

2019-20 pre-budget submission



MISSION
AUSTRALIA | together
we stand

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.

During the 2017-18 financial year, we supported close to 120,000 people through 461 programs and services. We work with families and children, youth, people experiencing homelessness and also provide specialist services for those living with mental health, disability and alcohol and drug issues.

Summary of the year 2017-18:

Homelessness & housing

20,264 

people assisted through 67 services

Families, children & early learning

29,362 

people assisted through 116 services

Youth

8,775 

people assisted through 25 services

Strengthening communities

13,094 

people assisted through 24 services

Employment & skills

11,998 

people assisted through 76 services

Alcohol & other drugs

9,150 

people assisted through 26 services

Mental health

10,149 

people assisted through 52 services

Disability

4,160 

people assisted through 27 services

Other services

12,233 

people assisted through 48 services

Overview

Mission Australia's pre-budget submission focuses on the need for significant progress on homelessness and affordable housing, income support, employment and youth transitions as set out below.

Homelessness and Affordable Housing

Key recommendations

- Adopt the following measures to address housing and homelessness
 - Invest in 500,000 new social and affordable homes by 2030 – this includes 300,000 new social and Aboriginal housing properties; and a new incentive or subsidy to leverage super fund and other private sector investment in 200,000 low cost rental properties.
 - Prioritise first home-buyers over property speculators by resetting the tax system - including phasing out negative gearing and capital gains tax exemptions and using the revenue raised for investment in social and affordable housing.
 - Immediate relief to people in housing stress by increasing national living wages, indexing income support and providing extra income in rent assistance.
 - Committing to ending homelessness by 2030 by taking action to prevent homelessness and delivering rapid access to the housing and support people need if they lose their home – including addressing drivers of homelessness such as domestic and family violence, rapidly rehousing people who are homeless and supporting them to maintain that housing and addressing the over-representation of Aboriginal and Torres Strait Islander people in the homelessness system.

Issues to be addressed

Homelessness rates are unacceptable

- Census data from 2016 shows that 116,427 people were homeless, while a further 88,877 people were living in marginal housing and at possible risk of homelessness.¹
- Most of the increase in homelessness between 2011 and 2016 was reflected in persons living in 'severely' crowded dwellings, up from 41,370 in 2011 to 51,088 in 2016.²

¹ Australian Bureau of Statistics, *2049.0 - Census of Population and Housing: Estimating homelessness, 2016*, Canberra: Australian Bureau of Statistics, 2018, accessible at:

<http://www.abs.gov.au/ausstats/abs@.nsf/mf/2049.0>

² Ibid

- In 2017–18, almost 288,800 clients sought assistance from SHS agencies. These numbers have steadily increased since the first report in 2011.³
- In 2017–18, Aboriginal and Torres Strait Islander people continued to be over-represented among SHS clients with one-quarter of clients (almost 65,200) who provided information on their Indigenous status identified as being of Aboriginal and/or Torres Strait Islander origin.
- While there was a drop in the turn away rate, in 2017–18, on average, there were 236 requests per day which were unable to be met; a total of 86,100 unmet requests for 2017–18, 9,300 fewer than in 2016–17 (95,400).
- A national homelessness strategy should be developed in consultation with people with lived experience, the community and private sector as well as all levels of government and should be adequately resourced.

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

- According to Australian Bureau of Statistics (ABS), 44.2% of low income households live in rental stress (who pay more than 30% of their income on housing-related costs) which puts them at risk of becoming homeless.⁴ This 44.2% represents nearly 900,000 households.
- The proportion of low income households in housing stress increased from 35% in 2007-08 to 44% in 2015-16.⁵
- The National Housing Supply Council calculated that 60% of people who are on low incomes who rent are in housing stress and therefore at risk of homelessness.⁶
- 1.7 million Australians have dropped out of home ownership.⁷

Housing needs of Aboriginal and Torres Strait Islander communities require specific/targeted responses

