



Save the Children
Australia

Federal Government

2019-20 Pre-Budget Submission

Save the Children

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Save the Children Australia

Save the Children is a leading independent international organisation for children and child rights. Our vision is a world in which every child attains the right to survival, protection, development and participation. Our purpose is to inspire breakthroughs in the way the world treats children and to achieve immediate and lasting change in their lives. We work towards this vision in Australia and more than 120 countries across the globe.

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EXECUTIVE SUMMARY

Australia is a wealthy nation. To a large extent, we have the financial resources, natural endowments and human capital to make Australia one of the best countries in the world for children to live. Our GDP per capita is the thirteenth largest in the world,¹ and Australians are ranked the second wealthiest in the world in terms of assets.² We have outperformed other OECD nations in achieving 27 years of consecutive economic growth.

Despite this, just over 3 million Australians – more than 13 per cent of the population – are living below the poverty line.³ Of most concern is the rate of child poverty, with more than 1 in 6 children living in poverty (739,000 or 17.3 per cent).⁴ Further afield, there are many more children in the Indo Pacific region and beyond who lack the basics to survive, let alone thrive. This poses a threat to Australia's own interests - history shows that inequality drives insecurity and instability.

In this budget submission, Save the Children sets out some practical ideas for investment in policies and programs to help ensure children – in Australia and in our region – can reach their full potential and enjoy fundamental rights. We believe, and evidence supports, that investing in disadvantaged children and families will yield strong social and economic returns over the longer term. Key recommendations follow and related costings are set out below (p 5):

1. Children in Australia

- Continue to invest in strengthening community-led outcomes through better integrated services, aligned long-term objectives, and investment in evidence-informed practice and data-sharing (no cost);
- Ensure access to two years of quality early childhood education for all children, particularly Aboriginal and Torres Strait Islander children (\$1.75 billion over four years);
- Keep young people engaged in school by investing in the evidence-based Hands on Learning program (\$10 million over four years);
- Scale up Intensive Family Support Services in areas of high need, particularly remote locations where there is insufficient prevention and early intervention support for at risk children, young people and families (\$18.8 million over four years).

2. Children in our region and those facing humanitarian crises around the world

- Increase Australia's investment in international development programming and humanitarian aid to at least 0.5 per cent of GNI by 2030, starting with an increase of 10 per cent in 2019-20 and for each of the following three years to restore cuts to the aid budget (\$1.9 billion over four years)
 - Within the expanded budget for international development programming, increase the investment in human capital, specifically in education, health, nutrition and child protection;
- Increase Australia's contribution to those facing humanitarian crisis to \$570 million to ensure we contribute our 'fair share' to global efforts, help address significant unmet needs, and make appropriate contributions to education in emergencies, emergency health and disaster risk reduction (\$514 million over four years);
- Commit to funding for exposure trips for Australian parliamentarians to gain first-hand experience of the impact of Australian funding for aid and development programs, and to enable them to better understand and explain to their constituents the value of Australia's role in this area (\$900,000 over 3 years)

¹ In US dollars, current prices. World Bank, 2018: https://data.worldbank.org/indicator/NY.GDP.MKTP.CD?year_high_desc=true

² Based on median household wealth. Credit Suisse Research Institute (2016) Global Wealth Report 2016.

³ ACOSS, *Poverty in Australia*, 2018. See https://www.acoss.org.au/wp-content/uploads/2018/10/ACOSS_Poverty-in-Australia-Report_Web-Final.pdf

⁴ Ibid

- Increase Australia's intake of humanitarian refugees to 30,000 per annum (\$2.7 billion over four years);
- Develop a Community Refugee Sponsorship Program to build on the enthusiasm of Australians to sponsor humanitarian refugees at a local level (\$273 million over four years);
- Increase support for the protection of forced migrants in the region through increased funding for UNHCR and non-government organisations providing frontline services to them, as part of the development of a multi-lateral regional protection framework (\$100 million per year).

We recognise the complexity of budget formulation and that increased spending in one area involves spending less in another. Our submission includes suggestions for offsets through two key savings measures:

- maintaining defence spending at its current ratio of GDP (saving of \$ 11 billion over four years); and
- closing down the offshore regional processing centres (saving up to \$2 billion over four years).

The Mid Year Economic and Fiscal Outlook recently confirmed that the Australian budget will return to surplus in 2020.⁵ We recognise that this has been hard won and applaud that it means that Australia has the economic capacity to give the most vulnerable children, a better future in both a responsible and sustainable way.

| Proposed new spending | 2019-20 | 2020-21 | 2021-22 | 2022-23 | Total |
|--|---------|---------|---------|---------|--------------------|
| Improving the lives of children in Australia | | | | | |
| Expand Intensive Family Support Services | \$4.7m | \$4.7m | \$4.7m | \$4.7m | \$18.8m |
| Hands on Learning | \$1.4m | 2.7m | \$2.9m | \$3.0m | \$10.0m |
| Early childhood education | | | | | \$1 750m |
| Improving the lives of children in our region | | | | | |
| Increase aid budget | \$416m | \$458m | \$503m | \$554m | \$1 931m |
| Increase humanitarian funding | \$161m | \$161m | \$161m | \$161m | \$644m |
| Develop understanding of aid impact | - | \$0.3m | \$0.3m | \$0.3m | \$0.9m |
| Increase refugee intake to 30,000 per year | \$675m | \$675m | \$675m | \$675m | \$2 700m |
| Community Refugee Sponsorship Program | \$20m | \$41m | \$80m | \$132m | \$273m |
| Increase funding for UNHCR | \$100m | \$100m | \$100m | \$100m | \$400m |
| NEW SPENDING | | | | | \$5 978.65m |
| Proposed offsets | | | | | |
| 2019-20 | | | | | |
| 2020-21 | | | | | |
| 2021-22 | | | | | |
| 2022-23 | | | | | |
| Total | | | | | |
| Close offshore processing | | | | | \$2 000m |
| Maintain defence spending at current % of GDP | | | | | \$11 069m |
| SAVINGS PROPOSALS | | | | | \$13 069m |

⁵ Mid-Year Fiscal and Economic Outlook December 2018: <https://www.budget.gov.au/2018-19/content/myefo/index.html>

THE CONTEXT

Australia is a wealthy nation. Our GDP per capita is the thirteenth largest in the world⁶ and Australia has outperformed other OECD economies by achieving 27 consecutive years of positive economic growth.⁷ While wage growth remains slow, the unemployment rate has declined and the overall economy has strengthened.⁸ The 2018-19 Mid-Year Fiscal and Economic Outlook confirmed that there will be a return to surplus in this Budget.⁹ This provides a wonderful opportunity to help lift more disadvantaged children in Australia and overseas out of poverty; and to empower them to break the cycle of disadvantage.

We appreciate that tough fiscal trade-offs still need to be made to ensure the economy continues to strengthen. However, neglecting to address inequality within Australia poses a threat to medium-term national productivity. As noted by the OECD and IMF, widening inequality leads to declining economic growth.¹⁰ When a nation fails to include a large number of people in its economy – when it restricts the circle of opportunity – the economy is weakened and the whole nation suffers.¹¹ Conversely, investing in the most disadvantaged children and their families in Australia can yield high returns. Eliminating barriers to economic inclusion should have spill over effects for the broader economy.

Moreover, investments in vulnerable children today will help to increase the participation and productivity that our economy needs if it is to grow over the longer-term. It will also combat the impact of an ageing population and gradual decline in participation, as outlined in the Australian Government's 2015 Intergenerational Report.¹² From this longer-term perspective, investments today in addressing child poverty – both in Australia and internationally – represent an investment in the future productivity and participation of our region.

Ensuring equality of opportunity in the 'lucky country'. By ratifying the Convention on the Rights of the Child (CRC) in December 1990, Australia made a commitment to take all necessary legislative, administrative and other measures to implement those rights.¹³ This includes an obligation to take all necessary measures to implement these rights for all children in Australia, and where needed, within the framework of international cooperation. Australia will report on this commitment to the CRC Committee in Geneva in 2019. Despite Australia's relative prosperity, many Australians are still being left behind. According to ACOSS, more than 3 million Australians – over 13 per cent of the population – are living below the poverty line after housing costs.¹⁴ Children under the age of 15 exhibit the highest levels of poverty with 1 in 6 children living in poverty (739,000).¹⁵ This is of particular concern given the impact of poverty on a child's development, future productivity capacity and life prospects.¹⁶

Disadvantage in Australia is multifaceted and increasingly complex. According to the Productivity Commission, disadvantage in Australia needs to be assessed against three metrics: relative income poverty, material deprivation (inability to afford life's essentials) and social exclusion.¹⁷ Children under the age of 15 years are amongst those with the highest rates of poverty and multiple material deprivation, and also have a relatively high rate of social exclusion compared to working age Australians.¹⁸ Children at highest risk of experiencing entrenched disadvantage are from

⁶ In US dollars, current prices. World Bank, on 2017: <https://data.worldbank.org/indicator/>

⁷ Coppel, J. Productivity Commission, 'Trends in economic inequality over 27 years of economic growth', Economic and Social Outlook Conference, 11-12 October 2018. Accessed at: <https://www.pc.gov.au/news-media/speeches/inequality-trends/inequality-trends.pdf>

⁸ Reserve Bank of Australia, Statement on Monetary Policy, November 2018, 3. Overview.

⁹ Mid-Year Fiscal and Economic Outlook December 2018: <https://www.budget.gov.au/2018-19/content/myefo/index.html>

¹⁰ Blackwell, A (2017), 'The Curb-Cut Effect,' Stanford Social Innovation Review (Winter), 15, available at: https://ssir.org/articles/entry/the_curb_cut_effect

¹¹ Ibid.

¹² 2015 Intergenerational Report, Australia in 2055, March 2015.

¹³ UN Convention on the Rights of the Child (<http://www.ohchr.org/EN/ProfessionalInterest/Pages/CRC.aspx>)

¹⁴ ACOSS, Poverty in Australia, 2018. See https://www.acoss.org.au/wp-content/uploads/2018/10/ACOSS_Poverty-in-Australia-Report_Web-Final.pdf

¹⁵ ACOSS, Poverty in Australia, 2018. See https://www.acoss.org.au/wp-content/uploads/2018/10/ACOSS_Poverty-in-Australia-Report_Web-Final.pdf

¹⁶ Ibid, pg 121.

¹⁷ Productivity Commission 2018, Rising inequality? A stocktake of the evidence, Commission Research Paper, Canberra.

¹⁸ Ibid, pg 130.

particular groups, which include those living in jobless households, those from single parent families, households with people with disabilities and Indigenous Australians.¹⁹

Complex disadvantage for children and young people has an economic and social cost. As recognised by the Australian Government's Priority Investment Approach, it entrenches multigenerational inequality and increases the burden on the taxpayer.²⁰ For example, younger people whose parents or guardians had a very high level of welfare dependency are 5.8 times more likely to be on income support payments compared with young people without that parental history.²¹ Some young people have crossover engagement with multiple statutory systems, with almost 40 per cent of young people under Australia's youth justice supervision also in the child protection system.²² To reach the most vulnerable children and families, policy solutions need to address the multifactorial root causes of these groups of Australians who are being left behind.

Internationally, there has been dramatic progress in reducing poverty, but there is rising inequality. Since 1990, the number of people living in extreme poverty has more than halved,²³ and GDP per capita growth in low- and middle-income countries more than doubled in real terms.²⁴ Over the same period, the maternal mortality rate nearly halved, and the child mortality rate was dramatically reduced.²⁵ Nonetheless, inequality rose within and between nations. The richest 1 per cent of the world's population now own about 50 per cent of the world's assets,²⁶ while 70 per cent of the world's working population controls less than 3 per cent of total global wealth.²⁷ The sharpest increases in income inequality have occurred in developing countries that were especially successful in pursuing growth, particularly in the Indo Pacific region. The most marginalised children are being left behind.²⁸

At the same time, conflict and human rights violations have resulted in more than 68.5 million people being forcibly displaced and left in need of protection and humanitarian assistance. As a leading international child-rights organisation, Save the Children is deeply committed to ensuring that the rights and needs of children forcibly displaced or otherwise in crisis are prioritised and protected. We believe that children warrant particular attention – their special needs and vulnerabilities demand a differentiated approach. By investing in nurturing and protecting the most vulnerable children we invest in the ongoing and long-term peace, stability, security and prosperity of the global community. This requires Australia to scale up its investment in responding to forced migration and humanitarian disasters overseas, particularly given that the majority of UN humanitarian appeals are critically underfunded.

Australia's overseas development program is a powerful foreign policy tool to address the greatest threats to prosperity, stability and security in our region today. In particular, it can be used to address the interrelated challenges of poverty and inequality, and lack of respect for human rights. This can be done through prioritising investment in the building blocks of equitable, stable and inclusive societies: education, nutrition, health and protection. It can also be done by strengthening support for international law and institutions, particularly respect for human rights.

¹⁹ Ibid, pg 5.

²⁰ Lamb, S. and Huo, S.

Counting the costs of lost opportunity in Australian education. Mitchell Institute report No. 02/2017. Mitchell Institute, Melbourne. Available from: www.mitchellinstitute.org.au.

²¹ Department of Social Services, 30 June 2017 Valuation Report, Final Report 2018, Australian Government, pg 3.

²² Young people in child protection and under youth justice supervision 2015-16; AIHW. See: <https://www.aihw.gov.au/getmedia/06341e00-a08f-4a0b-9d33-d6c4cf1e3379/aihw-csi-025.pdf.aspx?inline=true>

²³ Sustainable Development Solutions Network, *Investment Needs to Achieve the Sustainable Development Goals*, November 2015 <<http://unsdsn.org/wp-content/uploads/2015/09/151112-SDG-Financing-Needs.pdf>>.

²⁴ World Bank, 2016, *Shock waves: managing the impacts of climate change on poverty*, <<https://openknowledge.worldbank.org/bitstream/handle/10986/22787/9781464806735.pdf>>, p.9.

²⁵ Sustainable Development Solutions Network, *Investment Needs to Achieve the Sustainable Development Goals*, November 2015 <<http://unsdsn.org/wp-content/uploads/2015/09/151112-SDG-Financing-Needs.pdf>>.

²⁶ World Inequality Lab, *World Inequality Report 2018*, <<http://wir2018.wid.world/files/download/wir2018-summary-english.pdf>>

²⁷ Credit Suisse Research Institute 2017, *Global Wealth Report 2017* <<https://www.credit-suisse.com/corporate/en/research/research-institute/global-wealth-report.html>>.

²⁸ UN DESA, 2013, *Inequality on the rise? An assessment of current available data on income inequality, at global, international and national levels*. Background document for the WESS 2013 http://www.un.org/en/development/desa/policy/wess/wess_bg_papers/bp_wess2013_svieira1.pdf

SECTION A: INVESTING IN THE ENABLERS OF CHANGE FOR THE MOST VULNERABLE AUSTRALIAN CHILDREN

In making this submission, our aim is to identify opportunities for shared national priorities between governments and the community sector to ensure that all Australian children can reach their full potential – wherever they are and whatever their circumstances.

Recent research from Harvard University identifies three key enablers to improve development and educational outcomes for children: supporting responsive relationships, reducing sources of stress, and strengthening core life skills.²⁹ This aligns with Save the Children’s view based on work across over 200 sites in Australia at a community level – that children and young people are most likely to develop their potential and achieve better life outcomes when:

1. Community structures and service systems are set up to support their success;
2. They have access to quality learning and development opportunities; and
3. They have supportive relationships within their home environments.

We focus on these three outcomes as we strive to ensure that those Australian children in greatest need – or in places where the system is failing – do not fall through the gaps. Insights from our diverse portfolio of on-the-ground projects, including the delivery of over \$58 million total life value of Commonwealth-funded work, informs our recommendations below.

1. **Strengthening community-level outcomes through better systems and innovative financing**

Department: Department of Social Services

The Productivity Commission’s recent *Stocktake of Inequality* highlighted the complexity of disadvantage in modern Australia. As noted above, complex or entrenched disadvantage, which includes poverty, deprivation and social exclusion, is one of the most significant social policy challenges for policymakers in the 21st century,³⁰ and many of the postcodes in which Save the Children currently operates are (or are adjacent to those that are) identified as substantially and persistently disadvantaged in the 2015 *Dropping off the Edge* report.³¹

By definition, a multi-dimensional and collaborative effort is required to overcome complex disadvantage. Potential Commonwealth Government contributions to this effort include supporting service coordination, participating in shared goal-setting, and promoting evidence-informed practice and data-sharing. On these systems-level challenges, Save the Children makes the following observations:

- **Better integrating and coordinating different services:** Regardless of the funding source or government/community sector provider, enabling operational approaches that incorporate sufficient flexibility for collaboration and local partnerships will reduce the duplication of similar projects by different service providers in communities, and avoid families receiving services from different organisations in a fragmented and uncoordinated manner.

