

**MISSION
AUSTRALIA**

Submission

2026-27 Federal Pre-
Budget Submission

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About Mission Australia

Mission Australia is a national Christian charity that has been standing alongside Australians in need since 1859. In 2024-25, we supported 141,552 people through 494 programs and services across several areas including homelessness, housing, strengthening communities, children and families, youth, employment, disability, mental health and alcohol and other drugs. Together, we're building hope and possibility for all.

Summary of recommendations

Housing and homelessness

To effectively respond to the year-on-year increases in specialist homelessness service (SHS) use¹ and reduce premature mortality among those with a history of receiving support from SHSs,² the Federal Government must:

- **Dedicate \$500 million for a Homelessness Prevention Transformation Fund** to commence in July 2026 and be delivered over 4 years
- **Increase the maximum thresholds of Commonwealth Rent Assistance (CRA) by 60%**
- **Review the CRA program and state-based rental subsidy programs for people on low and moderate incomes** struggling in private rentals

To create an equitable housing market, particularly by providing access for people on low incomes, the Federal Government must:

- **Make a long-term commitment to annual rounds of the Housing Australia Future Fund (HAFF)**, with an investment 4 times the current \$10 billion to continually increase housing supply until it meets demand
- **Match social and affordable housing with sustaining tenancy funding** to provide appropriate wraparound supports to prevent people becoming homeless
- **Provide incentive payments to State and Territory Governments to implement land use planning reforms** to increase housing supply through densification of middle ring suburbs, and to ringfence a proportion of supply for low-income households

Youth homelessness

To assist over 28,000 young people experiencing homelessness (who constitute almost a quarter of all homeless people),³ the Federal Government must:

- Remove the youth housing penalty to **equalise young tenants' rents with those of older cohorts** in line with recommendations in the Home Time Campaign's pre-budget submission
- **Extend the Reconnect program until 2032 and invest at least \$100 million into expanding its geographic reach and capacity to target younger age cohorts** and prevent youth homelessness

- **Invest \$184 million capital to construct ten 40-unit Youth Foyers** over three years, including three First Nations-led Youth Foyers
- **Fund new transitional units plus the necessary complementary support for 15,000 young people experiencing or at risk of homelessness** across Australia each year

Alcohol and other drug (AOD) support for young people

To help address substance use in young people aged 10-29, who comprise 30% of people seeking treatment for their own or someone else's alcohol or drug use,⁴ Mission Australia requests that the Federal Government:

- **Immediately fund 12 months of Triple Care Farm (TCF) Knights Hill's operational expenditure shortfall of \$3.4 million from financial year 2027-28** to ensure Mission Australia can continue to support young people requiring residential treatment for AOD issues

Community services sector

To ensure that all Australians are adequately served by the community services sector, the Federal Government must:

- **Fund the full cost of service delivery**, including infrastructure, management and administration costs, and appropriate indexation
- **Prioritise where appropriate the implementation of formal relational contracting** to provide long-term stability and sustainability for complex human services and the people they serve

Housing and homelessness

Mission Australia welcomes the Federal Government's strong start to addressing the housing and homelessness emergency through the establishment of the HAFF. This rolling investment into social and affordable housing should now be complemented with a focus on evidence-based prevention and early intervention approaches to ensure that homelessness is rare and brief, including through supplementary funding that sustains tenancies to prevent people in precarious accommodation situations from becoming homeless.

Establish a \$500 million Homelessness Prevention Transformation Fund

The current homelessness service system is primarily designed to respond to people when they are homeless, or when it is almost unavoidable. This is too late. However, it is possible to build capacity and capability to provide the right assistance to people before they reach a crisis point. This will avoid unnecessary human misery, effectively assist them to maintain or find housing (with or without complementary supports) and save taxpayer funds over time.

