



28 January 2022

The Treasury  
Australian Government

Dear Secretary,

**RE: 2022-23 PRE-FEDERAL BUDGET SUBMISSION**

The St Vincent de Paul Society National Council of Australia (the Society) is a lay Catholic charitable organisation that comprises over 50,000 volunteers and members and 6,000 employees who provide on the ground assistance across Australia. Our members and volunteers work directly with those in need by giving them a hand up so they can achieve their full potential.

We acknowledge the assistance provided by the Australian Government to help many Australians and businesses struggling during multiple lockdowns experienced last financial year. The Coronavirus supplements, JobSeeker, JobKeeper, JobMaker and JobTrainer initiatives were appreciated, as well as the recent Pandemic Leave Disaster Payment.

Yet every day we continue to witness the face of poverty in this country, which is largely borne by those on social security, those who rent, single parents and the under-employed.<sup>1</sup>

There are several key social policy issues that if addressed in the 2022-23 Budget would significantly improve the lives of many Australians and, at the same time, stimulate economic growth.

The Government should reinstate the full Pandemic Leave Disaster Payment, increase the base rate of JobSeeker, increase social and community housing and help people seeking asylum on temporary visas.

**Reinstate the full pandemic leave disaster payment**

Research has shown that lower income areas have been hit hardest and repeatedly by the impacts of the pandemic and have suffered the most from loss of paid work.<sup>2</sup> The pandemic has markedly worsened regional inequality in Australia, with relatively more jobs lost where unemployment rates were already the highest.<sup>3</sup>

Casual workers and small businesses are struggling. Now is not the time to reduce the Pandemic Leave Disaster Payment from \$750 per week to \$450 per week. It penalises those who don't have paid entitlements but are trying to do the right thing, by either isolating or caring for someone with COVID. We know the 20-29 years age group is more likely to be exposed to the Omicron variant – the very group overrepresented and employed on a casual basis in the hardest hit sectors, such as hospitality, retail, tourism, and health care.

The Society is also very concerned for those who had less than 8 hours of paid work per week and are not entitled to any disaster payment. These people, already in poverty, are being pushed into further poverty, unable to work or access additional support and are forced to turn to friends, family and charities for help.

**Increase the rate of JobSeeker**

Nearly one million people on JobSeeker are living \$150 below the poverty line each fortnight. Many live with disability and ill-health but are unable to qualify for the Disability Support Pension.

The recent increase to the base rate of JobSeeker of around \$50 per fortnight (which equates to \$44 per day), represents just 41 percent of the minimum wage and 27 percent of the average wage and puts the unemployment payment back to where it was in 2007.<sup>4</sup> It leaves the unemployed on a payment rate around 33 percent less than the poverty line.<sup>5</sup>

We know that every dollar the Government invests in JobSeeker generates a significant economic return, helping to pave the road out of recession.

Providing people without paid work with enough to get by is a highly effective economic stimulus, as they have little choice but to spend straight away on essentials.<sup>6</sup>

Based on last year's experience, additional funding provided to welfare recipients was used judiciously by them, to cover every-day expenses. For instance, paying household bills was the most reported use of the Coronavirus supplement (67 percent), followed by purchasing household supplies, including groceries (63 percent), and then meeting mortgage/rent and medical costs.<sup>7</sup> These additional payments quickly washed through local economies and benefitted local businesses and communities.

Yet working age payments have not kept up with the cost of living and Australia's unemployment payment rates are amongst the lowest out of 37 members of the OECD. The payment rate is less than half the average unemployment rate of 58 per cent of the average wage across the OECD countries.<sup>8</sup>

Australia's economic growth for almost 30 years has improved the living standards for the average household but over three million people, including 774,000 children, have been left behind. Last year, one-in-six Australians did not have enough to eat and 1.2 million children went hungry.

Nearly one-in-four people receiving JobSeeker are in some form of minimal employment which forces them to be on income support. An increase in the earnings threshold from \$150 to \$300 per fortnight would enable these people to earn income, gain experience and better transition to work.