²⁹ Center on the Developing Child at Harvard University (2017): Three Principles to Improve Outcomes for Children and Families. Accessed at: <https://developingchild.harvard.edu/resources/three-early-childhood-development-principles-improve-child-family-outcomes/>

³⁰ Productivity Commission (2018), *Rising inequality? A stocktake of the evidence*, Commission Research Paper, Canberra, pg 5.

³¹ Vinson, T and Rawsthorne, M (2015) *Dropping off the Edge: Persistent communal disadvantage in Australia*, Jesuit Social Services and Catholic Social Services Australia.

- **Aligning longer-term objectives:** Coordination challenges are driven and/or exacerbated by short timeframes for tendering and delivering specific programs, which reduce the ability of community organisations to explore and sustain collaborative efforts. Focus on short-term electoral cycles or policy differentiation by governments also limits the potential for longer-term planning in line with community wishes and clear shared interests.³²
- **Evidence-informed practice and data-sharing:** To enable a ‘what works’ approach in specific programs and local planning, we support continued efforts to strengthen data collection systems and the measurement of common outcomes.³³ This includes making available and using data across Australian jurisdictions, particularly with a focus on prevention and early intervention practice.³⁴

Importantly, the continued work by the Department of Social Services to develop the Priority Investment Approach baseline data and *Try, Test, Learn Fund* is a positive step in line with the above. This Fund has the potential to enable organisations to both test and scale-up innovative, data-driven approaches to determine what works for groups at risk of poorer life outcomes. Similarly, we would welcome continued investment in place-based approaches³⁵ as well as the holistic *Communities for Children Facilitating Partners*³⁶ initiative which demonstrates the importance of investing in data and information sharing between services and government to ‘shift the dial’ in locations experiencing complex disadvantage.

Within existing funding, Save the Children welcomes the continued exploration by the Commonwealth Government of its role in innovative funding mechanisms that enable better community-level outcomes and stimulate systems-reform. This exploration should include potential models of co-investment such as play-based approaches (including justice reinvestment initiatives) and impact investing (recognising that the Commonwealth will often accrue the bulk of long-term savings from early intervention measures through reduced reliance on welfare, health system and better educational or employment outcomes).

Recommendation: We support continued work on the key themes of the *Stronger Outcomes for Families* process, alongside ensuring the *Try, Test, Learn Fund* remains funded over the forward estimates, and exploring other potential models of co-investment in place-based strategies and impact investing.

Impact on budget: Nil – can be accommodated within existing resources.

2. Ensuring all children can access quality early learning and development

Departments: The Department of Education and Training; Department of the Prime Minister and Cabinet; Department of Social Services

Save the Children believes making strategic investments in early childhood education and development is a key way to break the cycle of disadvantage for children living in vulnerable circumstances in Australia. Investing in the first five years of a child’s life is universally recognised as crucial to healthy development, with experiences early in life having a ‘lasting impact on later learning, behaviour and health’.³⁷ Analysis by the OECD has found that children who

³² For more discussion on the issue of incentives see .Ronalds, P (2016) ‘The Challenge of Change’ in *The Three Sector Solution*, ANU Press, Accessed at: <http://press-files.anu.edu.au/downloads/press/n1949/html/ch16.xhtml>

³³ Ibid, pg 8.

³⁴ Fox, S., Southwell, A. Stafford, N., Goodhue, R., Jackson, D. and Smith, c. (2015) *Better Systems, Better Chances: A Review of Research and Practice for Prevention and Early Intervention*. Canberra: Australian Research Alliance for Children and Youth (ARACY).

³⁵ Gillespie D. and Seselja Z., ‘Disadvantaged ACT families to receive support’, Media Release, 31 May 2018. Accessed at:

<https://forministers.dss.gov.au/17965/disadvantaged-act-families-to-receive-support/>

³⁶ <https://www.dss.gov.au/our-responsibilities/families-and-children/programs-services/family-support-program/family-and-children-s-services>

³⁷ Center on the Developing Child (2009). Five Numbers to Remember About Early Childhood Development (Brief). Retrieved from

www.developingchild.harvard.edu.

attend early childhood education for two years or more perform better at age 15.³⁸ We also know that Australia lags behind internationally on spending for early childhood education and care as a percentage of GDP, with current spending of around 0.5 per cent of GDP compared to the OECD average of 0.8.³⁹ Similarly, as highlighted by the *Everyone Benefits* campaign, Australia sits behind two-thirds of OECD countries on three-year-old enrolment in early child education and care.⁴⁰ Research has shown that two years of participation in an early childhood education program has a greater positive influence on children's outcomes in school than just one year – particularly for those experiencing vulnerability.⁴¹

In the past year, there have been welcome announcements from State⁴² and Territory⁴³ governments and the Federal Opposition⁴⁴ to increase access to formal early years education through the expansion of preschool to three-year-old children. This has long been called for by the early education sector including Early Childhood Australia⁴⁵ and the Mitchell Institute.⁴⁶ Save the Children welcomes these announcements and calls on the Federal Government to match this commitment through a shared undertaking through the Council of Australian Governments (COAG). In this context, we welcome the commitments at the recent COAG meeting to the Early Learning Reform Principles informed by the *Lifting Our Game Review*.⁴⁷

We recognise the immediate and ongoing fiscal implications of such a substantial commitment. As an initial step, we encourage the Federal Government to commit to continuing funding for preschool to be available to all four-year-olds and to explore targeting the provision of an additional year of high-quality early childhood education to children at greatest risk of poor school readiness, or in a recognised category of vulnerable circumstances (such as living in a household experiencing economic hardship). We also encourage extending preschool to all three-year-olds in the near term.

Currently Aboriginal and Torres Strait Islander families may experience barriers that impede access and attendance such as: lack of trust, lack of transport, cost, lack of understanding of the need for the service and of the need for Indigenous involvement.⁴⁸ We welcome progress in attendance in early education in the year before school of Aboriginal and Torres Strait Islander children, which is now on par with non-Indigenous children.⁴⁹ This is one of three areas where the target to close the gap is on track and this should be celebrated and built upon.⁵⁰

However, as the Family Matters Report 2018 highlights, these gains 'have not been matched by gains in access to other early childhood services'.⁵¹ For example, across Australia, Aboriginal and Torres Strait Islander children attend services such as long day care, family day care and out of school hours care at less than half the rate of non-

³⁸ OECD (2016), in *Early Learning: Everyone Benefits* (2017). Canberra, ACT: Early Childhood Australia, pg 38 and 42.

³⁹ 'Spending on early childhood education and care as a percentage of GDP, public and private settings 2013) in *Starting strong 2017: Key OECD indicators on early childhood education and care*. Accessed at:

<http://www.oecd.org/education/school/SS%20V%20Spending%20on%20early%20childhood%20education%20and%20care.png>

⁴⁰ OECD (2016). in *Early Learning: Everyone Benefits*. (2017). State of early learning in Australia 2017. Canberra, ACT: Early Childhood Australia, pg 4.

⁴¹ OECD (2016), in *Early Learning: Everyone Benefits* (2017). Canberra, ACT: Early Childhood Australia,

⁴² <https://www.premier.vic.gov.au/kinder-for-every-three-year-old-across-victoria-2/>; <https://www.nsw.gov.au/your-government/the-premier/media-releases-from-the-premier/nsw-the-first-state-to-subsidise-preschool-for-all-three-year-olds/>

⁴³ <https://www.education.act.gov.au/education-and-care/early-childhood-strategy>

⁴⁴ Shorten, B. and Rishworth, A., 'Labor will extend preschool access to 3 year olds', Media Release, ALP, 4 October 2018; see also

<https://www.alp.gov.au/media/1337/181003-preschools-and-kindy-program-fact-sheet.pdf> (Accessed 24 January 2019).

⁴⁵ Early Childhood Australia, Pre Budget Submission 2017-18, January 2017. Accessed at: <http://www.earlychildhoodaustralia.org.au/wp-content/uploads/2017/01/Early-Childhood-Australia-2017-18-Budget-Submission-Final.pdf>

⁴⁶ Fox, S and Geddes, M. (2016). *Preschool - Two Years are Better Than One: Developing a Preschool Program for Australian 3 Year Olds – Evidence, Policy and Implementation*, Mitchell Institute Policy Paper No. 03/2016. Mitchell Institute, Melbourne.

⁴⁷ COAG Communique, 12 December (2018). Accessed at: <https://www.coag.gov.au/meeting-outcomes/coag-meeting-communique-12-december-2018>

⁴⁸ Analysis of Indigenous Participation in Early Childhood Education and Care (ECEC) Prepared by the Social Research Centre, September 2016. Accessed at: http://www.echr.edu.au/docs/default-source/resources/supporting/indigenous_participation_in_ecec.pdf

⁴⁹ Steering Committee Report on Government Services, 2017 in Family Matters Report 2018, pg 29.

⁵⁰ Commonwealth of Australia, Department of the Prime Minister and Cabinet, Closing the Gap Prime Minister's Report 2018.

⁵¹ Family Matters Report 2018, pg 30.

Indigenous children.⁵² Furthermore, Aboriginal and Torres Strait Islander children remain twice as developmentally vulnerable on two or more domains of the Australian Early Development Census than non-Indigenous children.⁵³

Therefore, we support the call by Family Matters and SNAICC for further investing in quality early learning and development services designed and run by Aboriginal community-controlled organisations and communities.⁵⁴ This would contribute to greater access and the further development of unique capabilities in the sector, in particular tailored, holistic support which is grounded in culture, trauma-informed and cognisant of the strengths and needs of Aboriginal children and families.⁵⁵

Recommendation: Save the Children recommends that the government re-commit to funding for all children to attend at least one year of pre-school (as is currently funded for four year olds) and that it moves to fund a second year of pre-school education (targeted at three year olds) as soon as possible.

Further, Save the Children recommends funding for a national program to increase access to quality early childhood education and care specifically for Aboriginal and Torres Strait Islander children, including clear targets to address areas with high levels of disadvantage, which is led and implemented by Aboriginal community-controlled organisations and supported by skilled, culturally safe workforce development and training.

Budget Impact: To continue funding four year old pre-school and to make a second year of pre-school education available (from 2020-21) for all three year olds is estimated to cost \$1.75 billion over four years.

Funding for early childhood education and care specifically for Aboriginal and Torres Strait Islander children should be determined by working in partnership with Aboriginal and Torres Strait Islander peoples, and through COAG, to ensure alignment with the broader Closing the Gap Refresh process. Options include quarantining proportions of the Community Child Care Fund for culturally safe community-controlled delivery in areas of high need.

3. Supporting school engagement programs in the middle years

Department: Department of Education and Training

The mainstream school education system is a major driver of both socio-economic equity and personal and national prosperity: a high-quality basic education and associated educational achievement is a game-changer for giving all children – regardless of background – an opportunity to reach their full potential.

Save the Children welcomes the establishment in recent years of a fundamental, bipartisan policy commitment to needs-based schools funding, and the record national investment in school education through the reforms recommended in the Gonski Review. There is now significant ‘demand-side’ funding in the mainstream system, which enables schools to fund improved ways of working for children and young people who are at risk of disengaging or dropping out.

⁵² Ibid, pg 30.

⁵³ AEDC, ‘Emerging trends from AEDC’, Commonwealth of Australia, 2018, pg 2.

⁵⁴ SNAICC, *The Family Matters Report 2018*, pg 32. Also see SNAICC, Early Years Policy Reform Brief, ‘Ensuring a Fair Start for Our Children: The Need for a Dedicated Funding Stream for the Aboriginal and Torres Strait Islander Early Years Sector’, October 2017. Accessed: <https://www.snaicc.org.au/ensuring-fair-start-children-need-dedicated-funding-stream-aboriginal-torres-strait-islander-early-years-sector/>

⁵⁵ SNAICC, *The Family Matters Report 2017*. Accessed at: <http://www.familymatters.org.au/wp-content/uploads/2017/11/Family-Matters-Report-2017.pdf>

While recognising the primary role of State and Territory Governments as school education system managers in their jurisdictions, we believe the Commonwealth can (and does) play an important role in fostering innovation and quality, at-scale, in the school system. In particular, the Commonwealth Government is well-positioned to make smart investments ‘on the supply-side’ of the school education practice and performance equation, such as funding for trialling and transitioning to-scale student support programs that demonstrate best practice and have potential positive flow-on effects across the mainstream school system.

One challenge in the system is preventing education disengagement and consequent early school leaving. Despite the importance of a quality basic education in fully participating in contemporary social and economic life, some Australian children do not receive the full benefit of school education as a result of becoming disengaged in a classroom setting or not attending regularly. Of particular concern, from both an equity and lost opportunity perspective, about 40 per cent of young people with the lowest socio-economic backgrounds do not complete Year 12 or its equivalent by age 19.⁵⁶

At a base level, school attendance is a necessary condition for school-based learning and development, with studies showing clear links between increased levels of attendance and long-term educational success.⁵⁷ Unfortunately, as annual data from the Report on Government Services shows, school attendance rates across all schools decreases from year 7 to year 10, dropping from 93.0 per cent of nominally enrolled students to 89.4 per cent.⁵⁸

Yet attendance alone is not sufficient for educational achievement – and attendance rates provide limited insight into whether or not students are present at school but at-risk of failing to achieve their potential.⁵⁹ This is particularly important prior to year 10 (i.e. while attendance is still compulsory),⁶⁰ and why Save the Children considers there needs to be a stronger focus across the education system on engagement and connection to learning in the primary and middle years of schooling.

Our view on the national importance of this challenge is supported by recent analysis produced by the Grattan Institute, which examined student disengagement at the classroom, teacher, school and system levels and found that this was a growing issue of concern.⁶¹ For example, one West Australian study finds that around 40 per cent of school students are unproductive in any year, in a study spanning cohorts of students from years 2 to 8 who predominantly came from low socioeconomic schools.⁶² For a ‘significant minority’ of students the end-point of disengagement is leaving school early.⁶³ In addition to the personal implications for those students, the Mitchell Institute has calculated that each early leaver costs the Australian community \$616,000 over a working lifetime, or across each cohort \$23.2 billion over a working lifetime.⁶⁴

We believe there is a critical role for the Federal Government to elevate the issue of student engagement. One way of pursuing that objective is through investing in the development and/or transition to scale of ‘supply side’ interventions that can be integrated into the mainstream school education system.

Hands on Learning, an internationally-recognised education innovation supported by Save the Children, is an example of how providing an in-school, group-based practical learning model can be an effective part of both the school and system-level response. The program started in Frankston, Victoria, in 1999, and now operates in almost

⁵⁶ Lamb, S, Jackson, J, Walstab, A & Huo, S (2015), Educational opportunity in Australia 2015: Who succeeds and who misses out, Centre for International Research on Education Systems, Victoria University, for the Mitchell Institute, Melbourne: Mitchell Institute. pg vi.

⁵⁷ Hancock, K. J., Shepherd, C. C. J., Lawrence, D., & Zubrick, S. R. (2013). Student attendance and educational outcomes: Every day counts. Report for the Department of Education, Employment and Workplace Relations, pg 251. Accessed at: https://www.telethonkids.org.au/globalassets/media/images/pagesections/news--events/2013/march/final_report_2013.pdf

⁵⁸ Productivity Commission, Report on Government Services, ‘School Education’, 2018, Section 4.10.

⁵⁹ Productivity Commission, Report on Government Services, ‘School Education’, 2018, Section 4.10.

⁶⁰ It is mandatory for all young people to participate in schooling until they complete year 10 and then participate in fulltime education, training and employment or a combination until age 17.

⁶¹ Goss, P., Sonnemann, J., and Griffiths, K. (2017). Engaging students: creating classrooms that improve learning. Grattan Institute.

⁶² Angus et al, 2009 in Goss, P., Sonnemann, J., and Griffiths, K. (2017). Engaging students: creating classrooms that improve learning. Grattan Institute, pg 10.

⁶³ Ibid, pg 23.

⁶⁴ Lamb, S. and Huo, S. Counting the costs of lost opportunity in Australian education. Mitchell Institute report No. 02/2017. Mitchell Institute, Melbourne.

100 schools, across year levels five to ten, and is helping students at-risk of ongoing disengagement and early leaving to grow in confidence, engage, remain and achieve at school.

Save the Children merged with Hands on Learning Australia because we believe strongly in the evidenced-informed practices and structured approach to program quality and implementation support of their program model. Dedicated system-level funding for this program would enable us to continue its adaptation and scale-up across Australia, to reach a target of 300 schools by 2023, with priority given to regional clusters of low ICSEA schools.

A Commonwealth investment in Hands on Learning at this time would leverage the increased funding that schools can access through the needs-based funding model, while also helping to ensure the quality of that spending. Most importantly, it would contribute to more of the most at-risk Australian children and young people staying on-track for learning and development.

