



Catholic Social Services
Australia

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Introduction

Australia is one of the wealthiest nations in the world. After weathering the Global Financial Crisis, Australia achieved higher economic growth rates than other major, advanced economies. We have also experienced low unemployment and low interest rates. Unlike many countries, Australia has a moderate and manageable level of debt.

These circumstances have enabled the Australian Government to invest in a suite of major reforms over recent years, including in important areas of social policy. CSSA commends this investment and the Government's commitment to future reforms in the areas of disability and education. At the same time, Australia still has a long way to go to ensure fair treatment for citizens experiencing entrenched disadvantage. Our outcomes for the most vulnerable are well behind most other OECD countries.

With the prospect of moderate and sustained economic growth over the coming decade, Australia has the capacity to assist many more jobseekers into sustained employment; to lift income support payments to at least an adequate level; to give children from very disadvantaged families the best start in life; to make affordable housing available to many more people; to give access to key social services to those in small rural communities and to assist those with a mental illness to participate more actively in the community.

Evidence provided to the 2012 Senate Inquiry into the Adequacy of the Allowance Payment System for Jobseekers and Others confirmed that hundreds of thousands of families and individuals who have been unable to enter the workforce experience ongoing and acute financial distress. That evidence led to bipartisan recognition that the level of Newstart allowance hindered the efforts of many to find work and, for some, their ability to adequately provide for their families.

At the same time, tens of thousands of jobseekers with severe and multiple disadvantages continue to receive such inadequate assistance that they will continue to have virtually no chance of achieving employment. The Federal Budget and the 2013 review of Job Services Australia provide the opportunities to give these citizens a fair chance to participate in the workplace.

In finalising the Federal Budget, CSSA recommends that the following recommendations be considered.

Background - Catholic Social Service Australia

Catholic Social Services Australia (CSSA) is the Catholic Church's peak national body for social services. For over 50 years it has assisted its member agencies to promote a fairer, more inclusive society that reflects and supports the dignity, equality and participation of all people. It has a network of 67 member agencies which employ around 12,000 people, with 4,000 voluntary contributors to this work. The network provides community services to over 1 million Australians each year, with programs valued at around \$700 million. CSSA partners with a range of government and non-government organisations to pursue its mission and contributes to social policy development based on the experience and expertise of its member network.

Recommendations

- Recommendation 1:** Use the Government reviews of the Job Services Australia and the Disability Management Service to ensure that jobseekers with multiple and severe disadvantages receive improved assistance to achieve sustained job outcomes.
- Recommendation 2:** Improve the integration of services that assist jobseekers with such barriers as mental illness, homelessness and drug and alcohol abuse, particularly through the Government reviews of the Job Services Australia and the Disability Management Service.
- Recommendation 3:** Increase the level of Newstart Allowance in 2013/14.
- Recommendation 4:** Establish an Independent Commission with the expertise and credibility to recommend appropriate levels of payments to government on an ongoing basis.
- Recommendation 5:** Undertake a comprehensive review of the working age payments system with a view to simplifying this system and correcting the effects of significant discrepancies between methodologies used for different payment types.
- Recommendation 6:** Implement the recommendations from the WA Drought Reform Pilot to significantly strengthen social support services and community connections in small rural communities and address the funding shortfall currently met by NFP agencies which partner with the Federal government to cover very high costs related to rural accommodation, travel and housing.
- Recommendation 7:** Achieve sufficient coordination among Federal, State and territory jurisdictions, the National Mental Health Commission and relevant Not-for-Profit agencies to incorporate the findings of the Report Card on Mental Health and Suicide Prevention, especially in setting clear and measurable targets for improving mental health outcomes.
- Recommendation 8:** Adopt a standard practice of including people with lived experience of mental illness as advocates and peers within the mental health system itself; providing funding for training, support, and a living wage for those advocates and peers.