To shift the system to this more efficient footing (see Figure 1), Mission Australia recommends that the centrepiece of reform be a \$500 million Homelessness Prevention Transformation Fund, which could include a Commonwealth/State matching component. The Fund's main objective would be to catalyse the transition from crisis to prevention by funding policy, program and practice changes and investing in evidence-based housing and support models. It would direct resources towards:

- Targeted prevention programs for those most at risk:
 - Women and children experiencing family and domestic violence
 - Unaccompanied children who experience homelessness largely due to family and domestic violence in the family home, and
 - Young people experiencing family violence or conflict that may lead them to leave home
- Policy reforms that prevent homelessness for groups at high risk, including exit planning and housing assistance for people leaving institutions such as correctional facilities, out-of-home care and health facilities; and
- Supporting measures needed to shift to a prevention approach such as workforce training

The Prevention Fund's secondary objective would be to free up investment in housing and homelessness over the longer term as the need for cost-intensive crisis interventions diminishes.

These objectives are aligned with the findings of the *Delivering quality care more efficiently Inquiry Report*, in which the Productivity Commission recommended the establishment of a National Prevention and Early Intervention Framework to guide strategic investment in programs designed to avoid or arrest the progress of illness, difficulty or disadvantage.⁵ They also reflect international efforts to shift government investment from crisis responses to addressing the factors that precipitate housing difficulties and homelessness, such as poverty and no fault evictions.⁶ The benefits of prevention and early intervention approaches accrue across sectors, governments and communities, compound over time, and ultimately result in a fairer, healthier and more productive Australia.



Figure 1: A \$500 million Homelessness Prevention Transformation Fund would shift the bulk of investment in housing and homelessness from crisis responses to prevention and early intervention.

Recommendation

- **Dedicate \$500 million for a Homelessness Prevention Transformation Fund** to commence in July 2026 and be delivered over 4 years

Increase Commonwealth Rent Assistance (CRA) by 60%

Cost of living pressures are being felt most acutely by people on the lowest incomes who are renting privately, largely due to increasingly unaffordable rents. Rental affordability reports continue to show that vulnerable Australians, such as those earning a full-time minimum wage or people receiving income support payments, disability support pensions or the age pension, face critically unaffordable rents across the country.^{7,8} National figures show that, despite receiving CRA, 43.0% of low-income households remain in rental stress and at extreme risk of homelessness.⁹ Since December 2020, national median rents have risen by 42.9% (\$204 per week), while vacancy rates have dropped to 1.7%.¹⁰

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 its sufficiency, fairness and effectiveness.¹¹ We and others in the sector, such as ACOSS, strongly support this recommendation; review of the CRA program is long overdue. The review should also encompass state-based private rental subsidy programs, to ensure Commonwealth- and State-funded programs complement each other without duplication or gaps. The Productivity Commission would be an appropriate review body, with agreement to terms of reference through the appropriate inter-governmental forum.

Recommendation

- **Increase the maximum thresholds of Commonwealth Rent Assistance (CRA) by 60%**
- **Review the CRA program and state-based rental subsidy programs for people on low and moderate incomes** struggling in private rentals

Commit to annual HAFF rounds

Mission Australia welcomes the establishment and continuation of the HAFF, the most ambitious mechanism for delivering social and affordable housing in recent years. As a Tier 1 community housing provider dedicated to ensuring everyone has a safe, secure and stable home, Mission Australia has actively engaged with the HAFF and would like to see the Federal Government commit to future rounds with clear, consistent and increased funding, ideally through grant funding, discounted loans and availability payments. Increasing the supply of social and affordable housing is a highly effective way to prevent waitlists for social housing growing even further⁹ and to meet the needs of people accessing specialist homelessness services, where currently 33.2% of people needing accommodation are unable to receive it.⁹

Recommendation

- **Make a long-term commitment to annual rounds of the Housing Australia Future Fund (HAFF), with an investment 4 times the current \$10 billion to continually increase housing supply until it meets demand**

Match social and affordable housing with sustaining tenancy funding

Capital funding for housing supply should be matched with long-term funding that provides the necessary supports to maintain existing tenancies. For many people, a roof over their head is a necessary but not sufficient requirement to prevent homelessness recurring; they also need support to stay housed.

In line with a prevention and early intervention approach,^{5,6} the philosophy that homelessness should be rare, brief and non-recurring must extend to ensuring that those who are already housed have the stability, capacity and skills to remain in their homes. Dedicated funding for tenancy supports, capacity building, tenant connection and thriving communities will reduce peoples' exposure to the risk of, or re-experience of, homelessness. It will also reduce inequality and ultimately unleash the tremendous productivity gains that come from ensuring that people can actively contribute to Australia's social, cultural and economic life.