- Aboriginal and Torres Strait Islander peoples made up 3% of the Australian population in 2016. However, Aboriginal and Torres Strait Islander peoples accounted for 20% (23,437 persons) of all persons who were homeless on Census night in 2016.⁸

³ Australian Institute of Health and Welfare, Socialist Housing Services Annual Report 2017-18, December 2018, accessible at: <https://www.aihw.gov.au/reports/homelessness-services/specialist-homelessness-services-2017-18/contents/contents>

⁴ Australian Bureau of Statistics, 4130.0 Housing Occupancy and Costs, 2015-16– Table 22.1, accessible at: <http://www.abs.gov.au/AUSSTATS/abs@.nsf/DetailsPage/4130.02015-16?OpenDocument>

⁵ Productivity Commission, *Report on Government Services*, Table GA.2, 2018, accessible at: <https://www.pc.gov.au/research/ongoing/report-on-government-services/2018/housing-and-homelessness/rogs-2018-partg-sectorg-attachment.pdf>

⁶ National Housing Supply Council (2012) *Housing Supply and Affordability Key Indicators*, 2012, NHSC, Canberra.

⁷ G. Wood, S. Smith, R. Ong, M. and Cigdem, *The edges of home ownership*, AHURI Final Report No. 216, Australian Housing and Urban Research Institute, 2016.

⁸ Australian Bureau of Statistics, Population and Housing, 2049.0 - Census of Population and Housing: Estimating homelessness, 2016, March 2018, accessible at:

- Of those who were classified as homeless, 70% were living in 'severely' crowded dwellings, 12% were in supported accommodation for the homeless and 9% were in improvised dwellings, tents or sleeping out.
- The ABS also states that the estimate of Aboriginal and Torres Strait Islander persons who were homeless on Census night is likely to be an underestimate, particularly for those staying temporarily with other households, reflecting both a relatively large under-enumeration of Aboriginal and Torres Strait Islander persons in the Census compared to the total population and because for some Aboriginal and Torres Strait Islander persons a usual address may be reported that is associated with a 'place' rather than with a home or dwelling.
- 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.
- New housing stock in Aboriginal and Torres Strait Islander communities to address overcrowding should be delivered through Indigenous Community Housing organisations and designed in close consultation with the local Aboriginal community.

The tax system creates distorts the housing market

- Tax breaks provided to property investors come at an annual cost of \$11.7 billion to government revenue.⁹ Therefore, 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 should be directed to affordable housing.

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 living in stable and affordable housing creates a pool of people who are able to save for retirement and invest in the future, including education for their children.
- Stable and long-term affordable housing can also alleviate overall pressure on other services such as health and justice systems.

<http://www.abs.gov.au/ausstats/abs@.nsf/Latestproducts/2049.0Main%20Features12016?opendocument&tabname=Summary&prodno=2049.0&issue=2016&num=&view=>

⁹ Grattan Institute, Time to fix Australia's unaffordable capital gains tax and negative gearing policies, 2016, accessible at: <https://grattan.edu.au/time-to-fix-australias-unaffordable-capital-gains-tax-and-negative-gearing-policies/>

- Housing construction and maintenance also boosts productivity through more jobs.

The Government needs to harness private and institutional investment

- The National Housing Finance and Investment Corporation through the Affordable Housing Bond Aggregator and National Housing Infrastructure Facility will make a useful contribution in making concessional funding available for Community Housing Providers. However, without significant funding, this initiative is insufficient to generate the investment in social and affordable housing required to address the current critical shortfall. There is appetite from private and institutional investors including superannuation funds to invest in below-market residential property in Australia but they require the right incentives to meet the current yield gap.
- In the UK and US, a variety of mechanisms have been proven to facilitate institutional investment in below-market rental properties. These include: bonds, tax credits, guarantees, direct subsidies, release of government-owned land at a discount, and no or low interest loans.

