



St Vincent de Paul Society
NATIONAL COUNCIL *good works*

ABN: 50 748 098 845

National Council of Australia Inc
22 Thesiger Court
Deakin ACT 2600
PO Box 243
Deakin West ACT 2600
Telephone: (02) 6202 1200
Facsimile: (02) 6285 0159
Website: www.vinnies.org.au

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Contents

Overview	3
<i>Who we are.....</i>	<i>4</i>
Adequate income and a strong social safety net	5
Decent employment and a living wage	9
Secure Housing	10
Universal education	11
Good health for all	12
Community services and support to those in need	14
A fair and equitable tax system	14
Conclusion	15
REFERENCES	16

Overview

Far from being a mere exercise in balancing the books, the Federal Budget is the primary means for the Government of the day to present its policy priorities and vision for Australia. It reveals what our leaders stand for, what issues they want to address, and what sort of Australia they want for the future.

In this Budget submission, we call on the Federal Government to reset its policy approach and embrace a more equitable and just vision for the nation. Despite more than two decades of uninterrupted economic growth, inequality in Australia is growing and core government services and payments are not meeting the community's needs. Sustained funding cuts have placed our health, education, and community services under strain, and gaps in our social security system are pushing many vulnerable people deeper into poverty. At the same time, proposed cuts to corporate tax rates and the persistence of unfair and inefficient tax breaks risk widening the gap between rich and poor, and eroding the revenue base that is needed to fund essential services and supports.

Against this backdrop, the St Vincent de Paul Society is calling for a Federal Budget that prioritises justice, fairness and solidarity. A Budget based on these principles must rebuild and repair the social safety net, invest in education and our health system, and restore funding to essential social programs and services. It must also ensure a more equitable and sustainable tax system that removes unfair tax breaks and loopholes that benefit the wealthy, and secures the revenue needed to fund our health, education and social services.

Critically, the Government must not seek to balance the Budget on the backs of the most vulnerable and disadvantaged individuals and families. In the pursuit of so-called budget repair, recent budgets have slashed funding to health, education and essential social services, and reduced support to the most vulnerable and disadvantaged in our communities. At the same time, generous tax cuts and concessions have benefited corporations and high-income earners, and reduced the government revenue needed to fund public services and infrastructure. The continuation of this unbalanced approach to fiscal repair is economically, socially and morally irresponsible.

The 2017 Budget is an opportunity to correct the country's course and embrace a fairer, more equitable and sustainable Budget strategy. This submission focuses on the key elements that we believe should be part of a just and realistic Budget strategy, namely:

- Adequate income and a strong social safety net;
- Decent employment and a living wage;
- Secure housing;
- Universal education;
- Good health for all;
- Community services and support to those in need; and
- A fair and equitable tax system.

By including all Australians in the debate around how we create and spend our national wealth, and by strengthening social supports and community services, we believe the 2017 Budget has the potential to unite us in our quest for a more fair and prosperous future.

Who we are

The St Vincent de Paul Society (the Society) is a respected lay Catholic charitable organisation operating in 149 countries around the world. Our work in Australia covers every state and territory, and is carried out by more than 65,000 members, volunteers, and employees. Our people are deeply committed to social assistance and social justice, and our mission is to provide help for those who are marginalised by structures of exclusion and injustice. Our programs assist millions of people each year, including people living with mental illness, people who are homeless and insecurely housed, migrants and refugees, women and children fleeing family violence, and people experiencing poverty.

Adequate income and a strong social safety net

Access to an adequate income is vital to enable people to live in dignity and meet day-to-day living costs. Social security payments provide a vital shield against poverty, and maintaining Australia's social safety net is vital to ensure that households on low incomes can meet their needs and participate in society.

The position of the Society has consistently been that income support payments should be accessible to those who need it and paid at a level that ensures human dignity and an adequate standard of living. However, recent budgets have torn away at this notion, delivering a raft of savage cuts to Australia's social safety net, opening up gaps in access and reducing support payments to the most vulnerable individuals and families. In a social security system that is already one of the most tightly targeted and meagre among comparable countries, the impact of such drastic cuts has been devastating.