Recommendation

- **Match social and affordable housing with sustaining tenancy funding to provide appropriate wraparound supports to prevent people becoming homeless**

Increase housing supply through planning reform

To boost housing supply, Mission Australia supports both increased densification in established suburbs in major cities (known as the middle ring) and inclusionary zoning strategies that foster communities where all forms of housing are welcome. Increased densification may include measures such as mixed

tenure developments in brown- and grey-field sites, subdivisions and secondary dwellings (“granny flats”), while strategies such as mandatory inclusionary zoning (MIZ) can help to address growing social housing waitlists⁹ by ensuring a certain percentage of social and affordable housing is included within all new housing projects.

We welcome moves by states such as Victoria to build more homes closer to public transport, jobs and services and fast-track planning permit applications for townhouses and low-rise buildings,^{12,13} and support the Federal Government’s incentivisation of similar reforms in other States and Territories, particularly ones that dedicate a proportion of supply to low-income households. We recommend that the Government consider the work of The Constellation Project (theconstellationproject.com.au) on a National Framework for MIZ, which we believe is needed to coordinate the efforts of governments, developers and community housing providers to generate affordable housing at scale. Underpinned by seven guiding principles, the Framework addresses the requirements of and aligns to the National Agreement on Social Housing and Homelessness and the National Housing Accord, and includes: transition arrangements; roles and responsibilities; notice periods; jurisdictional specific legislation; transfer process; land/dwelling/cash contributions; and capabilities required. It also considers an approach to grandfathering and incorporates flexibility for regulatory, project and market context. Incorporation of the MIZ National Framework into the National Planning Reform Blueprint would significantly advance the objective of increasing the supply of social and affordable housing, as modelling shows that implementation of a MIZ policy could result in creation of up to 160,000 new homes for people on lower incomes in Brisbane, Sydney and Melbourne by 2036.

We also note that to successfully accomplish densification, key issues must be addressed, including updating overstretched and neglected essential infrastructure in middle ring suburbs, and ensuring the community dividend is sufficient and not outweighed by wealth accumulation and transfer to land holders and developers through unlocking additional value to already lucrative land assets. Under properly managed plans, which include a community change management component to minimise community opposition, densification of the middle ring can play a significant role in increasing supply of social and affordable housing.

Recommendation

- **Provide incentive payments to State and Territory Governments to implement land use planning reforms** to increase housing supply through densification of middle ring suburbs, and to ringfence a proportion of supply for low-income households

Youth homelessness

Introduce a subsidy to assist young people facing disadvantage to live independently

Australia's housing system cannot adequately provide safe homes and support for under-25s. This particularly affects young people escaping family and domestic violence, and other unaccompanied young people facing homelessness.

Young people's lower incomes, and the fact that they are not eligible for the full rate of CRA, put them at a severe disadvantage in both the private and non-private rental markets. This is known as the youth housing penalty. It results in less than 3% of social housing tenancies being offered to young people, because housing providers lose 46% of possible rental income if they choose to rent to a young person rather than a household on a higher income support payment, making it impossible to cover operational costs.¹⁴ Young people also miss out on other housing initiatives due to the lack of dedicated youth tenancies, specific mandates and targeted interventions that can prevent homelessness and create the stability and safety needed to lead independent, productive and fulfilling lives.

Mission Australia is a supporter of the Home Time Campaign, which recommends higher government subsidies and the creation of dedicated youth tenancies with associated support services to comprehensively address youth homelessness in Australia. We endorse the recommendations set out in its pre-budget submission, which are designed to remove the youth housing penalty and give young people the foundation they need to flourish.

Recommendation

- Remove the youth housing penalty to **equalise young tenants' rents with those of older cohorts** in line with recommendations in the Home Time Campaign's pre-budget submission

Increase Reconnect program funding

It is critical to direct housing and homelessness resources towards prevention and early intervention early in the life course, as evidence suggests that people who first experience homelessness at a young age are more likely to experience persistent homelessness¹⁵ and housing instability¹⁶ over time. Reconnect is the only large-scale youth homelessness prevention and early intervention program in Australia and is therefore a vital lifeline for young people in need of housing and support. Its Federal Government funding is due to cease in 2027.

