

**Catholic Social
Services Australia**

Future Role and Contribution of Regional Capitals to Australia

Senate Inquiry

Submission by Catholic Social Services Australia

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OVERVIEW

Catholic Social Services Australia (CSSA) welcomes the opportunity to contribute to the Senate Inquiry into the “Future Role and Contribution of Regional Capitals to Australia”.

CSSA’s response draws on the wealth of experience of our 59 member organisations, our previous social policy research into regional development¹, as well as the Catholic social teaching principles and values that underpin our work.

We note that “Regional Capitals” are not defined in the Terms of Reference, but we support the definition provided by Regional Development Australia-South West that regional capitals be understood in terms of their function as a regional city which acts as a service hub for the surrounding towns and region.²

This submission outlines the social and economic benefits regional capitals and surrounding areas would receive if development includes an understanding of social planning, a focus on community engagement and recognition of the importance of social services through the provision of appropriate funding. CSSA’s interest is that development of regional capitals is underpinned by a commitment to fairness and opportunity for all, is done in a way that improves the lives of the most disadvantaged and does not cause further disadvantage to already vulnerable populations.

CSSA acknowledges that a “one size fits all” approach is not suitable for Australia’s regional capitals given the diversity of size, geography, economies and social profile as well as the distances between regional capitals. As such, responses need to be targeted to local and regional needs.

There are significant opportunities for the development of regional capitals, including through the use of social enterprise and funding models such as the Royalties for Regions program. Investment in affordable housing, public transport, communications infrastructure, a strong social services sector and community resilience are particularly important to the social fabric of communities. Investment in these areas will contribute to the stability and ongoing wellbeing of regional communities.

CSSA also acknowledges current and ongoing challenges facing the social services sector in regional capitals, including the lack of recognition of real service delivery cost by Government funding bodies.

These issues are outlined further in our response to the Terms of Reference (attached).

¹ For example, see [CSSA’s Submission to the Joint Select Committee on Northern Australia](#) (submission 50), February 2014

² Regional Development Australia – South West, [Submission to Senate Inquiry into Future role and contribution of regional capitals to Australia](#), submission 3

About Catholic Social Services Australia (CSSA)

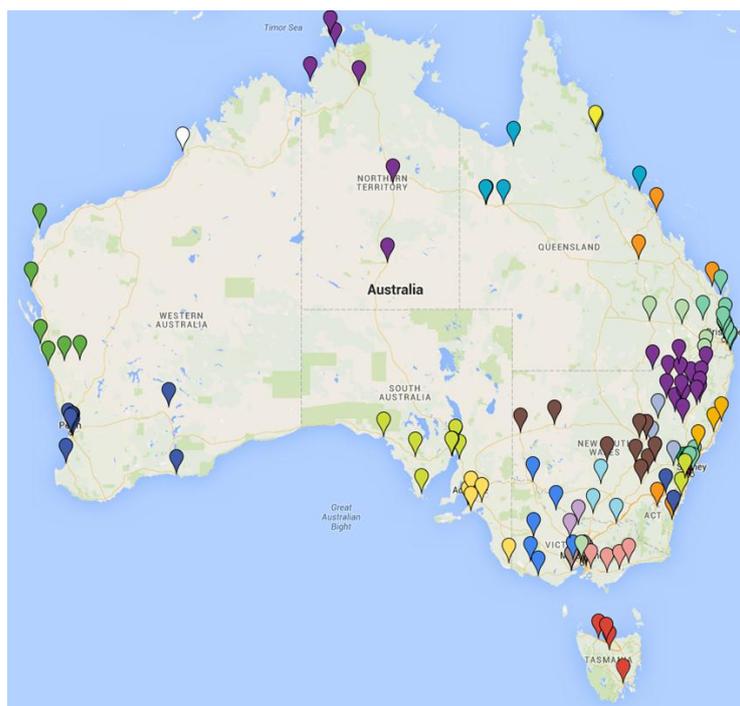
CSSA is the Catholic Church's peak national body for social services. For over 50 years, CSSA has assisted member agencies work towards a fairer, more inclusive society that reflects and supports the dignity, equality and participation of all people. Our 59 member agencies employ around 12,000 people, with 4,000 voluntary contributors to this work. The network provides community services to over one million Australians every year, with programmes valued at around \$600 million.

