



# 2021-22 Pre-Budget Submission

Budget Policy Division  
Department of The  
Treasury

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## Summary of Recommendations

### Recommendation 1.

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

### Recommendation 2.

Increase Commonwealth Rent Assistance

### Recommendation 3.

Permanently increase the base rate of JobSeeker payment

### Recommendation 4.

Cease the use of Income Management and the Cashless Debit Card program

### Recommendation 5:

Focus on implementing and funding place-based policy

### Recommendation 6:

Implement the recommendations contained within the ALRC's Report entitled "Family Law for the Future: An Inquiry into the Family Law System"

### Recommendation 7:

Abandon the *Federal Circuit and Family Court of Australia Bill 2019*

### Recommendation 8:

Invest in Community Service Organisations by increasing base funding and indexation to meet the real cost of service delivery



## Mallee Family Care

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 and Farrer electorates.

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 the current COVID-19 crisis.

## Improving access to affordable housing

### Social Housing

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 September 2020, there was a shortfall of 269 social housing properties in Swan Hill<sup>1</sup> alone. This is compounded by a current vacancy rate of 0.53% for private rentals.<sup>2</sup> This means there is at least 269 vulnerable people, many with families, who are awaiting a safe and secure home.

Further, the findings of Anglicare's August 2020 Rental Affordability Snapshot highlighted the dire situation for the vast majority of our clients. With the latest cuts to the Coronavirus supplement having come in force from 31 December an out-of-work couple with two children can now only afford 0.4 percent of rentals in their budget. Single parents out of work face an even direr situation with affordability crashing to 0.1 percent for some single parent families.

Infrastructure Australia has identified social housing as a key piece of nation building investment<sup>3</sup> which would roughly create 80 construction jobs and 30 ongoing jobs for every 100 units of housing

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

<sup>2</sup> Real Estate Investar Australia Pty Ltd, 2021, *Suburb Snapshot*. Retrieved from <https://www.realestateinvestar.com.au/Property/swan+hill>.

<sup>3</sup> 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>.



built.<sup>4</sup> 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**

### **Reform Commonwealth Rent Assistance**

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 0.53% vacancy rate for private rentals. The private rental market in our catchment has become both increasable 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 economic turmoil, more Australians than ever have become reliant on income support payments and are gleaning 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.

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<sup>4</sup> 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> .



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”.<sup>5</sup> Further, the 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,<sup>6</sup> and therefore gaining independence.

The Coronavirus Supplement, which doubled the previous JobSeeker payment rate, meant people could breathe a little easier about their other expenses and for the first time in a long time, many were 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 with the impending cessation of the Coronavirus Supplement in March 2021.

#### *Kelly’s Story*<sup>7</sup>

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, at its initial rate, meant for the first time in her life she was 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. Kelly reported marked improvement in her self-confidence and self-worth which had an incredible flow on effect to the frequency of her recreational drug use which decreased dramatically. She reported feeling that she now has control of her life, something she never thought possible. The Coronavirus Supplement, at its initial rate, had such a profoundly positive impact on Kelly’s 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.

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 Government should permanently increase the base rate of JobSeeker payment**

<sup>5</sup>Community 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](https://parlinfo.aph.gov.au/parlInfo/download/committees/reportsen/024323/toc_pdf/AdequacyofNewstartandrelatedpaymentsandalternativemechanismstodeterminethelevelofincomesupportpaymentsinAustralia.pdf;fileType=application%2Fpdf)

<sup>6</sup> 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>.

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

## Abolish compulsory Cashless Debit Card and Income Management

We take this opportunity to strongly urge the Government to cease the use 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.<sup>8</sup> 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 the use of Income Management and the Cashless Debit Card program**

## Supporting our children and families

### Placed based policy

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.

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

### Family law amendments

We also take this opportunity to reflect upon our submission made earlier last 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

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



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.

Further, it is our position, having extensive experience in family law practice in a regional and rural setting, that the Family Court of Australia (FCA) should **not** be merged with the Federal Circuit Court (FCC).