Reconnect assists children and young people to achieve a range of short-term outcomes, including timely engagement with supports, increased resilience and improvements to their housing situation. It has led to reductions in the number of young people entering homelessness and better relationships with family which enable young people to remain at home.¹⁷ Data from Mission Australia's Impact

Measurement program up to December 2025 found that 77% of our Reconnect participants reported improved wellbeing.

We urge the Federal Government to expand this prevention and early intervention response to youth homelessness to meet the growing need, both in terms of geography and age range:

- More parts of the country would benefit from Reconnect services and increases in capacity. For example, in the Northern Territory, 67% of homeless young people reside outside Greater Darwin, while 63% of homeless young people in Queensland live in regional areas.¹⁸ However, both areas are under-served by the Reconnect program. Reconnect should also incorporate stronger place-based elements, as noted by an external review¹⁷
- Very few homelessness services are suitable and available for children under 15 years of age; even fewer services exist for those aged under 12 despite rising need in these age groups.¹⁸ Specialist children's homelessness services are unavailable in many parts of Australia, particularly in regional and remote areas where need may be more acute due to an overall lack of services

A recent review into Reconnect highlighted these points by recommending that the program use population-based mapping to understand whether Reconnect activities and outlets are in the right geographical locations to meet current and future need, including where Reconnect could be scaled up, where to continue place-based approaches and where greater demand exists, particularly for priority groups such as children and young people who identify as culturally and linguistically diverse, LGBTQIA+ or with disability.¹⁷

The review also highlighted opportunities for Reconnect to clarify its focus, partner with intersecting systems to facilitate the identification and support of young people and increase its visibility across the service system.¹⁷ One possible way to do this is by investing in a small number of three-year pilots that would partner Reconnect services with the Community of Schools and Services (COSS) model. COSS is a place-based prevention and early intervention program focused on reducing disengagement from education through early identification of at-risk young people and collaboration with health, education and homelessness services to deliver holistic support to young people and their families.¹⁹ These pilots would enable Reconnect to:

- Define its role around preventing youth homelessness, building protective factors and increasing family and carer engagement
- Create and test a more formal partnership with the school system, including with primary school-aged children
- Enhance its referral pathways and visibility across different service systems

Further details on this proposal can be found in Upstream Australia's pre-budget submission.

As an experienced Reconnect provider, Mission Australia is ready to contribute insights from our frontline staff and service users and our data which, combined with recent findings from the program's review,¹⁷ can further enhance its effectiveness.

Recommendation

- **Extend the Reconnect program until 2032 and invest at least \$100 million into expanding its geographic reach and capacity to target younger age cohorts and prevent youth homelessness**

Invest in Youth Foyers

Mission Australia supports an extension of the reach and impact of Youth Foyers across Australia as one of a suite of evidence-based measures to address youth homelessness. As a member of FoyerInvest (a consortium of service providers, philanthropists, impact investors and young people), we endorse FoyerInvest's pre-budget submission recommendation which would substantially increase the number of Youth Foyers across Australia.

An analysis of data from nine Youth Foyers across Australia between 2019 and 2021 indicated that young people supported through a Youth Foyer were 1.6 times more likely to achieve a higher level of education post-Foyer than young people connected with SHSs.²⁰ Further, 65% of Foyer participants obtained employment (compared to 51% of young people receiving support from SHSs), and 80% exited into stable housing. Economic modelling estimates that, compared to a young person connected with SHSs, Foyer participation results in per person avoided costs to government of \$172,417 over 40 years, including \$54,916 in housing costs, \$47,330 in income support payments, \$34,516 in justice costs and \$27,235 in health costs.²⁰ Every additional \$1 invested in Youth Foyers therefore generates \$6 in value for governments.

Mission Australia opened its Townsville Youth Foyer in 2024 and, already, the experiences of the 40 young people living there have reinforced evidence for the model's effectiveness. Miranda's story below is just one of many examples of how secure, stable housing and tailored support can change lives.