CSSA's vision is to ensure that Australia is a place where all people are treated with respect and have the opportunity to fully participate and contribute. CSSA's members work across the full range of social services for example with vulnerable children, families experiencing relationship challenges, people experiencing mental illness, people with disabilities, people who are homeless, Indigenous people, people who are seeking asylum and people who are refugees. These services have wide ranging social and economic benefits, from ensuring children are loved and safe and have every opportunity to thrive, to securing long-term housing, support and productive employment for people whose prospects had been severely limited.

The CSSA network is a major provider of social services to communities across regional Australia. CSSA members provide services in regional capitals in every state and territory, in areas such as Cairns, Alice Springs, Broome, Whyalla, Ballarat and Wagga Wagga. Members based outside the major cities often have a central office in a regional capital from which they support outreach offices and services in the surrounding region.

The locations of CSSA members' main offices are shown on the map below, noting that we also have a physical presence in many smaller communities.

Locations of CSSA members' main offices



CSSA Recommendations

CSSA has made a number of recommendations responding to the Terms of Reference:

a. An assessment of current demographic trends and the changing role of regional capitals

- **Recommendation:** The diversity of regional capitals be recognised and reflected in policy and funding models.

b. An analysis of current funding provided to regional capitals

- **Recommendation:** Governments commit to adequate funding for social services in regional areas, with clear, evidence-based methodology for the allocation of funding based on population need and true service delivery cost.

c. An analysis of the benefit of additional funding regional capitals could receive based on population, demand for services and their strategic importance for the region, state or country

- **Recommendation:** Governments invest in strong regional communities through the provision of appropriate funding for social services and an emphasis on early intervention, prevention and whole-of-life support.
- **Recommendation:** Governments work closely and intentionally with the not-for-profit (NFP) social service sector to build a strong and effective partnership approach to investing in and effecting social change.

d. Investment challenges and opportunities to maintain or grow regional capitals, including infrastructure, community and human services, communications and natural resources

- **Recommendation:** Governments and the Business sector be encouraged to partner with the NFP sector to expand social enterprise opportunities, recognising that this can be part of the solution to job creation in regional capitals and their surrounding communities.
- **Recommendation:** Development planning include social planning, social impact assessment and community engagement from the outset, and, similarly, consideration of social needs take account of the potential impact of economic development.

e. Incentives and policy measures that would support sustainable growth in regional capitals

- **Recommendation:** Strong collaboration and consultation with local communities be promoted to ensure the feasibility and sustainability of growth initiatives.

- **Recommendation:** Reinvestment in social outcomes in regions where development is occurring be prioritised, similar to the Royalties for Regions program in Western Australia and Queensland.

f. The impact the changing environment will have on regional capitals

- **Recommendation:** Governments commit to ongoing funding to strengthen the resilience and capacity of regional capitals and surrounding communities to cope with the impacts of environmental changes.

The rationale for our recommendations for the Terms of Reference is outlined in the following attachment.

CSSA would be pleased to elaborate further on our recommendations and our contact details are provided below. In addition we would be pleased to organise meetings in nominated regional capitals with our member agencies, to discuss in more detail service provision and local community issues.

Yours sincerely,

Sue Ludwig

Director, Member and Network Support

On behalf of

Marcelle Mogg

Chief Executive Officer

Response to Terms of Reference

CSSA's response to the Committee's Terms of Reference (a-f) is provided below.

a. An assessment of current demographic trends and the changing role of regional capitals

Australia's regional capitals have very diverse population sizes, geography, economic bases and social profiles, all of which inform the unique role each regional capital plays in its wider region and the nation. This significant diversity amongst regional capitals requires tailored, local solutions and policy directions rather than blanket "one size fits all" approaches.

In terms of generalised trends, some CSSA members have noted an increasing movement of retirees and young families to several regional areas. These population groups are thought to be particularly attracted by the lower overall cost of living and lifestyle offered by regional areas.