- Recommendation 9:** Ensure that the long-term objectives of the Family Support Program (FSP) reflect the National Framework for Protecting Australia's Children, emphasising stronger universal and early intervention services to assist vulnerable children and families at critical stages of their development and life.
- Recommendation 10:** Prioritise FSP program investment in:
- Primary prevention strategies to strengthen family relationships, parenting skills and social connections
 - Early intervention to help families work with the complex issues that impact on children's development, material, social and emotional wellbeing and family cohesiveness.
- Recommendation 11:** That Federal Government agencies purchasing the expertise of social services agencies to deliver social services apply appropriate indexation to funding arrangements so that the full cost of service delivery is met. With wages accounting for between 70 and 90 per cent of funding outlay – the Wage Price Index would be an appropriate reference point.
- Recommendation 12:** That a more thorough analysis of the cost pressures on Not-for-Profit agencies delivering these social services be undertaken to ensure that an appropriate level of indexation is applied.
- Recommendation 13:** That all Federal Government agencies funding social services adopt a minimum 3 year funding agreement within funding agreements/contracts.
- Recommendation 14:** Establish a Social Innovation Fund to trial and evaluate innovative approaches to entrenched disadvantage.
- Recommendation 15:** To build on the Government's current investment 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.

1. Improved help for jobseekers with multiple and severe barriers

Recommendations 1 & 2:

- *Use the Government reviews of the Job Services Australia and the Disability Management Service to ensure that jobseekers with multiple and severe disadvantages receive improved assistance to achieve sustained job outcomes.*
- *Improve the integration of services that assist jobseekers with such barriers as mental illness, homelessness and drug and alcohol abuse, particularly through the Government reviews of the Job Services Australia and the Disability Management Service.*

The Federal Government committed substantially increased funding for Stream 4 of the Job Services network over the last three years. Notwithstanding improved outcomes compared to previous years, only 25% of jobseekers in this group transition from Newstart allowance within 12 months. Experience across the CSSA network of agencies also confirms that one reason for this poor result is that the allocation of jobseekers to particular streams is not always accurate. Another constraint is the lack of sustained (and properly supported) employment placements for this group.

To support and assist the most disadvantaged jobseekers, CSSA providers often need to cross-subsidise from other parts of their agency. Constraints within the current JSA contractual system make it difficult to hire appropriate staff on competitive rates of pay, especially bearing in mind that many Stream 4 jobseekers have been unemployed for more than three years. Yet, the typical, annual fee to support a jobseeker in the work experience phase to move into employment is only \$400¹.

There are no simple answers to improve better transitions to employment for those with severe and multiple barriers. However, as the Department of Education, Employment and Workplace Relations' recent Issues Paper recognises, better integrating employment services with complementary services for mental illness, homelessness, drug and alcohol abuse and other problems is a key part of the solution.

The current review of the Job Services Australia system and Disability Management Service (DMS) provides a vital opportunity to significantly improve the support for the most disadvantaged jobseekers to get into the workforce if they are able to do so. Based on the experience of the CSSA network over many years, an enhanced investment to support this cohort of jobseekers is likely to achieve significant and long-term outcomes for them.

The current government review processes need to address both the pattern of inadequate funding over recent years and systemic issues, such as placing jobseekers in appropriate streams. It should identify appropriate incentives to ensure that providers achieve much better outcomes in terms of sustained employment placements. It is also important that Job Services Australia be much better integrated with the services that help jobseekers with barriers such as mental illness, homelessness and drug and alcohol abuse.

¹ Joint Interagency submission to the Senate Inquiry on the adequacy of the allowances for jobseekers and others (pp 133-134)

Bearing in mind that nearly 75% of Stream 4 job seekers do not secure an employment outcome, the future Job Services Australia system needs to provide more effective incentives for providers to actively pursue improvements for jobseekers against broader measures of client well-being.

2. Income support

Recommendations 3 & 4:

- *Increase the level of Newstart Allowance in 2013/14*
- *Establish an independent Commission with the expertise and credibility to recommend appropriate levels of payments to government on an ongoing basis.*

The level of income support for people who are unemployed needs to be increased significantly and an independent commission should be established to provide a credible, evidence-based process for recommending payment rates to reflect changes in economic conditions and in community standards.

Unemployment payments are designed to provide a safety net to protect Australians from poverty. While employment assistance improves a person's *chances* of finding a job, unemployment payments are *guaranteed* to those who are genuinely seeking work and are unable to find it.

Current income support payments to unemployed Australians are manifestly inadequate. While the government insists that the best form of welfare is a wage, its employment programs hold little prospect for those who have been on Newstart for more than two years to successfully find employment.

CSSA agrees with the conclusion of Australia's Future Tax System Review that income support payments should be maintained against an objective measure of community living standards. Since 1990 Newstart Allowance has fallen relative to the average earnings of full time workers. Since 1996 Newstart has fallen relative to the minimum wage.² These payments have not been adjusted in line with community living standards for 16 years.