Recommendation: Save the Children recommends that dedicated funding be provided to enable the Hands on Learning model to be adapted and scaled-up across jurisdictions, to reach a target of 300 schools by 2023 with priority given to regional clusters of low ICSEA schools.

Budget impact: \$10 million over four years.

4. Expanding Intensive Family Support Services (IFSS) in the Northern Territory

Prevention and early intervention to enable a safe and supportive home environment for children provides greater long-term benefits – and is more cost effective – than support services or tertiary responses provided after a child or young person has missed out on learning and development, experienced a crisis, or committed an offence. This fundamental proposition on the nature of community services has been reinforced by findings of the Royal Commission into Child Protection and Detention of Children in the Northern Territory (NTRC), with regard to the specific aims of reducing the number of children engaged with the youth justice and child protection systems.⁶⁵ More generally, in 2015 the Australian Research Alliance for Children and Youth (ARACY) completed a comprehensive review of evidence on cost benefits of early intervention, concluding that:

“the return on investment for prevention and early intervention is consistently greater than costly remedial responses; preventative investment reduces downstream expenditure on remedial education, school failure, poor health, mental illness, welfare reciprocity, substance misuse and criminal justice.”⁶⁶

Because crisis situations demand community and government responses, historically the weighting of governments’ related spending on community services has been in favour of secondary support programs and the tertiary system. In 2016-17, for example, despite a \$5.2 billion investment in child safety across Australia, only 17 per cent went towards family support services – and of this only 8 per cent was invested in intensive family support services.⁶⁷ At a State and Territory level in 2016–17, 25,295 children commenced intensive family support services.⁶⁸

Of course, there is no ‘magic balance’ between spending on prevention and early intervention versus other services; but wherever the community sector and governments are seeing demonstrated success from effective early intervention programs, there is a strong case for their expansion.

Currently, the Commonwealth Government funds an Intensive Family Support Service (IFSS) in the Northern Territory (22 sites) and parts of South Australia (4 sites).⁶⁹ This evidence-informed and systematically implemented program was developed for government by the Parenting Research Centre, as part of the response to the 2010 Report *Northern Territory: Growing them Strong, Together: Promoting the safety and wellbeing of the Northern Territory’s children*.⁷⁰

Subsequent Department of Social Services’ Data Exchange (DEX) reporting has shown that 83 per cent of people reported a positive change in circumstances in the IFSS program.⁷¹ Save the Children as a provider of the program has also seen successful behaviour change with external evaluations identifying clear improvements in the Child Neglect Index (CNI) including better outcomes for vulnerable children across domains such as supervision, physical care, provision of healthcare and parental warmth.

In the Northern Territory, we have seen 75 per cent of participating families who complete the program achieving their goals (with remaining families either not engaging or relocating). While the immediate focus of

⁶⁵ Royal Commission into the Protection and Detention of Children in the Northern Territory, 2017, found at <
<https://childdetentionnt.royalcommission.gov.au/Pages/Report.aspx>>

⁶⁶ Fox, S., Southwell, A., Stafford, N., Goodhue, R., Jackson, D. and Smith, C. (2015). *Better Systems, Better Chances: A Review of Research and Practice for Prevention and Early Intervention*. Canberra: Australian Research Alliance for Children and Youth.

⁶⁷ Australian Government Productivity Commissions Report on Government Services (Child Protection Services, 2018).

⁶⁸ Australian Institute of Health and Welfare 2018. *Child protection Australia 2016–17*. Child welfare series no. 68. Cat. no. CWS 63. Canberra: AIHW, pg 62.

⁶⁹ <https://www.dss.gov.au/families-and-children/programs-services/parenting/families-and-children-activity/children-and-parenting>

⁷⁰ <https://ifss.net.au/about-ifss/government-support/>

⁷¹ Department of Social Services, Hansard, Inquiry into Intergenerational Welfare, 17 October 2018, p3

this service is on improving family functioning to avoid children being placed in out-of-home care, by reducing stress and building household capability and parenting skills, the IFSS program also has positive flow-on effects where, for example, those families were struggling to sustain a home environment conducive to early learning and development, or are experiencing domestic and family violence.

We believe that there is increased scope for the federal IFSS program to be delivered in other locations in the Northern Territory where there are high levels of complex disadvantage and childhood vulnerability and/or indicators of maltreatment. Our program-based experience suggests that greater investment in remote locations is particularly urgent, with insufficient prevention and early intervention support for at-risk children, young people and families.

The expansion of this program must of course consider the aspirations and particular needs of the populations that are being supported, consistent with widely shared goals of working in partnership with Aboriginal and Torres Strait Islander communities and organisations, and supporting related community development and local employment objectives. Importantly, research by SNAICC - National Voice for our Children has found that adaptation of evidence-based family support approaches with and by Aboriginal and Torres Strait Islander communities is showing success, and that Indigenous leadership is integral to that success.⁷²

Recommendation: Save the Children recommends scaling up intensive family support services (IFSS) in the Northern Territory to service areas of high need, particularly remote locations where there is insufficient prevention and early intervention support for at-risk children, young people and families.

Budget impact: \$4.7 million per annum commencing in FY 2019-20.

UNFINISHED BUSINESS – CLOSING THE GAP TARGETS

In previous Budget submissions, Save the Children has advocated for national targets and strategies to support eliminating the over-representation of Aboriginal and Torres Strait Islander children in out of home care and in the youth justice system. We have been pleased to see progress addressing these recommendations through the Closing the Gap Refresh. Importantly, the COAG meeting in December 2018 included a formal partnership with Aboriginal and Torres Strait Islander people to progress, finalise and implement the revised targets which include measures to eliminate overrepresentation of Aboriginal and Torres Strait Islander children in the child protection system and reduce the levels of overrepresentation in the youth justice system.⁷³

We note that the final framework will be adopted following the formalisation of the partnership in mid-2019. However, it remains critically important to ensure there is a supporting cross-governmental strategy developed to achieve them. In particular, we support the call by SNAICC and Family Matters for the development of a COAG-level national Aboriginal and Torres Strait Islander children's strategy, led by Aboriginal and Torres Strait Islander people.⁷⁴

⁷² Tilbury, C (2015) *Moving to Prevention: Intensive family support services for Aboriginal and Torres Strait Islander children*. Melbourne: SNAICC .

⁷³ COAG Statement on the Closing the Gap Refresh, 12 December 2018.

⁷⁴ SNAICC, 'SNAICC welcomes announcement of formal partnership approach to Closing the Gap refresh', media release, December 12 2018. Accessed at: <https://www.snaicc.org.au/media-release-12-december-2018-snaicc-welcomes-announcement-of-formal-partnership-approach-to-closing-the-gap-refresh/>

SECTION B: INVESTING IN CHILDREN IN DEVELOPING COUNTRIES TO PROMOTE REGIONAL PROSPERITY, STABILITY AND SECURITY

5. An Overseas Aid Program that meets Global Challenges

Portfolio: Department of Foreign Affairs and Trade

5.1 Restoring investment in overseas aid and development

Australia's overseas aid and development program is a powerful foreign policy tool to address serious threats to prosperity, stability and security in the world today.

We appreciate that tough fiscal trade-offs need to be made to strengthen the Australian economy and return the budget to surplus. However, in cumulative terms, the Australian aid budget has declined to a historic low of 0.2 per cent of our Gross National Income (GNI) in 2017/18. Cuts to the aid budget have come at a cost to our international reputation, geo-political influence and capacity to credibly shape development outcomes in our region and beyond. Most crucially, they have impacted the world's poorest people, leaving the most vulnerable further behind.

We believe there are compelling economic, security, geopolitical and moral reasons for a bipartisan commitment to progressively increase Australia's overseas aid budget to 0.5 per cent of GNI, with a clear timeline and growth rate. These reasons are set out below.

We have the economic capacity to increase overseas aid

Australia is a wealthy nation with the capacity to increase its overseas aid program based on the size of our economy and projected growth rates.

Australia's overseas aid program is significantly lower than the OECD Donor Assistance (DAC) average of 0.32 per cent of GNI in 2016.⁷⁵ The decline in aid expenditure since 2013 to 0.2 per cent of GNI sharply contrasts with the aid budget trajectories of many other OECD countries. Most notably, the United Kingdom, Netherlands, Luxembourg, Denmark, Norway and Sweden spent more than 0.7 per cent of GNI in 2016/17 – more than double what Australia spent in relative terms.⁷⁶

Australia's declining investment in overseas aid also contrasts with emerging donors who are ramping up their aid programs to extend their geopolitical influence and leverage regional and global power shifts. For example, Chinese foreign aid expenditure has increased in the past decade, from US\$631 million in 2003 to close to US\$3 billion in 2015, with an average annual growth rate of 14 per cent.⁷⁷ Similarly, India has been scaling up its aid program to a point where it now, on Purchasing Power Parity, rivals Australia's in size at US\$8.9 billion in 2016-17, reflecting an annual increase of 15 per cent over the past five years.⁷⁸

Australia's future economic growth is tied to the prosperity and stability of our region. If we are to retain geopolitical influence in shaping development outcomes in our immediate region, and contribute to the realisation of the Sustainable Development Goals (SDGs), we must right-size our aid program based on this capacity.

⁷⁵ Development Policy Centre, *Australian Aid tracker*, accessed 12 December 2018: <http://devpolicy.org/aidtracker/comparisons/>

⁷⁶ Ibid

⁷⁷ John Hopkins School of Advanced International Studies, *China Africa Research Initiative*, accessed 12 December 2018: <http://www.sais-cari.org/data-chinese-foreign-aid-to-africa/>

⁷⁸ Calculated from <http://www.indiabudget.gov.in/ub2018-19/eb/stat20.pdf> then using OECD PPP Conversion rates and CPI from <https://data.gov.in/catalog/all-india-consumer-price-index-ruralurban>.

There is an urgent need to increase overseas aid globally

Over the past two decades, the world has experienced dramatic technological, social and economic change. Since 1990, GDP per capita in low- and middle-income countries has more than doubled in real terms.⁷⁹ Over this period⁸⁰, the number of people living in extreme poverty has more than halved – the largest decline in human history.⁸¹

The world attained the first Millennium Development Goal target—to cut the 1990 poverty rate in half by 2015—five years ahead of schedule, in 2010.⁸² According to the most recent estimates, in 2013, 10.7 per cent of the world’s population lived on less than US\$1.90 a day, down from 35 per cent in 1990.⁸³

While poverty rates have declined in all regions, progress has been uneven:

- The reduction in extreme poverty was mainly driven by East Asia and Pacific (71 million fewer poor) – notably China and Indonesia—and South Asia (37 million fewer poor) –notably India.⁸⁴
- Half of the extreme poor live in Sub-Saharan Africa. The number of poor in the region fell only by 4 million with 389 million people living on less than US\$1.90 a day in 2013, more than all the other regions combined.⁸⁵

The work to end extreme poverty is far from over, and a number of challenges remain. It is becoming even more difficult to reach those remaining in extreme poverty, who often live in fragile contexts and remote areas. Access to good schools, healthcare, electricity, safe water and other critical services remains elusive for many people, often determined by socioeconomic status, gender, ethnicity, and geography. Moreover, for those who have been able to move out of poverty, progress is often temporary: economic shocks, food insecurity and climate change threaten to rob them of their hard-won gains and force them back into poverty. It will be critical to find ways to tackle these issues as we work towards achieving the SDGs.

In 2015, the World Bank-IMF Spring Meeting released a joint statement urging the global community to focus on the ‘trillions’, rather than ‘billions’ of new investment to achieve the SDGs. By some estimates, \$US1.5 trillion of investment is needed in emerging and least-developed countries.⁸⁶ This is dramatically higher than the approximately US\$135 billion currently available in ODA.⁸⁷ Preliminary indicators are that 1.5-2.5 per cent of GDP will need to be invested annually to achieve the SDGs globally.⁸⁸

There is a clear and urgent need for Australia to contribute its fair share of financing to accelerate progress towards achieving the SDGs.

It is in our national economic and security interests to increase overseas aid

As noted above, the global stability that has underwritten Australia’s prosperity is facing serious threats. These include: rising inequality, protracted humanitarian crises, mass displacement, erosion of human rights and climate change.

Australia’s overseas aid program is a powerful foreign policy tool to address these threats. It can be used to prioritise investment in the building blocks of equitable, stable and inclusive societies: education, nutrition, health and gender equality. It can also be done through increasing support for climate change mitigation and

⁷⁹ World Bank, 2016, *Shock waves: managing the impacts of climate change on poverty*, <<https://openknowledge.worldbank.org/bitstream/handle/10986/22787/9781464806735.pdf>>, p.9.

⁸⁰ World Bank, *Poverty Overview*, <<http://www.worldbank.org/en/topic/poverty/overview>>, accessed January 2018.

⁸¹ Ibid

⁸² Ibid

⁸³ Ibid

⁸⁴ MEDICI, *The Impact of Microfinance*, 14 August 2018, accessed: <https://medium.com/@gomedici/the-impact-of-microfinance-3707bebbde0f>

⁸⁵ World Bank, *Poverty Overview*

⁸⁶ World Bank, *From Billions to Trillions: Transforming Development Finance Post-2015 Financing for Development: Multilateral Development Finance*, <[http://siteresources.worldbank.org/DEVCOMMINT/Documentation/23659446/DC2015-0002\(E\)FinancingforDevelopment.p](http://siteresources.worldbank.org/DEVCOMMINT/Documentation/23659446/DC2015-0002(E)FinancingforDevelopment.p)>.

⁸⁷ Ibid

⁸⁸ Sustainable Development Solutions Network, *Investment Needs to Achieve the Sustainable Development Goals*, November 2015 <<http://unsdsn.org/wp-content/uploads/2015/09/151112-SDG-Financing-Needs.pdf>>.

adaptation and strengthening respect for human rights, particularly in protecting the rights of the most vulnerable.

This requires a foreign policy approach that harnesses the complementary and interdependent tools that currently exist across multiple portfolios. These include diplomacy, trade, defence, cultural interaction, and overseas aid and development. There is bi-partisan recognition that defence and overseas aid both contribute to stability and security in mutually reinforcing ways. However, the defence budget of \$34.6 billion in 2017–18 is now nearly nine times the size of the overseas aid budget. We acknowledge the importance of Australia having a well-equipped and trained defence force, including assets to respond to natural disasters in the region when required. However, it is questionable whether such a large disparity in defence and aid expenditure can be justified on the basis of relative effectiveness, particularly given that the greatest threats to Australia’s security are not posed by other nation states, but by non-state actors and extremist groups often spawned from social marginalisation – a consequence of inequality.

Not only are there compelling economic and security reasons for Australia to increase its investment in overseas aid, there are also strong geo-political reasons for doing so. As emerging economies in Asia become more central to the global economy and global decision-making, Australia will face increased competition for access and influence. The trajectory of aid spending by China and other emerging donors reveals the importance of overseas aid to extend geo-political influence.

Accordingly, this part of Save the Children’s budget submission argues for increased financial support to meet the challenges of sustainable development and stability in the region and beyond through increasing the aid budget to \$5.5 billion as soon as possible and then progressively increasing it to at least 0.5 per cent of GNI.

It is critical to rebalance our aid program with increased investment in human development

Proposed investments in infrastructure and support for private-sector led growth must be coupled with requisite investments in health, education, nutrition and protection - the building blocks for equitable and inclusive human development. Priority should also be given to geographic areas with the lowest human development indicators to ensure no child is left behind. These specific recommendations are outlined in section 6 below.

Recommendation: Save the Children recommends that funding for development and aid programming be restored to \$5.5 billion as soon as possible with a minimum increase of \$400 million (10 per cent) in 2019/20 and of 10 per cent for each of the following three years.

We further recommend that a commitment be made to increasing aid to at least 0.5 percent of GNI by 2030 in line with other OECD donors and in view of:

- Australia’s economic capacity to increase aid;
- The urgent need for increased funding to achieve the Sustainable Development Goals by 2030;
- Australia’s national economic, security and geopolitical interests.

Budget impact: \$440 million in 2019/20 and a total of \$1.931 billion over the next four years.

5.2 Communicate the value of investing in aid and development programs

The Australian Government has an important role to play in increasing public understanding and awareness of the value of investing in aid and development programs in our region and beyond. Fostering more informed public debate about, and community engagement with, Australia's aid program is both necessary and appropriate and will improve the confidence of the public in Australia's strategic objectives and the value of the Government's development assistance program.

Australians are generous people and, by helping to develop a 'frame of reference' for providing assistance to others, the Australian Government will contribute to a broader understanding of the contribution Australia can and should make. Unlike virtually all other areas of Commonwealth funding, the expenditure and impact of Australia's aid program does not occur within Australia. Accordingly, it is difficult for Australians and their elected representatives to easily gauge the effectiveness or otherwise of the aid program. Save the Children believes this gap in effective accountability can be addressed through the initiation of an official parliamentary exposure program.