These observations are supported by recent population analysis, which indicates that in comparison to the major cities, Australia's inner regional areas have significantly higher rates of net internal migration, as well as higher proportions of residents over the age of 65 and residents in receipt of government allowances.³ Because of the higher ratio of youth and the elderly, demand for services per capita is expected to be higher in many regional areas than metropolitan areas.⁴

Not all regional capitals follow these trends however. For example, Townsville and Cairns have much lower proportions of residents over the age of 65 compared to both the inner regional and major city national averages.⁵ Therefore, policies shaped around the significant ageing population of other regional capitals would be inappropriate if applied to these areas.

- **Recommendation:** The diversity of regional capitals be recognised and reflected in policy and funding models.

b. An analysis of current funding provided to regional capitals

Funding provided for the social services sector in regional areas is often inadequate. The social services sector across Australia for example has recently seen significant cuts to Federal Government funding of frontline services, particularly Emergency Relief (impacted by the \$271 million cut from the Department of Social Services (DSS) Discretionary Grants funding).⁶ CSSA members are highly concerned about the impact of these cuts on the individuals and families they serve, with reduced access to services and

³ Australian Government Department of Infrastructure and Regional Development, [Progress in Australian Regions: Yearbook 2014, Context 1: Population and Demographics](#)

⁴ Regional Australia Institute, [InSights for Competitive Regions: Demography](#), Jan 2015, p12

⁵ [Progress in Australian Regions: Yearbook 2014, Context 1: Population and Demographics](#), p200

⁶ Senator Claire Moore Media Release [Abbott Government Cuts Emergency Relief](#), 26 Feb 2015; ABC news: Charities, [Social services face closure after having federal government funding revoked](#), Jan 2015

increased waiting lists. Clients in regional areas, who already have reduced access to services, are likely to be most severely impacted.

Further, the combination of State/Territory and Federal Government funding cuts, reprioritisation of funding and, in some cases, shifts to shorter contract lengths has limited the sector's capacity to provide early intervention and prevention services essential for supporting people *before* problems escalate. Members anticipate that without early intervention, many clients and families will require more intensive support in the future, placing greater burden on the already over-subscribed specialist support services.⁷

Case study: Funding based on local contexts

A CSSA member has noted that the number of homeless people in Cairns increases significantly in winter months as homeless people from southern regions relocate to avoid harsher winter weather. This places additional strain on not-for-profit agencies offering homelessness services. However this increase in demand for services is not recognised by governments and no additional funding is made available. This example highlights the need for understanding of local contexts and needs-based funding models.

One concern for social services in regional areas is the apparent inconsistency regarding needs-based allocations of funding. For example, in the DSS Discretionary Grants program, it was difficult to understand just how local needs had been assessed. In some cases, the funding offered to the 'preferred provider' in specific parts of a region was unrelated to the needs-assessed business case put forward in that providers' proposal, even though the region as a whole had been noted as high needs area based on the Socio-Economic Indexes For Areas (SEIFA). Members offering services in regional areas also noted the disparity between the final funding offered and their own calculated cost of service delivery.

CSSA has recently outlined these and related issues in a submission and presentation to the recent Senate Inquiry into the "Impact on service quality, efficiency and sustainability of recent Commonwealth community service tendering processes by the Department of Social Services".⁸

That Government funding rarely accounts for the true, higher cost of delivering social services in regional and rural areas remains an ongoing issue. In an internal report undertaken in 2011 for Centacare Catholic Dioceses of Rockhampton, the long distances between the communities was considered to be contributing to significantly higher costs relative to metropolitan regions. Members have found that in some cases Governments have allocated the same funding across metropolitan and regional areas despite the significant differences in service delivery cost. One member agency based in regional South Australia reports the need for a substantially higher transport budget than its metropolitan counterparts because access to remote service outposts is only possible by small plane, at a cost of \$700 per staff member for a one-way, 1 hour 20 minutes flight.

⁷ See [CSSA's Submission](#) to the Senate Inquiry into "Impact on service quality, efficiency and sustainability of recent Commonwealth community service tendering processes by the Department of Social Services" (submission number 31), March 2015

⁸Ibid.

A robust planning methodology is critical for guiding the allocation of funding for social services and must be based on identification of the true costs of delivery of short, medium and long term social outcomes, and reflect current and future projections of population need. CSSA commends DSS on the use of Socio-Economic Indexes For Areas (SEIFA) and other data to identify regions of need for some of the programmes affected by the Discretionary Grants funding process. However, as noted above, the use of SEIFA data needs to be nuanced, and considered alongside local needs assessments and population projections.

