

18 August 2020

The Hon Josh Frydenberg
Treasurer
Langton Crescent
PARKES ACT 2600

cc Hon Michael Sukkar MP Assistant Treasurer and Minister for Housing
Hon Anne Ruston, Minister for Social Services
Hon Zed Seselja, Assistant Minister for Finance, Charities and Electoral Matters

2020-2021 Pre-Budget Submission

Dear Treasurer,

This Pre-Budget submission outlines six key recommendations for the 2020-2021 Federal Budget.

These recommendations have been informed by consultation with the members of Catholic Social Services Australia and other key Catholic organisations across Australia.

CSSA acknowledges that this is a particularly challenging time for all governments in Australia dealing with bushfire devastation, ongoing drought the economic, social and economic impacts of the COVID-19 pandemic. It is also a challenging time for Catholic service across Australia who continue to support the most vulnerable individuals, families and communities.

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. Our network of services extends right across Australia, and our members provide services in more than 650 communities, employ more than 15,000 people and harnesses the generosity of more than 5000 volunteers to support our services. Our services are at the front line of the bushfire recovery efforts, drought relief, support and counselling and now the Covid-19 pandemic, working in community settings, aged care, disability and home care, NDIS, early learning, out of home care, drug and alcohol rehabilitation services, family counselling grief counselling and vocational training and employment supports.

In 2019 CSSA commissioned research into the presence of persistent and entrenched disadvantage in Australia. The findings of that research *Mapping the Potential: Understanding persistent disadvantage to inform community change* highlighted that pockets of disadvantage in every electorate in Australia. Key findings included:

1. Access to **secure and affordable housing** is critical to addressing disadvantage and poverty;
2. Investment in **early intervention services in health and education** contribute significantly to improving the opportunities for individuals over their life span;
3. Intergenerational **unemployment entrenches disadvantage** in each domain of health, economic, social and education.

4. The **regional electorates** of Australia have some of the most severe levels of disadvantage in the country.
5. **Income support levels** for low income and welfare dependent households need to be increased.

The rate of poverty is growing in Australia, with 3.24 million people in Australia (13.6% of the population) living below the poverty line - More than one in eight adults and one in six children, with 774,000 children under the age of 15 (17.7% of all children in Australia) live below the poverty line. Covid-19 has increased this number, with the latest employment statistics showing that almost 1 million more people are accessing Jobseeker support. The government predicts an increase in Jobseekers of 345,000 by December, while the 3.5million currently being supported through Jobkeeper payments is expected to drop to 1.4million following the changes to come into effect at the end of September.

CSSA member organisations are seeing first-hand the impacts of Covid-19 on the people they serve. There are now two distinct cohorts of people seeking assistance from our CSSA services - those who have never had to access social services supports until the Covid -19 crisis, and who are struggling to maintain their mortgage ,rental payments, and lifestyles; and those people whose hopes for breaking the poverty cycle, getting a job or securing affordable accommodation have suffered a serious set-back. We therefore encourage the Government to take measures that will improve the social and economic circumstances, especially, for low income families and households.

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 will also enhance economic recovery in the longer term. CSSA urges 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 community.

Increased economic and social participation of all Australians including access to employment, training and community participation needs to be a priority for this Budget as the country looks to reimagine itself after the Covid-19 crisis.

The contribution of the nfp sector has been highlighted through the National Bushfire Recovery plans, and the Emergency Relief Coordination Group established in response to Covid-19. Catholic Social Service 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. Increase investment and certainty in affordable housing and services for homeless people

CSSA encourages Government to bring forward investment in social housing to stimulate the economy, bridge the looming gap in housing investment, create direct jobs and income growth and at the same time reduce homelessness. Direct public investment in social housing is a cost-effective way to boost growth in jobs and incomes. For every dollar invested, it is estimated to boost GDP by \$1.30. Importantly, housing construction can be undertaken quickly and begin to address the critical social housing shortages of more than 400,000 homes.

Social housing investment is the most effective way to reduce homelessness, - its' affordable rents, security of tenure, and other supports are not available to people in the private rental market. Financially vulnerable people in social housing are less than half as likely to become homeless as a similar group renting privately. Over one third of new tenants in social housing were previously homeless. Well-designed Commonwealth investment in social housing is cost-effective. It can leverage additional resources from State and local governments (for example, public land), from Community Housing Providers (CHPs) whose borrowing capacity would be enhanced by a larger asset base, from the community sector itself, and from partnerships with private developers through 'mixed' developments that include social housing. The Australian Catholic Housing Alliance has been formed to support such a proposal, leveraging church -owned land for this purpose and achieving early success.

CSSA members work with homeless people, and those at risk of homelessness every day. As a national network we support the Housing First approach which is proven to connect people experiencing homelessness with long-term housing as quickly as possible and without preconditions. Housing First is guided by the belief that a safe home is a human right and a basic need that must be met before attending to personal issues. The model is based on evidence that people, even with long histories of homelessness, mental illness or addictions, can achieve housing stability in long-term housing if provided with the right supports. Our network provides wrap around services to vulnerable people to address their support needs. Funding for those services needs to be assured.