The Government has justified massive cuts to social security on the grounds of "budget repair", and has signalled its intention to pursue additional savings from the social protection system. We believe this approach is indefensible and unsustainable. There are alternative ways of reining in the deficit and repairing structural deficiencies in the Budget that do not require cutting support payments. Reducing government support for social security recipients on the lowest incomes, while failing to tackle tax concessions for higher socio-economic groups, is a fundamentally unfair strategy for reducing the Budget deficit.

Contrary to government rhetoric, Australia's social security system is already lean and highly targeted, with support to the bottom 20 per cent of households more concentrated than any other OECD nation.¹ Our social security expenditure is low by OECD standards (at 8 per cent of GDP, compared to the 12 per cent average across the OECD), and has declined proportionately since 2000.² We cannot risk any further erosion of Australia's social protection system without increasing poverty, social exclusion, community division and poorer population health outcomes.

It is crucial our social security system is strengthened rather than eroded through further cuts and punitive compliance measures. In a context of growing inequality, we believe that payments and support for people at risk of poverty should be the last place the Government looks for savings in the 2017 Budget.

Increased and appropriately indexed support payments

Income support payments are too low and have failed to keep pace with rising costs of living. Recent analysis by the Australia Institute shows an "unprecedented gap" between the amount of government assistance received by unemployed households and the Henderson poverty line.³ In real terms, there has not been an increase to the Newstart Allowance in over two decades, and the current payment of just \$37.76 per day is simply not enough to meet basic living costs. Inadequate indexation has meant that payments and allowances have fallen behind wages growth and behind the costs of essential services.

The poverty and hardship experienced by those reliant on support payments not only robs people of their dignity, but also acts as a barrier to employment and participation, making it difficult for people to engage in education or training and maintain a sense of connection and belonging. All of these

factors impact on the long-term health and wellbeing of individuals and families and the communities in which they live.

In addition to inadequate payment levels, recent Federal Budgets have tightened access to payments and introduced ever more punitive and complex compliance measures. Tighter eligibility for the Disability Support Pension (DSP) has forced a significant number of people with a disability onto the lesser payment of Newstart – a meagre payment that in no way accounts for the additional costs associated with disability. Such measures are particularly disturbing given the disproportionately high rates of poverty experienced by people with a disability in Australia.⁴ Australia currently ranks *last* out of 27 OECD countries for the percentage of people with disability living in poverty, with around 45 per cent of people with disability in Australia living near or below the poverty line.^{5,6}

A range of other measures have narrowed access or reduced payment rates, including the abolition of the Income Support Bonus, increasing the Newstart access age, freezing allowance free areas, abolition of the Pensioner Education Supplement, extension of payment waiting periods for permanent residents, and the removal of backdated carers allowance payments. Additional restrictions for parenting and disability support payments have resulted in greater surveillance, higher administrative costs to government, and often lower payments. Compulsory income management has been extended over a larger section of the community, while there remain live proposals to cut off young unemployed people from all assistance for significant periods.

A succession of changes to payments for single parents have had a particularly devastating impact. Single parents with children over the age of eight have been forced off Parenting Payment Single and onto the lower Newstart payment. A freeze in income thresholds has also meant that payments to single parents are reduced more quickly if they re-enter work. Coinciding with these policy changes, the rate of child poverty in single parents households has increased, with one in three children in single parent households now living below the poverty line.⁷

The Society calls on the Government to halt the relentless attacks on income support recipients and to ensure the 2017 Budget improves the adequacy of payments and the accessibility of support to those who need it. At a minimum, this must include:

- *Increasing the rate of Newstart Allowance and independent Youth Allowance by \$55 a week, and improving indexation to alleviate poverty;*
- *Reinstating the Parenting Payment Single until the youngest child turns 16, and revising the income thresholds and taper rates to remove financial disincentives to moving from income support into employment;*
- *Unfreezing indexation on eligibility thresholds for income support payments.*

In addition, the Society supports the establishment of an *independent payments review commission or tribunal* to regularly assess the adequacy of all social security payments (including pensions, allowances, family payments and supplements) and indexation arrangements. Currently, there is no regular independent assessment of the adequacy of income support payments. An arms-length commission or tribunal – much like the Fair Pay or Remuneration Commission – would be able to review the best available evidence and data, recommend benchmarks for income required to achieve an adequate standard of living.