Another idea proposed by one of our members, is to introduce a social index of disadvantage which results in more realistic funding for regional and remote communities. Some aspects of this funding model exist with government funding but there is potential for its greater use.

- **Recommendation:** Governments commit to adequate funding for social services in regional areas, with clear, evidence-based methodology for the allocation of funding based on population need and true service delivery cost.

c. An analysis of the benefit of additional funding regional capitals could receive based on population, demand for services and their strategic importance for the region, state or country

Adequate funding for social services is crucial to the health and wellbeing of individuals and families living in regional Australia. The services provided by CSSA members assist vulnerable individuals and families to participate more fully in their communities. That may involve securing safe and affordable accommodation, finding and maintaining employment, building family resilience and participating in community life. These services are provided in a manner that supports the hope and dignity of individuals and the stability of communities. Additional funding for social services in regional capitals would ensure organisations such as CSSA's members can remain flexible and responsive as they tailor their service provision to meet the needs of local communities.

As outlined previously, current funding models are driving service provision further from early intervention and prevention and towards crisis management. There is widespread recognition, however, that intervening early to strengthen social and emotional wellbeing before problems escalate can significantly improve the life prospects of individuals and families, and also provide the greatest return on investment.⁹ Investment in early intervention and prevention programs in regional capitals will position these growing communities strongly for the future.

- **Recommendation:** Governments invest in strong regional communities through the provision of appropriate funding for social services and an emphasis on early intervention, prevention and whole-of-life support.

⁹ *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

- **Recommendation:** Governments work closely and intentionally with the NFP social service sector to build a strong and effective partnership approach to investing in and effecting social change.

d. Investment challenges and opportunities to maintain or grow regional capitals, including infrastructure, community and human services, communications and natural resources

CSSA and its members note the importance of including social planning from the very initial stages of all development projects. An understanding of social and economic impacts in the planning stages of major development projects will minimise unintended social consequences and facilitate community uptake and participation. Major developments can have positive and negative impacts (such as job creation or strain on existing services) and these need to be clearly understood. Some members have noted that the link between economic development and social infrastructure is often not made in the planning and development phases of projects.

CSSA members based in regional cities face particular challenges to organisational growth, including costs of service delivery, attraction and retention of staff, lack of adequate infrastructure (as detailed below) and the uncertainty of short-term funding arrangements. Several CSSA members have also noted a lack of affordable housing as a constraint to economic growth in their regional capital. However, in other locations housing affordability is the very reason for locating from other areas, but may not align with job prospects, educational opportunities or public transport.

Other barriers to growth include lack of appropriate public transport and infrastructure (including communications infrastructure). Members have noted that, while public transport options between regions tends to be adequate, public transport services within regions are in need of improvement. Appropriate public transport is crucial for equality and inclusive communities, with vulnerable and disadvantaged citizens more likely to rely on public transport. These issues are outlined in detail in CSSA's submission to the Senate Inquiry into the "Role of public transport in delivering productivity outcomes".¹⁰

Communications infrastructure is particularly important for social service organisations based in regional capitals and offering outreach services to the surrounding regional area. Several CSSA members are increasing the provision of technology-based services such as e-counselling, a cost-efficient method of providing quality services to wide-spread rural communities. Expansion of such services relies on the development of appropriate broadband and supporting infrastructure in regional capitals and their surrounds.

Significant development opportunities exist in the creation of local jobs through social enterprise. Social enterprises can be loosely defined as organisations that use a business

¹⁰ CSSA submission to Senate Inquiry into the "[Role of public transport in delivering productivity outcomes](#)" (submission 8), January 2014

model of buying and selling goods or services but, unlike traditional businesses, whose primary motivation is to fund or support social causes.¹¹ Research has found that Australia has a mature, sustainable and diverse social enterprise field with up to 20,000 social enterprises across the nation and representation in every industry.¹² However, our desktop research shows that the majority of social enterprises are based in major cities which suggests there is significant opportunity to increase the number of social enterprises in regional capitals.

CSSA members operate locally tailored social enterprise programs in many regions across Australia, including construction of affordable housing, restoration of heritage buildings, an urban farm project and hospitality businesses. As one member noted, it is important to invest in and train local people, who tend to stay longer in local jobs. Social enterprise provides the opportunity both for the training and skilling of local people and investment in social outcomes.

