

# Cost of Living/COVID-19 Supplementary Paper

Recommendations to the NSW Government

April 2020

## Cost of Living/COVID-19 Supplementary Paper

Many of the key findings in the 2019 Cost of Living in NSW report are now likely to be exacerbated by the COVID-19 pandemic. To ease the pressure on households in NSW, create jobs and stimulate economic activity, NCOSS recommends that the NSW Government:

- Boosts the supply of social and affordable housing
- Establishes a Resilient Communities - Support and Connect fund
- Partners with a suitable academic institution and NCOSS to create a NSW Institute for the Social Services Industry (NISSI)

Estimated costings are provided, except where further input is required from Government.

### Boost the supply of social and affordable housing

As well as increasing the number of households in NSW experiencing economic disadvantage, the pandemic is exacerbating the undersupply of social and affordable housing - contributing to rental and housing stress extending further across Sydney's suburbs and regional NSW as evidenced by:

- the NSW Tenants Union's COVID-19 factsheet receiving half-a-million hits in just over two weeks
- Calls to the Tenants Union doubling from the last week of February to first week of March and rising 10-20% per week since. Only 1 in 3 callers is getting through, with 12% of these having called more than 10 times
- Data from HS Net, the Department of Communities and Justice service directory, highlighting an average of 598 searches related to housing in Quarter 3, rising to 1556 for the week commencing 28 March, and 1448 for the week commencing 4 April
- Link2home, the State Government's state-wide homelessness information and referral telephone service experiencing a significant increase in calls due to coronavirus.

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This growing housing crisis will particularly impact young people, who have been identified as one of the groups most affected by job loss and who were already experiencing greater barriers to secure, affordable housing – including home ownership - than previous generations. They are also the cohort whose education will be disrupted and who will be carrying the burden of the current economic crisis and paying back the debt for many years to come.

The NSW Government's rapid response to the immediate housing crisis, via its \$34 million package funding temporary accommodation for those who are homeless, has been welcome. However, this is a short-term measure only. Rising economic disadvantage and rental stress coupled with the under-supply of social and affordable housing creates a pressure cooker environment that will lead to increased incidence of homelessness, precarious living situations and households under significant financial and psychological strain.

There is an urgent need to secure, in the short term, additional social and affordable housing to provide permanent, stable accommodation for people currently housed in temporary arrangements for the duration of the lockdown. As the economic downturn continues, there will be others whose housing situation breaks down and who need immediate access to an affordable, secure alternative or face becoming homeless.

Longer term, capital investment in a large scale housing construction program is required. This should contribute to development of at least 5,000 additional social housing units - and similar for affordable housing units - every year for the next 10 years to address the historic under-investment and identified shortfall. Such a program will have the added benefit of creating jobs and stimulating economic activity, including in regional areas hard hit by recent natural disasters.

Consideration also needs to be given to the role that enhanced planning regulations can play in bolstering the supply of affordable housing.

As well as a housing construction program, there are other, more immediate ways of growing jobs and stimulating the economy, at the same time as delivering housing benefits and positive outcomes for vulnerable people. The NSW Government's economic stimulus measures in response to COVID-19 have already included \$60 million to address the backlog of maintenance for ageing social housing stock. This is a positive step and goes some way towards addressing the estimated \$500 million required to fund a comprehensive maintenance program for the NSW social housing portfolio.

The proposed housing construction and social housing maintenance programs would be ideal opportunities to apply a 'social procurement' approach – stipulating that construction, trade and other contractors involved must source a required proportion of labour, goods and services from social enterprise, and/or provide employment for disadvantaged cohorts.

Recommendations below identify short-to-medium, and longer term actions that should be taken by the NSW Government. They have been developed in partnership with relevant peak bodies: Homelessness NSW, the Community Housing Industry Association of NSW, Shelter NSW, NSW Tenants Union and Churches Housing.

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## Key recommendations

### *Short to medium term actions*

- 1) Advocate to the Federal Government to extend increased income support payments (currently via the coronavirus supplement) beyond the identified 6 month period, given economic recovery will take many years and the increased payments enable households to cover rental costs and contribute to economic activity through increased spending capacity.
- 2) Establish a Social and Affordable Housing Capital Fund to grow the supply of social housing by 5,000 per annum, and similar for affordable housing, starting with options to permanently house those in extended temporary arrangements through:
  - The identification and purchase of vacant, or soon-to-be completed, developments for conversion to social or affordable housing
  - Identification of government owned properties for conversion to social housing
- 3) Prioritise and fund a Housing First approach that provides tailored support, alongside social housing, to help maintain the tenancies of at least 400 vulnerable people with high and complex needs, incorporating NDIS packages as appropriate.
- 4) Expand the Community Housing Leasing Program to increase the number of properties available through community housing providers and respond to the growing demand for permanent housing options for people in temporary accommodation.