Income Support and Employment

Key recommendations

- Newstart and Youth Allowance payments should be increased by a minimum of \$75.00 per week and indexed to the growth of wages and cost of living.
- Employment services for people experiencing disadvantage should be person centred, flexible, holistic and focus on long-term sustainable employment outcomes rather than the current compliance focus which is detrimental to both job seekers and businesses.
- The Commonwealth should lead cross-sector collaboration and work with the States to achieve a seamless national employment strategy and strengthen existing supports for disadvantaged job seekers.
- Any taxation changes in this Budget must not further disadvantage the most vulnerable and those on low incomes.
- Tax reforms must ensure sufficient revenue to provide adequate levels of income support, affordable housing, essential services and welfare programs to assist the most disadvantaged and those in entrenched poverty. .

Issues to be addressed

Current income support payment levels are inadequate

- Income support is one of the most important and effective ways of preventing poverty and reducing homelessness across Australia.

- The recent *Poverty in Australia* report reveals that 3.05 million people (13.2% of the population - more than one in eight) are estimated to live below the poverty line, after taking account of their housing costs.¹⁰ Of these, 739,000 children under the age of 15 (17.3% of all children - more than one in six) and 410,000 youth between the ages of 15 and 24 (13.9%) live below the poverty line.
- Of the 3.05 million, 53% of people below the poverty line are in households that rely on social security as their main source of income, while 38% rely on wages as their main income.
- The recently released *Inequality in Australia* report found that most (60%) of the lowest 20% are in households that rely mainly on social security for their income.¹¹ People who are unemployed constituted the highest proportion (77%) of individuals in the lowest 20% of households.¹²
- 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.
- Since 1994, the Newstart payment has not increased in real terms, despite the cost of essentials rising dramatically. It is estimated that the cost of basic essentials such as private rent, electricity, food, transport, clothing has risen and is a minimum of \$433 per week for single unemployed person.¹³
- The current basic rate of Newstart payment for a single person without dependent children is \$275.10 a week.¹⁴ The maximum CRA payment for a single person is \$82.90 per week.¹⁵ These two payments leave a gap of \$75.00 per week which increases the risk of homelessness.
- Over 800,000 people, including parents, carers, people with disability, other people unable to find paid work and students are struggling daily to afford basic essentials such as rent and food.¹⁶
- The long-term costs of income support payments can be reduced by upfront investment in meeting the needs of people to support their economic participation. This includes early

¹⁰ P. Davidson, P. Saunders, B. Bradbury, and M. Wong, *Poverty in Australia 2018*, ACOSS/UNSW Poverty and Inequality Partnership Report No. 2, Sydney: ACOSS, 2018, p.15, accessible at: https://www.acoss.org.au/wp-content/uploads/2018/10/ACOSS_Poverty-in-Australia-Report_Web-Final.pdf

¹¹ ACOSS and UNSW, *Supplementary report to Inequality in Australia 2018*, August 2018, p. 3.

¹² Ibid

¹³ P. Saunders, & M. Bedford, *New Minimum Income for Healthy Living Budget Standards for Low-Paid and Unemployed Australians*, (SPRC Report 11/17), Sydney: Social Policy Research Centre, UNSW Sydney, p.100, accessible at: <http://unsworks.unsw.edu.au/fapi/datastream/unsworks:46140/binc76de784-a739-416b-9361-6ebb285882ea?view=true>

¹⁴ Department of Human Services, *A guide to Australian Government Payments: 1 January to March 2019*, p.28, accessible at: <https://www.humanservices.gov.au/sites/default/files/2018/12/co029-1901.pdf>

¹⁵ Ibid p. 39

¹⁶ ACOSS, *Raise the Rate*, accessible at: <https://www.acoss.org.au/raisetherate/>

intervention programs for children, youth transition programs, mental health and homelessness programs.