After intensive public and political debate about what is an adequate level of Newstart during 2012, it is time for the Australian government's position on adequacy to be based on evidence and informed by the kind of expertise which the Remuneration Tribunal has provided to successive governments regarding salaries for politicians, senior public servants and judges.

Since 2009, CSSA has urged that an Independent Commission along the lines of the Remuneration Tribunal be established to provide such evidence-based recommendations to the government. It would define benchmarks for allowance adequacy and advise on periodic adjustments to ensure payment rates are maintained against community living standards. The absence of such a mechanism will continue to push nearly 700,000 Australians who do not have a significant voice into grinding poverty. Creation of such a

² ACTU Submission to the Allowance Inquiry of the Senate EEWRC Committee, p 13

Commission would also demonstrate the government's claims to providing fair treatment of the most disadvantaged.

3. A review of working age payments

Recommendation 5:

- *Undertake a comprehensive review of the working age payments system with a view to simplifying this system and correcting the effects of significant discrepancies between methodologies used for different payment types.*

Nothing of a substantial policy nature regarding Australia's payments system has changed since the Reference Group on Welfare Reform chaired by Patrick McClure concluded in 2000 that:

"There is an overly complex and rigid categorical array of pensions and allowances for people of workforce age."

Under Australia's current income support system, small differences in client circumstances can translate into large differences in payment levels. For example, a recipient of Disability Support Pension receives \$712 per fortnight while a recipient of Newstart Allowance receives only \$492.60. Given that disability and the capacity for paid work is a matter of degree, the difference makes little sense, particularly for those close to the eligibility boundary.

Unemployment payments may have been designed as short term supports for those between jobs but for groups such as principal carers and those with a partial capacity to work, Newstart can often be a long term payment.

Government should review the working age income support system as a whole to ensure recipients have an adequate level of support that reflects the cost of living and participating in the community rather than political judgments about deservingness.

4. Social support services in small rural communities

Recommendation 6:

- *Implement the recommendations from the WA Drought Reform Pilot to significantly strengthen social support services and community connections in small rural communities and address the funding shortfall currently met by NFP agencies which partner with the Federal government to cover very high costs related to rural accommodation, travel and housing.*

Many small rural communities lack access to basic social support programs. During times of exceptional hardship, such as prolonged drought, bushfires and floods, communities in prescribed zones have been eligible for temporary funding through initiatives such as the Family Support Drought Response Teams (FSDRT).

While such funding has provided a welcome way to assist communities in crisis, the provision of social services in areas previously unable to access them has also revealed ongoing social and emotional needs that are not connected with disaster-related crisis. In reality, these communities have ongoing needs and once these social support programs are lost the community has little chance of receiving future funding.

The CSSA network believes that the provision of appropriate support programs leads to value-added opportunities (e.g. emergency relief funding, some mental health community development assistance) which, in turn, help to create a more resilient and vibrant community.

As part of a broader effort to help communities manage the unpredictability of their local environments, Federal and State governments have recognized this weakness and are moving away from crisis-oriented assistance based on Exceptional Circumstances declarations to a more sustainable risk management model.

CSSA welcomes the commitment by COAG's Primary Industries Ministerial Council on 26 October 2012 to move toward a 'coordinated, collaborative approach to the provision of social support services' in farming communities³.

The Federal government, in partnership with the Western Australian government, conducted a valuable pilot of drought reform measures in 2010-12. The aim was to better support farmers, their families and rural communities in preparing for future challenges, rather than waiting until they are in crisis to offer assistance. This project panel provided authoritative guidance on ways to address unmet demand for social support in rural communities.

The project panel recommended adequately funded social support programs that are available at all times, not just during drought or other crises. It also found clear evidence of significant unmet need in supporting these communities and argued that social support services should be embedded in rural communities, making them available alongside existing community services and at community events.

CSSA has member agencies operating programs in all parts of rural, regional and remote Australia. Their experience confirms the panel's findings about building the capacity of small rural communities to meet social and emotional needs through the provision of sustainable support services and an increased emphasis on managing the practical and psycho-social risks associated with living on the land.

CSSA believes that, based on the WA Drought Reform Pilot and related evaluative work, there is now a sound basis to proceed with ministerial commitment to enhanced support services and to the inclusion in contracts with NFP agencies for the very high costs of service delivery which are linked to accommodation, relocation of staff and travel.