- 5) Build on the \$60 million already allocated to the maintenance of ageing social housing stock, by allocating additional funds to support a comprehensive maintenance program across the entire NSW social housing portfolio - ensuring fit-for-purpose homes that meet accessibility and other standards, and creating jobs and stimulating economic activity in the process.

#### *Longer term actions*

- 6) Make renting a viable, long term option and provide enhanced protection for the more than 2 million people in NSW who rent by:
  - Ensuring renters have legislative protection against unfair evictions by amending the Residential Tenancies Act 2010 to include a list of reasonable grounds and protections against the false use of eviction grounds
  - Setting minimum standards in rental housing for health, safety and energy efficiency to protect against heat, cold and pollution and reduce energy bills
- 7) Mandate targets for social and affordable housing in new residential developments of up to 15% on private land and 30% on government land.
- 8) Use the above Social and Affordable Housing Capital Fund for a major housing-as-essential-infrastructure construction program across NSW, starting with shovel-ready projects, to meet the targets set out above and provide jobs in the process.
- 9) Apply a 'social procurement' approach to the housing construction and social housing maintenance programs recommended above, to create jobs for disadvantaged groups and provide opportunities for social enterprise.
- 10) Advocate to the Federal Government for the development, in partnership with states and territories, of a National Housing Strategy that articulates roles and responsibilities, the contribution of the Federal Government to the Social and Affordable Housing Capital Fund and other levers available at the national level to complement and bolster state initiatives.

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### **Establish a Resilient Communities - Support and Connect fund**

More households in financial hardship will lead to increased demand on non-government organisations (NGOs). NGOs are now the primary providers of a range of essential social services to an increasing number of people in NSW.

In NSW there are over 2,000 NGOs funded through the NSW Departments of Health and Communities and Justice. The sector is a substantial and key partner to government.

It is small to medium-sized NGOs (defined as having revenue of \$5 million or less) that are often the trusted source of community-based practical as well as psychosocial support, a soft entry point to the broader service system and an important partner in efforts to reach the most vulnerable – providing 'the last mile of assistance' to people who would otherwise not be reached.

As well as practical support and advice, these organisations help build community connections and resilience. Research by the University of Melbourne following the 'Black Saturday' bushfires found that building social connections, the provision of informal support, and participation in community activities that provide a sense of

self-agency and control can be more beneficial when it comes to recovery and wellbeing than formal psychiatric and psychological services.<sup>1</sup>

Neighbourhood centres, family support services, disability advocacy organisations, community legal centres, community based mental health services, financial counsellors, homeless support and outreach, and youth services are just some of the organisations that form the social service infrastructure in locations across NSW and provide easy-to-access responsive support and advice to those doing it toughest.

Locally based, often non-denominational and generally with long-standing connections to the community, these small to medium-sized organisations are already stepping up to the challenge. Qualitative and quantitative data indicates surging demand associated with COVID-19 concerning:

- Food and other emergency relief
- Tenancy advice, including evictions, rental arrears, rent increases
- Family law matters
- Employment related enquiries
- Credit and debt issues
- Requests for support from asylum seekers, international students and other temporary visa holders
- Increase in demand for homelessness support and accommodation, including from young people, in regional areas and from clients not previously known to the service
- Assistance to navigate the service system and access support available, including from people with disability

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Services are also concerned about growing domestic and family violence, child protection, social isolation and mental health issues – leading to further and sustained increases in demand for support as the economic downturn takes hold.

Increased need for social supports and services comes at a time when services are already at capacity and stretched to their limits. Data from the 2019 ACOSS State of the Sector survey shows that, of NSW respondents (n=180):

- 81.1% reported that level of demand for their service had increased or increased significantly
- 79.5% reported that complexity of service user need had increased or increased significantly
- 64.6% reported that level of poverty among service users had increased or increased significantly
- 62.5% reported that the proportion of clients unable to be supported by the service had increased or increased significantly

The ACOSS survey was undertaken before bushfires ravaged large parts of NSW, adding to the worsening hardship and economic downturn experienced by regional areas from the ongoing, severe drought conditions; and, by implication, to the workloads of NGOs on the frontline.

These organisations are a first port of call during tough times. But they are often the ones least likely to receive additional funding because they do not have the resources to invest in professional tender-writing, large scale fundraising, marketing or donor relationship building.

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<sup>1</sup> Gibbs L et al 2016, *Beyond Bushfires: Community Resilience and Recovery Final Report*, University of Melbourne, Victoria, Australia.

Small to medium-sized NGOs need access to a funding pool that will provide them with the ability to quickly grow their capacity and adapt their offerings to emerging community need. Such a fund could be administered by the soon-to-be established Resilience NSW on the basis that grants:

- Supplement core funding
- Create additional local jobs or hours of employment
- Will be allocated on the basis of evidence of increased demand and/or emerging unmet need
- Support communities that have experienced cumulative adverse events
- Are for purposes which include the enhancement of community resilience, recovery and connectivity, particularly for the most vulnerable members.