Family payments

The core purpose of our family payment system is to protect against child poverty. Policies of recent governments, however, have reduced payments to vulnerable families, and this has coincided with an increase in the rates of children living in poverty in Australia.⁷ Around 17.4 per cent (731,300) of all children in Australia are living in poverty, an increase of 2 percentage points over the past decade.⁷ The rates of poverty are highest among single parent households, with more than one in three (40.6 per cent) of children in lone-parent families living below the poverty line. Since 2012, the poverty rate for children in lone parent families has gone up from 36.8 to 40.6 per cent.⁷

It is essential that this trend is reversed, and that the family payment system is strengthened to ensure that low-income families are adequately supported to raise children and maintain an acceptable standard of living. Budget proposals to cut payments must be abandoned and the level, targeting and indexing of payments should be strengthened to ensure that payments are adequate and reaching those who need it.

'Zombie' measures

The Society urges the Government to abandon the unlegislated savings measures – the so-called 'zombie' cuts – which have been carried over from previous budgets. These cuts, which were retained in the latest MYEFO, will slash a further \$7.1 billion from those who can least afford it. This includes restrictions to Newstart eligibility and the imposition of a five-week waiting period; substantial cuts to family payments for low-income households; cuts and changes to paid parental leave; the abolition of the pensioner education supplement and the education entry payment; and the abolition of the energy supplement.

Automated debt recovery program

The Society has called for the suspension of Centrelink's automated debt recovery program. We are concerned this program is being used as a blunt instrument to achieve deficit reduction, with the Government banking on a return of \$3.7 billion when the costs of administering the debt recovery program are factored in.

The arbitrary \$3.7 billion in savings is premised on a system that punishes people who receive social security and results in people repaying debts they do not owe. The current error-prone process removes human oversight, reverses the onus of proof onto recipients, and deploys external debt collectors before alleged overpayments have been properly established. While reducing the incidence of underpayment and overpayment is a legitimate aim, any process designed to achieve this aim should be based on accurate information and must respect the dignity of social security recipients. There should also be an appropriate level of discretion to ensure that individual circumstances are taken into account and that those living in poverty are not pushed into further disadvantage and hardship.

Compulsory income management

The Society urges the Government to scrap compulsory income management. This policy is costly, demeaning, discriminatory and has ultimately failed to deliver any measurable benefits.

Income management is designed to restrict the purchases income support recipients make by quarantining a portion of their income, which in turn can only be spent on government approved items. The vast majority of those subject to income management are Indigenous and participating

on a compulsory, rather than voluntary, basis.⁸ According to the Government, the scheme is necessary to improve financial management skills, foster self-reliance, promote socially responsible behaviour, and prevent spending on illicit drugs, alcohol, gambling or pornography.

Beyond some limited success where people have entered into the scheme voluntarily, there is no evidence of meaningful or sustained benefits.^{8,9,10,11} The most detailed evaluation of income management in the Northern Territory was devastating in its conclusions: no improvement in community wellbeing, no evidence of greater financial autonomy for individuals, an increased sense of disempowerment and dependence on welfare, and a general failure to meet the policy's stated goals.¹² There is no evidence that the majority of those subject to the scheme had been mismanaging their meagre income support payments, and yet the "tools envisaged as providing welfare recipients with the skills to manage have become instruments which relieve them of the burden of management".¹²

Ultimately, income management is an expensive and ineffective policy that is demeaning and disempowering, and driven by ideology rather than evidence. It is discriminatory due to its disproportionate impact on Aboriginal peoples, and contributes to stigma and humiliation among people who are made to feel responsible for their poverty by paternalistic government policies.