Miranda's story

Miranda (not her real name) was couch surfing and sleeping rough before coming to Townsville Youth Foyer. Throughout her life, Miranda had been in and out of child protection services and residential care. She was exposed to domestic violence and both of her parents were incarcerated. Occasionally, she would stay with her grandmother in a campervan when she was visiting town.

Despite the adversity of her early years, Miranda was actively working with an employment provider and pursuing a career in hospitality. However, she struggled with her goal due to housing instability and lack of security in her daily life. Through the Sustaining Young Tenancies program at Mission Australia, Miranda learned about the Foyer.

Moving into the Foyer, Miranda couldn't believe all this space was hers. She connected with the onsite youth development coach and began making friends within the Foyer community. Shortly after settling in, Miranda enrolled in a Certificate III in Hospitality through the Dream, Achieve, Believe

program at Cowboy House (North Queensland Toyota Cowboys and the Cowboys Community Foundation initiative). As part of the course, Miranda was selected to work at the Cowboys' Leagues Club, where she found joy in doing work that aligned with her goal.

Miranda also participated in volunteering opportunities at Cowboys House, learning new skills like cocktail making and operating the coffee machine. Her experience was rewarding, and there's hope that she will be offered a position at the Leagues Club once she completes her course.

Looking ahead, Miranda dreams of relocating to Brisbane to work in a large establishment, saving enough money to purchase her own land and creating a safe home for her siblings.

Recommendation

- **Invest \$184 million capital to construct ten 40-unit Youth Foyers** over three years, including three First Nations-led Youth Foyers

Fund and maintain a national pool of 15,000 dedicated youth housing tenancies

Around 40,000 unaccompanied children and young people access SHSs in Australia each year, many of whom seek assistance for housing crisis¹ and desperately need medium- to long-term housing. Mission Australia strongly supports the Home Time Campaign's recommendation to develop and maintain a national pool of 15,000 dedicated units paired with appropriate support services for young people who are homeless or at risk of homelessness.¹⁴ The provision of safe and stable homes with opportunities to achieve educational and employment goals will help break cycles of disadvantage and enable young people to lead healthy, productive and fulfilling lives.

Recommendation

- **Fund new transitional units plus the necessary complementary support for 15,000 young people experiencing or at risk of homelessness** across Australia each year

AOD support for young people

Immediately fund TCF Knights Hill's operational expenditure shortfall

Thirty percent of people seeking treatment for their own or someone else's alcohol or drug use are young people aged 10-29.⁴ Illicit drug use is highest among people aged 18-24 and growing among young people aged 14-17.²¹ In NSW, Mission Australia operates youth AOD residential rehabilitation

facilities in the Southern Highlands (known as TCF Knights Hill) and Batemans Bay (known as TCF Walawaani). We welcome the Federal Government's announcement of additional funding for AOD support services and grant extensions to 2027.²² However, these do not include a material contribution to our TCF facilities at Knights Hill; those have been funded largely through philanthropic contributions for the last 30 years and are now ceasing.

TCF is an important service within the youth AOD treatment system as it is one of the few free residential services available, and it accepts young people with range of additional, complex challenges including mental illness, homelessness, criminal history and unemployment. TCF currently supports around 100 young people in residential rehabilitation and 120 young people in its withdrawal program. 60 young people are on the waitlist, with a wait time of approximately 3 months.

TCF's treatment program demonstrates positive outcomes, including reductions in mental health symptoms, improved confidence to resist the urge to use substances and increased quality of life at the end of treatment, and reduced severity of AOD dependence up to 12 months after treatment.²³ The treatment model has been calculated to generate a social return on investment of \$7 for every \$1 spent by improving health outcomes, reducing criminal behaviour and increasing psychological wellbeing and participation in the community.²⁴

The Federal Department of Health makes a small contribution to the delivery aspects at TCF Knights Hill of around \$450,000 per annum, which represents only 15% of operational costs. Unexpectedly, our philanthropic partner has recently advised that its funding will soon dramatically reduce, and TCF will therefore experience an operational shortfall of \$3.4 million from financial year 2027-28. Without the Federal Government funding this operational shortfall, the effective service model built up with years of continuity will be lost and the facility faces the risk of closure, leaving a significant service system gap for young people requiring support to combat substance misuse issues and lead productive, stable lives.

