

2024-25 Federal Pre-Budget Submission

January 2024

Mission Australia is a national Christian charity that has been standing alongside Australians in need since 1859. We combat homelessness, provide housing, assist struggling families and children, address mental health issues, fight substance dependencies, support people with disability and much more. Together, we stand with Australians in need for as long as they need us. In 2022-23, we supported 149,000 people through 463 programs and services across several areas including homelessness, housing, strengthening communities, children and families, youth, employment and disability.

Recommendations

Housing and homelessness

- The Federal Government **quarantine \$500 million for a dedicated Prevention Transformation Fund in the National Housing and Homelessness Agreement (NHHA)** to commence in July 2024, and negotiate its parameters through the National Housing and Homelessness Plan.
- The Federal Government **provide an immediate increase to CRA by 50%** and direct the Productivity Commission to undertake a comprehensive review of rental subsidy programs including Commonwealth Rent Assistance and State/Territory schemes.
- The Federal Government **extend the Reconnect program until 2029 and expand its geographic reach, through an investment of at least \$100 million**, to prevent youth homelessness.

Young people facing disadvantage

- The Federal Government **channel immediate funding for new youth-specific AOD residential services and integrated aftercare supports**, initially leveraging philanthropic support via established delivery organisations.
- The Federal Government **invest \$184 million capital to construct ten 40-unit Youth Foyers over three years**.

Employment services

- The Federal Government **ensure savings from the abolition of the ParentsNext program are reinvested fully into the replacement program** set to commence in November 2024 and are used to fund **implementation of the recommendations** from the House of Representatives Select Committee on Workforce Australia Employment Services that are relevant to people most facing disadvantage.

Investing in communities

- The Federal Government **earmark funding of at least \$40 million to establish and operate the Nexus Centre over a five-year horizon**.

1. HOUSING AND HOMELESSNESS

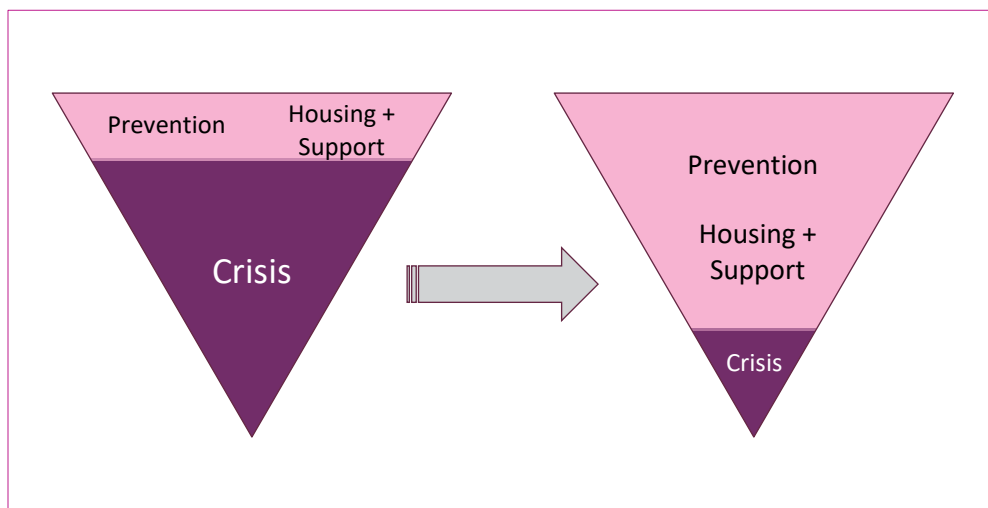
Now is a critical time in the development of homelessness and housing policy, particularly as work begins on the next NHHA and the National Plan.

We welcome the existing, legislated budget commitment that the Government has made through the establishment of the Housing Australia Future Fund. This rolling investment into social and affordable housing should now be complemented with a focus on approaches we know provide early intervention and prevention of homelessness, to ensure it is *rare, brief and non-recurring*.

Establish a \$500 million Prevention Transformation Fund

The homelessness service system must substantially transform if we are to end homelessness. Currently, Mission Australia and others are working within a system designed primarily to respond to people when they are homeless, or when it is almost unavoidable – this is too late. If we build capacity and capability to provide the right assistance to people before they reach crisis point, we will avoid unnecessary human misery, and more effectively help them maintain or find housing (with or without complementary supports) and save taxpayer funds.