2. Invest in communities and regions experiencing entrenched poverty and disadvantage

CSSA encourages the Government to invest in regional service delivery, providing support to regional communities to improve liveability, access to technology and training and employment opportunities. Investment in regional social infrastructure will further attract private sector investment, improving longer terms for regional tourism, The higher levels of unemployment, low levels of income and education, housing stress, and higher incidences of family violence that are present in many regions are a consequence of lack of opportunities for individuals over successive generations, exacerbated by natural disasters – floods, droughts and bushfires.

The Government's successful Try, Test and Learn initiative could be tailored to specific regional communities that experience entrenched disadvantage. Such an initiative would co-design programs with the local community that identify and meet its priority needs. This would also require investment in co-ordination of services (based for example on the successful Communities for Children model) to focus on long term economic and social sustainability.

CSSA calls for a renewed commitment to local community -based education to ensure that regional and rural communities can take advantage of new technologies to access VET and higher education opportunities and invest in training their local workforces. Supporting Adult and Community Education initiatives that engage jobseekers in foundation and industry skills programs provides as a 'soft point of entry' to vocational education and training (VET). ACE programs also build community capacity, enhance social cohesion and promote health and wellbeing. They foster skill development by providing vocationally focussed education and training programs and pathways.

3. Prioritise investment in Community Mental Health Services

The disruption to normal life caused by the COVID-19 pandemic and the required restrictions has had profound impacts on the mental health and wellbeing of many Australians. This is on top of the trauma of drought and bushfires experienced across the country. CSSA is concerned about the long -term support for farming communities and families affected by drought and bushfires who are overwhelmed by the stress burdens of

coping with years of natural disasters. Our members have been supporting local communities in more than 60 drought affected Local Government areas across Australia with wellbeing and community mental health programs, as well providing support through Emergency Relief funding.

Covid 19 has required our mental health services to pivot to online counselling and assessments using Zoom and telephone. Primary Health Networks (funded by Department of Health) are focusing on clinical mental health counselling, however, the a community mental health model (through the Department of Social Services) that develops support networks in the community and builds resilience has demonstrated success through the Black Saturday bushfires and is preferred in bushfire affected communities. What is missing in these responses is funding for community development and capacity building within local organisations, to build community resilience, as well as personal resilience. CSSA calls on the Government to acknowledge this gap in service focus and fund measures to improve community led mental health recovery initiatives in disaster affected communities.

4. Ensure adequate income support for low income and welfare dependent households

CSSA congratulates the government on its initiative to increase Jobseeker and provide financial assistance to families through the temporary Coronavirus Supplement payment and joins other organisations including ACOSS and the Business Council of Australia in calling for a permanent increase in the Jobseeker , Youth Allowance and related payments to cover the basic cost of living expenses. The experience of our members providing services to those on low-incomes and welfare dependent households has been that the Coronavirus Supplement has been fed back into the economy through spending on food, clothing utilities and essential household items. Evidence to the recent Senate Inquiry from the Business Council of Australia among others supports this claim and this measure.

CSSA recommends the establishment of an Independent Commission to develop evidence-based benchmarks of adequacy for income support payments to people of working age. CSSA has been asking for greater transparency, through the public release of government economic modelling of all budgetary measures which impact on the economic wellbeing of Australians, especially the poorest and vulnerable in our society.

5. 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

The impact of the COVID-19 pandemic on national economies has underlined the necessity for strong personal financial literacy. With people suddenly able to draw money from their superannuation or freeze their mortgage repayments in order to meet expenses, it is vital that they have the skills to evaluate the costs and benefits associated with such options. Financial education therefore has a role, in conjunction with consumer protection and regulation policies, in equipping people to attain the appropriate skills and knowledge in financial literacy. Growing income and wealth inequality will mean that socioeconomically disadvantaged groups will need strong levels of financial literacy to avoid being left further behind. Providing young people with financial education is essential to help bridge disparities in financial literacy due to differences in students' current socioeconomic status and will potentially reduce differences in their future socioeconomic status. The 2018 PISA scores demonstrated that in Australia, the average student from an advantaged background scored 89 points higher than the average student from a disadvantaged background, which is the equivalent of about three years of schooling.

6. Support the not-for-profit sector

Charities are critical to Australia's society and economy. Charities provide services that people, communities and government rely on. They deliver vital services on behalf of Commonwealth and State governments and taxpayers, from disability services to early learning. We all benefit from their contributions to education, health care, sports and recreation, aged care, religion, arts and culture, animal protection, and environmental protection. As a community, we are especially reliant on charities during a crisis and to support a recovery, whether confronted by bushfires or financial turmoil.

Charities have annual revenue of \$155 billion, which accounts for over 8% of Australia's GDP. One in ten employees in Australia work in this sector - over 1.3 million people. They also engage over three million volunteers, providing over \$12.7 billion of unpaid labour.. They are the social glue in our communities, and without them Australia's quality of life would be poorer on almost every dimension. Ensuring we have thriving charities will be critical to future productivity and wellbeing of Australia.

The relationship between the government and charities is both significant and interdependent. CSSA has participated in the Community Crisis Cabinet, established by the Community Council for Australia to respond to the sector challenges of Covid-19. We support the Council's recommendations for strengthening the sector, improving fundraising legislation and growing philanthropic giving.

CSSA remains 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.

I commend these recommendations to you as you prepare the 2020-21 Budget for release in October 2020.

Ursula Stephens

Dr Ursula Stephens
Chief Executive Officer