5. Mental health reform

Recommendations 7 & 8:

- *Achieve sufficient coordination between Federal, State and Territory jurisdictions, the National Mental Health Commission and relevant Not-For-Profit agencies to incorporate the findings of the Report Card on Mental Health and Suicide Prevention, especially in setting clear and measurable targets for improving mental health outcomes.*

³ <http://www.mincos.gov.au/communiques/scopi>

- *Adopt a standard practice of including people with lived experience of mental illness as advocates and peers within the mental health system itself; providing funding for training, support, and a living wage for those advocates and peers.*

The Federal Budget provides a key opportunity to lead a much needed 'joining up' of various national reform processes introduced over recent years. They include the establishment of the National Mental Health Commission, COAG's Ten Year Roadmap for Mental Health Reform, the Report Card on Mental Health and Suicide Prevention and related reforms including the National Disability Insurance Scheme, the introduction of Activity Based Funding, Partners in Recovery, Medicare Locals and the new Hospital and Health Networks.

The Report Card launched in November 2012 identified a substantial gap between optimal wellbeing and the lived experience of people with a mental illness. To address this gap, the Ten Year Roadmap needs to set clear and measurable targets for improving wellbeing across whole-of-life domains and more effective coordination to enable those with mental illness to achieve a level of wellbeing and participate as fully as possible in community life.

CSSA believes that setting realistic targets and whole-of-government strategies to meet them is essential for the next National Mental Health Plan, due to be finalised by mid-2014. This would directly address the current fragmentation of Australia's mental health system. That fragmentation is demonstrated by poor coordination among and between NGOs, businesses and community groups, government agencies and across jurisdictions, resulting in uneven and inequitable service delivery across the country.

6. Supporting vulnerable children and families

Recommendations 9 & 10:

- *Ensure that the long-term objectives of the Family Support Program (FSP) reflect the National Framework for Protecting Australia's Children, emphasising stronger universal and early intervention services to assist vulnerable children and families at critical stages of their development and life.*
- *Prioritise FSP program investment in:*
 - *Primary prevention strategies to strengthen family relationships, parenting skills and social connections*
 - *Early intervention to help families work with the complex issues that impact on children's development, material, social and emotional wellbeing and family cohesiveness.*

The FSP is a key federal program for enabling a range of family support to address major challenges faced by children and families who at critical stages of life may be vulnerable, socially isolated, or disadvantaged. The whole-of-life costs to taxpayers of under-investment in families, particularly vulnerable families for whom early intervention can make the difference between 'coping' and 'crisis', far outweigh the costs of family support and early work to prevent poor developmental and social outcomes for children.

There is substantial evidence that intensive investment in family support at an early stage – before problems become entrenched - pays off. To achieve significant impact, this support needs to take a universal approach, including flexible connections with schools,

community centres, the justice system, health facilities and other public and community facilities and groups.

CSSA believes that the next iteration of the FSP (July 2014-June 2017) should be flexible enough so that non-government agencies can tailor holistic, flexible care to vulnerable families in ways that will ultimately strengthen them for the future.

Moreover, CSSA is concerned that the proposed 'new directions' for the program will increase the focus on intensive support with no increase in funding to reflect actual costs associated with staff time, skills and infrastructure. We are also concerned that an emphasis on intensive assistance could result in reduced funding to less intensive parts of the program that focus on prevention. However, that would be counterproductive, as the evidence suggests that early investment in family relationships and children's wellbeing is far more cost-effective than a focus on problems once they have become entrenched⁴.

CSSA recommends that the 'future directions' of the FSP be developed in closer partnership with the COAG-driven National Framework for Protecting Australia's Children. That Framework promotes better coordination among the various child and family portfolios of all state, territory and federal governments. It is not clear how the current reviews by FAHCSIA and the Attorney General's Department will be effectively linked to the Framework.

7. Working with the NFP sector

a) Indexation of Federal Government program funding for social services

Recommendation 11 &12:

- *That Federal government agencies purchasing the expertise of social services agencies to deliver social services apply appropriate indexation to funding arrangements so that the full cost of service delivery is met. With wages accounting for between 70 and 90 per cent of funding outlay – the Wage Price Index would be an appropriate reference point.*
- *CSSA also recommends that a more thorough analysis of the cost pressures on NFP agencies delivering these social services be undertaken to ensure that an appropriate level of indexation is applied.*

Indexation of federally-funded programs delivered by social service agencies fails to keep pace with the rising cost of delivering these services. The main cost of delivering these services is wages/staffing. The annual average change to the wage price index over the 2011-2012 financial year was 3.6 per cent.⁵ With current rates of federally-funded program indexation being applied, if it is applied, at between 1.3 per cent and 1.8 per cent it is obviously clear that there is a funding shortfall.

