Pre-budget submission 2017-18



MISSION AUSTRALIA

About Mission Australia

Mission Australia is a national non-denominational Christian organisation that delivers evidence-based, client-centred community services. Our goal is to reduce homelessness and strengthen communities across Australia. In the 2015-16 financial year we supported over 130,000 Australians through 452 programs and services. We work with families and children, youth and people experiencing homelessness and also provide specialist services for mental health, disability and alcohol and drug issues.

Summary of the year 2015-2016:



Overview

Mission Australia's pre-budget submission focuses on the need for significant progress on homelessness and affordable housing, the need for adequate funding for evidence-based programs that have a positive impact on people's lives and the imperative that the most vulnerable Australians not bear the brunt of budget savings measures.

To this end we have set out our recommendations below in relation to homelessness and housing affordability, taxation and welfare, youth transitions to employment, strengthening communities, Aboriginal and Torres Strait Islander programs and mental health.

Homelessness and Housing Affordability

Key recommendations

- The Commonwealth should commit to increased funding for affordable housing and homelessness services, guaranteed and indexed for five years over forward estimates - to avoid the churn and disruption that has been a feature of recent short-term funding extensions.
- While new Housing and Homelessness Agreements are being developed the Government should include funds in the budget for the bond aggregator model recommended by the Council on Federal Financial Relations' Affordable Housing Working Group.
- A long-term Affordable Housing Growth Fund should be established to improve the supply of affordable housing.
- An urgent commitment is required to extending the Commonwealth's funding of the Reconnect program for 5 years, with funding for this effective early intervention service currently due to end in June 2017.

Issues to be addressed

Homelessness rates are unacceptable

- Census data from 2011 shows that 105,000 Australians were homeless, while a further 78,000 Australians were living in marginal housing and at possible risk of homelessness.[1]
- The national homelessness rate rose by 8% since the previous Census.
- In 2015-16, specialist homelessness services supported over 279,000 Australians. These numbers have steadily increased since the first report in 2011.
- While there was a drop in the turnaway rate, an estimated 100,300 people still had to be turned away unassisted, because services could not meet their needs.

The Reconnect family reconciliation program is too valuable to cut

- The Federally-funded Reconnect program uses community-based early intervention services to assist young people aged 12 to 18 years who are experiencing or at risk of homeless and their families. It assists young people to stabilise their living situation and improve their level of engagement with family, work, education, training and their local community.
- Reconnect results in significant positive outcomes for young people and their families, as demonstrated in our recent evaluation of the seven sites run by Mission Australia across the country. After 2-4 months in the program young people's personal wellbeing and

[1] Australian Bureau of Statistics (2012) *2049.0 - Census of Population and Housing: Estimating homelessness, 2011*, Canberra: Australian Bureau of Statistics

permanence of housing improved, financial resources in the family stabilised and levels of family cohesion improved considerably.

- The 102 Reconnect services around Australia have been placed in a vulnerable position with funding due to end in June 2017. This program is too valuable for its fate to be left uncertain.

Longer-term funding certainty is needed

- New national multi-year housing and homelessness agreement/s needs to be negotiated between the Commonwealth and all State and Territory Governments to replace the National Affordable Housing Agreement (NAHA) and the National Partnership Agreement on Homelessness (NPAH) over the long term.
- The new Agreement/s should be developed through dialogue with clients, the not-for-profit sector which is responsible for most service delivery, relevant industry sectors, researchers and other experts.
- A new national multi-year agreement to replace the National Affordable Housing Agreement (NAHA) should include a national target to halve the number of people living in housing stress - to reduce the number of people falling into homelessness; a mechanism to facilitate and kick start investment by other partners in innovative and proven homelessness and housing initiatives; a commitment to a net year-on-year increase in social and affordable housing in each State and Territory; and a national target of 200,000 new social and affordable housing properties by 2025.

