

13 January 2016

Budget Policy Division
Department of the Treasury
Langton Crescent
PARKES ACT 2600

Dear Sir/Madam,

This submission provides **Catholic Social Services Australia's (CSSA) recommendations for the 2016-17 Commonwealth Government Budget**. CSSA urges the Government to adopt equity as its chief guiding principle, in order to ensure vulnerable families and individuals are not unfairly disadvantaged by expenditure cuts.

Our recommendations for the Budget and outlined in more detail in this submission include:

1. **Target funding toward those communities and regions experiencing entrenched poverty and disadvantage;**
2. **Establish a Centre for Community Strengthening and Program Evaluation;**
3. **Prioritise support for rural and remote communities;**
4. **Ensure adequacy of income support;**
5. **Increase investment in affordable housing and services for homeless people;**
6. **Increase investment in support for vulnerable children and families; and**
7. **Support the not-for-profit sector.**

The Budget is a critical moment for the Government to communicate its commitment to supporting all members of our community and providing a safety net for the most vulnerable.

The Budget measures also provide a significant opportunity to invest in communities, families and individuals, in order to strengthen social cohesion, participation and wellbeing, and increase economic participation and productivity.

It also provides an opportunity to align budget settings with the 2030 Agenda for Sustainable Development and in particular Sustainable Development Goals for Ending Poverty, Reducing Inequality and Sustainable Cities and Communities¹.

CSSA is the Catholic Church's peak national body for social services.

CSSA envisages a fairer, more inclusive Australian society that reflects and supports the dignity, equality and participation of all people.

For nearly 60 years we have assisted member agencies to promote a fairer, more inclusive society that reflects and supports the dignity, equality and participation of all people.

Our 58 member agencies employ around 12,000 people, with 4,000 voluntary contributors to this work.

The network provides community services to over one million Australians each year, with programs valued at around \$700 million.

CSSA partners with a range of government and non-government organisations to pursue our mission and contributes to social policy development based on the experience and expertise of the CSSA member network.

In this regard, we urge the Government to focus on investment for long-term benefit rather than expenditure cuts for short-term savings. Sound investment in families and children, especially through the funding of preventative measure in the lives of those at risk, has demonstrated longer term economic and social benefits to the whole communityⁱⁱ.

CSSA also supports the creation of opportunities for increased economic and social participation of all Australians including access to employment, training and community participation. Cuts to the income and support services available to vulnerable Australians do not result in mutually desired increases in employment, economic and social participation.

This is borne out by findings from a recent Senate Inquiry into inequality which found that one of the main barriers to overcoming disadvantage is having a low income: *“A low income often compounds the extent of the disadvantage... Coupled with the disadvantage of a mental health condition, a physical disability or the demands of being a single parent, a low income makes it more difficult to access decent and stable housing, quality health and education services and the skills needed to break out of poverty”*ⁱⁱⁱ.

The Government’s approach of ‘budget repair’ in the past two years has had a significant impact on those people in the community who are already vulnerable and disadvantaged. The combined impact of these two budgets has included \$1 billion in cuts to vital community services for the people in greatest need, such as those experiencing financial crisis or family breakdown, children at risk, vulnerable young people, new mothers and babies, people facing eviction and homelessness, carers in need of respite, those struggling with drug and alcohol addictions, and those with mental health problems, including \$500 million from Aboriginal and Torres Strait Islander services and programs. A further \$674 million was cut from affordable housing and homelessness programs^{iv}.

Further to this, the changes to the Family Tax Benefit arrangements, which were not foreshadowed in the last Federal election, mean that couple-parent families with one income on a minimum wage, and unemployed couple-parent families reliant on Newstart, have seen a reduction in their household income of 8-9%. These changes place the children of already vulnerable families at undue risk of becoming entrenched in poverty and disadvantage. The capacity of such families to ensure that children get a good start in life, complete their schooling and realise their potential is severely threatened. The small monetary saving to the Federal Government in the short term will be more than eclipsed by the long term cost of young people who fail to successfully transition to employment or training as a consequence of a poor start in life.

CSSA member organisations are now seeing first-hand the negative impacts of previous Budget decisions on the people they serve – people whose hopes for breaking the poverty cycle, getting a job or securing affordable accommodation have suffered a serious set-back. We implore Government not to make the same decision this year, and seek assurance that Budget decisions ensure that no Australian is at risk of further disadvantage.

