

19/08/2020

Caring
for people
since 1979

The Hon Josh Frydenberg
Treasurer
PO Box 6022
House of Representatives
Parliament House
Canberra ACT 2600

Dear Treasurer,

Federal Budget 2020/21 – Mallee Family Care’s pre-Budget submission

Mallee Family Care welcomes the opportunity to provide the following submission to inform development of the 2020/21 Federal Budget.

The work of Mallee Family Care

By way of background, Mallee Family Care is a non-Government, not for profit agency managing more than sixty Commonwealth and State funded programs supporting thousands of vulnerable community members in regional, rural and remote areas of the Mallee region of Victoria and South West New South Wales.

Our programs are evidenced based and proven to assist those who find themselves in exceptional need, disadvantage or vulnerable circumstance. We work in the fields of family, youth and children, disability, mental health, housing, legal, financial, research and education. Our work is integral to the social fabric of our community.

Our clients derive from a diverse population, the majority of which experience vulnerability and social and economic disadvantage. Many have also experienced family violence, are people with a disability or mental illness, or are either Aboriginal or Torres Strait Islander or from Culturally and Linguistically Diverse backgrounds.

Our greatest challenge, like with all Community Service Organisations, is meeting the demand for our service in a system that is chronically underfunded and under resourced. This limitation on funding and resources also creates a barrier to maintaining and developing our services to meet the growing need of our community. These challenges are even more acute in the context of our current COVID-19 crisis.

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Improving access to affordable housing

Invest in social housing by funding a national social housing construction program

Australia has a severe shortfall of social and affordable housing and we, as an organisation that offers a Specialist Homelessness Service in Southern Mallee, are acutely aware of the impact this has on some of our most vulnerable community members.

As at March 2020, there was a shortfall of 260 social housing properties in Swan Hill¹ alone and a 0.33% vacancy rate for private rentals.² This means there was at least 260 vulnerable people, many with families, who were awaiting a home prior to the emergence of coronavirus and the ensuing crisis, so we foresee that number will only rise given our economic forecast.

Further, the findings of Anglicare's April 2020 Rental Affordability Snapshot highlighted the dire situation for the vast majority of our clients; there were only 9 properties nationwide that were affordable for those in receipt of Jobseeker payment and, with the inclusion of the Coronavirus Supplement, a mere 1.5% of national rental listings were affordable for singles, the figures little better for those single parent families with the highest affordability rate of 3% for those single parent families with a child under 5.

Infrastructure Australia has identified social housing as a key piece of nation building investment³ which would roughly create 80 construction jobs and 30 ongoing jobs for every 100 units of housing built.⁴ There is unequivocal agreement from Master Builders Australia, the CFMEU and community groups throughout the country for a national social housing construction program of about 30,000 homes. Now is the time to act.

The COVID-19 pandemic has momentarily lifted the veil on homelessness and our housing crisis as a widespread social, economic and health problem. We need a national investment in building social housing and upgrading existing dwellings now.

Recommendation 1: The Government should invest in social housing by funding a national social housing construction program

¹ Victorian Government, 2020, *Housing Register and transfer list March 2020*. Retrieved from <http://housing.vic.gov.au/victorian-housing-register>.

² Real Estate Investar Australia Pty Ltd, 2020, *Suburb Snapshot*. Retrieved from <https://www.realestateinvestar.com.au/Property/swan+hill>.

³ Infrastructure Australia. 2019. *An Assessment of Australia's Future Infrastructure Need*. Retrieved from <https://www.infrastructureaustralia.gov.au/sites/default/files/2019-08/Australian%20Infrastructure%20Audit%202019.pdf#page=455>.

⁴ Centre for Housing Policy. 2011. *The Role of Affordable Housing in Creating Jobs and Stimulating Local Economic Development: A Review of the Literature*. Retrieved from <https://providencehousing.org/wp-content/uploads/2014/03/Housing-and-Economic-Development-Report-2011.pdf>.

Reform Rent Assistance to relieve rental stress on private market renters

Our data indicates that 77.5% of our clients who accessed our Specialist Homelessness Service last financial year were in receipt of government income support and a further 6.4% were awaiting benefit.

As noted above, Swan Hill has a 0.33% vacancy rate for private rentals. The private rental market in our catchment has become both increasingly unaffordable and stagnant in growth. These two combined make it almost impossible for those on low incomes or on government income support to compete in an already aggressive market. This in conjunction with the large waitlist for social housing stock, highlights the significant level of housing stress and the heightened risk of homelessness faced by this vulnerable cohort of people.

The government is failing to provide affordable secure homes for people on government income support or on low incomes due to the lack of social housing stock. These vulnerable people simply cannot compete in a private rental market and with extended waitlists for social housing, circumstances are dire for many.