Since 2015, the Bill and Melinda Gates Foundation has provided funding to Save the Children to build and develop such a program – the Australian Aid and Parliament Project. Consequently, nearly 40 Australian parliamentarians have participated in seven visits to see Australian aid programming first hand in Papua New Guinea, Solomon Islands, Cambodia, Bangladesh, Myanmar, Jordan and Lebanon. An independent evaluation of the program has demonstrated that the parliamentarians' understanding of the efficacy of Australian aid has increased significantly as a consequence of these visits, and that their confidence to discuss it with their constituents has increased accordingly.

Save the Children recommends that the Australian Government contribute towards ensuring the continuation of the Australian Aid and Parliament Project to assist with communicating the value of the Australian aid program to the public.

Recommendation: Save the Children recommends that the Australian Government funds the continuation of the Australian Aid and Parliament Project from 2020-21.

Budget impact: \$300,000 per annum for three years from 2020-21.

6. Investing in Human Development in the Indo-Pacific

6.1 Increasing investment in human development

While Australia can and should increase its investment in aid and development programming, it is equally important to ensure it maximises the efficiency and effectiveness of every aid dollar.

In this connection, Save the Children seeks a greater investment in human capital as the foundation and catalyst for inclusive, equitable and sustainable development in our region. History has shown that economic growth alone will not lead to equitable and inclusive development. It will drive inequality, instability and insecurity if a significant proportion of a country's population remains uneducated and unable to live safe, healthy and dignified lives.

Some have argued that high and rising inequality is inevitable in the early stages of economic growth. However, empirical evidence lends no support for this theory.⁸⁹ A number of countries over the past ten years have managed to significantly reduce income and non-income inequality through a combination of progressive economic and social policies, often accompanied by the greater participation and empowerment

⁸⁹ World Bank, Policy Research Note, *Ending Extreme Poverty and Sharing Prosperity: Progress and Policies*, October 2015.

of those who have been left behind by the development process.⁹⁰ These countries were able to maintain growth and a high level of integration with the global economy despite having social policy interventions aimed at overcoming barriers to social and economic inclusion.⁹¹

Although the drivers of inequality are complex and multi-dimensional, evidence shows that it is necessary to focus on the needs of the most disadvantaged populations to reduce inequality. This is of particular importance in the Pacific, which remains off track towards achieving many of the 2030 Sustainable Development Goals. While international donors including Australia have recently become increasingly focused on infrastructure expenditure in the Pacific, there is also a need to invest in human capital to ensure smart, healthy, protected children can thrive and drive future economic development.

This requires increased investment in education, health, nutrition and protection which have been shown to have the greatest returns in terms of overcoming barriers to economic and social inclusion.

6.2 Education

Equitable access to good quality education is critical for driving human and economic development. It is the key to building the skills and knowledge required to provide a pathway out of poverty and reverse intergenerational inequity. The economic benefits can be transformative, with each additional year of education increasing adult earning potential by around 10 per cent.⁹² Yet, a learning crisis exists globally, with 264 million children, adolescents and youth not attending school and 61 million of these children being of primary school age.⁹³ New data also reveals six out of ten children and adolescents are unable to read a simple sentence or handle a basic mathematics calculation, with two-thirds of these children in classrooms but not receiving quality education.⁹⁴

6.2.1 Education in the Pacific

The Pacific region is showing positive improvements in basic education enrolments with increased primary school net enrolment rates at 88 per cent in countries like the Solomon Islands.⁹⁵ While data is indicating positive gains in enrolment, outcomes regarding quality of education are less positive. In the Pacific, 29 per cent of children will complete primary education without achieving minimum proficiency levels in reading and mathematics.⁹⁶ A multitude of factors contribute to high dropout rates and low standards in literacy and numeracy including poor teacher and student attendance, poor teacher training, lack of quality educational resources and curriculum frameworks.

High dropout rates are of growing concern with 53 per cent of children in the region dropping out of primary school before reaching the last grade.⁹⁷ In Solomon Islands only 63.4 per cent⁹⁸ of children enrolled in

⁹⁰ Ibid.

⁹¹ Ibid.

⁹² UNICEF, 2016. State of the World's Children, p. 55.

⁹³ UNESCO and Global Education Monitoring Report, June 2017. Reducing global poverty through universal primary and secondary education, p. 1

⁹⁴ UNESCO, 2018. Data to Nurture Learning, p. 19

⁹⁵ World Bank, Solomon Islands country data, 2017.

Systematic Country Diagnostic Priorities for Supporting Poverty Reduction & Promoting Shared Prosperity, p. 31

⁹⁶ UNESCO, September 2017. More Than One-Half of Children and Adolescents Are Not Learning Worldwide, Fact Sheet No.46, p. 11.

⁹⁷ UNESCO, September 2017. More Than One-Half of Children and Adolescents Are Not Learning Worldwide, Fact Sheet No.46, p. 11.

⁹⁸ World Bank, Solomon Islands country data, 2017.

Systematic Country Diagnostic Priorities for Supporting Poverty Reduction & Promoting Shared Prosperity, p. 32

primary school complete that stage of their education, while in Vanuatu only 35 per cent continued onto secondary school.⁹⁹

Many countries also face a growing issue of over age enrolment, with almost one in five students in primary school being over age, exacerbating drop out levels and creating difficulties in managing diverse aged classrooms.¹⁰⁰

Much progress has been made towards reducing gender disparity in education access and participation, with many Pacific countries converging towards gender parity for primary school enrolment. However, the data masks other less positive trends, with fewer girls attending and completing primary and secondary education. Gender norms relating to favouring boy's education in the later years, safety concerns over girls attending schools some distance from the family home, and attitudes that domestic and care responsibilities are more important than education are impacting girls ongoing educational opportunities in many Pacific countries.¹⁰¹

6.2.2 Investing in the Early Years

Investing in quality early childhood programs and linking the Early Childhood Care and Education (ECCE) sector to primary schools, is a cost-effective means of improving primary school transition and completion rates and ensuring a more productive engagement with the educational process. This aligns with DFAT's Strategy for Australia Aid's Investment in Education 2015-2020, with its focus on early childhood development to get the 'foundations right'. Save the Children supports this strategy which seeks to adopt a multi sectoral approach in this engagement and build a strong transition to primary schooling.¹⁰²

The Papua New Guinea (PNG) Partnership Fund (a fund established by DFAT), seeks to fund organisations or consortia that can execute interventions that support national policies and priorities, including in the education sector. The education focused funding round showcases a positive step towards addressing early childhood education participation, encouraging on-time primary school enrolment, reducing dropout rates and driving greater parental and community involvement. Save the Children welcomes this approach and recommends that the Australian Government expand this educational investment model within PNG and to other countries in the Pacific. The NGO consortia-based approach enables organisations to support the national government towards meeting its literacy and numeracy outcomes in the foundation years, increase community level engagement, foster localisation of national policy and adopt a more multisectoral and collaborative approach to early learning.

6.2.3 Inclusive Education for Children with Disability

Access to education for children with disabilities in the Pacific is extremely limited with 90 per cent of children with disabilities out of school.¹⁰³ These children face significant barriers to school participation including; long distance of travel to schools, negative treatment by peers and teachers, lack of in-school support and negative community attitudes and customs.¹⁰⁴ Pacific countries have acknowledged the need for promoting disability inclusive education through the Pacific Education Development Framework, other disability focused policies

⁹⁹ Secretariat of the Pacific Community South Pacific (2018) National Minimum Development Indicators <http://www.spc.int/nmdi/education> [accessed 26 January 2018]

¹⁰⁰ World Bank, June 2017. Solomon Islands Systematic Country Diagnostic Priorities for Supporting Poverty Reduction & Promoting Shared Prosperity, p. 32.

¹⁰¹ Ministry of Women, Youth, Children and Family Affairs and the National Statistical Office: Government of Solomon Islands, 2016. Gender equality Where do we stand? p. 6.

¹⁰² DFAT, 2015. Strategy for Australia Aid's Investment in Education 2015-2020

¹⁰³ Umesh Sharma, Tim Loreman & Setareki Macanawai, November 2016. Factors contributing to the implementation of inclusive education in Pacific Island countries, International Journal of Inclusive Education, 20:4, 397-412, p. 398.

¹⁰⁴ Voices of Pacific Children with Disability Project, May 2015. The Human Right needs and priorities of children of children with disability in Vanuatu, p.9.

and supporting the development of Pacific Indicators for Disability-Inclusive Education. While some progress has been made, more attention is needed to ensure equitable access and positive educational outcomes for all children with disabilities.

This disparity between the formulation of ‘gold’ standard policies and the implementation of such policies is not unique to disability inclusive education, but can be applied across various aspects of the education sector. In DFAT’s Solomon Islands Education Sector Program (2015-2018), it was identified that many national level policies “remain aspirational statements as they have not been adequately costed, and so cannot be reflected in budget planning”.¹⁰⁵ Save the Children supports the Australian Government’s continued focus in the region, particularly educational investment in the early years and disability inclusive education. Such investments must also support capacity building within the country and the allocation of resources within national education budgets, to enable effective implementation of national education policies.

Recommendation: Save the Children recommends that the Australian Government commit at least 20 per cent of Official Development Assistance¹⁰⁶ to support increased access to quality education with a focus in the Pacific, including:

- Expanding the educational investment model adopted by the Australian Government for the PNG Partnership Fund within PNG and to other countries in the Pacific, to enable organisations to support national governments in meeting literacy and numeracy outcomes in the foundation years; and
- Delivering the commitments made in the Development for All Strategy 2015-2020, prioritising equity, with a particular focus on gender and inclusive education for children with disabilities. Ensure this supports capacity building and appropriate resource allocation to enable effective implementation of national education policies and practices that promote inclusive learning environments for boys and girls, including children with disabilities.

Budget impact: This rebalancing would be achieved within the overall ODA envelope which we recommend increase by 10 per cent per year over the forward estimates.

6.3 Health

6.3.1 Maternal, Newborn and Child Health

The world has made remarkable progress in reducing the number of annual under-five deaths from 12.9 million in 1990 to 5.4 million in 2017.¹⁰⁷ Despite this, two children under five die from pneumonia every minute, newborns are particularly vulnerable with an estimated 2.9 million child deaths within the first 28 days and a similar number of whom are stillborn.¹⁰⁸ Every day approximately 830 women die from preventable causes related to pregnancy and childbirth¹⁰⁹ but skilled care before, during and after childbirth can save the lives of women and newborn babies.

¹⁰⁵ DFAT, 2014. Investment Design: Solomon Islands Education Sector Program 2.

¹⁰⁶ As recommended by the Global Partnership for Education; <https://www.globalpartnership.org/funding>

¹⁰⁷ UNICEF, March 2018, Child Mortality Database: <https://data.unicef.org/topic/child-survival/under-five-mortality>, accessed December 2018.

¹⁰⁸ UNICEF, 2016. State of the World Children’s Report.

¹⁰⁹ WHO: <https://www.who.int/news-room/fact-sheets/detail/maternal-mortality> ; updated Feb 2018, accessed December 2018.

Data indicates that children from the poorest households are 1.9 times more likely to die than children from wealthier households.¹¹⁰ Young adolescents face a higher risk of complications and death related to pregnancy than other women. The challenge is in reaching the children most in need and ensuring equitable access to health care information and services, early interventions and appropriate care.

6.3.2 Prioritise the Pacific

Maternal, newborn and child health in Pacific countries is often overlooked due to smaller population sizes and difficulties in obtaining reliable national and sub-national population data. Yet, the available data from countries like PNG indicates high child mortality, with an estimated 5,000 newborn deaths every year and an under-five mortality rate of 48 per 1,000 live births.¹¹¹

Regional and remote areas exhibit higher rates of child mortality, malnutrition, lower rates of health care access and family planning uptake - demonstrating a stark urban-regional divide.¹¹² Countries like the Solomon Islands, Vanuatu and PNG have many remote islands, mountainous terrain and complex geographic contexts that make the provision of basic health care services complicated and costly. This is often compounded by poverty, poor literacy and significant gender imbalances that prevent women and children from accessing health information and advice, preventive health interventions and life-saving care. While health outcomes in countries like Vanuatu have been impacted by natural disasters like Cyclone Pam, baseline data reveal that even prior to the cyclone, children in remote islands were more likely than others to be malnourished and susceptible to infections.¹¹³

The Australian government, in its Health for Development Strategy 2015–2020, outlines its highest priority focus on building resilient public health systems by working “closely with partner governments and the private sector in partner countries to strengthen the six building blocks of country health systems: service delivery, health workforce, health information systems, medicines, financing, and governance”.¹¹⁴ Save the Children encourages the Australian Government to prioritise investments that support the public health sector’s capacity to deliver cost-effective interventions, provide preventative RMNCH services, promote targeted behaviour change and broader health promotions to urban, rural and remote communities across the Pacific.

Building an equitable and resilient health system may require a review of national and donor investment that is at times skewed towards provincial or district health facility-based, disease-specific models of health service provision. However, we consider that the need lies in comprehensive primary health care and routine outreach services, creating more holistic programs, and facilitating deeper engagement with communities to understand and drive behaviour change. For example, in the Solomon Islands, efforts are being made to support reorientation towards public health focused services.¹¹⁵

Central to a strong health system is the training, support and motivation of health workers, nurses and midwives particularly at the community level. However, the formal health workforce in Pacific countries such as PNG – often the first contact points for communities and responsible for health promotion and preventative services – remain relatively neglected by donors for investment. So too are alternative health

¹¹⁰ UNICEF, 2016. State of the World Children’s Report, p. 11.

¹¹¹ UNICEF2017. Levels and Trends in Child Mortality: Report 2017, United Nations Interagency Group on Mortality Estimation (UN IGME), http://www.childmortality.org/2017/files_v21/download/IGME%20report%202017%20child%20mortality%20final.pdf, accessed 30 November 2017; UNICEF, March 2018, Child Mortality Database: <https://data.unicef.org/topic/child-survival/under-five-mortality>, accessed December 2018.

¹¹² For example, Vanuatu Demographic and Health Survey 2013, Solomon Islands Demographic and Health Survey 2015

¹¹³ Ibid

¹¹⁴ DFAT, 2015. Health for Development Strategy 2015–2020, p. 8.

¹¹⁵ WHO, 2015. Solomon Islands Health System Review, Health Systems in Transition Vol. 5 No. 1, WHO Asia Pacific Observatory on Health Systems and Policies.

workforce options which extend the reach of the health system, such as Village Health Workers/Volunteers and Community Based Distributors which the Australian Government has supported in Vanuatu through the Ministry of Health. Enhancing numbers and capacity of health worker cadres at community level, supporting appropriate task-shifting and ensuring strong links with the formal health system has the potential to scale up delivery of low cost, effective interventions.¹¹⁶ In countries like PNG where only 40 per cent of births are delivered by a skilled birth attendant, such services could help bridge geographical barriers such as remoteness.¹¹⁷

6.3.3 The Global Financing Facility in Support of Every Woman Every Child

The Global Financing Facility in Support of Every Women Every Child (GFF) was established in 2015 as an innovative financing model seeking to raise the finances needed to achieve the SDGs (SDG 2 and SDG 3) relating to reproductive, maternal, newborn, child, and adolescent health. The GFF, in its own investment modelling, has calculated this financial requirement at \$US33.3billion. While this funding target is ambitious, if it were met, it could prevent 24-38 million deaths of women, children, and adolescents by 2030.¹¹⁸

The GFF model seeks to catalyse resources through leveraging a range of funding sources including domestic government resources, the International Development Association (IDA) and the International Bank of Reconstruction and Development (IBRD), external financing and private sector resourcing.¹¹⁹ The model is also multisectoral in its approach, drawing on sectors such as education, water and sanitation and social protection in efforts to address health and nutrition goals in a more holistic manner.

The GFF undertook its first replenishment in 2018, with pledging continuing until January 2020. The replenishment goal is \$US2billion to expand GFF services to 50 high burden countries over the period 2018-23. However, only \$US 1billion has been pledged by donors and this has put in jeopardy funding for Papua New Guinea and the Solomon Islands. While the Australian Government was not an initial donor to the fund, Save the Children recommends that it consider an investment to assist in meeting the SDGs relating to maternal, newborn, child health and nutrition.

Recommendations: Save the Children recommends that the Australian Government commit at least 15 percent of Official Development Assistance to delivering the commitments made in the Health for Development Strategy 2015–2020 including:

- contributing its fair share of funding for the Global Financing Facility;
- supporting Pacific Governments to strengthen their health systems' delivery of timely, equitable, quality services to mothers and children in need and address demand-side barriers to healthy behaviours including health care use and
- support Pacific Government investment in the training, upskilling and capacity of both the formal and informal health workforce.

Budget impact: To be achieved by a rebalancing within the overall ODA envelope which we recommend increase by 10 per cent per year over the forward estimates.