Compulsory income management cannot conceal the reality that achieving 'self-reliance' is extremely difficult when you're living on inadequate income, or living in communities where education and essential health and community services are under-resourced. Instead of renewing funding for a program that has proven costly and ineffective, we encourage the Government to redirect funding into productive programs and services and that are developed in partnership with communities and that support and empower local communities. Where individuals genuinely volunteer to participate in some form of income management, they should have access to an opt-in scheme designed in consultation with communities, and augmented by financial counselling, employment support and other wrap-around services.

Centrelink resourcing

Centrelink provides vital services and support to millions of people each year, yet inadequate resourcing is placing the quality and accessibility of Centrelink's services under threat. The Department of Human Services has been decimated by funding cuts and outsourcing to the private sector, eroding its capacity to deliver services. Delays in processing claims have increased significantly, as have the number of complaints and unanswered phone-calls.^{13,14} To address these issues, it is essential the forthcoming Budget restores funding and staffing levels to the Department of Human Services.

Decent employment and a living wage

The Society recognises the importance of secure employment in moving people out of poverty and disadvantage. Yet many people who are seeking secure and adequately paid employment are unable to find it. In addition to the persistent problem of long-term unemployment, the rapid growth in low-paid, part-time and precarious work is having a devastating impact on families and individuals. Every day, our workers and volunteers provide assistance to people unable to find secure and appropriately paid work, and we witness the financial pressure and emotional toll this puts on them and their families.

We believe there is an urgent need for a comprehensive jobs plan to tackle unemployment and address the growing rates of underemployment and precarious work. Such a plan would take a long-term approach, take into account the complex structural factors driving unemployment, and avoid a one-size-fits-all approach. It would ensure adequate income for the unemployed. It would also provide an integrated strategy that links education, training, and government investment in genuine job opportunities.

Importantly, a plan that creates decent jobs requires moving beyond ineffectual, stand-alone and haphazard policy measures that neglect the structural drivers of unemployment and underemployment. For too long, governments have taken a harsh approach to the long-term unemployed, wielding a punitive stick on the back of those already doing it tough. Work for the Dole is a demonstrable failure, with studies showing that the program provides neither a pathway to a job nor any substantial training or skill development.^{15,16,17} The 'work first' approach pressures job seekers to take any job, emphasising short-term employment and applying strict participation requirements and sanctions.¹⁸ This approach underpins the outsourced employment services system, yet it does little to overcome the employment barriers faced by the most disadvantaged jobseekers.¹⁹ Forcing jobseekers to accept almost any job on minimally acceptable terms and conditions, including casual and insecure forms of work, does not help jobseekers secure decent and sustainable employment. We have not made progress if the 'welfare poor' becomes the 'working poor'.

In addition to abolishing Work for the Dole and punitive compliance requirements, it is imperative the Government scrap the Community Development Program (CDP). The CDP is a remote-area Work for the Dole scheme that principally affects Aboriginal and Torres Strait Islander people. While the Government maintain that the program helps people find work and gain skills²⁰, there is mounting evidence that it is merely exacerbating the already deep levels of vulnerability and poverty of people living in remote areas.^{21,22,23} The program applies oppressive obligations and requirements, forcing those on income support to undertake Work for the Dole for 25 hours over 5 days, 48 weeks a year, and imposing crippling financial penalties for non-compliance.

It is vital the forthcoming Budget abandons punitive and paternalistic measures that simply compound disadvantage and do little to create job opportunities. Such measures, coupled with the toxic rhetoric that blames the unemployed for their own circumstances, reinforce the notion that it is issues of behaviour rather than opportunity that need to be addressed. Yet the reality is that the number of unemployed far outstrips the number of jobs available. Ultimately, behavioural responses fail to address the shortfall in job opportunities and the real causes of structural unemployment and underemployment.

A Budget that tackles structural unemployment and underemployment must focus on creating job opportunities and removing the barriers that prevent people accessing well-paid and secure jobs. This is not achieved by attempts to bypass or undermine minimum wage and penalty rate settings, as evidenced in the PaTH program.

