



BUILDING INDEPENDENCE & PARTICIPATION



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24 August 2020

Budget Policy Division
Department of the Treasury
Submitted via Treasury Consultation Hub

Dear Sir/Madam

Re: 2020-21 Pre-Budget Submissions

Thank you for the opportunity to participate in the 2020-2021 Federal Government's Pre-Budget Submission process.

As a member organisation of Family and Relationship Services Australia (FRSA), we write to you in support of FRSA's Pre-Budget Submission to the Treasury's process for 2020-21. FRSA recently commissioned research on the impact of possible reduced funding levels to the FRSA membership base from 1 July 2021 due to the expiry of the Social and Community Services (SaCS) Special Account.

The SaCS Pay Equity Special Account was established by the Commonwealth Government in 2012 to assist the sector to afford the increase in wage costs that were handed down as part of Fair Work Australia's Equal Remuneration Order ruling in this landmark case.

SaCS supplementation is currently used to help employers meet their obligations to pay their staff at award wages. Programs established by Government since the ruling have the award wage costs built into baseline funding. For those programs, funding is commensurate with current market labour rates and not historical rates.

This year, independent research on this issue was undertaken by the Centre for International Economics, commissioned by FRSA. The main findings of the research are:

- The FRSA membership has invested heavily in efficiency measures over the past eight years and is at, or close to, the efficiency frontier. That is, there is limited, if any, scope for further efficiencies. Costs of service delivery continue to rise, and funding levels have not kept pace with these costs.
- The Family and Relationship Services (FRS) sector delivers substantial value to the Australian economy and to Australians. A sector-wide average benefit cost ratio (BCR) of 5.5:1 was estimated.
- On expiry of the SaCS Special Account:
 - There will be an effective annual funding cut of approximately \$45 million to the FRSA membership base, and \$260 million per year in flow on costs imposed on Australians, reflecting the BCR of 5.5.
 - FRS providers anticipate reducing operational employment (employees providing direct services to clients) by up to 22 per cent, with the greatest impact felt in regional and remote locations. In real terms, this equates to 1,100 jobs lost across Australia.
 - There will be a 16 per cent reduction in clients able to be served. In real terms this will equate to approximately 92,400 children and adults not able to access services from FRSA members.

Family and relationship services account for a proportion of support programs reliant on the SaCS Supplementation funding. The broader impact on organisations delivering social services – and on their clients – will be much greater.

Within the context of the COVID-19 pandemic, it is critical that organisations are given certainty that they can continue – at the very least – to retain all staff and deliver services to vulnerable children, families and communities at current levels, come 1 July 2021.

We request that Treasury gives this matter serious consideration in its deliberations. We support FRSA's recommendation that: The Government commits to increasing baseline funding to meet Family & Relationships Services Sector wage costs in line with the current SCHADS Award post-June 2021.

Yours faithfully

A handwritten signature in cursive script that reads "Cath Bartolo".

Cath Bartolo
CEO