¹¹⁶ For example, WHO / UNICEF, 2004. Joint Statement: Integrated Community Case Management (iCCM) An equity-focused strategy to improve access to essential treatment services for children and WHO (2012) Optimize MNH: Optimizing health worker roles to improve access to key maternal and newborn health interventions through task shifting

¹¹⁷ World Vision, 2015. GETTING TO ZERO Ending preventable child deaths in the Pacific Timor-Leste Region.

¹¹⁸ Global Financing Facility, 2017. A New Financing Model for the Sustainable Development Era: The Global Financing Facility in Support of Every Woman and Every Child, p.5; Save the Children, April 2018. The Global Financing Facility: an Opportunity to Get it Right.

6.4 Nutrition

6.4.1 Prioritising Nutrition Investment in the Pacific

The Global Nutrition Report 2018, highlights that millions of children under-five continue to be malnourished, with 150 million children stunted (significantly shorter than average for their age) and 50.5 million children wasted (too thin for their height).¹²⁰ The Global Report also reveals data on how the world is eating poorly. Latest data on infant diets indicates that fewer than one in five children (16 per cent) aged 6 to 23 months eat a minimally acceptable diet while only half (51 per cent) of children aged 6 to 23 months get the recommended minimum number of meals.¹²¹ Malnutrition remains the single biggest contributor to child mortality and is the underlying cause of 45 per cent of all deaths of children under five.¹²²

Australia's neighbours in the Pacific have some of the highest malnutrition rates in the world. In Papua New Guinea (PNG), 49.5 per cent of children under five suffer from stunting, and 14 per cent suffer from wasting.¹²³ Overweight rates are also very high, affecting 14 per cent of children under five.¹²⁴ The stunting rates in the Solomon Islands and Vanuatu are also high at 31.6 per cent and 28.5 per cent respectively.¹²⁵

This has devastating consequences for children's survival, health, cognitive and physical development and earning capacity into the future. It also takes an enormous toll on national economies like those of PNG. This is exemplified in Save the Children's report, *Short Changed: The Human and Economic Cost of Child Undernutrition in PNG*, which estimates that child undernutrition in PNG cost the economy USD\$1.5 billion (8.45 per cent of GDP) in a single year (2016-17).¹²⁶

Investment in nutrition remains at unacceptably low levels, with estimates that total global spending on undernutrition was 0.5 per cent in 2016, compared to 6.8 per cent of ODA spent on education.¹²⁷ The top five donors – United States, Canada, European Union, United Kingdom, and the Bill and Melinda Gates Foundation – provide close to 60 per cent of nutrition-specific funding globally.¹²⁸ Using the Scaling Up Nutrition (SUN) movement methodology, the Australian Government allocated \$15.6 million to nutrition-specific assistance in 2015. Including nutrition-sensitive measures (actions that involve other sectors addressing underlying causes of malnutrition), total assistance for nutrition is \$144.3 million, or 3.6 per cent of ODA to nutrition programs.¹²⁹

The need for investing in nutrition in the Pacific region is particularly acute. Despite malnutrition rates in the Pacific being among the highest in the world, latest publicly available data revealed that only 0.4 per cent of all Australian aid to the Pacific region was allocated for nutrition in the years

¹²⁰ Development Initiatives, 2018. 2018 Global Nutrition Report: Shining a light to spur action on nutrition, p.12

¹²¹ Development Initiatives, 2018. 2018 Global Nutrition Report: Shining a light to spur action on nutrition, p.16

¹²² Development Initiatives, 2018. 2018 Global Nutrition Report: Shining a light to spur action on nutrition, p.21

¹²³ Global Nutrition Report 2018 Website: Nutrition Country Profiles Papua New Guinea, <https://globalnutritionreport.org/nutrition-profiles/oceania/melanesia/papua-new-guinea/>, accessed December 2018.

¹²⁴ Ibid.

¹²⁵ Global Nutrition Report 2018 Website: Nutrition Country Profiles Solomon Islands, <https://globalnutritionreport.org/nutrition-profiles/oceania/melanesia/solomon-islands/>; Global Nutrition Report 2018 Website: Nutrition Country Profiles Vanuatu, <https://globalnutritionreport.org/nutrition-profiles/oceania/melanesia/vanuatu/>, accessed December 2018.

¹²⁶ Save the Children and Frontier Economics, *Short-Changed: The Human and Economic Cost of Child Undernutrition in Papua New Guinea*, 2017.

¹²⁷ Development Initiatives, 2018. 2018 Global Nutrition Report: Shining a light to spur action on nutrition, p.104

¹²⁸ Development Initiatives, 2018. 2018 Global Nutrition Report: Shining a light to spur action on nutrition, p.107

¹²⁹ Development Initiatives, 2018. 2018 Global Nutrition Report: Shining a light to spur action on nutrition, p.111

2010–2012 combined.¹³⁰ Of particular concern is that during this period only 0.1 per cent of total ODA for PNG was allocated for nutrition, despite the country having the fourth highest stunting rate in the world.¹³¹ Papua New Guinea’s membership to the SUN movement, provides a mechanism through which donors can address this critical development priority.

Overall, Save the Children recommends that Australia should lift its overseas aid funding to nutrition-specific and nutrition-sensitive programs in the Asia-Pacific region to at least 5 per cent of its annual foreign aid budget.

6.4.2 Cost Effective Ways to Improve Nutrition Outcomes

Nutrition-Specific Investments

The most effective way of addressing undernutrition is to focus on nutrition-specific interventions in the first 1000 days of a child’s life – from pregnancy to a child’s second birthday. Nutrition-specific interventions have proven to be highly effective including:

- Micronutrient and food supplementation for undernourished mothers to prevent low birth weight babies.
- Promotion, education and support for lactating mothers and caregivers on early and exclusive breastfeeding for the first six months, followed by continued breastfeeding and quality complementary feeding.
- Treatment of acute malnutrition and/or micronutrient deficiencies in children through providing energy-dense, fortified milk or food, and micronutrient supplements such as Vitamin A, iron and zinc.
- Promoting access to appropriate health services for the prevention and treatment of disease that compromise nutrition.

Direct investment in nutrition is a smart and impactful investment with every \$1 invested in nutrition programs offering benefits valued at \$16.¹³² The right nutrition during the first 1000-day window can also increase a country’s GDP by as much as 12 per cent per annum.¹³³

Nutrition-Sensitive investments

In order to maximise nutrition outcomes, the Australian Government should integrate nutrition objectives into investments in other sectors, such as agriculture, food security, WASH (water, sanitation and hygiene), and education. Programs that integrate health, nutrition, early stimulation and WASH (all together or in variances) lead to better outcomes for children than the traditional siloed approaches.¹³⁴ Save the Children commends the fact that this multi-sectorial commitment is outlined in the Strategy for Australia’s Aid Investments in Education 2015–2020 in ‘getting the foundations right’ by integrating health, nutrition and educational outcomes for children.¹³⁵ This

¹³⁰ Office of Development Effectiveness, 2015. A window of opportunity: Australian aid and child under nutrition, Australia, p.23
Save the Children and Frontier Economics, Short-Changed: The Human and Economic Cost of Child Undernutrition in Papua New Guinea, 2017.

¹³² Bhutta, Z. A., Das, J. K., Rizvi, A., Gaffey, M. F., Walker, N., Horton, S., & Black, R. E., 2013. Evidence-based interventions for improvement of maternal and child nutrition: what can be done and at what cost? *The Lancet*, 382(9890): 452–477

¹³³ 1,000 Days, 2016. Why 1,000 Days - 1,000 Days. [online] Available at: <http://thousanddays.org/the-issue/why-1000-days/>

¹³⁴ UNICEF, October 2015. Holistic Early Child Development Toolkit Guidance and Recommendations for the Integration of Health, Nutrition, WASH and Early Learning Services, p.3.

¹³⁵ DFAT, September 2015. Strategy for Australia’s Aid Investments in Education 2015–2020, p. 7.

approach has been adopted in the Timor-Leste Aid Investment Plan which recognises nutrition as a cross-cutting issue along with gender and disability.

Another critical area for cross-sectoral engagement is in the integration of nutritional objectives into the design and implementation of WASH programming to ensure positive nutritional outcomes, improve the quality of WASH interventions at the community level and maximise health benefits for women and children. We commend DFAT for incorporating nutrition objectives into the Water for Women Fund and recommend this approach be adopted across other WASH initiatives.

Save the Children has established health and nutrition programs in the Pacific in direct response to child malnutrition concerns in the region. These programs aim to improve nutrition in children during the first 1,000 days by focusing on behaviour change at the community level as well as innovative multi-sectoral approaches to nutrition – linking monitoring and reporting of the health and nutrition status of children under 5 with essential health and WASH messaging.

Recommendation: Save the Children recommends that the Australian Government commit at least 5 per cent of ODA on nutrition-specific interventions (as defined by OECD-DAC criteria) and nutrition-sensitive interventions (as defined by the Scaling up Nutrition Donor Network), including targeted support for the Pacific which has some of the highest child malnutrition rates in the world.

Budget impact: To be achieved by a rebalancing within the overall ODA envelope which we recommend increase by 10 per cent per year over the forward estimates.

6.5 Child Protection

6.5.1 Scale of Violence Against Children in the Pacific

Globally the level of violence against children is staggering, with 76 per cent of children aged between 1 and 14 experiencing physical and humiliating punishment in the home. For many of these children such violence has a familiar face –meted out by their parents or caregivers.¹³⁶ Violence also starts at a young age with 6 in 10 children aged 12 to 23 months subject to physical punishment and verbal abuse.¹³⁷ The levels of sexual violence and sexual abuse committed against young children, has also reached unacceptable levels. A recent global report revealed, 18 million girls aged 15 to 19 have experienced forced sex in their lifetime.¹³⁸

Child physical and sexual abuse and the commercial sexual exploitation of children (CSEC) is an endemic problem across the Pacific with such abuse occurring at the home/village level, in schools, religious institutions and in/near industrial sites and large resource and infrastructure projects (logging, mining sites).¹³⁹ Various studies outline a range of factors contributing to high levels of abuse including a patriarchal society with high levels of gender inequality, customary practices that

¹³⁶ UNICEF, November 2017. A Familiar Face: Violence in the lives of children and adolescents, New York

¹³⁷ UNICEF, November 2017. A Familiar Face: Violence in the lives of children and adolescents, New York, p. 19

¹³⁸ Know Violence in Childhood, 2017. Ending Violence in Childhood: Global Report 2017, p.17.

¹³⁹ UNICEF Pacific, 2006. Commercial Sexual Exploitation of Children (CSEC) and Child Sexual Abuse (CSA) in the Pacific: A Regional Report.

tolerate child marriage, social acceptance of physical punishment against children, low status in general of children, and growing poverty and inequality, leading to an escalation in child protection needs.¹⁴⁰

Many Pacific countries do not have nationally representative data on violence against children but small-scale studies and community consultations reflect the pervasiveness of child violence in the community and within families. In PNG a survey of 700 parents, children aged 6-8yrs, community leaders and key informants across 30 communities in Bougainville and Morobe revealed the following findings:¹⁴¹

- **70 per cent of children** report feeling scared and in pain in their community
- **27 per cent of parents/caregivers** sometimes used physical punishment over and over as hard as they could.
- **Over 50 per cent of parents and caregivers** reported calling their child lazy, stupid or equivalent, with nearly two thirds reporting sometimes shouting, yelling or screaming at their child.

The levels of sexual violence committed against children is particularly concerning. According to a report produced by Medecins Sans Frontiers (MSF), in PNG, over 50 per cent of the reported sexual violence cases brought to their clinics involved children, of whom 71 per cent were under the age of 15 and 9 per cent under the age of five.¹⁴² Children were exposed to violence from an early age and for close to half the children, sexual violence occurred in the home.¹⁴³ These figures are also high in other Pacific countries with 37 per cent and 30 per cent of children under 15 experiencing sexual abuse in the Solomon Islands and Vanuatu respectively.¹⁴⁴

Children experiencing violence in any form can be seriously impacted by such trauma. During the child's early years brain development can be damaged by the stress of violence, which in turn can prevent the child from growing normally, not only physically, but emotionally, socially and mentally. Abused and neglected children are more likely than other children to be self-destructive or aggressive, to abuse drugs and/or alcohol, or become young offenders. In some situations, violence may result in permanent physical damage or death. This violence has a significant societal cost with a recent study estimating the economic value of Disability-Adjusted Life Years (DALYs) lost to violence as a percentage of GDP, as ranging between 2 and 5 per cent of global GDP, depending on sub-regions. The estimated economic value of DALYs lost to child abuse in the East Asia and Pacific region totalled \$151 billion (1.9 per cent of GDP).¹⁴⁵

While there is growing awareness of the magnitude of the problem, there are significant gaps in preventative and responsive protection measures and service provision as a result of ineffective

¹⁴⁰ UNICEF Pacific, 2006. Commercial Sexual Exploitation of Children (CSEC) and Child Sexual Abuse (CSA) in the Pacific: A Regional Report; United Nations Division for the Advancement of Women (DAW) and UNICEF, September 2006. Violence against the girl child in the Pacific Islands region.

¹⁴¹ Save the Children, 2018. Safe communities, Safe Children Baseline Data

¹⁴² Medecins Sans Frontiers (MSF), March 2016. Return to Abuser, p. 30.

¹⁴³ Medecins Sans Frontiers (MSF), March 2016. Return to Abuser, p. 30.

¹⁴⁴ UNICEF Pacific, 2015. Harmful Connections: Intersections of links between violence against women and violence against children in the South Pacific, p.8.

¹⁴⁵ Know Violence in Childhood, 2017. Ending Violence in Childhood: Global Report 2017, p.21.

legislative implementation, limited national and local capacity and resources. Child protection remains a low priority for many national governments and donors.

While the Australian Government highlights the need to address this in aid investment plans for countries like PNG, aid budgets lack a deliberate focus on child focused prevention and programming initiatives aimed at ending all forms of violence against children specifically. There are also minimal processes or child protection focused markers to enable effective monitoring and tracking of child protection specific and related expenditure. This is a significant gap which needs to be addressed to ensure investments in education and health are not undermined due to the exponential negative physical, psychological and social impacts violence against children is costing, thus seriously impeding the potential to reach 2030 SDG goals. **Save the Children encourages a budget focus on child protection interventions and prevention strategies in the Pacific to assist in generating benefits for children and society as a whole.**

6.5.2 The Links between Gender Based Violence and Violence against Children

Pacific countries face extremely high levels of gender-based violence and violence against children which is having detrimental effects on the health and wellbeing of families and the community. Research reveals that many different forms of violence can occur within the household, and that the existence of one form of violence is often a strong predictor of other forms of violence, with a perpetrator of domestic violence also being a perpetrator of child abuse in the same family (physical and/or sexual).¹⁴⁶ A recent study shows that female victims of intimate partner violence (IPV) in the Solomon Islands are over four times more likely to report that a partner had abused their children emotionally, physically and/or sexually.¹⁴⁷ Even if the children weren't directly abused by the perpetrator, children in homes with IPV were more likely to have nightmares, display aggressive behaviour, drop out of school or leave home than households without IPV.¹⁴⁸

Child abuse and violence has intergenerational effects, with abusive behaviour likely to be passed down through families with children experiencing abuse or witnessed abuse between their parents more likely to experience or perpetrate violence as adults. Studies reveal that "men who experience childhood emotional abuse and neglect, and childhood sexual abuse, were at increased risk of perpetration of rape, intimate partner violence, and sexual assault".¹⁴⁹

For women that had experienced any type of childhood trauma, this increased their risk of experiencing violence by men in adulthood. In the report by the Special Rapporteur on violence against women, it was noted that 64 per cent of women in the Solomon Islands between 15-49 years had experienced physical and/or sexual violence by an intimate partner.¹⁵⁰ Of these women, 37 per cent reported that they had been sexually abused when they were under the age of 15. The exposure to sexual abuse at such a young age can result in young girls "seeing it as a normal part of

¹⁴⁶ Secretariat of the Pacific Community, 2009. Solomon Islands Family Health and Safety Study: A study on violence against women and children, p.91.

¹⁴⁷ Save the Children, January 2016. Alcohol, other substance abuse and related harms amongst young people in the Solomon Islands.

¹⁴⁸ UNICEF Pacific, 2015. Harmful Connections: Intersections of links between violence against women and violence against children in the South Pacific, p.11.