To shift the system to this more efficient footing (see diagram below), Mission Australia recommends that the centrepiece of the National Plan be a \$500 million Prevention Transformation Fund made up of new additional investment in the next NHHA. The Fund has the main objective of catalysing the transition to prevention by funding policy, program and practice changes, investing in evidence-based housing and support models, with the secondary objective of freeing up investment in housing and homelessness over the longer term as the need for cost-intensive crisis interventions diminishes.



Recommendation

- The Federal Government **quarantine \$500 million for a dedicated Prevention Transformation Fund in the NHHA** to commence in July 2024, and negotiate its parameters through the National Plan.

Increase CRA by 50%

Cost of living pressures are being felt most acutely by people on the lowest incomes who are renting privately, in large part due to skyrocketing and unaffordable rents. They are overwhelming in housing stress (94%ⁱ) and at extreme risk of homelessness.

Last year, over 40% of low-income households were in housing stress and at risk of being pushed into homelessness, despite receiving CRA.ⁱⁱ Furthermore, December rental prices in Australia broke through the median \$600 a week barrier for the first time, as rents soared on average 9.1% annually in the last three calendar years.ⁱⁱⁱ

The Productivity Commission has called for a CRA review that would cover all aspects of the payment design (including minimum and maximum rates, the co-payment rate, indexation, income tapering and eligibility) with the aim of improving the sufficiency, fairness and effectiveness.

The 15% increase to CRA in the 2023 Federal Budget was welcome but was insufficient in the face of significant and frequent rent increases. The 15% CRA increase added only \$15.50 per week to the maximum CRA rate – around one tenth of the median rental cost increase over the past two years.^{iv}

Recommendation

- The Federal Government **provide an immediate increase to CRA by 50%** and direct the Productivity Commission to undertake a comprehensive review of rental subsidy programs including Commonwealth Rent Assistance and State/Territory schemes.

Increase Reconnect program funding

Reconnect is a vital response for young people at risk of homelessness, as it is the only large-scale youth homelessness program in Australia focussed on preventing homelessness. It is funded by the Federal Government and due to cease in 2026.

Reconnect has been proven to be effective in reducing homelessness for young people at risk.^v Data from our Impact Measurement program, up to October 2023, also demonstrated increases to wellbeing, with 78% of young people reporting improvements after participating in our Reconnect services.

The Department of Social Services is reviewing the program, and Mission Australia as a provider of this program is ready to contribute to this as needed. We urge the Federal Government to ensure the continuity and growth of this type of service provision. More parts of the country would benefit from Reconnect services and increases in capacity, as we note the Department of Social Services program guidelines state Reconnect would be strengthened by place-based elements.^{vi} It is critically important to direct resources early in a person's life course as a large proportion of people who become chronically homeless had their first experience of homelessness before the age of 18 years.^{vii}

If governments agree to transfer the Reconnect program to States and Territories as part of the National Plan or future NHHA, its funding must be ringfenced for Reconnect (or a similarly evidence-based prevention model for young people).

Recommendation

- The Federal Government **extend the Reconnect program until 2029 and expand its geographic reach, through an investment of at least \$100 million**, to prevent youth homelessness.

2. Young people facing disadvantage

Meet the need for youth AOD services

There is high unmet need for AOD treatment services for young people, particularly residential rehabilitation and detoxification services, but inadequate funding from all levels of government. In particular, there is a lack of:

- youth-specific AOD treatment facilities, meaning that some young people are treated in adult centres;
- treatment options in rural and regional areas; and
- treatment options for Aboriginal and Torres Strait Islander young people.^{viii}

A short-term solution to meet this need could involve the Federal Government leveraging fundraising and philanthropic funds, already available to established service delivery organisations. Their access to capital investment can form co-contributions alongside Federal Government investment, to rapidly increase their capacity in high need areas across Australia. For example, an investment of \$8 million over three years (\$2 million for building and establishment costs plus \$6 million for service delivery over three years) would fund a residential rehabilitation facility with 8-10 beds based on Mission Australia's successful Triple Care Farm model, which has been calculated to generate a Social Return on Investment of \$7 for every \$1 invested.^{ix}

Partnerships between the Government and service delivery organisations such as Mission Australia who have and/or can generate philanthropic funding would provide an expedited response, while more sustainable funding arrangements are put in place by governments that share responsibility in this area.