A Budget that supports jobs also means going beyond the discredited model of trickle-down economics: there is no evidence that cutting corporate tax rates will deliver employment growth.^{24,25,26} Instead, we need a comprehensive approach that includes investment in education and training; targeted investment in industries and infrastructure that will deliver sustainable jobs growth; localised job creation packages in regional areas with concentrated disadvantage and unemployment; and social procurement requirements on government contracts to create more entry-level job opportunities and positions for people experiencing disadvantage. We also need to ensure the infrastructure and supports are in place to remove barriers to employment, such as access to childcare, transport, safe housing, income adequacy and affordable health and social services.

Secure Housing

Having a safe place to live is a basic human need. Without a safe and secure place to live, it is impossible for people to find the stability they need to address other issues in their life. Yet increasingly, affordable and secure housing is beyond the reach of a growing number of people in Australia. Insecure, unaffordable, and inadequate housing are at chronic levels.²⁷

High housing costs are the biggest source of financial stress for many low-income households, with the majority of those in housing stress in private rental.²⁸ There is no question that the housing market is severely lopsided. On the one hand, it creates money for those people who already have more than they need, with tax incentives that overwhelmingly increase the income of the wealthy without any flow-on benefits.^{27,31} On the other, for those on very low incomes, the wait lists for public housing can run to years, and the quality of the stock is often substandard. Australia is facing a crisis in the supply of social and affordable housing, with almost 200,000 families on social housing waiting lists.²⁹

One of the most severe consequences of this broken housing system is the growing rates of people at risk of, or experiencing, homelessness. Ever increasing rents are pushing more individuals and families to the brink of homelessness and, for those that do become homeless, the lack of affordable housing helps to keep them that way. At the same time, frontline homelessness services are overstretched and struggling to meet demand. Every day, homelessness services are forced to turn away hundreds of people requesting help and basic shelter.³⁰

Few would deny that Australia's housing system is broken. Yet calls for reform and action to reduce homelessness have been met by political paralysis: there is no national strategy to tackle housing affordability and homelessness, and ongoing funding for many key programs and services remains in doubt. If shelter is one of the most basic of all human needs, essential to all other capacities and potentials being fulfilled, then we clearly need a new national plan for housing affordability.

To support this national plan, it is imperative the forthcoming Budget delivers reforms across the taxation, income security, social housing and homelessness systems.²⁹ We are encouraged by the Government's recent announcement that it would establish an affordable housing taskforce, and it is vital this taskforce supports sustained and substantial investment in social and affordable housing.

Our social housing system is in crisis from decades of underinvestment and neglect, and the Society is calling upon the Federal Government **to establish a \$10 billion social housing fund** to finance new social and affordable housing.²⁹ This fund would provide loans to a range of entities to build new and affordable social housing, with a strong preference for community and locally-based providers. This should not, however, be funded by diverting resources away from current funding for social housing – it must be *additional* investment if we are serious about addressing the housing crisis.

In addition, any credible strategy to increase affordable housing must include reform of housing tax concessions, including phasing out negative gearing and reducing the capital gains tax discount. The current tax settings see billions of government revenue forgone each year in concessions that overwhelmingly benefit the most wealthy, as well as encouraging speculative investment that drives up the costs of housing and compounds the current housing affordability crisis.^{31,32}

To ensure those on the lowest incomes can meet their basic housing needs, Commonwealth Rent Assistance must also be increased by 30 per cent, and indexed properly. The real value of rent assistance has declined over time as spiralling rents have risen faster than inflation, leaving many rent assistance recipients in housing stress and severe financial hardship.³³

Finally, the forthcoming Budget must end the cycle of uncertainty over funding to homelessness services, which are currently overstretched and underfunded. While the recent announcement of a 12-month extension to the National Partnership Agreement on Homelessness provided the sector with a temporary reprieve, this commitment needs to be extended for five years to provide long-term funding certainty for homelessness and associated services. Secure and sufficient funding for such services should be part of a renewed plan to halve homelessness by 2025 – a plan that addresses the drivers of homelessness, rapidly rehouses people who are homeless, and provides adequate and flexible support for those needing help to sustain housing.