¹⁴⁹ Emma Fulu, Stephanie Miedema, Tim Roselli, Sarah McCook, Ko Ling Chan, Regine Haardörfer, Rachel Jewkes, 2017. Pathways between childhood trauma, intimate partner violence, and harsh parenting: findings from the UN Multi-country Study on Men and Violence in Asia and the Pacific, *Lancet Global Health*, 5: 512–22, p. 513

¹⁵⁰ Human Rights Council, 22 February 2013. Report of the Special Rapporteur on violence against women, its causes and consequences, Rashida Manjoo: Mission to the Solomon Islands, p.6.

their lives, and therefore expect it to take place when they are adults and married”.¹⁵¹ Another study in the Solomon Islands reflected the even deeper complexity, with women who reported experiencing partner violence more likely to report that their mother had been hit by her husband and that the partner perpetrating the violence had been abused as a child.¹⁵²

While individual and household level risk factors play a critical role in influencing levels of violence, societal risk factors are also important. Societies with weak legislation and institutional responses against violence, norms condoning violence, high levels of gender inequality (legal and political) and inadequate protection for human rights have higher levels of family violence.¹⁵³

The correlation between gender-based violence and violence against children and the intergenerational impact of such violence, indicates that addressing shared risk factors could help in averting both forms of violence. A comprehensive approach is needed to address the home environment and violent culture as a whole, and to work with families to promote positive parenting practices. Whilst acknowledging DFAT’s commitment to funding gender-based violence programs in the Pacific, Save the Children recommends that this be linked to a child focused violence prevention strategy with greater programmatic synergies. It is critical that an Ending Violence against Children (EVAC) lens is applied across the planning, design and implementation and evaluation of all gender-based violence programs to ensure shared risk factors are addressed.

Recommendation: Save the Children recommends that the Australian Government commit at least 5 percent of ODA to child protection initiatives to end abuse, exploitation, trafficking and all forms of violence against and torture of children, with a focus on the Pacific. This should include support for:

- The development of an ‘ending violence against children’ policy marker (similar to the gender equality marker) to enable the tracking and reporting of expenditure on child protection initiatives;
- capacity building and other support for the implementation and monitoring of national child protection policies, legislation and community-based programming initiatives; and
- increased interconnectivity between domestic violence, gender-based violence, gender equality and child protection programs in the Pacific.

Budget impact: To be achieved by a rebalancing within the overall ODA envelope which we recommend increase by 10 per cent per year over the forward estimates

¹⁵¹ Ibid, p.7

¹⁵² Secretariat of the Pacific Community, 2009. Solomon Islands Family Health and Safety Study: A study on violence against women and children, p.99.

¹⁵³ Alessandra Guedes, Sarah Bott, Claudia Garcia-Moreno & Manuela Colombini, 2016. Bridging the gaps: a global review of intersections of violence against women and violence against children, Global Health Action, 9:1-16, p.1

7. Humanitarian

7.1 Increased Humanitarian Need

Globally, we are continuing to witness a rise in the scale, frequency and impact of humanitarian crises on vulnerable people, pushing the international humanitarian system to its limits. Humanitarian crises are increasing in number and in duration. Between 2005 and 2017, the average length of crises with an active inter-agency appeal rose from four to seven years, while the average receiving an internationally-led response almost doubled from 16 to 30.¹⁵⁴

Over the course of 2018, we saw the global humanitarian situation worsen with ongoing conflicts in Syria, Iraq and Yemen increasing in scale and intensity, new humanitarian crises in the Democratic Republic of Congo, and the ongoing impact of mass displacement of the Rohingya from Myanmar into Bangladesh. As a result, the number of people forcibly displaced by persecution, conflict, violence and human rights violations increased to a record high of more than 68.5 million people. The economic cost of conflict and violence also increased in 2018 to \$US14.8 trillion or 12.4 per cent of global GDP.¹⁵⁵ In 2018, devastating floods and typhoons have swept through South and East Asia and the Americas, and there have been earthquakes in the Indo-Pacific and ongoing drought in the Horn of Africa. On top of the millions of people affected by these disasters, many more will undoubtedly be affected by less high-profile and localised events.

The 2019 Global Humanitarian Overview (GHO) and the World Humanitarian Data and Trends (WHDT) 2018 report confirm these trends are not abating and the number of people affected by crises continues to grow. The latest UN global appeal states that the overall number of people in need in 2019 is estimated to be 131.7 million, with the cost of the response plan set at USD \$21.9 billion.¹⁵⁶ The stark reality is the amount of total requested funding just 10 years ago would have been enough to cover over three times the entire appeal for UN-coordinated response plans;¹⁵⁷ but in 2019 it covers just under 28 per cent of current requirements.

Humanitarian crises are also affecting more people, for longer. The number of people targeted to receive assistance through UN-led humanitarian response plans increased from 77 million in 2014 to 101 million in 2018.¹⁵⁸ At a time when humanitarian aid is most needed, the gap between rising numbers in need and funding continues to widen. In December 2018, only about 57 per cent of the 2018 UN Humanitarian Appeals were funded – leaving a funding gap of USD\$10.6 billion.¹⁵⁹

Every new humanitarian event competes for funding already allocated to other crises. It is critical that basic humanitarian needs are met adequately if the longer-term objectives of regional prosperity, poverty reduction and stability are to be achieved. **To address this widening gap, an increase in the quantum of Australia’s humanitarian assistance is required along with attention to the way that funding is raised, allocated and spent.**

¹⁵⁴ OCHA, 2018. World Humanitarian Data and Trends 2018

¹⁵⁵ See https://www.unocha.org/sites/unocha/files/WHDT2018_web_final_spread.pdf and [Global Trends Forced displacement in 2018 report](#).

¹⁵⁶ OCHA, 2018. Global Humanitarian Overview 2019, p. 4.

¹⁵⁷ In 2008, the total requested funding was USD \$6.1 billion. See <http://interactive.unocha.org/publication/globalhumanitarianoverview/>

¹⁵⁸ OCHA, 2018. Global Humanitarian Overview 2019

¹⁵⁹ See <https://fts.unocha.org/>.

7.2 Increasing Australia's Humanitarian and Emergency Aid Budget

The current global situation and Australia's commitments under the Grand Bargain will require resourcing that is well above current levels. Save the Children recommends the Government increase its humanitarian funding allocation to cover its 'fair share' of global humanitarian appeals relative to Australia's increasing GNI, including increasing the Emergency Fund in 2019-20. This additional resourcing is necessary to deliver on the promises made under the Grand Bargain and for Australia to play its part to bring about a step-change in humanitarian response and meeting the needs of the world's most vulnerable people.

Save the Children welcomed the increase in humanitarian funding in the 2018-19 budget. However, a contribution of nearly 10 per cent of Australia's aid budget (\$410 million) is still less than Australia's 'fair share' of total humanitarian appeals based on its GNI relative to other donors. In its Foreign Policy White Paper, the Australian Government committed to increasing its annual humanitarian funding to \$500 million in FY2019-20, to support countries to better prepare for, respond to, and recover from crises. Save the Children looks forward to the Australian Government meeting this policy commitment, and more, in much-needed humanitarian funding in FY19-20.

In the 2018 Global Humanitarian Assistance Report, Australia ranked 17th of the top 20 countries for humanitarian assistance. However, examining international humanitarian assistance as a percentage of GNI reveals the significance of humanitarian funding in relation to the size of a donor's economy and its other spending priorities. Countries with similar GNI to Australia (eg Germany, Sweden and Canada) are contributing almost double that amount that Australia provides (USD\$2,988 million and USD\$767 million, USD\$684 million respectively).¹⁶⁰

Recommendation: In line with increasing humanitarian needs and the size of the Australian economy relative to other OECD donors, Save the Children recommends that the Australian Government increase its humanitarian funding to \$570 million in 2019-20 to meet its 'fair share'.

We also recommend that, within this total humanitarian funding, the Australian Government:

- increases the current Emergency Fund allocation to \$250 million in 2019-20; and
- commits to funding at least 5 protracted crises through flexible, multi-year funding agreements as committed to under the Grand Bargain. This includes continuation of the existing multi-year funding agreements for Syria and Iraq, and potentially adding Bangladesh, Yemen and South Sudan.

Budget impact: \$161 million in FY 2019-20.

7.3 Improving the Efficiency and Effectiveness of Australia's Humanitarian Aid

While it is essential that the Australian Government and others commit more funding to address the increasing demand for humanitarian assistance, it is equally important that all humanitarian funding is used as effectively and efficiently as possible to ensure the value of every aid dollar is maximised.

¹⁶⁰ See <https://reliefweb.int/sites/reliefweb.int/files/resources/GHA-Report-2018.pdf>

Save the Children commends the various commitments the Australian Government has made in this regard through its endorsement of the Grand Bargain, in its Humanitarian Strategy and under the Australia Humanitarian Partnership agreement. However, it is critical to ensure the Australian Government strikes the right balance in the allocation of humanitarian funding to UN organisations and directly to NGOs.

Australia plays an important role in responding to humanitarian crises – both in our region and globally. Currently, the vast majority of Australia’s humanitarian aid is allocated to UN agencies. In 2018, Australia allocated over 68 percent of its humanitarian aid to UN agencies,¹⁶¹ 13.6 percent to members of the Red Cross movement, and 9.7 percent to NGOs, with the remainder unassigned or given bilaterally to affected Governments and private organisations.¹⁶²

We acknowledge Australia has a strategic interest in supporting the unique role of UN specialised agencies in coordinating humanitarian action and setting global standards. Accordingly, in line with the Good Humanitarian Donorship (GHD) principles, it is appropriate for Australia to continue allocating humanitarian aid to UN agencies.

However, in light of the reduced aid budget and rising humanitarian need, it is critical for Australia to ensure its humanitarian aid is spent in the most efficient, effective and transparent manner. To achieve these goals, it will be crucial for Australia to reconsider the amount of humanitarian aid it allocates to UN agencies that do not implement programs directly, but sub-contract them to NGOs such as Save the Children. **The Australian Government could maximise the value of its humanitarian aid by increasing the amount it gives directly to Australian NGOs, rather than channelling it through UN intermediaries.**

There is clear evidence that complex UN sub-contract processes can create a number of cost and delivery inefficiencies relative to funding NGOs directly. For example, the retention of overheads by UN intermediaries at different stages of the sub-contracting process leads to higher transaction costs and reduces the amount of funds available for implementing activities at field level. The rapid disbursement of funds is critical to being able to meet acute humanitarian needs and save lives at the outset of an emergency. An evaluation of the UN Central Emergency Response Fund (CERF) found that the UN process for disbursing funds to implementing partners took up to 13 weeks for ‘rapid response’ emergencies and 19 weeks for underfunded emergencies.¹⁶³ In contrast, Australian NGOs contracted directly by the Australian Government received funds and were able to start implementing activities less than two weeks after the funds were announced.

When it comes to transparency and accountability, it is often difficult to track the flow of funds from UN agencies to implementing partners due to a lack of transparency in project-level reporting.¹⁶⁴ The UN ‘single audit’ principle precludes project-specific monitoring and audits other than by the UN Board of Auditors, thus limiting donor capacity to reliably track how funds have been spent. In

¹⁶¹ Percentage includes funds provided directly to UN agencies as well as to Country-Based Pooled Funds and Global Pooled Funds.

¹⁶² See here for details of Australia’s funding commitments per destination organisation:

<https://fts.unocha.org/donors/4391/recipient-types/2018>

¹⁶³ Cousins, S and Hurney M, ‘Humanitarian Action for Results: Strengthening Australia’s Response to Humanitarian Crises Overseas’, ACFID, page 25.

¹⁶⁴ Cousins, S and Hurney M, ‘Humanitarian Action for Results: Strengthening Australia’s Response to Humanitarian Crises Overseas’, ACFID, page 25.

contrast, NGO partners are often required to share all financial data and commission independent audits if requested by the donor.¹⁶⁵ The comparative transparency and accountability of accredited NGOs can also foster greater trust and public confidence in Australia's aid program.¹⁶⁶

Australian NGOs often also operate as part of international movements, with extensive geographic reach and localised knowledge. They typically implement both humanitarian and development programs, which means they have a presence in communities before, during and after a disaster.

Another key comparative advantage of funding Australian NGOs directly rather than through UN agencies is their capacity to engage members of the Australia public and actively promote the value of Australian aid. Australian NGOs are dependent on private funding and therefore have a strong interest in keeping their supporters informed about their humanitarian action. This is done through the mainstream media, social media and direct correspondence. By contributing more funding directly to Australian NGOs, DFAT can leverage from their communication networks to promote the value and impact of Australian aid. This can foster greater public understanding, confidence and trust in Australia's aid program.

DFAT has recognised the value of working directly with Australian NGOs in utilising their networks, localised knowledge, community relationships and access to respond to natural disasters and protracted crises in our region and beyond. DFAT has prioritised this approach under the five year Australian Humanitarian Partnership (2017-2022), noting it will aim to increase the share of response funding being channelled through ANGOs from 10 per cent to 18-20 per cent.¹⁶⁷ With a recommended humanitarian budget of \$570 million, we urge the Australian Government to direct at least \$110 million of humanitarian funding to Australian NGOs in the 2019-2020 fiscal year.

Recommendation: In line with the OECD DAC average, Save the Children recommends the Australian Government allocate at least 20 percent of its humanitarian aid directly to NGOs, rather than through UN intermediaries, to take advantage of the comparative advantages offered by NGOs.

Budget impact: Nil - change of modality within existing budget.

7.4 Flexible, Multi-Year Financing for Protracted Crises

The causes of conflict vary, but commonly derive from persistent poverty, inequality and weak governance.¹⁶⁸ The humanitarian impact and costs of responding to these crises will only continue to rise if concerted action is not taken to address the root causes, not just the symptoms.¹⁶⁹ However, there is a tendency for donors to provide ad hoc, short-term funding for the delivery of immediate life-saving assistance in response to escalations in violence, without dealing with the

¹⁶⁵ Ibid.

¹⁶⁶ Cousins, S and Hurney M, 'Humanitarian Action for Results: Strengthening Australia's Response to Humanitarian Crises Overseas', ACFID, page 25.

¹⁶⁷ Australian Humanitarian Partnership: A Partnership Between DFAT and Australian NGOs, p. 30.

¹⁶⁸ Cousins, S and Hurney M, 'Humanitarian Action for Results: Strengthening Australia's Response to Humanitarian Crises Overseas', ACFID, page 30.

¹⁶⁹ Cousins, S and Hurney M, 'Humanitarian Action for Results: Strengthening Australia's Response to Humanitarian Crises Overseas', ACFID, page 30.

underlying drivers of conflict.¹⁷⁰ There is growing consensus and recognition among donors that multi-year funding agreements are important instruments for addressing protracted crises, as they provide predictability, allowing partners to work more strategically and with greater flexibility so that they can adapt programs to changing conditions; and they lead to decreased operational costs in the longer term.¹⁷¹

Consequently, at the World Humanitarian Summit, Australia and other donors committed under the Grand Bargain to increase multi-year, flexible funding for protracted crises.¹⁷² In light of this and Australia's commitments under its Humanitarian Strategy and Australian Humanitarian Partnership agreement, we welcome the multi-year funding commitment of \$220 million to respond to the Syria crisis (expiring June 2019) and support longer-term resilience programming in Jordan and Lebanon, as well as the commitment of \$100 million multi-year funding for Iraq. As mentioned in the above recommendation, we encourage the Australian Government to scale up this approach and honour its commitments under the Grand Bargain by committing to multi-year funding of at least three years for at least three additional protracted crises, while continuing support for work in relation to Syria and Iraq. Looking forward, we propose that the Australian Government view annual funding cycles for protracted crises as the exception rather than the norm.

7.5 Increased Funding for Emergency Health

Humanitarian crises are a major and growing contributor to ill-health and vulnerability worldwide, and their continuing effects on health and health systems can undermine decades of social development. People affected by humanitarian crises face increased health risks and needs, including the risk of malnutrition; the transmission of communicable diseases due to unsafe drinking water, inadequate sanitation, and living in cramped living conditions or poor-quality shelters; injuries from munitions or other forms of violence; as well as the immense need for medical and mental health support after experiencing various types of trauma.

Humanitarian crises also present a number of distinct challenges for public health interventions. These include violence and insecurity, mass population displacement, severely deteriorated daily living conditions and impoverishment. They can also cause sudden and widespread disruption to health services and the broader health system, and limit domestic access to human, financial and technical resources alongside an increasing need to coordinate aid from outside the country.

Despite the significant life-saving contributions of health and health-related interventions, current funding for humanitarian health is not adequate. For example, at the end of 2018 only 40.4 per cent of the health funding coverage in the Syria Humanitarian Response was funded, 44 per cent for the Yemen Humanitarian Response Plan, 39.7 per cent of the Bangladesh: Rohingya Refugee Crisis

¹⁷⁰ Cousins, S and Hurney M, 'Humanitarian Action for Results: Strengthening Australia's Response to Humanitarian Crises Overseas', ACFID, page 30.

¹⁷¹ Cousins, S and Hurney M, 'Humanitarian Action for Results: Strengthening Australia's Response to Humanitarian Crises Overseas', ACFID, page 30.

¹⁷² OCHA, 2018. Global Humanitarian Overview 2019, page 68.