Unemployment and underemployment

- According to the Australia Bureau of Statistics (ABS), in May 2018 there were 714, 600 unemployed people in Australia.¹⁷ As of May 2018, there were 180,700 vacancies across Australia.¹⁸ This in effect means that there are approximately 4 unemployed people per job vacancy.
- Anglicare Australia's *Jobs Availability Snapshot 2017* also identified that there were 5 participants per 1 Level 5 Job (Level 5 are jobs are those requiring Certificate I, or the completion of compulsory secondary education as defined by ANZSCO classifications).¹⁹
- Another challenge in the current employment market is the underemployment of skilled and qualified individuals. ABS statistics reveal that since 2003, the rate of underemployment²⁰ has been increasing, and in February 2018 the underemployment rate was 8.3%.²¹
- The caseloads under jobactive streams are not publicly available, however, as of 21st of February 2016, there were over 142, 000 in Stream C including nearly 50,000 participants who were unemployed for 5 years.²² More intensive and tailored supports are required for this group.
- A research report of the Australian Government shows that while the majority of Australian employers are open to hiring people with disabilities (77%), a much lower proportion (35%) demonstrate behavioural commitment to doing so.²³

¹⁷ Australian Bureau of Statistics, Labour Force, 6202.0 - Labour Force, Australia, May 2018, accessible at: <http://www.abs.gov.au/ausstats/abs@.nsf/mf/6202.0>

¹⁸ Department of Jobs and Small Businesses, Labour Market Information Portal: Vacancy Report, accessible at: <http://lmip.gov.au/default.aspx?LMIP/VacancyReport>

¹⁹ Anglicare Australia, Jobs Availability Snapshot 2017, p. 11, accessible at: <http://www.anglicare.asn.au/docs/default-source/default-document-library/jobs-availability-snapshot-2017.pdf>

²⁰ 'Underemployment' refers to people who are working but would like to be working more hours. See further: Australian Bureau of Statistics, Labour Force, 6202.0 - Labour Force, Australia, February 2018, accessible at: <http://www.abs.gov.au/ausstats/abs@.nsf/lookup/6202.0Media%20Release1Feb%202018>

²¹ Ibid

²² Senate Standing Committee on Education and Employment, Questions on notice, *Supplementary Budget Estimates 2015 – 2016*, accessible at: https://www.aph.gov.au/~media/Committees/eet_ctte/estimates/add_1516/Employment/Answers/SQ16-000150.pdf

²³ Jane Prentice, Assistant Minister for Social Services and Disability Services, Media release: Businesses are missing out, 27 July 2018, accessible at: <https://ministers.dss.gov.au/media-releases/3471>

- For people with profound or severe disability aged 15-64, the unemployment rate increased from 10.3% in 2012 to 13.7% in 2015.²⁴ Over the same period, the total unemployment rate for people with disability rose from 9.4% to 10.0%.²⁵
- The unemployment rate for Aboriginal and Torres Strait Islander people aged 15 years and over was 20.6% nationally (27.4% in remote areas compared with 19.3% in non-remote areas).²⁶ These rates are significantly higher than the average national unemployment rates.

The current employment and compliance system needs to change²⁷

- The increase in casual and insecure work environments adds further burden on both participants and employment services²⁸ as the current employment services framework is geared towards incentivising people to obtain and maintain a full-time job.
- The mutual obligations placed on people receiving income support payments are intended as an incentive, but are an additional burden that can result in people withdrawing from government services and being forced into homelessness.
- Pre-employment programs such as ParentsNext should be exempt from strict mutual obligations as they are designed to prepare individuals for employment. The imposition of a punitive and stringent compliance framework to these programs potentially risks the programs' goals of building participants' skills and confidence in overcoming barriers through alienating and demotivating participants.

Youth transitions to employment

Key Recommendations

- Investment in youth employment programs should be targeted to most disadvantaged young job seekers and to those programs demonstrated to be effective in assisting young people transition from education to training and employment. The principles underlying these programs should incorporate 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.