Universal education

Universal access to quality education is vital to Australia's future and a pre-condition for a socially just and prosperous society. Yet increasingly, access to quality education is being determined by income and location.^{34,35} An inequitable education system is a barrier for many of those from disadvantaged backgrounds, preventing them from achieving their educational potential and impacting on their future employment and life-long financial security.

It is essential the Federal Government recommits to universal education: from early childhood education, through to schooling, universities and our vocational education and training system. It is a moral and social imperative that the 2017 Budget works toward restoring Australia's education system to one where every child, regardless of background, is given the best possible start to life.

Key to this is adequate and more equitably distributed funding for **early childhood education and care**. While most political discourse focuses on 'childcare' as a means of supporting parents to get back to work, early childhood education has much broader societal impacts. It has a decisive impact on developmental outcomes and is critical in overcoming the impact of early disadvantage on educational outcomes and life chances.^{36,37,38} However, there remains an unacceptable divide in both opportunity and outcome between the poorest and wealthiest communities. A third of Australian children do not attend preschool for the number of hours needed to make a difference, and this proportion is much higher for children from disadvantaged backgrounds.³⁹ The growing

divide between advantaged and disadvantaged young children is creating a significant challenge for an education system already struggling to reduce the gap in achievement.⁴⁰

High-quality early education in the two years prior to school must be part of the national investment to secure the health, wellbeing and education of our children.⁴¹ The current market-based system is complex, fragmented and entrenches inequities in access.³⁹ Simply increasing childcare subsidies for this market-based system will not overcome problems in accessibility or affordability. Nor should an increase in funding be made contingent on reducing family payments to the most vulnerable families – families that already struggle to meet the costs of early childhood education. It is imperative the Budget both increases investment in early childhood education and ensures a system that distributes funding more equitably and efficiently.

A revitalised commitment to needs-based funding is also crucial for Australia's **primary and secondary school system**. Universal education means that all children should have an equal chance to do as well at school as they can, with full funding based on need, rather than any other criteria.⁴² However, Australia's school system is deteriorating in terms of equity and excellence, and these trends will worsen without a renewed commitment to needs-based funding. Cuts to school funding, combined with the perpetuation of an inequitable model of distributing funds, are entrenching the gap between the most advantaged and disadvantaged students.³⁴

Fixing our broken **vocational education and training (VET) sector** and **restoring funding to TAFE** must also be priorities in the 2017 Budget. While the Government's recent reforms to the VET loan scheme and tightened regulations are generally welcome, these measures alone will not address the deeper problems in the sector. The Society are also concerned that the new cap on fees may result in courses with prohibitive out-of-pocket costs, especially for people from disadvantaged backgrounds. More needs to be done to guarantee the quality and affordability of the vocational education system, and this must include reviewing the emphasis on a deregulated market model and revitalising the public TAFE system. In addition, we believe consideration should be given to forgiving VET FEE-HELP debts that were incurred as a result of "unacceptable conduct". The depth of the exploitation of vulnerable Australians under the deregulated model demonstrates the need for the Commonwealth Government to remediate cases of unjust or unlawful enrolment, even when costs cannot be recovered from the offending VET provider.

In addition, changes to **university** funding, regulation and the associated student loans system must not increase the debt burden on students, nor compromise the quality of tertiary education. High-quality and accessible tertiary education should not be out of reach for students from low-income or disadvantaged backgrounds. Nor should it impose a crippling long-term debt on graduates.