There is a chronic shortage of housing for people on low and moderate incomes

- Some 657,000 low income households live in rental stress (that is, pay more than 30% of their income on housing-related costs) which puts them at risk of becoming homeless.[2]
- The proportion of low income households in housing stress increased from 35% in 2007-08 to 42% in 2013-14.[3]
- Housing is unaffordable for jobseekers in all of the 40 regions across the country where they are most likely to find employment.[4]
- 1.7 million Australians have dropped out of home ownership.[5]
- Australia has a shortfall of over 500,000 rental dwellings which are both affordable and available to the lowest income households.[6]

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[2] ABS 4130.0 Housing Occupancy and Costs, 2013–14 – Table 15. Accessed at: www.abs.gov.au/AUSSTATS/abs@.nsf/DetailsPage/4130.02013-14?OpenDocument

[3] Productivity Commission, *Report on Government Services*, Table GA.5 http://www.pc.gov.au/research/ongoing/report-on-government-services/2016/housing-and-homelessness

[4] Australians for Affordable Housing, (2013) *Opening Doors To Employment: Is housing affordability hindering jobseekers? http://housingstressed.org.au/wp-content/uploads/2011/09/Opening-doors-to-employment-2013.pdf*

[5] Wood, G., Smith, S., Ong, R. and Cigdem, M. (2013) *The edges of home ownership*, AHURI Final Report No. 216, Australian Housing and Urban Research Institute

- In 2015-16 specialist homelessness services were unable to meet 95% of people's requests for long-term housing options and a third of people exited services into unstable housing outcomes (AIHW).

Housing underpins economic growth

- Housing is vital national infrastructure. A well operating housing market is a pre-requisite for productivity and social cohesion.
- A workforce that is stably and affordably housed is a pool of people able to save for retirement and invest in the future, including education for their children.
- For people unable to work, their use of government-funded services - such as in the health and justice systems - decreases when they are stably and affordably housed.
- Housing construction and maintenance also boosts productivity through more jobs.

The Government needs to harness private and institutional investment

- There is appetite from individual private and institutional investors including superannuation funds to invest in below-market residential property in Australia.
- In the UK and USA, a variety of mechanisms have been implemented to overcome these barriers, resulting in institutional funds having created significant numbers of new below-market properties. This includes: bonds, tax credits, guarantees, direct subsidies, release of government-owned land at a discount, and no or low interest loans. In Australia, such mechanisms have been subject to expert analysis, including extensive research on the experience in other countries.
- Government investment, through an affordable housing fund, is required to meet the "yield gap" to make below-market housing sustainable.

Taxation and Welfare

Key recommendations

- Any taxation changes in this Budget must, at a minimum, pass the test of not further disadvantaging the most vulnerable Australians, particularly recipients of transfer payments and other low income earners.
- Tax reforms should address current critical challenges, particularly affordable housing.
- Taxation must raise sufficient revenue to provide adequate levels of income support, essential services and welfare programs that assist the most disadvantaged to progress towards independence and create a more equitable distribution of public supports between low, middle and high-income earners.

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[6] National Housing Supply Council, *State of Supply Report 2012*. Cited in http://www.acoss.org.au/images/uploads/Housing_paper_summary_March_2015_final.pdf

- Tax reform must not be pursued in isolation from welfare reform, given the complex interactions between the tax and transfer systems for the many welfare recipients who live in housing stress or at risk of homelessness or who are currently homeless and the need for appropriate incentives for economic and social participation.
- The Commonwealth Government should commission economic modelling to identify a level of base payment and indexation that is adequate to meet a person's basic living expenses and which keeps pace with living standards.
- Commonwealth Rent Assistance (CRA) should be lifted or redesigned to keep up with the real costs of housing and allow people to live where there is growth in the job market.
- Childcare reforms, currently before the Parliament, should support women's participation in the workforce and also guarantee a minimum of 15 hours subsidised care per week for disadvantaged children;
- There should not be any cuts to the Government's Paid Parental Leave scheme; and any changes to Family Tax Benefits (FTB) should not leave low-income families worse off.

Issues to be addressed

There is insufficient housing for people on low and moderate incomes

- Tax reform is critical to improving housing affordability, by creating the conditions necessary for investment in new supply of below-market housing.
- Current negative gearing settings and capital gains tax exemptions distort the housing market and impact housing affordability. All Federal and State/Territory tax settings impacting the housing market need to be modelled and analysed as part of any tax reform process and revenue gains directed to affordable housing.