- **Recommendation:** Governments and the Business sector be encouraged to partner with the NFP sector to expand social enterprise opportunities, recognising that this can be part of the solution to job creation in regional capitals and their surrounding communities.
- **Recommendation:** Development planning include social planning, social impact assessment and community engagement from the outset, and, similarly, consideration of social needs take account of the potential impact of economic development.

e. Incentives and policy measures that would support sustainable growth in regional capitals

As previously outlined, policy measures need to recognise the diversity of regional capitals and be locally adaptable in order to effect sustained growth. The significant differences in population size, economies and geographic positioning between regional capitals mean that blanket “one size fits all” policy approaches to growth and development will be far less effective than locally tailored approaches.

Similarly, consultation and collaboration with local communities would enhance the success of incentives and policy measures in promoting sustained growth. CSSA and its members call for consultation with the NFP sector and other representatives who understand the local context to improve the outcomes of policy measures. Empowerment and involvement of local communities including indigenous communities will encourage community ownership and participation in growth strategies, and so are key to ensuring the long-term sustainability of projects.

Local decision making is a strong characteristic of the Royalties for Regions funding model implemented in Queensland¹³ and Western Australia¹⁴, where royalties from

¹¹ Starting out in social enterprise - <http://www.abc.net.au/catapult/basics/s2554740.htm>

¹² [Finding Australia's Social Enterprise Sector: Final Report](#) by the Australian Centre for Philanthropy and Nonprofit Studies June, 2010

¹³ [Royalties for the Regions: About the program](#), Queensland Government Department of State Development

mining were allocated back to regions through grants for specific community projects, such as housing, transport, infrastructure and community initiatives. Initial evaluation of this program found that project managers reported increased community self-reliance, sense of personal and economic security, as well as benefit to multiple population groups. The evaluation highlights the role of collaborative decision making between multiple levels of government and community organisations as a key strength of the Royalties for Regions model.¹⁵ Similar policy models of re-investment of wealth in regional areas and collaboration of multiple levels of government and the community sector could be applied to promote sustainable growth in regional capitals.

- **Recommendation:** Strong collaboration and consultation with local communities be promoted to ensure the feasibility and sustainability of growth initiatives.
- **Recommendation:** Reinvestment in social outcomes in regions where development is occurring be prioritised, similar to the Royalties for Regions program in Western Australia and Queensland.

f. The impact the changing environment will have on regional capitals

Communities in and around regional capitals need to be resilient to cope with economic, social and environmental changes. Extreme weather events pose a particular challenge to regional capitals, as many regional areas have heightened exposure and vulnerability to natural disasters and the effects of climate change.¹⁶ Further, the frequency of natural disasters as a result of catastrophic bushfire and extreme weather events is projected to increase over most parts of Australia.¹⁷

CSSA members have experienced first-hand the devastating impact natural disasters and extreme weather conditions can have on regional communities.¹⁸ CSSA members have assisted individuals and communities to cope with loss of life, homes and livelihoods due to severe drought, floods, cyclones and bushfires. CSSA calls for a policy and investment focus on supporting the resilience of regional communities, prioritising preventive measures in addition to longer-term recovery. CSSA has outlined our concerns about funding for Natural Disasters in a recent submission to the Productivity Commission's Public Inquiry into Natural Disaster Funding.¹⁹

- **Recommendation:** Governments commit to ongoing funding to strengthen the resilience and capacity of regional capitals and surrounding communities to cope with the impacts of environmental changes.

¹⁴ [Royalties for Regions Six Year Impact Survey](#), Prepared for: Department of Regional Development WA

¹⁵ Ibid.

¹⁶ Regional Australia Institute, [Submission to the Productivity Commission's Natural Disaster Funding Inquiry](#), June 2014

¹⁷ CSIRO (2014) *State of the Climate* <http://www.csiro.au/Outcomes/Climate/Understanding/State-of-the-Climite-2014.aspx>

¹⁸ See [CSSA's submission to the Productivity Commission's Public Inquiry into Natural Disaster Funding](#), (submission 33), June 2014

¹⁹ Ibid.