Recommendation

- The Federal Government **channel immediate funding for new youth-specific AOD residential services and integrated aftercare supports**, initially leveraging philanthropic support via established delivery organisations.

Invest in Youth Foyers

Mission Australia is a member of FoyerInvest, a consortium of service providers, philanthropists, impact investors and young people working collaboratively to grow the reach and impact of Youth Foyers. We endorse the pre-budget submission recommendation of FoyerInvest which would substantially increase the number of Foyers across Australia.

Based on 2020 data from nine Foyers across Australia, young people are 1.6 times more likely to achieve a higher level of education compared to those connected with Specialist Homelessness Services. Further, 65% of young people in Foyer gain employment compared to 51% in the SHS, and 80% exit into stable housing.^x Using conditional probability modelling to estimate SHS outcomes relative to Foyer outcomes, it is estimated that Foyer results in an overall per person benefit to government of \$90,042.48 (in June 2023 dollars) in avoided costs over 40 years.^{xi}

Recommendation

- The Federal Government **invest \$184 million capital to construct ten 40-unit Youth Foyers over three years.**

3. Employment services

Reinvest savings from the abolition of ParentsNext

The funding that has been allocated in the Budget for providing ParentsNext must not be returned to consolidated revenue but rather reinvested entirely into the new replacement program planned to commence in November 2024 and towards resourcing the recommendations from the interim and final reports released by the House of Representatives Select Committee on Workforce Australia Employment Services.

While we acknowledge that the Federal Government is yet to provide a formal response to the Committee’s reports, we highlight the following relevant recommendations in the table below. Implementation of those recommendations, sufficiently funded, would support the most disadvantaged groups on their pathway to employment readiness and workforce participation. The recommendations must be adopted and in part funded with the savings from ParentsNext.

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| <p>Your Future Planning Interim Report on ParentsNext</p> | <p><u>Recommendation 5:</u> The Australian Government design and implement a specific program focused on young and teenage parents. The program should have the objective of assisting young and teenage parents to complete their studies and improve their long-term prospects, as well as the long-term prospects of their children.</p> |
| | <p><u>Recommendation 29:</u> The pre-vocational service which replaces ParentsNext has the built-in capacity to trial, experiment with and evaluate alternative service delivery arrangements. All such arrangements should be subject to rigorous co-design with key stakeholders including participants, providers, peak bodies, and academic and policy experts, and should be subject to robust monitoring and evaluation.</p> |
| <p>Rebuilding Employment Services Final report on Workforce Australia Employment Services</p> | <p><u>Recommendation 9:</u> The Australian Government develop, trial, and implement measures to embed pre-employment and vocational supports within a person’s primary human service, such as mental health, homelessness, or family violence services. This should be informed by the approach being taken in Headspace.</p> |
| | <p><u>Recommendation 10:</u> When designing a high intensity case management service for people furthest from the labour market, most likely delivered by the public sector or community based not-for-profit service partners, the Australian Government consider the lessons of the former Personal Support Programme and the French ‘remobilisation’ package for long-term and very-long-term unemployed people.</p> |
| | <p><u>Recommendation 49:</u> The Australian Government co-design and trial a ‘Work in the Community’ community employment program in a limited number of regional areas and places with entrenched disadvantage.</p> |

Recommendation

- The Federal Government **ensure savings from the abolition of the ParentsNext program are reinvested fully into the replacement program** set to commence in November 2024 and are used to fund **implementation of the recommendations** from the House of Representatives Select Committee on Workforce Australia Employment Services that are relevant to people most facing disadvantage.

4. Investing in communities

A minimum investment of \$40 million to set up the Nexus Centre for success

Mission Australia applauds and shares the Federal Government's commitment to tackling entrenched disadvantage and recognition of the centrality of place-based community-led initiatives in achieving that. The many such initiatives across the country are harnessing local assets and community strengths to make a real difference in those places with long histories of persistent disadvantage.

However, almost all of those local initiatives are sub-scale, with precarious support. Also, not all communities of entrenched disadvantage benefit from having such initiatives. Further, seen as a whole, the infrastructure to support the network of place-based initiatives to reach their scaled potential is largely absent.

