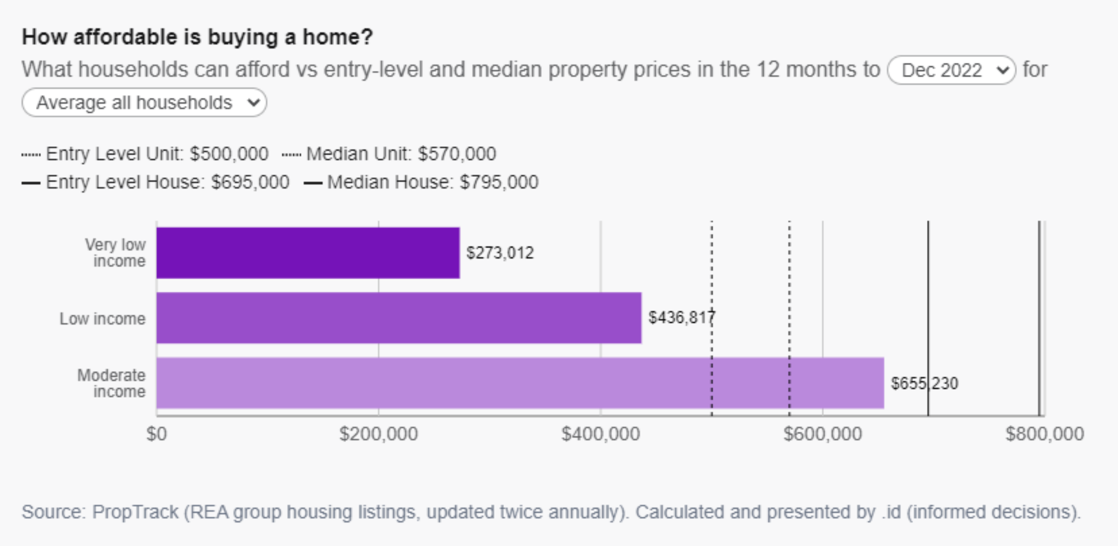
Due to underinvestment in the building of new houses, resulting in a lack of available supply, coupled with rising interest rates, and the unregulated exponential increases in the cost of properties, a generation have been locked out of the housing market. Furthermore, foreign investment in housing as 'investment properties' has reduced the available supply of housing stock and increased the overall price, as people desperately pay more to get into the market.

Home Ownership

The cost of home ownership in Australia has become exorbitant for so many, and now threatens to rob an entire generation of the opportunity to ever own their own home. According to the Organisation for Economic Co-operation and Development (OECD), "Australia displays among the highest house price to income ratios across the OECD, measured as the years of disposable income equal to the price of a 100 square metre dwelling".

According to Informed Decisions (ID), even before the dramatic house price increases seen during the pandemic, in 2014, the cost of purchasing a house in the first quartile (lowest 25%) of Penrith City, in Sydney's West was $404,010. However, "in June 2018 the cost of purchasing a house in Penrith in the first quartile was $649,026. By this time, the median house valuation in Penrith was $703,830. While that is $36,614 lower than the median house valuation for New South Wales, the cost of housing has still increased by over 37 per cent equal to $245,016 over a period of just four years. In this same period, wage growth has remained stagnant, and with the above-mentioned increase in property prices during the pandemic, and now increasing interest rates, the increase to the average price of the cheapest 25% of houses in a city like Penrith is now well above 50% what it was just under 10 years ago. This represents an increase of some $400,000, when real wage growth has declined during this period.

As shown below, data presented by ID from December 2022 shows that house prices are well above what households can afford. The average entry level house is $695,000, but the average household on a "very low income" can only afford loan repayments and associated costs of $273,000. Even a household on a "moderate" income can only afford $655,000 of loan repayments and associated costs, almost $40,000 less than the cost of the average 'entry level' house.



Renting

During pandemic business shutdowns and movement restrictions many people from the affluent Eastern suburbs of metropolitan Sydney moved to Western Sydney. In 2020 Heagney from Domain.com.au reported that “Leo Patterson Ross, the chief executive of Tenants’ Union NSW, said tenants had been leaving the CBD and flocking to suburbs such as Penrith, Campbelltown and Blacktown”.