Current income support payment levels are inadequate

- Income support is one of the most important and effective ways of preventing poverty.
- It is widely accepted that the current Newstart Allowance and Youth Allowance payments are too low and are acting as an impediment to people looking for work. The payments need to keep pace with the cost of living and the growing gap with the aged pension.
- A modest rise in the base payments is unlikely to be a deterrent from moving into employment given the current gap with the minimum wage. Once base payments are adjusted, common indexation will also help to avoid widening disparities.
- The proposed one month wait period for income support for young people is unreasonable. Not all young people have access to a stable home with parental support and, if they are in the private rental market, are vulnerable to homelessness in the absence of necessary supports.
- Reductions in income support that increase social dislocation and reduce participation will have long term adverse budgetary, economic and societal costs. Those least advantaged

should not be made to bare the cost of revenue savings. The long-term costs of income support payments can also be reduced by upfront investment in meeting the needs of people to support their economic participation. This includes early intervention programs for children, youth transition programs, mental health and homelessness programs.

Commonwealth Rent Assistance (CRA) has not kept pace with rent rises

- The National Housing Supply Council calculated that 60% of people who are on low incomes who rent are in housing stress[7] and therefore at risk of homelessness. Even for those receiving CRA, 42% of people are still living in rental stress after the payment is taken into account.[8]
- If the welfare system is designed to enable participation and encourage independence, then support payments like CRA need to provide a real subsidy to help cover the costs of housing where people can find employment.
- A marker of housing stress should be included when setting CRA (generally accepted as 30% of gross income for the lowest-income households).

Childcare reforms, Paid Parental Leave and Family Tax Benefits

- The Government's childcare reforms should support women's participation in the workforce and also guarantee a minimum of 15 hours subsidised care per week for disadvantaged children.
- Indigenous children in all areas should be guaranteed a minimum of 22.5 hours of access to early childcare to bridge the gap in learning prior to the commencement of school.
- There should not be any cuts to the Government's Paid Parental Leave scheme which helps lengthen the period of time a new parent can afford to care for and nurture their new baby.
- Any changes to Family Tax Benefits (FTB) should not leave low-income families worse off.
- These policies impact on gender equality and pay equity for women including participation in the workforce, as well as the welfare and wellbeing of children and families.

Youth transitions to employment

Key Recommendations

- Youth transitions programs for the most disadvantaged job seekers should be expanded incorporating a holistic, strengths-based approach and where necessary have the flexibility to work with young people's families. Such programs should include careers advice, mentoring, skills training, assistance to re-engage with education and work experience as well as working on underlying issues that present as barriers to employment.

[7] National Housing Supply Council (2012) *Housing Supply and Affordability Key Indicators*, 2012, NHSC, Canberra.
[8] Australian Institute of Health and Welfare (2013) *Australia's Welfare 2013*, AIHW, Canberra, p 114

- Flexible learning options need to be available so young people can finish their education in different settings – this requires either direct funding from the Commonwealth or a change to the way education is funded between the Commonwealth and State and Territory Governments, to give States/Territories an incentive for the education funding to move with the child.
- Vocational education and training should be a national priority, with greater incentives for apprenticeships and additional supports provided to young people from disadvantaged backgrounds.

Issues to be addressed

Youth unemployment remains unacceptably high

- Across Australia around three in ten 15-19 year-olds are not fully engaged in work, school or training.
- Despite the comparative strength of the Australian economy, we still have rates of youth unemployment above 12% for 15-24 year-olds, and above 20% in some particularly disadvantaged areas.
- The 'scarring' that occurs when someone is out of work for a lengthy period can have negative impacts on the person's health and reduces the likelihood of future employment.

New Youth Transitions Programs are not reaching most vulnerable

- There remains a significant service gap for the majority of Stream C job seekers who are ineligible for the Transition to Work program. These are the most disadvantaged young people in our community who have tremendous potential with the right supports to join the workforce and make a productive contribution.
- Other programs such as Prepare, Trial and Hire (PaTH), Parents Next and Try, Test and Learn will provide supports to some disadvantaged groups of young job seekers, but a comprehensive program is lacking and many young people continue to fall through the gaps.