One way the Government can assist people on low incomes in accessing the private market is to increase the rate and indexation of Rent Assistance. In first instance, the maximum rate should be increased by at least 30% for low-income households currently receiving the maximum rate.

Recommendation 2: The Government should increase Commonwealth Rent Assistance

Social Security

Raise the Rate to reduce poverty

In this time of crisis and recession, more Australians than ever have become reliant on income support payments and are gaining an understanding of the realities that people face on a daily basis of trying to afford basic essentials and maintain a roof over their head. And this has all been with the addition of the Coronavirus Supplement, many couldn't fathom what life would be like if it reverted to \$40 per day.

Jobseeker base rates are too low and compound the cycle of poverty. This is evidenced in the recently released Senate Community Affairs References Committee Report into the Adequacy of Newstart which found that "the income support system is not meeting its objective of ensuring a minimum standard of living for working-age jobseekers, as too many live in poverty".⁵ Further, the

⁵Community Affairs References Committee, Parliament of Australia. 2020. *Adequacy of Newstart and related payments and alternative mechanisms to determine the level of income support payments in Australia.* Retrieved from https://parlinfo.aph.gov.au/parlInfo/download/committees/reportsen/024323/toc_pdf/AdequacyofNewstartandrelatedpaymentsandalternativemechanismstodeterminethelevelofincomesupportpaymentsinAustralia.pdf;fileType=application%2Fpdf.

Business Council of Australia has also noted that the rate of Newstart was so low that it was actually acting as a barrier for people seeking work,⁶ and therefore gaining independence.

The Coronavirus Supplement, which doubled the previous JobSeeker payment rate, has meant people can breathe a little easier about their other expenses and for the first time in a long time, many have been able to catch up on bills or buy essentials like fresh fruit and vegetables. The increased rate of JobSeeker transformed people's lives, this is evident in Kelly's story below. It is incredibly disappointing that the Government is again thrusting Australians below the poverty line post September when the Coronavirus Supplement is reduced to \$250 per fortnight, equating to a total rate of \$58.90 per day. Further, the decision to reintroduce 'mutual obligation requirements' for JobSeeker recipients and to rest upon a hollow notion of an increase in income threshold to alleviate the pain that will come from the reduction is deeply objectionable. We are in a period where unemployment is at its highest in 20 years and there is 1 job for every 22 people seeking employment in Mildura alone, a sentiment that is replicated nationally with 1 job for every 13 people. It is more important now than ever to ensure we have a robust safety net for each and every Australian that needs it.

*Kelly's Story*⁷

Kelly has a complex history of mental illness, trauma and substance abuse which has seen her seek the assistance of our mental health service for many years. The Coronavirus Supplement has meant for the first time in her life she has been able to take control of her finances. This enabled her to achieve one of her long term goals, purchasing her first car, which in turn has afforded her a sense of empowerment and ownership which she has never experienced before. She reports marked improvement in her self-confidence and self-worth which has had an incredible flow on effect to the frequency of her recreational drug use which has decreased dramatically. She reports feeling that she now has control of her life, something she never thought possible. The Coronavirus Supplement has had such a profoundly positive impact on her life that she informed our service that after years of assistance, she no longer requires our help.

Australians must have adequate social safety net in place at all times and we welcome each of the 27 recommendations of the Senate Community Affairs References Committee Report and, of relevance here, recommendation 27 in particular, which recommends that once the Coronavirus Supplement is phased out, the Australian Government increase the JobSeeker Payment, Youth Allowance and Parenting Payment rates to ensure that all eligible recipients do not live in poverty.

⁶ Business Council of Australia. 2012. *Submission to the Senate Inquiry into the Adequacy of the Allowance Payment System for Jobseekers and Others*. Retrieved from <https://www.bca.com.au/submission-to-the-senate-inquiry-into-the-adequacy-of-the-allowance-payment-system-for-jobseekers-and-others>.

⁷ The names of our clients in each case study have been changed for confidentiality purposes.

We have an opportunity now to transition from crisis measures, such as the Coronavirus supplement, to enduring reforms to deliver a system that assists people to lead happy, healthy and productive lives.

Recommendation 3: The Australian Government should enact all 27 recommendations of the Senate Community Affairs Reference Committee Report into the Adequacy of Newstart

Abolish compulsory Cashless Debit Card and Income Management

We take this opportunity to strongly urge the Government to cease consideration, if any, of the expansion of the Cashless Debit Card (CDC) program. To this date, and despite a decade of various forms of income management operating throughout Australia, the Federal Government remains unable to demonstrate the efficacy of these programs, including the CDC.⁸ We reject the conflation of receipt of income support and anti-social behaviour that underscores this measure and argue that the CDC diverts valuable resources from addressing entrenched poverty, long-term unemployment and social issues that stem from profound social and economic disadvantage. There must be a broader, multifaceted, approach to addressing the social and health problems that the Federal Government claims, the CDC addresses.