When the restrictions on movement were lifted and business reopened many people decided to continue working from home as they had done during the height of the pandemic business shutdowns and movement restrictions. For many people this meant that, they no longer needed to live in Sydney to work there. Heagney notes that the resulting high vacancy rate for housing in Sydney, contrasted with a vacancy rate of less than 1 per cent in Western Sydney demonstrated that “Sydney’s rental market has become a two-speed situation during the COVID-19 pandemic, with massive demand and rising prices in the more affordable suburbs occurring at the same time as empty rentals and falling prices dominate the inner city”.

This increase in the number of people looking to rent in Western Sydney coupled with the absence of a cap on rent offers in NSW caused a considerable increase to the overall cost of rent, as potential renters engaged in a bidding war, and this further drove up the cost of housing. According to Agarwal, Gao, and Garner, the end result is that “lower income households spent 28 per cent of their disposable income on rent in the 2019/20 financial year, after accounting for rent assistance, compared with 22 per cent for higher income households”.

The cascading effect of this action is not trickle-down economics, as we are so often told will occur. But rather trickle-down disadvantage.

Considerable and consistent increase in the cost of purchasing essentials such as food, petrol, and utilities like gas, water, and electricity.

Inflation

Figures from the Australian Bureau of Statistics (ABS), show that from the March quarter of 2022 to the March quarter of 2023, inflation caused increases in the CPI in all major categories. This includes an 8 per cent increase in costs associated with food and non-alcoholic beverages, a 9.8 per cent increase in the cost of housing, a 4.3 per cent increase in the cost of transport, a 5.4 per cent increase in the cost of education, and a 5.3 per cent increase in costs associated with health. Additionally, interest rates since April 2022, aimed at reducing inflationary pressure have added hundreds of dollars to the average family's mortgage repayments.

Utilities

Energy costs are an area the Albanese government has shown a willingness to intervene, and the recent budget did contain up to $500 in energy bill relief for some of the most vulnerable people in NSW. But this financial assistance is not enough to adequately assist low-income households with rising energy costs.

Additionally, despite the federal government's decision to intervene in the domestic gas market in November of 2022, Evershed of the Guardian reports that gas costs "went from a 22.8% year-to-date increase in the December quarter of 2022 to a 35.8% increase in the March quarter of 2023". It is good that the Albanese government has taking some action on this issue. But given the gravity of the cost-of-living crisis, much like many measures announced in the budget recently, it just isn't enough.

Inadequate financial support Provided by Government

Social Welfare Payments

The rate of pay for people on the Jobseeker allowance, through Centrelink increased during the height of COVID 19, but was not maintained afterwards, bringing awareness to the 'raise the rate' campaign. In July 2020, Australian Parliament House reported that the "maximum payment rate for JobSeeker Payment—including the Energy Supplement paid to all recipients—is $574.50 per fortnight for a single person with no children. Additionally, parliament notes that "for the period 27 April 2020 to 24 September 2020, all JobSeeker Payment recipients also received the Coronavirus Supplement worth $550 per fortnight". But it has not been raised back to those levels despite numerous calls for successive governments to 'raise the rate'.

In 2023 the Coronavirus Supplement is no longer being provided, and as of March 20, 2023, the maximum fortnightly payment for a single person with no children is $693.10. Yet the Melbourne Institute Applied Economic & Social Research calculates that without even considering the cost of housing, income of less than $811.26 a fortnight places a person in poverty. In March 2023 inflation year to year alone rose by 7.8 per cent. Thus, a substantial increase in social welfare payments is needed if the most vulnerable Australians are to get out of poverty.

In December 2022 the Albanese Government created the Economic Inclusion Advisory Committee. According to the department of Treasury, the Committee was established to "provide advice in the lead-up to budgets on policies to address disadvantage and boost economic participation". On April 18, 2023, the Committee's released its interim 2023–24 pre-budget report to the Australian Government. The reports stated that, "all indicators available to the Committee show that current rates of social security payments for JobSeeker Payment and related non-pension payments for working age Australians are seriously inadequate, whether measured relative to National Minimum Wages, in comparison with pensions, or measured against a range of income poverty measures. People receiving these payments face the highest levels of financial stress in the Australian community". The committee's recommendations called for a "substantial increase in the base rates of JobSeeker Payment and related working age payments as a first priority". Additionally, the Committee recommended "the Government commit to increase Commonwealth Rent Assistance and reform its indexation to better reflect rent paid".