²⁴ Productivity Commission, *Report on Government Services*, 2017, Chapter 15, Services for People with Disability, accessible at: <http://www.pc.gov.au/research/ongoing/report-on-government-services/2017/community-services/services-for-people-with-disability/rogs-2017-volume-f-chapter15.pdf>

²⁵ Ibid

²⁶ Australian Bureau of Statistics, 4714.0 - National Aboriginal and Torres Strait Islander Social Survey, 2014-15, released April 2016, accessible at: <http://www.abs.gov.au/ausstats/abs@.nsf/mf/4714.0>

²⁷ See further: Mission Australia, *The Next Generation of Employment Services* submission, 2018, accessible at: <https://www.missionaustralia.com.au/publications/submissions-and-reports/employment-skills-and-training/787-the-next-generation-of-employment-services/file>

²⁸ Anglicare Australia, *Jobs Availability Snapshot 2017*, p. 14, accessible at: <http://www.anglicare.asn.au/docs/default-source/default-document-library/jobs-availability-snapshot-2017.pdf>

- Flexible learning options need to be available to ensure young people are supported to 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 be portable to move with the young person.
- Vocational education and training should be a national priority, with greater incentives for apprenticeships and additional supports provided to young people experiencing disadvantage.

Issues to be addressed

Youth unemployment remains unacceptably high

- In 2016, 8.8% people aged 15–24 were not engaged in education and/or employment.²⁹
- Despite the comparative strength of the Australian economy, youth unemployment rate is above 12% for 15-24 year-olds, and above 20% in some particularly disadvantaged areas.³⁰
- Mission Australia’s 2018 Youth Survey asked young people what they were planning to do after school and going to university was the most frequent option chosen by young people (66.7%). Many respondents planned to get a job (34.4%) while 13.9% planned to go to TAFE or college and 8.9% planned to get an apprenticeship.³¹ This demonstrates that young people are focused on gaining employment or investing time in career pathways and need to be provided with the right opportunities and supports at the earliest possible point in time.
- *The New Work Reality* report found that despite higher levels of education attainment (with nearly 60% of 25 year-olds holding a higher level of education than secondary school), entering fulltime work is proving a significant challenge for many young people.³²

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.

²⁹ Australian Institute of Health and Welfare, *Australia’s Welfare 2017*, Chapter 3: Pathways through Education and Training, 2017, accessible at: <https://www.aihw.gov.au/getmedia/9e8a7231-f19e-474b-9ebb-ce41e8df39c6/aihw-australias-welfare-2017-chapter3-1.pdf.aspx>

³⁰ Ibid

³¹ Mission Australia, 2018 Youth Survey Report, November 2018, p. 3, accessible at: <https://www.missionaustralia.com.au/publications/research/young-people>

³² Foundation for Young Australians, *The New Work Reality*, 2018, p. 8

- Mission Australia's *Location Vocation Aspiration* youth report found that young people across Australia were likely to see achieving career success and being financially independent were of major importance.³³
- However, young people from low SES areas were more likely to state that getting a job was of major importance to them.³⁴ This demonstrates that young people experiencing disadvantage are likely to prioritise employment and would focus on achieving their career goals if they are provided with early intervention and other supports to overcome their barriers to employment.

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.

More investment is needed for effective pre-employment support programs

- Early intervention and pre-employment programs are useful in seamlessly transitioning people from education to employment.
- There are some complementary programs such as the youth vocational education pilot program under Try, Test and Learn (TTL) funded by Department of Social Services that provide targeted services to young people who are disengaged or likely to disengage from vocational education. Such programs that are successful in supporting people should be rolled out nationally.

Conclusion

The above recommendations are designed to ensure that people experiencing disadvantage are supported to overcome their challenges. Budget priority should be given to addressing key issues of homelessness and affordable housing, employment supports for the most disadvantaged job seekers, including youth transitions and improving the adequacy of income support.

³³ Mission Australia, *Location, Vocation, Aspiration Findings from Mission Australia's Youth Survey, 2014*, accessible at: <https://www.missionaustralia.com.au/publications/research/young-people/387-youth-survey-2014-ses-report/file>

³⁴ Ibid