⁴ 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 FSP.

⁵ Parliament of Australia:
http://www.aph.gov.au/About_Parliament/Parliamentary_Departments/Parliamentary_Library/pubs/MSB/23

b) Duration of funding agreements

Recommendation 13:

- *That all Federal Government agencies funding social services adopt a minimum 3 year funding agreement within funding agreements/contracts.*

Short-term funding to NFP service providers often results in high staff turnover, unpredictability of service availability and lack of confidence that the intervention concerned will have a long-term effect. This combination of circumstances leads to an unnecessary reduction of service quality to already disadvantaged clients.

At a time when both government and the NFP sector are increasingly focussed on efficient and effective service delivery in a highly transparent framework, the best outcomes for vulnerable citizens is achieved in a context of contract predictability. CSSA believes that minimum 3-year funding agreements for core⁶ programs are the appropriate framework within which to meet both program effectiveness and improved accountability for government and NFP agencies.

Adopting a minimum 3-year as a standard would provide greater assurance to the clients and the community that the service they receive will be ongoing and reliable. It specifically assists agencies in its endeavours to attract and retain the most suitably qualified staff to work in these areas of service, and it also assists agencies to design and continuously improve operational models of service delivery that are enhanced with the assurance of ongoing service and funding arrangements.

8. Creating a social innovation fund

Recommendation 14

- *Establish a Social Innovation Fund to trial and evaluate innovative approaches to entrenched disadvantage*

Australia's community sector has proven to be the principal source of ideas over decades about achieving better outcomes for people and places dealing with entrenched disadvantage. However, community sector agencies struggle to raise the minimum finance needed to develop and evaluate innovative models which can be scaled up. Even when some seed funding is provided, the historical pattern has been that it does not allow for a rigorous evaluation process.

As former Chairman of the Productivity Commission, Gary Banks has argued, Australia has made little use of techniques such as randomised trials to improve social policy.⁷ According to Banks:

"We should be pushing harder for more and better data generally, particularly in the social and environmental areas. Instead of being seen as an extra or a luxury, data for policy

⁶ Core programs means all programs except pilot programs or one-off funding arrangements/agreements

⁷ Gary Banks (2009) Evidence-based policy making: What is it? How do we get it?
http://uat.pc.gov.au/_data/assets/pdf_file/0003/85836/20090204-evidence-based-policy.pdf

evaluation needs to be recognised as a necessity — and a funding priority right now if we are serious about developing an evidence-based approach.”

A whole-of-government social innovation fund would provide support to community organisations to deliver services as well as funding independent evaluators to assess the impact of innovations and opportunities for applying lessons learned more broadly. The fund would also be responsible for publishing and disseminating evaluation findings.

9. Affordable housing

Recommendation 15

- *To build on the Government’s current investment 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.*

The 2011-12 report by the Australian Institute of Health and Welfare Specialist Homelessness Services showed that 230,000 Australians received accommodation support in that financial year. Australia is ranked second only to Hong Kong in the world for the cost of housing for the average households, with Sydney and Melbourne ranking as the third and fourth most unaffordable cities in the world.⁸ For those adults and children who have experienced domestic violence, chronic mental health challenges and other disabilities, access to affordable housing is particularly poor.

At present, there are only around 60,000 properties available in the Community Housing sector. A major effort at all levels of government is needed to address this acute situation. Over recent years a number of Catholic social services agencies and Dioceses have been collaborating with each other and with Federal, State and Territory governments, community housing providers and other land owners to make a valuable contribution to creating more affordable housing stock in communities of greatest need.

The Federal Government appears keen to consider a range of community housing models to address housing shortfalls and has been supportive through infrastructure funding support of a number of projects.

The timing is right to build on ‘what works’. CSSA believes that, through expanded use of Church land and by using a demonstrably effective delivery model, Church agencies are in a position to develop long-term partnering opportunities through the:

- National Partnership on Homelessness
- National Partnership Agreement on Social Housing
- Housing Affordability Fund
- National Partnership Agreement on remote Indigenous Housing
- National Rental Affordability Scheme and;
- Building Better Regional Cities Program

⁸ 8th Annual Demographia International Housing Affordability Survey.