After the recent budget, Youth Allowance, Austudy, and Jobseeker are being increased by $40 a fortnight, and rent assistance is increasing by 15 per cent, but this is not enough. Baker of ABC News reports that Australian Council of Social Service (ACOSS) CEO Cassandra Goldie says: "the government is providing an increase of $2.85 a day for people with the least. The Stage 3 tax cuts will deliver $25 a day to people on the highest incomes".

Lastly it is worthy of note that it is fair that wealthy people with large financial assets or people supported by wealthy family with large financial assets should not be eligible to receive social security payments, as they do not need the support to meet their basic needs. But the rules around income are too restrictive and deny support to people with quite limited financial assets and wealth, if any and penalise people on income support for having an income beyond a certain threshold despite the combined income sometimes still leaving them in poverty. Our system is taking money away from people living in poverty on the basis that by earning a small amount of money, they no longer need financial support. But this is not true for low-income households and the most vulnerable Australians.

<u>Limitations to the National Disability Insurance Scheme (NDIS) funding model</u>

After the age of 65, a person is ineligible for the NDIS (unless they applied before the age of 65), regardless of the severity of their disability. Instead, they can only receive supports through the My Aged Care program. However, this program is not designed to care for PWD with high needs, and thus provides inferior supports to those available to PWD through the NDIS.

Additionally, the prosses of gathering the evidence required to prove a claim for NDIS funding can be extensive as well as expensive. Out of pocket costs for application gathering are not refunded even if an application is successful.

In the budget last week, the treasurer announced a reduction in spending on the NDIS of $74 billion over the next decade. Much has been made of the rising cost of the NDIS and the need to reduce its operating costs. While some of the reported $74 billion dollars in savings will do that, through better administration and reducing fraud, the NDIS does not currently provide enough funding and supports to its existing consumers. Thus, a reduction to the funding of the NDIS will be counterproductive to the needs of PWD. What PWD need is not a reduction in funding or growth for the NDIS, but more growth so that the scheme can finally meet the needs of the people it was created for.

Summary

PWD and people from CALD and NSE backgrounds face many of the same challenges as other members of society. But they also face additional challenges unique to their circumstances which can push them past the breaking point. Because of their vulnerable status, PWD and people from CALD and NSE backgrounds already have a lower threshold for managing the additional stresses and challenges presented by the cost-of-living crisis.

The recent budget contained measures that will provide some relief to the most Vulnerable Australians. But there was no adjustment to taxation in the key areas of Capital Gains Tax, Negative Gearing, Stage 3 Tax Cuts, or an increase to the company and income taxes for those at the top end of the bracket. Ultimately the budget could have provided much more to Australia's most vulnerable people if it was less focused on providing more to our most privileged.

Recommendations

Rising cost of healthcare

- Ensure that Medicare is adequately funded so that everyone can afford to seek medical assistance regardless of their income, or socioeconomic status.
- Subsidise the cost of medications for vulnerable Australians to ensure they always have access to medications that affect their quality of life.

Housing

- Individuals/corporations and business groups be limited to ownership of no more than three (3) properties for investment purposes. This will allow for the availability of supply to be addressed.
- Individuals/corporations/business groups limited to ownership of no more than three (3) properties for investment purposes until every Australian has safe and affordable housing. This will allow for the availability of supply to be addressed and ensure that Australia is providing housing for everyday Australians instead of wealthy overseas investors.
- Improved regulation and intervention in the market to ensure that everyone has the realistic opportunity to own their own home before others are granted the opportunity to own multiple properties and profit from the lack of available housing stock.
- The stagnant growth in wages has effectively resulted in a cap on wage growth while housing price growth has increased exponentially. This disparity will soon make the situation unsustainable for millions of Australians. So, until such time as the above recommendations is implemented, a cap on rental price increases should be introduced to address the cost-of-living pressures on the most vulnerable.
- Negative gearing should be scrapped, either for new, or existing investors, which will result in a reduction in demand for rental properties. This would then create a competitive market where these properties will be available for purchase by Australians who cannot currently access property.
- Capital gains tax on the sale and profit of investment properties should be increased.

Considerable and consistent increase in the cost of purchasing essentials like food, petrol, and utilities like gas, water, and electricity.

- More stringent regulation of the energy market to prevent monopolisation, and restrictions on supply.

Inadequate financial support Provided by Government

- No age cap on access to the NDIS. After all, disability is still disability regardless of a person's age.
- Index increases in social welfare payments to ensure they keep up with the pace of inflation.
- Increase the income received threshold for social security payments such as the Aged Pension, Youth Allowance, and Jobseeker before it affects the payments received.

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