Small business, local government, construction, primary industries, and even venues with gaming machines, are being recognised for their contribution to the state's economy and supported to get through the crisis via relief packages from the NSW Government. The social services sector should be similarly recognised and supported - both for the employment opportunities it provides, and for its important role in delivering essential services and assisting vulnerable individuals, families and communities.

### Key recommendations

1) Establish a *Resilient Communities – Support and Connect* fund to supplement existing programs and enable small to medium-sized NGOs (defined as having revenue of \$5 million or less) embedded in their local communities to:

- Expand existing offerings and meet spikes in demand
- Undertake targeted outreach to connect with people who are most vulnerable and at risk of slipping through the cracks and/or
- Develop new, tailored offerings - in partnership with the community - that build connections, facilitate recovery and promote resilience.

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The injection of additional funding into the sector will enable jobs to be created, work hours extended and more people supported.

Estimated cost: \$30 million

### Establish a NSW Institute for the Social Services Industry (NISSI)

The social and community services industry is a significant employer in NSW - including in regional communities – and has experienced unparalleled growth over the last five years.<sup>2</sup>

The industry provides employment and career pathways for people with differing backgrounds, skills and qualifications - from allied health professionals to early childhood specialists, ageing and disability carers, domestic violence support workers and financial counsellors.

The industry faces significant challenges. The advent of the NDIS and aged care reforms have led to workforce shortages. Research by the Federal Department of Employment and Small Business in 2019 suggested that across Australia, employment for personal care workers will increase by 80,600 (or 30%) over 5 years up to 2023,

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<sup>2</sup> *Health care and social assistance jobs on the rise* – [www.employment.gov.au](http://www.employment.gov.au) September 2018

compared to projected growth of 7.1% for all occupations for the same period. Further, finding suitable applicants in an environment of increasing demand and high recruitment activity is a key challenge.<sup>3</sup>

In NSW, there is the added challenge of a VET sector with declining enrolments, with students who do participate having completion rates below 50% - contributing to NSW's higher overall skills shortage, compared to Queensland and Victoria.<sup>4</sup>

These problems are exacerbated in a COVID-19 environment, with aged care, disability and other providers reporting shortages of nursing, allied health and personal care workers. There is an urgent need to fast track training in these and other areas - including domestic violence, child protection and mental health – to fill gaps and meet what is likely to be an ongoing and sustained rise in demand. Promoting the social services industry as a desirable, safe and rewarding sector within which to work so as to attract suitable applicants, is an added challenge.

The overall task is considerable, requiring a well-designed, coordinated and targeted strategy. Leadership is needed from key players across tertiary and VET institutions, the social services sector and government to reposition the industry as an attractive, secure and rewarding career of choice and to provide incentives for identified cohorts to undertake accelerated training. This should include initiatives to transition school leavers into training opportunities, retrain older people needing to change careers and attract those who have left the workforce back into it.

Given rising unemployment as a result of businesses shutting down, now is the time to capitalize on demand and purposefully grow the social services industry. This should be done through the establishment of an entity, attached to a reputable institution, that would bring leadership in research, development, vocational training and tertiary education - to drive growth, rebranding and repositioning; the integration of secondary, vocational and tertiary learning opportunities; and the supply of an appropriately qualified and committed workforce to meet future demand across metropolitan and regional locations throughout NSW.

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The auspice for such an entity should, ideally: have a strong reputation and the capacity to undertake research and leadership development; provide both VET and tertiary education opportunities (including pathways to and between both); have collaborative working relationships with TAFE and universities across NSW; demonstrate strong links to the community services sector; and be accessible to students from diverse backgrounds, including from areas of high unemployment with a need for jobs growth and demand for social services.

Ultimately, such an entity would contribute to NSW's economic recovery, thriving regional communities and high quality care and support for vulnerable individuals and families.

### Key recommendations

- 1) Establish a NSW Institute for the Social Services Industry (NISSI) as a partnership between the NSW Government, NCOSS and a suitable academic institution, and involving NSW TAFE, regional universities and other community sector and private sector representatives. Through education, training, research and industry development, NISSI would aim to:

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<sup>3</sup> Demand for personal care workers growing - [www.employment.gov.au](http://www.employment.gov.au) March 2019

<sup>4</sup> Review of the NSW vocational and education training sector – Terms of reference [www.education.nsw.gov.au](http://www.education.nsw.gov.au) March 2020

- Establish social and community services as an industry with a rewarding range of professional and vocational career opportunities, rather than being characterised by connotations of ‘welfare’ and low-paid casual work
- Equip the industry to deliver the quality and level of service provision and leadership required to meet the increasing and changing demands of NSW’s social support and care needs
- Facilitate continued growth of an expanding workforce through training and the creation of entry-level and mid-career pathways in both regional and metropolitan locations for different population groups, and responsive to changing industry need

Estimated cost: \$2 million.

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