Education and Training

- High quality vocational education can provide a positive alternative for young people at risk of disengaging from education.
- Expanded apprenticeships and trainee programs should reflect growth industries like aged care and child care as well as traditional trades.
- Young people need foundational skills including literacy and numeracy and programs such as Skills for Education and Employment (SEE) provide vital supports, particularly for young migrants.

Strengthening communities

Key recommendations

- The Commonwealth Government commits to address entrenched and locational disadvantage at the community level, over the long term, in conjunction with State/Territory and local governments and local service providers.
- Solutions need to be based on strong local participation, be flexible in adapting to changes and lessons learnt and be community owned and driven. They should be based on an understanding of the multiple and complex needs within these communities and provide an integrated service response through community partnerships.

Issues to be addressed

Persistent and entrenched disadvantage must be addressed

- DOTE2015[9] identified the 3% of communities across Australia that bear the greatest burden of disadvantage and require immediate and sustained commitment from all levels of government.
- High levels of unemployment, low levels of income and education, housing stress and a high level of criminal offending are features of these communities. This limits opportunities for individuals living in these communities.
- Locational disadvantage is a complex problem requiring systems change and innovation. Interventions are required at the community level in addition to macro reforms and individual service responses. A coordinated place-based collective impact approach is required.
- A place-based model that co-ordinates services and targets intergenerational disadvantage requires long term funding. A minimum of ten years' commitment plus upfront funding is required to plan and engage in programs and make adjustments as necessary.
- An assets-based approach to community development uses methods such as capacity building, community building, neighbourhood renewal and asset mapping to fortify social capital.

Social and affordable housing is a building block for stronger communities

- Secure and affordable housing can foster healthier, stronger and more productive communities, as well as connecting residents to jobs and services, and broadening people's economic opportunities.
- Action is urgently needed to address the social and economic problem of concentrated legacy public housing in locations of persistent and concentrated disadvantage.

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[9] Jesuit Social Services and Catholic Social Services Australia (2015) *Dropping Off the Edge2015*, accessed at www.dote.org.au

- The Commonwealth should work with State/Territory Governments to help break the cycle of entrenched disadvantage through infrastructure renewal linked to community strengthening.

Aboriginal and Torres Strait Islander programs

Key recommendations

- Aboriginal and Torres Strait Islander people need to be empowered to design and lead solutions to the complex problems facing their communities including poverty, disadvantage and the lack of appropriate housing.
- Priority investment is required to address overcrowding as the major contributor to homelessness for Aboriginal and Torres Strait Islander people. Additional new stock is needed that is appropriately and consultatively designed with local Aboriginal communities.
- Funding should be provided to Indigenous Community Housing organisations to develop Indigenous Community Housing.
- Bipartisan and long term commitment is required to provide well-resourced and community controlled services to address disadvantage and progress Closing the Gap targets. Funding for Aboriginal and Torres Strait Islander programs should be increased in order to meet Closing the Gap targets on time and sustain gains made.
- The Federal Government should address the over-representation of Aboriginal and Torres Strait Islander people in the justice system as an urgent priority. COAG should commit to a target of closing the gap in rates of imprisonment in each jurisdiction by 2040, with the necessary investment in prevention, early intervention, diversion and justice reinvestment.

Issues to be addressed

Empowerment is essential

- Aboriginal and Torres Strait Islander people and communities need to be empowered to lead change so that social and economic development can occur alongside retention of identity, language and culture. The history of dispossession and minority status needs to be addressed through improved governance mechanisms to address disadvantage.
- An asset-based community development approach that recognises strengths, resources and assets of Aboriginal and Torres Strait Islander individuals, families and communities should be adopted with funding for long-term approaches that are integrated, holistic and accessible.