Addressing this disadvantage should be a primary consideration of the 2016-17 Budget. A budget which enables social and economic participation of the vulnerable and disadvantaged in our society not only brings about social justice and fairness, it also enhances economic growth. The success of the 2016-17 Budget will be judged by the measures within it which address the needs of the poorest and most vulnerable in our society.

CSSA is aware that this Budget is being prepared whilst several significant initiatives are still under consideration by Government including the Review of the Federation and the Taxation Review. These reviews will have an impact on the Budget revenue streams and distribution of income to the States and Territories. Whilst recognising that these reviews have the potential to give rise to desired systematic reform, CSSA will remain vigilant in advocating for fair and balanced policy responses that enable equity of opportunity for all Australians, and outcomes that ensure that the most vulnerable in our community have access to their share of Australia's common good.

CSSA would also like to take this opportunity to stress the importance of the Not-for-Profit sector in delivering social services across Australia. CSSA's members alone support around one million Australians every year, providing a high level of professional services valued at approximately \$700 million per annum. These services effect a critical difference in the lives of people served, helping them to realise greater independence and self-determination in life. Cuts to services and programs only reduce the capacity of people to move from a situation of social and financial dependence to independence.

These services deliver clear social and economic benefit, assisting people to participate fully in their communities, supporting transition back into the workforce often after long periods of absence, helping families navigate critical periods in the lifecycle, and supporting people with complex physical, social and mental health needs with the day to day activities of life. Member agencies focus on improving the lives of individuals and families experiencing disadvantage and creating social change in the communities within which they work. Social services and social impact go hand in hand to break cycles of entrenched disadvantage.

CSSA's Budget recommendations focus on the areas that have the greatest potential to improve the lives of people and the communities who are most disadvantaged.

1. Target funding toward those communities and regions experiencing entrenched poverty and disadvantage

Dropping off the Edge 2015^v released by CSSA and Jesuit Social Services found that a small number of communities experience persistent and complex entrenched disadvantage. Previous reports in this series show that many of the same communities continue to experience entrenched disadvantage. While the current approach to support services may work for the majority of communities, it is clear that the mainstream approach is failing communities at the edge.

High levels of unemployment, low levels of income and education, housing stress, and high incidences of family violence and criminal offending are consistently present in these communities. These factors coalesce to form a web of disadvantage severely limiting the life opportunities of individuals over successive generations, and accruing significant social and economic costs to the broader community.

2. Establish a Centre for Community Strengthening and Program Evaluation

As recommended in *Dropping off the Edge 2015*, CSSA and Jesuit Social Services support the establishment of a **Centre for Community Strengthening and Program Evaluation**^{vi} within the Federal Government with matched state and territory units, to coordinate and evaluate community strengthening strategies. This is similar to the unit established by the New Zealand Government, the Social Policy Evaluation and Research Unit (SUPERU)^{vii}. This unit is akin to a statutory authority and is mandated to improve social outcomes through the evaluation of social policy and programs.

CSSA CEO Marcelle Mogg travelled to New Zealand in December 2015 to investigate this model in light of CSSA's *Dropping off the Edge 2015* research and we believe that this approach has the potential to significantly improve the outcomes for Australians in receipt of social services through more efficient and effective program delivery. CSSA would be pleased to work more closely with the Federal Government in the exploring this strategy for Australia, especially where such an initiative has the potential to help break entrenched cycles of disadvantage among those communities identified in our research.

3. Prioritise support for rural and remote communities

We also recommend funding to significantly strengthen social support services and community connections in rural and remote communities. The majority of communities identified in the *Dropping off the Edge 2015* research are located in rural and remote areas. Funding for community development and support must acknowledge the greater costs for service delivery related to locational disadvantage. These costs include travel, housing and attracting skilled workforce. These costs are currently met by member agencies at the expense of actual service delivery. CSSA calls on the Government to ensure that funding is commensurate with the true costs of service delivery in these areas.

4. Ensure adequacy of income support

CSSA believes that the current system for determining the level of income support is in need of a significant overhaul and as such recommends that an independent commission be established to develop evidence-based benchmarks of adequacy for income support payments to people of working age. CSSA will be releasing evidence based research in 2016 that supports a review of the way income adequacy benchmarks are established.