Recommendation

- **Immediately fund 12 months of Triple Care Farm (TCF) Knights Hill's operational expenditure shortfall of \$3.4 million from financial year 2027-28** to ensure Mission Australia can continue to support young people requiring residential treatment for AOD issues

Community services sector

Fund the full cost of service delivery

Government funders typically and rightly require community service organisations to meet core governance requirements such as finance, human resources, legal, IT security, WHS and risk management functions. Government funders are increasingly including a range of other important quality and compliance requirements into contracts, such as increased regulatory and accreditation compliance, technology costs (including those associated with increased cybersecurity risks), the

measurement of outcomes and impact, redundancy and service closure costs, wage growth and costs associated with sub-contracting arrangements. Mission Australia acknowledges the importance of these requirements, but they must be resourced as genuine components of delivering a quality service. However, funders' program budgets typically limit what can be included as a direct cost of delivering the service, and almost always exclude the costs of meeting these new or increased requirements.

Our experiences are supported by findings that community service organisations incur average indirect costs equal to 33% of total costs, with a significant proportion believing that funders are unwilling to fund more than 20% of indirect costs (and often substantially less) and therefore underreporting them.²⁵ Many reports and reviews have identified this issue and noted both the problems associated with chronic underfunding (e.g. reduced efficiency, effectiveness, ability to meet contractual targets and job quality, and organisational and sector unsustainability) and the benefits of funding both the direct and indirect costs of service delivery (e.g. better service delivery and outcomes, improved workforce quality and retention, and increased capacity to adapt and innovate).²⁶ Paying what it takes will be particularly important where government funds innovations such as formal relational contracting. Where budget initiatives are funded through this and other innovative mechanisms, it will be important to ensure adequate funding to allow a robust assessment of results.

Mission Australia advocates that government funding for supported budget initiatives must meet the full and fair cost of delivery. This advocacy is informed by the *Not-for-profit sector development blueprint*²⁶ and the 'Paying what it takes' initiative run by Philanthropy Australia, in conjunction with Social Ventures Australia and the Centre for Social Impact, supported by the Paul Ramsey Foundation and The Origin Foundation (philanthropy.org.au). Community service organisations must be resourced appropriately if we are serious about delivering quality services that improve outcomes for the people we serve and fostering a fair, productive and thriving Australia.

Recommendation

- **Fund the full cost of service delivery**, including infrastructure, management and administration costs, and appropriate indexation

Prioritise the implementation of formal relational contracting

Relational contracting is an alternative way of commissioning services that specifies mutual goals and establishes governance structures to keep each parties' expectations and interests aligned over the long term. It is a legally enforceable contract that is designed from the outset to cultivate trust and collaboration, and is especially useful in highly complex funding relationships where unforeseeable events may occur.²⁷ Relational contracting is used in a range of different public and private sector contexts and, when done well, appears to demonstrate significant advantages over transactional procurement and contracting processes including greater responsiveness, flexibility and stability, and reduced costs through de-emphasising competition and limited short-term contract churn.²⁸

Mission Australia welcomes the proposal to trial relational contracting suggested by the Department of Social Services as part of its discussion paper on a new approach to programs for families and children²⁹ and the Productivity Commission's recommendations that governments establish stronger joint governance arrangements, enable more flexible funding and provide dedicated funding based on outcomes.⁵

As a member of The Possibility Partnership (thepossibilitypartnership.org.au), Mission Australia is committed to collaborative, relational ways of working with governments, partners, communities and those we serve to promote equity, trust, accountability and continuous improvement. Our experience with relational contracting principles as a member of South Australia's Toward Home Alliance (towardhome.org.au) has been wholly positive and reinforces our strong belief that the application of formal relational contracting should be considered throughout the community services sector, given its unique ability to effectively address complex social challenges such as family support, homelessness and community development.

Recommendation

- **Prioritise where appropriate the implementation of formal relational contracting** to provide long-term stability and sustainability for complex human services and the people they serve

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