Good health for all

Ensuring all people have access to the resources and opportunities essential for good health and wellbeing should be a priority of all Australian governments. Yet Australia's health system is unbalanced, and health outcomes are uneven. While many get world-class care, there is a significant portion of us who lack access to the services and the social and economic conditions that support good health.⁴³ There is clear evidence that health is closely intertwined with socio-economic status, with socio-economically disadvantaged people more likely to suffer illness, disability, and a lower life expectancy.⁴⁴ Those who are the most socio-economically disadvantaged are twice as likely to have

a long-term health condition as the most affluent Australians, and will die on average three years earlier than the wealthiest.⁴⁵ In addition, Aboriginal and Torres Strait Islander Australians continue to experience an acceptable and pronounced gap in health outcomes.⁴⁴

These disparities in health do not simply arise from the health system and access to healthcare. Access to universal healthcare is crucial, but so too is a sustained focus on supporting the social determinants of good health and *preventing* disease and ill-health. When considering Budget expenditure, we need to more systematically factor in the health-related costs of cuts to education, housing and income support and, conversely, the downstream health benefits and savings that can be realised when we invest in the social infrastructure and services that support good health.⁴⁶ Further, there is inadequate investment in preventive health initiatives.⁴⁷ The failure to invest in measures to prevent chronic diseases and other health conditions has a detrimental impact on people's health, while at the same time placing an unsustainable burden on our health system.^{44,45,48}

In addition to supporting the social determinants of health and investing in prevention, it is imperative the Federal Budget supports a universal health system, which is the most effective, efficient and equitable way to ensure the delivery of health services to the Australian public. Compared to comparable countries, Australians already pay excessive out-of-pocket costs on healthcare, and this is contributing to growing gaps in access and outcomes.^{49,50,51} Compounding this issue is the billions that the Government provides each year to prop up the private health insurance industry. The private health insurance rebate has failed to take the pressure off public hospitals and is contributing to a two-tier health system that provides care based on the ability to pay.^{52,53} The Society believes that the expenditure on the Rebate should be redirected to support better population health outcomes, including support for community based services and addressing existing gaps in the health system.

One particular gap in the health system that requires urgent attention is dental health. Oral health is a fundamental part of overall health and wellbeing and, without good oral health care, people are at a much higher risk of many systemic health problems.⁵⁴ Yet the disparities in access to oral care are stark in Australia, with the cost placing dental treatment beyond the reach of many disadvantaged individuals and families. The groups of people who are least likely to access care and treatment are those on low incomes⁵⁵, Aboriginal and Torres Strait Islander peoples⁵⁶, people living in remote areas⁵⁷, people with disabilities, young adults on income support and sole parents.⁵⁸ In this context, recent Commonwealth cuts to oral health care must be reversed and funding increased to ensure those who need dental care can access it, irrespective of their income or social and locational circumstances.

We also need to see a genuine commitment to improving Australia's mental health system. This includes addressing issues such as the chronic underfunding of community-based mental health, the variability of care across the country, and growing rates of suicide. We are concerned that the Government is currently on track to oversee a reduction in per capita funding for community based mental health, moving in the opposite direction to that recommended by the National Mental Health Commission's 2014 review.⁵⁹ This reduction in funding is likely to be compounded by the withdrawal of programs funded under the Department of Social Services portfolio, and the redirection of other funds currently dedicated to mental health to the National Disability Insurance Scheme.

Community services and support to those in need

Nationally, our community services sectors are struggling to provide support for the most vulnerable. The issue is multi-tiered, with essential services under-funded, struggling with short-term funding arrangements to accommodate growing needs, and continuing to adapt to cuts and changes to funding programs. A number of peak organisations have also had their funding reduced or withdrawn, undermining their ability to advocate on behalf of the people they serve, and diminishing their capacity to contribute to effective policy and program design. Funding uncertainty and inadequacy is widespread, and this is undermining the capacity of the sector to meet effectively the needs of people experiencing poverty and inequality.

Reductions in funding have been experienced across the community sector, with funding cuts from the last three budgets well in excess of \$1.5 billion. These cuts have had a profound impact on a range of services that support the most vulnerable and disadvantaged in our communities, including homelessness and housing services, emergency relief, financial counselling, community health, asylum seeker and refugee services, services for disadvantaged and at-risk youth, and Aboriginal and Torres Strait Islander programs.