Levels of Indigenous disadvantage remain unacceptable

- While there has been some progress towards achieving the Closing the Gap goals of reducing infant mortality and narrowing the gap in year 12 attainment, the goals in relation to life expectancy, literacy and numeracy and employment outcomes remain off track.
- Aboriginal and Torres Strait Islander people are more likely to experience poverty, experience higher rates of unemployment and are the most economically disadvantaged and excluded members of our community on almost any measure.
- A serious cause for concern is the 88% increase in the number of Aboriginal and Torres Strait Islander people imprisoned over the past 10 years including the sharp increase in juvenile detention rates. Imprisonment has drastic flow on effects including family dislocation, poor health outcomes and unemployment, adding to the costs for government and to intergenerational disadvantage.

Indigenous housing and homelessness requires specific responses

- On Census night in 2011, Aboriginal and Torres Strait Islander people made up 2.5% of the Australian population, but accounted for 25% of all persons who were homeless.
- Of those who were classified as homeless, 75% were in severely overcrowded dwellings. Most of the severely overcrowded dwellings are based in very remote areas.
- Aboriginal and Torres Strait Islander people continue to be over-represented among specialist homelessness service clients. Almost one quarter of clients who provided information on their Indigenous status identified as being Aboriginal and/or Torres Strait Islander. Remote and very remote areas had the highest rate of homelessness service use, and the largest growth in use over the past five years, increasing by an average of 6% each year
- The target of 785 new builds from 2016-2018 under the National Partnership on Remote Housing (NPRH) is insufficient to ameliorate overcrowding and further investment is required.
- The supply of new stock needs to be appropriately and consultatively designed with local Aboriginal people and new housing needs to be followed by a regular program of maintenance to extend the life of the dwellings.
- An adequate housing supply is essential to strengthening communities and a community development approach should be taken that allows for skills and business development within the community to provide maintenance and tenancy support.
- Aboriginal Housing Organisations should be at the centre of a remote housing strategy. Community housing providers such as MAH can work in partnership to provide backbone support or capacity building and community services organisations such as MA can take a partnership approach to service delivery and strengthening communities.

Mental Health

Key recommendations

- That, as a matter of priority, the Commonwealth and State/Territory Governments resolve issues around future funding, program and governance arrangements for both the NDIS and mental health systems to enable people living with a mental illness to continue to receive vital support services.
- That the Commonwealth provide funding to ensure that adequate community supports are provided outside the NDIS for people living with a moderate and/or episodic mental illness or who are otherwise ineligible for NDIS funding.

Issues to be addressed

- Some consumers of community mental health programs experiencing episodic and/or moderate mental illness which are transitioning into the NDIS (such as the Personal Helpers and Mentors (PHaMs) program funded by the Department of Social Services) will be ineligible for assistance through the NDIS, impacting their prospects of recovery and reducing the services and supports available to them.
- In 2012 the Productivity Commission recommended that people with severe and persistent mental illness should be included in the NDIS, estimating that approximately 57,000 people would meet this criteria. However, other estimates are much higher[i] indicating that a re-appraisal needs to be undertaken of the likely size of the cohort with a psychosocial disability who will be eligible for NDIS packages, and consequently the distribution of funding between the NDIS and the mental health system.
- This situation, if not speedily resolved, will cause a rise in the number of people with mental illness in the community with no support. This will have flow-on impacts for other government-funded service systems including homelessness, health (particularly hospital Emergency Departments), education and criminal justice.
- In 2015-16 the number of people accessing specialist homelessness services needing mental health services grew by 12 per cent since the previous year. But for 3 in 10 people, those needs could not be met.

Conclusion:

The above recommendations are designed to ensure that the most disadvantaged Australians do not bear the brunt of budget savings, that evidence based programs receive adequate funding and that priority is given to the key issues of homelessness and affordable housing.

[i] Australian Government Actuary. 2012. NDIS costings – Review by the Australian Government Actuary http://www.treasury.gov.au/~/media/Treasury/Access%20to%20Information/Disclosure%20Log/2012/National%20Disability%20Insurance%20Scheme%20Costings%20Review%20by%20the%20Australian%20Government%20Actuary/Downloads/PDF/doc1.ashx