Response Plan in Cox's Bazar and 12.9 per cent of the Ethiopia Humanitarian Response Plan. Overall across the Humanitarian Appeals and Response Plans 2018, health was under 40 per cent funded.¹⁷³

Supporting health-related preparedness and immediate response interventions is determined by the type of disaster predicted and the impact of the disaster has on existing health systems. However, what is clear is that investing in health during the early phase of a response is critical to preventing disease outbreaks such as cholera and the proliferation of vector borne diseases that can occur in flood or water-related disasters. It is also important to invest in emergency health preparedness and response mechanisms/platforms to reduce the risk of disease outbreaks and other health, social and financial impacts.

Save the Children recommends the Australian Government prioritise funding for humanitarian health response interventions during AHP activations where contextually appropriate and when response partners have the capacity and approval to scale up health interventions. We propose that the Australian Government consider alternatives to AUSMAT, including models such as Emergency Health Unit. In addition, we recommend funding for the following:

- Invest in fostering partnerships between Australian humanitarian agencies and civil society health actors and professional bodies (eg medical colleges; Australian Nurses Federation)
- Continue the trajectory of increased investment in both health preparedness and response by:
 - Preparing local front-line health workers and local centres for excellence
 - Supporting early warning and improving collaboration and readiness through simulations.

7.6 Increased Funding for Disaster Risk Reduction

While it is crucial for Australia and other donors to commit significantly more funding to ensure large-scale global needs predicted for 2018 and beyond are met, it is equally important Australia also invests in initiatives that strengthen the resilience of high risk and crisis-affected countries and people. This will contribute to the ultimate aim of reducing the overall numbers of people in need and their vulnerability in the face of recurring or protracted crises.

Save the Children welcomes the commitment made in the Australian Government's Humanitarian Strategy to promote effective disaster risk reduction (DRR) in our region – including the Disaster READY program in the Pacific - in line with the Sendai Framework for Disaster Risk Reduction 2015-2030. At a time when we are witnessing an increase in the frequency and severity of natural hazards and disasters in the region, it is critical for the Australian Government to increase its investment in DRR. Experiences of both natural disasters such as Cyclone Pam and the Nepal Earthquake have demonstrated the value of DRR programs in reducing the impact and severity of natural hazards for communities. Save the Children therefore recommends that Australia increase the amount of funding it allocates to DRR to both safeguard existing aid investments by the Australian Government

¹⁷³ <https://fts.unocha.org/appeals/overview/2018>

against hazards and disasters, as well as to build the resilience of the most vulnerable and marginalised communities in the Indo-Pacific region.

In addition, when it comes to improving outcomes for children living in high risk, crisis-prone or affected areas, Save the Children would like to see the Australian Government invest in a child-centred DRR approach that strengthens the resilience of children, families and communities before crises through more effective early warning systems, preparedness, disaster resilience and disaster mitigation activities and projects. Reducing child vulnerabilities should focus on risk-informed integrated program approaches to basic services such as health, nutrition, water and sanitation, and education; as well as safeguarding child infrastructure such as schools, health clinics, housing, and water and sanitation facilities. We have been pleased to see that the Pacific Disaster READY program links cash programming with shock-responsive social protection systems in the Indo-Pacific region, and would be pleased if the Australian Government continued to champion this approach. As we have seen in East and Southern Africa, programmes which identify vulnerable families before crises occur and incorporate early warning mechanisms so that additional support can be provided as soon as situations worsen, improve families' resilience to crises and outcomes for children.

It is also key to invest more risk reduction and resilience building in the education portfolio to safeguard the development gains and make children and the school community more resilient. We acknowledge the Australian Government's support to the Global Program for Safer Schools, which works to make school facilities and communities more resilient to natural hazards by reducing the physical impacts of disaster on school infrastructure.

It is also critical for the Australian Government to improve the transparency of how it calculates and reports on the amount of Australian ODA spent on DRR. Not only is it important for Australia to increase the amount it invests in DRR, including emergency preparedness, it is also critical to ensure funding is invested in building the capacity of national and local actors to strengthen the resilience of crisis-prone countries and people living in these contexts. Providing more support and funding for local and national responders is a key focus of the Grand Bargain and Australia's Humanitarian Strategy. The Grand Bargain calls on states to increase multi-year investment in the institutional capacities of local and national responders, particularly in crisis-prone contexts, and set a global target to provide 25 percent of humanitarian funding to local and national responders by 2020 to improve outcomes for affected people and reduce transactional costs. Save the Children particularly welcomed the commitment under the AHP to allocate \$50 million over 2017-2022 to build local humanitarian capacity in the Pacific and strengthen the disaster resilience of Pacific communities. The next step to realising effective localisation is to better understand the key challenges to achieving it in local contexts and what mechanisms and support will need to be in place to transition.

Recommendation: Save the Children recommends that the Australian Government increases humanitarian funding and that it:

- prioritise funding for emergency health interventions, including under the Australian Humanitarian Partnership Agreement; and
- increase funding for DRR programs to help meet its commitments under the Sendai Framework for DRR and the SDGs.

Budget impact: A minimum of 10 percent of the increased humanitarian budget is allocated to emergency health and DRR Programs.

7.7 Education in Emergencies

An estimated 26 million children and youth are out of school globally, according to data from the UNESCO Institute for Statistics.¹⁷⁴ This includes 75 million children and youth living in crisis-affected countries that are in urgent need of education.¹⁷⁵

Schools provide a safe space and a vital routine for children during times of major upheaval, yet children are particularly at risk of missing out on their education during crises. When children have safe spaces to learn and play, and can access a full range of services and support, they are significantly less vulnerable to the increased risks that go hand-in-hand with instability – violence, sexual exploitation, early marriage, recruitment into armed groups, and child labour – and can begin to regain a sense of normality and heal from trauma.

Ensuring children can continue their education – particularly in protracted and recurring crisis contexts – is also an investment in future global and national prosperity and stability. The longer children receive a high-quality education, the less likely they are to live in poverty and the more likely they will contribute positively to their countries' economies.¹⁷⁶ Educated children are also more likely to build and sustain stable and peaceful societies in the future. Studies show that higher levels of education in a country can lead to greater peace and lower chances of conflict; whereas in some cases where education inequality doubled, so too did the chance of conflict.¹⁷⁷

Putting education at the centre of humanitarian responses can also have a catalytic effect on strengthening humanitarian effectiveness, reducing children's vulnerabilities, and managing risks to their protection and development during crises. During rapid onset emergencies, if carefully managed, schools can become hubs within a crisis-affected community through which other essential services such as child protection, healthcare, water, sanitation and the provision of food and relief items can be coordinated and delivered in a targeted, sustainable and effective manner.

Despite the vast needs and the transformative role education can play in humanitarian response, education is consistently among the most underfunded and under-prioritised sectors in humanitarian responses, receiving on average less than 2 per cent of humanitarian aid.¹⁷⁸ This has a profound effect on the continuity of children's learning in crisis contexts as well as significant ramifications for the development and stability of the countries in which these children live. This in turn can also impact regional and global security.

The launch of Education Cannot Wait (ECW) at the World Humanitarian Summit (WHS) in 2016 was a significant step towards addressing this problem. It is the first global fund to prioritise education in humanitarian action – with an aim to collect US\$3.85 billion over five years. The ECW fund continues to build momentum for additional funding for education in emergencies and a more

¹⁷⁴ <http://uis.unesco.org/en/news/263-million-children-and-youth-are-out-school>

¹⁷⁵ 'Education Cannot Wait: Frequently Asked Questions', November 2017.

¹⁷⁶ See *Education Transforms Lives* at <http://unesdoc.unesco.org/images/0022/002231/223115E.pdf>, 2017.

¹⁷⁷ G Ostby and H Urdal, 2011. *Education and Conflict: What the Evidence Says*.

¹⁷⁸ <http://www.educationcannotwait.org/the-situation/>

collaborative and innovative approach to ensure every crisis-affected child and young person is in school and learning.¹⁷⁹

Now in its third year, ECW has mobilized a total of US\$281.2 million in contributions and pledges from 13 donors.¹⁸⁰ By March 2018, ECW had invested US\$82 million in 14 countries affected by conflict, population displacement and natural disasters – supporting quality education for more than 650,000 children and youth.¹⁸¹ However this falls significantly short of the aim of securing US\$3.85 billion by 2020, making it an ambitious goal of the ECW’s 2018-2021 strategic plan to reach 8 million crisis-affected children and youth by 2021.¹⁸²

Save the Children commends the Australian Government for its initial contribution of \$10 million to the ECW Fund in 2016. Nevertheless, since this initial contribution the Australian Government has not committed any further resources despite other countries with similar GNI’s such as Canada (US\$53 million), Germany (US\$35.7 million) and Sweden (US\$30 million) having pledged and committed substantially more.¹⁸³

In light of the education in emergencies needs globally, particularly in the Indo-Pacific region, and the power of education to enhance prosperity, security and stability in the longer term, Save the Children recommends the Australian Government continue to make an annual contribution to ECW. Further, we also recommend the Australian Government ensure that additional funding commitments to Education in Emergencies and school safety are built into existing educational investments such as the Global Partnership for Education, to ensure adequate resourcing are balanced across these important initiatives. In accordance with an analysis of Australia’s fair share of the 2018 funding target,¹⁸⁴ Save the Children recommends the Government commit \$22 million to ECW in the 2019–2020 budget with a view to commit increased yearly funding in accordance with the ECW yearly funding targets.

Recommendations: Save the Children recommends that the Australian Government increases its commitment to education in emergencies and that it:

- make an annual contribution to the Education Cannot Wait (ECW) fund of \$22 million, with a view to increase this each year in line with ECW funding targets, and that this is always additional and does not affect funding already committed to other critical education in emergencies interventions; and
- ensure additional commitments to education in emergencies and school safety funding are built into existing educational investments.

Budget impact: Approximately \$22 million, to be funded out of the increased aid budget.

¹⁷⁹ Overseas Development Institute, “Education Cannot Wait: Proposing a Fund for Education in Emergencies”, May 2016.

¹⁸⁰ <http://www.educationcannotwait.org/the-situation/>

¹⁸¹ See ‘Education Cannot Wait: A fund for Education in Emergencies’, March 2018 at http://passthrough.fw-notify.net/download/162991/http://www.educationcannotwait.org/wp-content/uploads/2018/07/ECW_Annual-Results-Report_web.pdf

¹⁸² See ‘Education Cannot Wait: Strategic Plan 2018-2021’ at

https://reliefweb.int/sites/reliefweb.int/files/resources/Strategic_plan_2018_2021_web_PAGES.pdf

¹⁸³ <http://www.educationcannotwait.org/about-ecw/>

¹⁸⁴ Fair share based on existing ECW donors. Note: European Commission is a current ECW donor and ‘fair share’ calculations include total GNI of all European Commission members.

8. Responding to Forced Migration

Cross-Portfolio including: Departments of Social Services, Health, Education and Training, Immigration and Border Protection

Governments and civil society groups around the world are under sustained and increasing pressure to address one of the greatest challenges of our times: providing protection and assistance to the rising number of people displaced across the globe. Worldwide displacement from war, conflict and persecution is at the highest level ever recorded by the UNHCR, and it continues to accelerate. More than 68.5 million people are now forcibly displaced.¹⁸⁵ The war in Syria has for several years forced millions into neighbouring countries and throughout Europe, in a process that has challenged border security and nations' capacity and willingness to help. In the Asia Pacific region, nearly 900,000 Rohingya people have fled horrific violence in Myanmar into Bangladesh.

As the number of displaced people continues to rise, there is an urgent need for collective action in responding to this global challenge. Australia has the social and economic capacity to absorb more refugees. Moreover, as outlined in this submission, Australia could apply significant cost savings from closing offshore facilities in Nauru and Papua New Guinea towards finding more humane and durable solutions for those forcibly displaced, particularly in our immediate region. In particular, Australia could play a much greater role in addressing this need by:

- Increasing the intake of humanitarian refugees
- Expanding and reforming Australia's system for community sponsorship of refugees
- Bringing those remaining on Nauru and Manus Island to Australia pending their resettlement in a third country
- Supporting the protection of forced migrants in the region through increased support for UNHCR, and non-government organisations providing frontline services to them, as part of the development of a multi-lateral regional protection framework.

8.1 Increasing the Government-Funded Humanitarian Intake Quota

Australia currently offers resettlement to 18,750 humanitarian refugees each year.¹⁸⁶ However, Australia has also adopted a 'zero-tolerance' approach to the arrival of asylum seekers by boat through a set of policies which place very precise limitations on the number of people that have access to protection within Australia each year. Accordingly, these humanitarian intake figures currently represent the full extent of the country's intake of people fleeing persecution.

While Australia has one of the most generous voluntary resettlement programs in the world, both in per capita terms and in overall numbers,¹⁸⁷ the number of resettlement places available for refugees around the world is grossly inadequate to respond to the need. In 2017, resettlement was available

¹⁸⁵ See UNHCR *Global Trends: Forced Displacement in 2018*, p 2

¹⁸⁶ Stephanie Anderson and Dan Conifer, 'UN refugee summit: Australia to take in Central Americans and maintain annual intake', *ABC News*, 21 September 2016 (available at <http://www.abc.net.au/news/2016-09-21/un-refugee-summit-australia-intake-upped-to-19,000-per-year/7863712>)

¹⁸⁷ 1,195,349 refugees are identified as needing access to resettlement in 2018 (See UNHCR *Projected Global Resettlement Needs 2018*, p 9)

to only 93,200 people, less than 0.5 per cent of all refugees globally,¹⁸⁸ and only 8 per cent of the refugees identified by UNHCR as in greatest need of resettlement.¹⁸⁹

In light of the scale of the current global refugee situation, Australia can and must do more. Australia has scope to scale up its humanitarian programme commensurate with our population, our prosperity and the scale of the global challenge. In 1979–80, Australia’s refugee and humanitarian program granted 19,954 visa places and in 1980–81, approximately 22,545 visa places were offered.¹⁹⁰ An intake of 18,750 people per annum puts Australia’s refugee program behind where it was at the start of the 1980s, which is when the world faced the ‘Indochinese’ refugee challenge. We are now facing a challenge of a global scale never seen before. Australia has the social capacity to absorb more refugees, and we have successfully done so in the past. We also have the economic capacity – our economy is now four times the size it was in the 1980s.¹⁹¹

Accordingly, in recent years Save the Children and a number of other international organisations including UNICEF have consistently called on the Government to immediately increase the humanitarian intake to at least 30,000 and maintain this level as a permanent increase. This level would be well within our social and economic capacities. We also consider that the Government should retain flexibility to respond to unforeseen events with emergency intakes, as it did in announcing the additional 12,000 places for Syrian and Iraqi refugees in 2015.

8.2 Expansion and Reform of Community Sponsorship

To complement an increase in the government-funded humanitarian intake proposed above, Save the Children also encourages the Australian Government to increase the ability of members of the Australian community to sponsor refugees, in addition to those who find come to Australia as part of the government-funded humanitarian migration program.

The Canadian community, with its population of roughly 36 million people, reportedly sponsored approximately 18,680 refugees in 2016,¹⁹² and the Canadian government has set a quota of 16,000 places for 2017. These numbers are in addition to places made available under Canada’s government-funded resettlement program or hybrid government/community-funded programs.¹⁹³

We consider that the Australian community, having similar per capita income levels to Canada, and roughly 66 per cent the size of the Canadian community, has the capacity to contribute much more than current policy settings allow. This view is partly supported by the high level of interest of would-be sponsors in the previous pilot program.¹⁹⁴

¹⁸⁸ See UNHCR, *Match resettlement commitments with action: UN Refugee Chief*, 12 June 2017 (available at <http://www.unhcr.org/afr/news/press/2017/6/593e5c364/match-resettlement-commitments-action-un-refugee-chief.html>). See also UNHCR *Projected Global Resettlement Needs 2018* which anticipates a ‘global net decrease in resettlement places’ against an expected 170,000 places in 2016 (p 10)

¹⁸⁹ See UNHCR, *Projected Global Resettlement Needs 2017* and UNCHR, *Global Trends: Forced Displacement in 2015*

¹⁹⁰ Refugee Council of Australia, *National and Global Statistics*.

¹⁹¹ See <https://data.worldbank.org/country/australia> (accessed 21 November 2017)

¹⁹² See UNHCR, *Refugee Resettlement Facts* (<https://www.unhcr.ca/wp-content/uploads/2017/04/Canadian-Resettlement-Fact-Sheet-ENG-April-2017.pdf>, accessed 21 November 2017)

¹⁹³ See UNHCR, *Refugee Resettlement Facts* (<https://www.unhcr.ca/wp-content/uploads/2017/04/Canadian-Resettlement-Fact-Sheet-ENG-April-2017.pdf>, accessed 21 November 2017)

¹⁹⁴ See Refugee Council of Australia, *Australia’s Response to a World in Crisis: Community views on planning for the 2016-17 Refugee and Humanitarian Program*, p 45.