Of particular concern, the legal assistance sector is at a critical juncture. Amid significant and rising demand for legal assistance, funding for the sector has been in decline, and legal assistance services are facing a further funding cut of 30 per cent from July 2017 onward. These funding cuts will mean that people across Australia will miss out on the essential legal help they need. There is already a growing “justice gap” for the disadvantaged in Australia, particularly in relation to Indigenous peoples, who are the worst affected group experiencing unmet legal need.^{60,61} Unresolved legal problems tend to generate a range of follow-on effects and will, in the short and longer term, involve significant costs to government at all levels and the whole community. People experiencing disadvantage will become even more vulnerable. When large numbers of people are already missing out on legal help, to further cut access to legal assistance is unthinkable.

It is imperative the forthcoming Budget reverses funding cuts to community legal centres and Aboriginal and Torres Strait Islander Legal Services, and immediately injects additional funding of \$120 million per year into the legal assistance sector, in line with the Productivity Commission’s recommendation in 2014.⁶⁰ The Government must also commit to developing a process for determining adequate and sustainable long-term funding contributions to the legal assistance sector, working with the state and territory governments, in consultation with the sector, and informed by robust data and research.

In addition to the devastating impact of funding cuts to the community sector and legal assistance services, the prolonged uncertainty of funding decisions has been detrimental in critical areas of social infrastructure and support. It is unsustainable and socially and morally irresponsible for the Government to continue a Budget strategy of cutting and undermining the services that support the wellbeing of our communities, including the most vulnerable and disadvantaged.

A fair and equitable tax system

Taxation is a profoundly moral matter. It is the primary means for ensuring the equitable distribution of wealth, as well as raising the public money that supports the community’s needs. A good taxation

system should contribute to the equitable distribution of wealth and ensure sufficient revenue to build and maintain public infrastructure, deliver essential services and support people who are struggling and in need of care.

The Society supports an Australia where everyone has access to quality services, education and healthcare, and this in turn requires growing our revenue base by getting rid of unfair tax breaks and ensuring the wealthy pay their fair share. Political debate has fostered the misconception that government is big taxing, big spending and inefficient, and that the solution to our structural deficit is to be found in cutting expenditure rather than raising revenue or taxes. Yet in comparative terms, Australia is a low-taxing nation, and the fifth lowest in the OECD.⁶²

We support progressive tax reform that starts at the top by removing unfair tax breaks and wasteful tax concessions. Not only will this help address the structural deficit of the Budget, but it will redirect money away from tax sheltered locations, like superannuation and housing, and into productive areas that will support a stronger economy and more equitable wealth distribution. A key element in this reform is removing generous superannuation tax concessions. Despite last year's changes, the super system remains heavily weighted toward the wealthy, siphoning off billions of dollars of government revenue each year into the pockets of the wealthiest. While recent changes are a small step in the right direction, the superannuation system remains overwhelming unfair and unsustainable. Negative gearing, capital gains tax discount, and tax loopholes and shelters also require urgent action. Instead of cutting vital services, removing the generous tax concessions and closing the loopholes that benefit corporations and high-wealth individuals is a much more fairer, equitable and sustainable budget strategy.

Ultimately, we can only create a just society if, as a community and as a nation, we make adequate provision for people who are forced to carry the burden of inequality. And as a nation we can only provide for those most in need if we structure our tax system to raise revenue fairly and sustainably: not by delivering company tax cuts, but by removing unfair tax concessions and loopholes that contribute to inequality and reduce the funds we have to invest on what the community needs.

Conclusion

There are significant opportunities in this Budget for the Government to reset its course and help build the kind of country we all want: one that values fairness, equality, and respect for all of our human rights. Based on what we see every day, what our members tell us, and the stories from the people we assist, we have outlined the priorities that we believe are essential elements in a Budget that supports justice, fairness and solidarity. A Budget based on these principles must rebuild and repair the social safety net, invest in education and our health system, restore funding to essential social programs and services, and ensure a more equitable and sustainable tax system. We sincerely hope that the Government will take this opportunity to hand down a Budget that strengthens and unites our country, and look forward to working together on building a better society.

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