5. Increase investment in affordable housing and services for homeless people

CSSA is concerned that Australia has not had a national strategy to address affordable housing and homelessness for some time. Housing affordability is one of the key concerns for many Australians^{viii}, and there is a growing number of people experiencing homelessness and those at risk of becoming homeless, especially older single women and women with families fleeing domestic violence^{ix}.

We call on the Government to invest in low cost housing, by supporting collaborative partnerships with non-government agencies to access and develop land in those parts of Australia where the shortfall in affordable housing is greatest.

We also call on the Government to address the shortfall in services to homeless people by extending the National Partnership Agreement on Homelessness for five years to provide certainty of funding.

While we commend the Government's move to prioritise emergency housing for women with young children fleeing family violence, this prioritisation must be matched with additional funding for emergency housing services. Australia's welcome response to eliminating family violence will only succeed when it is supported by requisite funding for emergency housing and support services.

6. Increase investment in support for vulnerable children and families

CSSA supports those budget initiatives that focus on early intervention and prevention strategies to assist children and families experiencing poverty and vulnerability. There is substantial evidence that intensive investment in family support at an early stage, before problems become entrenched, results in marked social and economic benefits for the whole community^x.

Any new package of support for families needs to prioritise funding for the most vulnerable people, and those communities of most disadvantage.

CSSA calls on the Government to prioritise those projects that form part of the National Framework for Protecting Australia's Children, which recognises the economic and social benefits of investing in stronger universal and early intervention services to assist vulnerable children and families at critical stages of their development and life.

The Second Action Plan 2015-18 developed under The National Plan to Reduce Violence against Women and their Children 2010 – 2022 should also be fully funded to address the current shortfall of services for women and their children experiencing domestic violence.

7. Support the not-for-profit sector

The *Australian Charities Report 2014* highlights the significant role that the charity sector plays in the Australian economy. According to the report^{xi} the charity sector employs more than a million people and had a total income in 2014 in excess of \$103 billion, which included some \$42 billion by way of government grants. The relationship between the government and charities is significant and interdependent. As such we caution the government from introducing measures which would undermine the sustainability of the sector in delivering vital services to the poor and vulnerable in our society.

We view the 2016-17 Budget as an opportunity for the government to continue its momentum in reducing unnecessary red-tape burdening our sector. CSSA would encourage the government to make a firm decision in the budget as to the long-term future of the Australian Charities and Not-for-profits Commission (ACNC). The current uncertainty with regard to the future of the ACNC is inhibiting the potential to address federal/state duplication and reduce red-tape in the charity sector in areas such as reporting and compliance.

I would be pleased to elaborate further on our recommendations on the contact details provided below or alternatively you can contact the Director Social Policy, Liz de Chastel on Telephone: 02 6285 2399.

Sincerely,



Marcelle Mogg

Chief Executive Officer

cc Hon Christian Porter MP Minister for Social Services

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- i <http://dfat.gov.au/aid/topics/development-issues/global-development-agenda/Pages/global-development-agenda.aspx> accessed on 11th January 2016
- ii [A New System for Better Employment and Social Outcomes](#) - Interim Report of the Reference Group on Welfare Reform to the Minister for Social Services P85
- iii Senate Community Affairs References Committee 2014 [Bridging our growing divide: inequality in Australia: The extent of income inequality in Australia](#) December Key Findings
- iv [New ACOSS report confirms Budget fails fairness test](#) accessed 5th January 2016
- v The Dropping off the Edge Report, State Fact Sheets and further relevant material can be found at <http://www.dote.org.au/>
- vi *ibid*
- vii <http://www.superu.govt.nz/>
- viii <http://www.theage.com.au/comment/housing-affordability-crisis-brought-on-by-government-policy-failures-20150610-qhkh5w.html> accessed 12th January 2016
- ix <http://www.abs.gov.au/ausstats/abs@.nsf/latestProducts/2049.0Media%20Release12011>
- x The evidence base underpinning family and community policy, summarised by the Australian Institute of Family Studies in <http://www.aifs.org.au/sf/pubs/bull1/bulletin1.pdf>, was used to support FAHCSIA's Stronger Families and Communities Strategy, a pre-cursor to the Family Support Program.
- xi Cortis, N., Lee, I., Powell, A., Simnett, R. and Reeve, R. (2015) *Australian Charities Report 2014*. Centre for Social Impact and Social Policy Research Centre, UNSW Australia.