While we commend the Government for acknowledging the system is broken and for wanting to address it, we do not accept that a merger of the FCA and FCC will fix the problem. We believe it will in fact result in greater harm being inflicted on the vulnerable children and families that are engaged with the system.

The Bill has received widespread condemnation for multiple reasons. One of which is that it lacks sufficient evidence underpinning it. This is of monumental concern given it proposes the most significant reforms to the Family Law System since the establishment of the FCA some 45 years ago.

The Pricewaterhouse Coopers report, commissioned by the Attorney-General's Department, that the Government relied upon in its announcement in 2018, was conducted over a mere 6 weeks behind a desktop and solely examined the clearance rates of family law cases in both courts. This report has been widely critiqued in both its structure and its use as evidence in support of the Government's proposal. One of the reasons being that clearance rates cannot be the only measure considered when we discuss implementing the most significant reforms to the Family Law Court System since the establishment of the FCA some 45 years ago. It fails to recognise that the sheer nature of the matters in the FCA require at times extensive consideration of the issues and, in some matters, actually evolve over time.

Again, while we do not disagree with the Government's reasoning in wanting to address the issues, we do not believe the merger between the Courts is the answer to resolving the issues.

We note the Government announced this reform while the ALRC was in the midst of the most comprehensive review of the Australian Family Law System and before they appointed the Joint Select Committee on Australia's Family Law System, which is set to table its report in February 2021. The Government is also yet to respond to the 60 recommendations contained within the ALRC Report that was tabled in Parliament on 9 April 2019.

Whilst reform is need, it is far too premature to be enacting change that will abolish the current system. This is particularly evident in a time such as now where we are seeing increased numbers of women and families engaging with the family law system. Our Community Legal Centre alone has seen a 44% increase in family law enquiries since September when restrictions began to ease, compared to the same period of 2019. This is consistent with data we're seeing about spikes in family violence as a result of the pandemic and restrictions imposed to suppress it. Rather than permanent reform in this period we need a financial investment to better resource the Courts in the interim and allow time for meaningful debate and consideration as to the changes required to address the current issues.

**Recommendation 6:** **The Government should implement the recommendations contained within the ALRC's Report entitled "Family Law for the Future: An Inquiry into the Family Law System"**



**Recommendation 7:** The Government should abandon the *Federal Circuit and Family Court of Australia Bill 2019*

## **Supporting the critical role of Community Service Organisations now and into the future**

The work undertaken by Community Service Organisations, such as Mallee Family Care, is integral to the social fabric of our communities. This has never been more evident than over the past year as we've dealt with the COVID-19 Pandemic and the health and economic consequences that have followed. We have maintained visibility of our clients throughout the pandemic, when many Government led services closed their doors, and continue to do so with an emerging cohort of clients.

Mallee Family Care as an organisations that offers a suite of over 60 programs in the fields of family, youth and children, disability, mental health, housing, legal, financial, research and education is well positioned to support families through the COVID-19 pandemic and the aftermath. We can only do this however, with the support of Government.

Over the years Government funding has failed to meet the real cost of service delivery which has meant that our organisation, which should solely be focused on supporting our vulnerable clients, has had to meet that cost. This has only been exacerbated throughout the COVID-19 pandemic.

Baseline funding has remained the same for majority of our services over multiple years and indexation rates, when applied, have been minimal and not applied on a cumulative annual basis, rather to the original grant funding value. There is also little transparency around decisions underpinning the allocation and rate of indexation applied to different programs we offer.

We have seen a significant demand in our services since Government measures designed to buffer the economic impacts of the COVID-19 pandemic have been wound back, such as the Coronavirus Supplement. The cohort of clients we are now seeing has widened, with many new clients never having needed to seek our assistance before. We are also seeing an increase in the complexity of client's needs.

In a time which will see a rising demand for our services, funding shortfalls 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 8:** The Government should properly invest in Community Service Organisations by increasing base funding and indexation to meet the real cost of service delivery.