This situation is described in the Strengthening Communities Position Paper^{xii} released last year from the Strengthening Communities Alliance, a network of organisations committed to creating positive social change by taking a place-based and whole-of-community approach to address the systemic drivers of disadvantage in local communities.

The planned establishment of a National Centre for Place-Based Collaboration (Nexus Centre) is an efficient way to scale up and adequately support a place-based approach to tackling entrenched disadvantage. We acknowledge the comprehensive and robust work undertaken by the Nexus Centre Foundation Partner and funded through the Department of Social Services, to deliver a business case for the Nexus Centre to Government. We understand the Business Case is currently being considered and stress the importance of providing sufficient funding to match the ambitious yet critical presence the Nexus Centre can have in the field of place-based work. We estimate a minimum investment of \$40 million is required to establish a Nexus Centre that is fit for purpose.^{xiii}

Recommendation

- The Federal Government **earmark funding of at least \$40 million to establish and operate the Nexus Centre over a five-year horizon.**

ⁱ ACOSS (2023). "It's not enough": why more is needed to lift people out of poverty SEPTEMBER 2023, https://www.acoss.org.au/wp-content/uploads/2023/09/ACOSS_COL_Report_Sep_2023_Web.pdf.

ⁱⁱ Productivity Commission (2023). Report on Government Services 2024 G Housing and homelessness, <https://www.pc.gov.au/ongoing/report-on-government-services/2024/housing-and-homelessness>.

ⁱⁱⁱ Can be accessed here: [https://www.corelogic.com.au/news-research/news/2024/australias-median-rent-hits-new-record,-surpasses-\\$600-per-week](https://www.corelogic.com.au/news-research/news/2024/australias-median-rent-hits-new-record,-surpasses-$600-per-week)

^{iv} Duncan, A. (2023). A note on the Commonwealth Rent Assistance announcement in the Federal Budget 2023, <https://bcec.edu.au/news/a-note-on-the-commonwealth-rent-assistance-announcement-in-the-federal-budget-2023/>.

^v MacKenzie, D., Hand, T., Zufferey, C., McNelis, S., Spinney, A. and Tedmanson, D. (2020) Redesign of a homelessness service system for young people, AHURI Final Report 327, Australian Housing and Urban Research Institute Limited, <http://www.ahuri.edu.au/research/final-reports/32>.

^{vi} Department of Social Services (2018) Reconnect operational guidelines: 1 July 2018 to 30 June 2021, Australian Government, Canberra, accessed 8 November 2019, https://www.dss.gov.au/sites/default/files/documents/07_2018/reconnect_operational_guidelines_2018-2021.pdf.

^{vii} Chamberlain, C. and Johnson, G. (2011) Pathways into adult homelessness, *Journal of Sociology*, March 2013 49:60–77, first published on November 7, 2011.

^{viii} Sir David Martin Foundation (2020) Evolve: Are we doing enough for young people with drug and alcohol addiction?, accessible at https://www.martinfoundation.org.au/wp-content/uploads/dlm_uploads/2020/08/SDMF-Research-Report-2020-singles-1.pdf 39

^{ix} Sir David Martin Foundation (2020).

^x Accenture (2022). Under oneRoof: The Social and Economic Impact of Youth Foyers, https://foyer.org.au/wp-content/uploads/2023/04/FoyerFoundation_UnderOneRoof_FULLReport2023.pdf

^{xi} Accenture (2022).

^{xii} Can be accessed here: <https://www.missionaustralia.com.au/publications/position-statements/strengthening-communities/2965-strengthening-communities-summary-paper-1/file>

^{xiii} We have benchmarked a minimum cost of the Nexus Centre to the Rudd Government's establishment of the Australian Children's Education and Care Quality Authority (ACECQA) in the 2010-11 Federal Budget. Together with contributions from States and Territories, \$29.4 million over three years was set aside which in today's dollars comes to \$40.33 million. While naturally different entities designed to operate in different legislative and policy environments, there are similarities in the core functions we hope to see replicated in the Nexus Centre. This includes a clear remit for improving service delivery quality and experience for intended beneficiaries, strong research and data capability, and assisting the development of organisations and practitioners to meet best practice. We also note that a similar funding range was put forward in the draft Business Case that SCA was invited to provide feedback on.