Recommendation 4: The Government should cease consideration of expansion of the Cashless Debit Card

Supporting our children and families

Whilst there are many recommendations that could be made that would better support our children and families the overarching theme that emerges in our considerations is the need for a focus on place-based policy.

As a locally based organisation that services regional, rural and remote areas of Victoria and South West New South Wales, Mallee Family Care has a lived experience and understanding of the nuances facing our local people and the negative impacts that 'one size fits all' policy can have on our communities. One of the vital needs moving forward, particularly in the context of the current coronavirus pandemic, is to foster local agencies to lead local solutions. Investment must be made to projects and services at a local level that address the specific needs of the community.

Further, Government needs to better support Organisations that service regional, rural and remote areas to overcome the unique challenges of transport, securing and retraining a workforce and the nuances of regional, rural and remote poverty.

⁸ As noted by The Auditor-General Report No 1 2018-19 entitled The Implementation and Performance of the Cashless Debit Card Trial

We also take this opportunity to reflect upon our submission made earlier this year to the Joint Select Committee on Australia's Family Law System. Within this submission we made a number of recommendations that would see a vast improvement in the lives of children and families who are engaging with the Family Law System. We note in particular our strong support for the Australian Law Reform Commission's comprehensive review of the Family Law System which culminated in their Final Report dated March 2019. We strongly encourage the Federal Government to give significant consideration to the report and its recommendations.

Recommendation 5: The Government should focus on implementing and funding place-based policy

Supporting the critical role of Community Service Organisations now and in the future

Prevent cuts to existing community services

The Social and Community Services (SACS) Pay Equity Special Account expires on 30 June 2021 and we urge the Government to extend this funding.

Since 2012, the Federal Government has delivered additional funding, via the SACS Pay Equity Special Account, to certain organisations whose grant program commenced prior to 2012, such as Mallee Family Care. This was to meet the higher wage costs that that were to be incurred as a result of a 2012 Fair Work Commission Equal Remuneration Order (ERO) which would have seen wages increase by up to 45% over 10 years. Most Governments across Australia, including the Federal Government, provided additional funding to ensure that Community Sector Organisations could pay fair wages and maintain essential services to our communities.

If the base grant for our programs currently receiving ERO supplementation does not rise post June 2021, to incorporate the ERO payments, or the supplementation is not continued, our organisation would see a loss of \$583,483.63 in the 2021/22 financial year. This is a significant loss which would result in:

- Funding cuts to our services, which include approximately 60 programs that vulnerable people in our community are reliant upon;
- An negative effect on the financial status, workforce and the capacity of our organisation to deliver the much needed services – we estimate the a loss of 8-9 EFT;
- A loss of gender equity from job cuts in a sector that is predominately female workforce, Mallee Family Care has a 99% female workforce; and
- The sector as a whole will face increased difficulty in attracting and retaining staff, which is already one of the most challenging aspects for our organisation that services regional, rural and remote areas.



In a time which will see a rising demand for our services, cutting our funding will have dire consequences on our ability to deliver our services and capacity build. Mallee Family Care will struggle to absorb this cost. If this issue is not fixed it will mean hard decisions about the future of our programs.

Recommendation 6:

We urge the Government to either:

1. Continue the ERO Supplementation; or
2. Permanently increase the base rate of grants where ERO supplementation currently applies so as to incorporate the current rate of ERO supplementation.

Conclusion

In summary, Mallee Family Care's priorities for the 2020/21 Budget are as follows:

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| Recommendation 1: | The Government should invest in social housing by funding a national social housing construction program |
| Recommendation 2: | The Government should increase Commonwealth Rent Assistance |
| Recommendation 3: | The Australian Government should enact all 27 recommendations of the Senate Community Affairs Reference Committee Report into the Adequacy of Newstart |
| Recommendation 4: | The Government should cease consideration of expansion of the Cashless Debit Card |
| Recommendation 5: | The Government should focus on implementing and funding place-based policy |
| Recommendation 6: | We urge the Government to either:
<ol style="list-style-type: none">1. Continue the ERO Supplementation; or2. Permanently increase the base rate of grants where ERO supplementation currently applies so as to incorporate the current rate of ERO supplementation. |

We thank you for your consideration.

Yours sincerely


Teresa Jayet
CEO, Mallee Family Care