In this context, there is a significant opportunity for the Australian Government to increase the number of people who can obtain protection within Australia, without imposing significant additional pressure on the Federal budget, by increasing the number of places available for community sponsorship to 5,000 places (as an initial step), building to 10,000 places in the medium term. **These places should be made available in addition to an increased government-funded humanitarian intake of 30,000 places per annum.**

Australia's community sponsorship program should not be designed with a view to providing a revenue source for government. The Government's interest in this area should be purely humanitarian, whether funded by the Government, community or private sector.

Accordingly, we urge the Government to ensure that visa fees (if any) charged under the Community Support Program (or similar future sponsorship schemes) are reasonable and calculated in a transparent manner. If visa fees are to be charged they should do no more than offset government costs (if any) in connection with the migration of individuals under the scheme, with transparency as to what those costs are.

8.3 Bringing those remaining on Nauru and Manus Island to Australia pending their resettlement in a third country

Save the Children has welcomed the Government's announcement of an arrangement reached with the United States for the resettlement in the United States of refugees transferred by Australia to Nauru and Papua New Guinea (PNG), and particularly the successful resettlement of all children from offshore detention. However, we remain concerned that many individuals still face uncertainty as to whether they will be offered resettlement places in the United States.

For now, many of those in the Australian-funded offshore processing system continue to live in limbo, unable to rebuild their lives, and exposed to a number of physical and psychological harms, hardships and indignities. Their ongoing plight continues to make Australia the subject of international criticism from key United Nations bodies and experts, and damages our country's standing and influence on matters of human rights and humanitarianism. This situation is incompatible with the goals and values of the Government's 2017 Foreign Policy White Paper.

We urge the Government to evacuate individuals from the offshore processing system and bring all of those previously transferred to Nauru and Manus Island to Australia, pending their resettlement to the United States or other safe third countries. Pursuing humane solutions for every member of the affected cohort would not only be in the best interests of the individuals involved, but also potentially save the Federal Government significant expenditure by avoiding the high costs associated with offshore processing arrangements.

In a report Save the Children launched in 2016, we estimated that between 2013-2016, the Federal Government spent more than \$9.6 billion implementing policies which have sought to deter asylum seekers from arriving by boat including offshore processing of asylum seekers in Nauru and PNG,

boat turn-backs and onshore immigration detention of asylum seekers.¹⁹⁵ The costs have continued to mount up since this 2016 estimate.

In 2016, we estimated that, if those individuals then subject to offshore processing were to be brought to Australia, and the offshore processing centres closed or 'mothballed', the Government could realise savings of approximately \$2 billion¹⁹⁶ (refer to Section 9 below). The exact quantum of savings would depend on a variety of factors including how long these individuals remained in Australia prior to being resettled in a third country, and the cost of their residence in Australia (likely to be far less expensive than keeping them in the offshore processing system).¹⁹⁷ Save the Children considers that these significant savings could be more effectively invested in supporting asylum seekers and refugees residing in the region as explored further in 8.4 below.

8.4 Supporting the Protection of Forced Migrants in the Region

While much of the world's attention has been focused on the large-scale movement of people into Europe, there has been comparatively less attention given to the large refugee flows in the Asia Pacific region. The Asia Pacific region is home to some 3.6 million refugees and other forcibly displaced persons.¹⁹⁸ The Asia Pacific is also home to some of the longest protracted crises in the world, leading to high levels of ongoing forced displacement.

Of the region's millions of forced migrants, a great many live outside camps, mainly in urban environments where they often find inadequate protection. At law, asylum seekers and refugees are typically classified as illegal migrants and subject to arrest and detention in connection with their lack of residency permits or visas. They are typically unable to work legally and have great difficulty accessing essentials such as food, shelter, education and healthcare. These factors have typically compelled many to make onward journeys by sea to third countries.

Save the Children considers that having pursued policy choices which show 'zero tolerance' towards the arrival of asylum seekers through other than legal avenues, it is incumbent upon Australia to do more to support those who are in our region seeking protection from persecution. Our resettlement intake should not be the beginning and end of our country's response to the challenge posed by forced migration, particularly when our less-developed neighbours in the region (eg Bangladesh, Thailand, Malaysia and Indonesia) are bearing the lion's share of responsibility for providing temporary shelter to those fleeing persecution. Those seeking protection in South-East Asia are prime candidates for increased support from Australia, given their proximity to Australia and traditional migration pathways within the region which have historically engaged Australia.

¹⁹⁵ Save the Children and UNICEF, *At What Cost? The Human, Economic and Strategic Cost of Australia's Asylum Seeker Policies and the Alternatives*, September 2016 (available at http://www.savethechildren.org.au/_data/assets/pdf_file/0009/159345/At-What-Cost-Report-Final.pdf), p 7, 41.

¹⁹⁶ Estimate of cost savings calculated based on offshore management costs reported in Senate Estimates. Sources include Portfolio Budget Statements DIAC (2013-14) and DIBP 2015-15 through 2016-17): <http://www.radioaustralia.net.au/international/radio/onairhighlights/detainees-from-centre-arrive-in-melbourne>

¹⁹⁷ Historically, the cost of asylum seekers residing in Australia or a Bridging Visa E or in Community Detention has been \$33,000 or \$90,000 per person per annum respectively, compared with over \$400,000 per person per annum for those held in the regional processing system (Save the Children and UNICEF, *At What Cost? The Human, Economic and Strategic Cost of Australia's Asylum Seeker Policies and the Alternatives*, September 2016 (available at http://www.savethechildren.org.au/_data/assets/pdf_file/0009/159345/At-What-Cost-Report-Final.pdf), p 43) See Also Australian National Audit Office, *Offshore Processing Centres in Nauru and Papua New Guinea: Procurement of Garrison Support and Welfare Services* (2016)

¹⁹⁸ UNHCR, *Global Trends: Forced Displacement in 2016*, p 6.

In our 2016 report on the human, economic and strategic costs of Australia's asylum seeker policies, Save the Children outlined recommendations in relation to the role that Australia should play in supporting the establishment of a regional protection framework.¹⁹⁹ There are foreign policy as well as budgetary ramifications of this proposal. As a first step, we recommend the Australian Government undertake research into the cost of providing basic protection (eg access to food, shelter, education, healthcare) to forced migrants in the region in consultation with other governments.

Until a more comprehensive multi-lateral regional protection framework is established and funded, significantly more funding must be provided by the Australian Government to the UNHCR and NGOs, which play a significant role in providing on the ground support and protection to asylum seekers and refugees in the region and are under significant pressure to respond to ever-increasing needs.

8.4.1 Increased support for NGOs delivering support and services in the region

As we have emphasised elsewhere in this submission, the Australian Government needs to strike a balance between the funding it gives to UN agencies relative to NGOs. Australia must do more to support frontline NGOs providing assistance to asylum seekers and refugees in the region. Domestic and international NGOs, including Save the Children, have developed a wide range of support services to meet the needs of asylum seekers in the region but lack the necessary funding to meet the scale of need that presently exists. As a result, children and their families are going without access to vital services for months and years at a time and often living in extreme poverty, at times even resorting to requesting detention just to access food and shelter²⁰⁰ and leaving children, already vulnerable, at heightened risk of many forms of exploitation and abuse. As noted above, the Australian Government is likely to improve its impact and ensure great value for money if it increases its direct funding of NGOs.

8.4.2 Increased support for UNHCR in the region

While we have called for the Australian Government to provide more funding to NGOs in general, Save the Children recognises that the UNHCR has a unique and specific mandate to provide critical assistance to millions of refugees and displaced persons every year. As the number of people fleeing crises continues to grow, the role of the UNHCR has never been more important. In addition to increasing funding support to NGOs, we recommend that the Australian Government allocate more funding to the UNHCR in the 2019-20 budget in line with the Good Humanitarian Donorship (GHD) principles.

Any sustainable response to the global displacement challenge will rely on the important work of UNHCR and yet the UNHCR is stretched and faces a major funding gap. The multiplication of large-scale emergencies has been the main factor behind the sharp rise in UNHCR's budget, which has more than doubled since 2011.²⁰¹

¹⁹⁹ Save the Children and UNICEF, *At What Cost? The Human, Economic and Strategic Cost of Australia's Asylum Seeker Policies and the Alternatives*, September 2016 (available at http://www.savethechildren.org.au/_data/assets/pdf_file/0009/159345/At-What-Cost-Report-Final.pdf)

²⁰⁰ Ibid

²⁰¹ UNHCR *Global Appeal 2016–17, Needs and Funding Requirements*, page 19 Available at: <http://www.unhcr.org/564da0e20.html>

Australia's current contribution represents around 0.5 per cent of the UNHCR's estimated 2018 budget and less than 8 per cent of UNHCR's budget for the Asia and Pacific region for 2018.²⁰² The UNHCR's projected budget for 2018 is US\$7.5 billion with 6.5 per cent of this budget earmarked for Asia and the Pacific region.²⁰³

Australia should significantly increase its funding to the UNHCR. The work of the UNHCR is critical to better managing protection and processing needs in the region. It is also critical to any regional response to humanitarian crises which result in forced migration. Additional support for UNHCR could also be directed towards improving support services and local integration programs for asylum seekers and refugees in countries of first asylum and transit countries.

The lack of funding for UNHCR's work in the region causes significant delays in its performance of its core function of conducting refugee status determinations (RSD). This delay can act as an unfortunate 'bottleneck' for asylum seekers attempting to access protection and services in the region. In Indonesia, for example, UNCHR reports that '[t]he average waiting period from first registering [with UNHCR] to obtaining a first instance interview of 8 to 20 months depending on the priority and complexity of the case.'²⁰⁴ This waiting period does not include the additional months or years that that individuals must wait before they receive their RSD decision.

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| <p>Recommendations: Save the Children recommends that the Australian Government:</p> <ul style="list-style-type: none"> increase the government-funded humanitarian intake of refugees for resettlement to 30,000 places from 2019–20 onwards |
| <p>Budget impact: Estimated \$2.7 billion over four years.²⁰⁵</p> <ul style="list-style-type: none"> Support the development of a community sponsorship program for refugees in Australia with 5,000 places provided across 2019-20 and 2020-21, increasing to 10,000 places by 2022-23, in addition to the increased government-funded humanitarian intake quota. |
| <p>Budget impact: \$273 million over four years.</p> <ul style="list-style-type: none"> Transfer to Australia those refugees sent by Australia to Nauru and PNG and close or 'mothball' offshore processing centres. |
| <p>Budget impact: Savings of at least \$2 billion over 4 years²⁰⁶</p> <ul style="list-style-type: none"> Increase funding to UNHCR and frontline NGOs supporting asylum seekers and refugees in South-East Asia. |
| <p>Budget impact: Recommend funding of \$100m per year for the next four years.</p> |

²⁰² UNHCR, *Biennial programme budget 2018-19 of the Office of the United Nations High Commissioner for Refugees*, 31 August 2017

²⁰³ Ibid

²⁰⁴ UNHCR, *Indonesia Factsheet February 2016*, p 2.

²⁰⁵ Own calculations

²⁰⁶ Save the Children and UNICEF, *At What Cost? The Human, Economic and Strategic Cost of Australia's Asylum Seeker Policies and the Alternatives*, September 2016 (available at http://www.savethechildren.org.au/data/assets/pdf_file/0009/159345/At-What-Cost-Report-Final.pdf)

SECTION C: OFFSETS

9. Savings and Revenue Measures

In this section, we have identified some possible savings and revenue measures to offset our calls for increased expenditure. There are several larger-scale revenue options the Government could consider, including reforms to superannuation tax concessions, capital gains taxation and negative gearing, as well as re-thinking the Fuel Tax Credit Scheme. However, as each of these revenue measures requires careful policy analysis and consultation to ensure the settings take into account the full social impacts, we offer them as suggested areas for urgent review and do not study them further here.

Save the Children's view is that modest expenditure reductions from our refugee and asylum seeker, and defence targets will serve to meet the additional spending that have been proposed to date in this submission. These are outlined below.

Save the Children has demonstrated we are ready to play our part. In the past, we argued for changes to Fringe Benefits Tax for meal entertainment and cars which directly impacted our staff. The Government announced changes in both of these areas and we seek to ensure these and other savings measures are directed to children and families that need them most.

9.1 Close Regional Processing Centres

Portfolio: Department of Immigration and Border Protection

Expenditure on the Government's offshore Regional Processing Centres on Manus Island and Nauru is forecast to decrease as the number of people attempting to seek asylum in Australia by boat or held in detention centres reduces. For example, expenditure on onshore detention is likely to decrease from \$5.6 billion (three years to 2016) to within the range of \$1.9 to \$3.5 billion (2016–17 to 2019–20).²⁰⁷ If the Government is successful in implementing the agreement that it has reached with the United States in relation to the resettlement of those transferred to Nauru and PNG then processing centres on Nauru or Manus Island could be closed or 'mothballed'.

The best estimate of the expenditure that would be required to maintain a Regional Processing Centre in a 'mothballed' state is \$150,000 per month.²⁰⁸ Applying the same cost for Nauru, the estimated operational cost of both centres would be around \$4 million per year, or \$16 million over four years. By closing the Regional Processing Centres, the Government would save up to \$2 billion over the same four years.

²⁰⁷ Save the Children and UNICEF, *At What Cost? The Human, Economic and Strategic Cost of Australia's Asylum Seeker Policies and the Alternatives*, September 2016 (available at http://www.savethechildren.org.au/data/assets/pdf_file/0009/159345/At-What-Cost-Report-Final.pdf), p 7, 41.

²⁰⁸ In an interview with Radio Australia, Vince McMahon – former head of border security at the Department of Immigration – quoted a cost of \$150,000 per month to maintain facilities on Manus Island in a 'mothballed' state. Interview available at: <http://www.radioaustralia.net.au/international/radio/onairhighlights/detainees-from-centre-arrive-in-melbourne>

Recommendation: Save the Children recommends that the Regional Processing Centres on Manus Island and Nauru be closed and maintained in a ‘mothballed’ state only.

Budget impact: Estimated to be \$2 billion in savings over the next four years

9.2 No Escalation in Defence Spending

Portfolio: Department of Defence

We have argued for restoration of the aid budget and an increase in Australia’s humanitarian intake. Along with economic and social benefits, these measures are an important part of our national security armoury. We are not alone in this view; Australia’s foremost defence think-tank, the Australian Strategic Policy Institute (ASPI) classifies foreign aid as national security spending along with funding for agencies such as the Australian Security Intelligence Organisation (ASIO).

Yet while foreign aid expenditure has undergone drastic cuts, defence spending has been steadily increasing. Expenditures have been steadily increasing with the forecast that defence spending will be at 2 per cent of GDP by 2020–2021 – a commitment reaffirmed in the 2016 Defence White Paper. While the 2 per cent target mirrors a NATO aspiration, there is no clear basis for Australia to target 2 per cent and indeed, Peter Jennings, Executive Director of ASPI, has consistently argued against such a target.²⁰⁹

In order to reach 2 per cent of GDP in 2023–2024, defence spending will need to continue to increase by 2.8 per cent in real terms per year.²¹⁰ This increase is hard to fathom given:

- Only 3 per cent of Australians think terrorism/wars/security/safety is the most important problem facing Australia (compared to nearly half of Australians worried about economic/financial issues)²¹¹
- Only 38 per cent of Australians supported higher defence spending in 2013, down from 60 per cent in 2001.²¹²

Save the Children acknowledges it is important that Australia has a well-equipped air force, army and navy with the latest technology to maintain national security and participate in peacekeeping missions. However, as with all other portfolios, spending must be within our means. In addition, we should have a mixed portfolio approach to security which recognises the combined importance of our aid, humanitarian and national security spending towards achieving peace and stability.

At around \$35.6 billion in 2018–19, the Defence budget is more than eight times the aid budget (\$4.2 billion in 2018-19). By 2023, defence expenditure is projected to be around \$50 billion in nominal terms. This amounts to thirteen times the current aid budget.

We therefore argue that defence spending should be maintained at the current ratio of expenditure to GDP to allow space for other spending areas to be maintained.

²⁰⁹ North Atlantic Treaty Organisation – Europe plus USA and Canada. Australia is not a member of NATO.

²¹⁰ Author’s calculations.

²¹¹ ASPI (2015) The Cost of Defence: ASPI Budget Brief 2015-16, quoting Ray Morgan Research, April 2015.

²¹² ASPI (2014) The Cost of Defence: ASPI Budget Brief 2014-15, quoting research from McAllister et al: Trends in Australian political opinion: results from the Australian election study, 1987-2010; Lowy Institute Poll 2013.

Recommendation : Save the Children recommends that Defence spending be maintained at current ratio to GDP.

Budget impact: Estimated \$11.1 billion in savings over the next four years ²¹³

²¹³ Based on maintaining defence spending at current ratio to GDP against expenditure increasing at 2.8% p.a. (in real terms) to hit target of 2% GDP by 2023–2024.