Ideally, a \$23 per day increase in working age pensions would bring these payments into line with pensions. However, even a more modest increase of either \$10 or \$15 per day would lift a significant number of people out of poverty.

### **The Society recommends the Australia Government:**

- reinstate the full pandemic leave disaster payment to \$750 per week
- implement all 27 recommendations made by the Community Affairs References Committee in its final report on the [Adequacy of Newstart and related payments, April 2020](#).
- establish an independent body to provide advice on the equity of the income support system and rates of payments and pensions
- increase the base rate of working age payments from \$44 to ideally \$67. Even a more modest increase to between \$54 to \$59 a day would lift a significant number of people out of poverty
- index working age payments twice a year in line with wage growth and CPI
- increase the earnings threshold of income support payment recipients, from \$150 to \$300 per fortnight

### **Fix the Status Resolution Support Service**

The Society remains concerned about the 1.7 million people on temporary visas (April 2021).<sup>9</sup> It has been almost impossible for these people to support themselves during the pandemic as most were employed in low paid, insecure jobs which were the first to be cut. For this group, the unemployment rate was estimated to rise from 19 percent to 42 percent, or 19,000 refugees.<sup>10</sup>

During the pandemic, many people on temporary visas sought the Society's assistance, often for the first time and mainly because they had access to little or no safety net.

Refugees who have a temporary protection visa cannot qualify for most kinds of income support payment. Only 9,200 temporary visa holders (TPVs, SHEVs) receive ongoing income support through the Special Benefit payment, paid at around the same rate as JobSeeker.

People seeking asylum, who are still waiting for the government to recognise them as refugees, get the least help.<sup>11</sup> Around 1,900 bridging visa holders (A,B,C,E) currently receive ongoing payments through the Status Resolution Support Service (SRSS) program, paid at around 89 percent of the JobSeeker payment.

Changes to the eligibility criteria for the SRSS program have seen an 85 percent funding cut over five years and recipient numbers drop from around 13,000 to under 2,000 now. These changes have forced an estimated 100,000 people, including 16,000 children, into poverty and housing stress.<sup>12</sup> Research shows that almost four in five of these people are at risk of homelessness and only one in five are actually 'job ready', although much higher numbers are deemed so. The overall result of changes to the SRSS has been a shift in welfare costs and responsibilities from federal to state agencies and community-based organisations, at an estimated cost of between \$80 to \$120 million per year.<sup>13</sup>

For both SRSS and Special Benefit payments, financial hardship must be demonstrated and visa holders who undertake full time study are ineligible for payment. SRSS recipients deemed 'job ready' but unable to obtain work receive no support.

For the remainder, assistance is one-off which means the Society is using mostly its own resources to provide ongoing housing and emergency relief assistance.

One-off payments do little to prevent people from becoming homeless, living in over-crowded conditions or falling into destitution. During the pandemic, the homelessness rate for people seeking asylum was estimated to increase to over 12 percent, affecting 14,000 people at an additional cost of \$181 million in health, justice, social and other services.<sup>14</sup> Almost 90 percent of people seeking asylum and requiring assistance from agencies have reported difficulty with paying rent. And over 70 percent have gone without meals and around three-quarters have had difficulty paying their utilities.<sup>15</sup>

An end to offshore processing and detention would save the Government just over \$800 million in 2022-23 alone.

### **The Society recommends the Australia Government:**

- make SRSS available to bridging visa holders based on need, such as for those awaiting assessments or review of their claims for protection, including claims before the courts, persons studying or otherwise deemed eligible to work but unable to find a job
- review the existing SRSS eligibility criteria and, as a minimum, reinstate funding to at least 2017-18 levels of \$140 M per year (an additional \$120M per year)
- make SRSS and special benefit payments available to temporary and bridging visa holders who are studying full time.

### **Fund social and community housing to address the housing crisis**

The Society's submissions to the Parliamentary Inquiry into Housing and Homelessness (Sub No 142) and Housing Affordability (Sub No 111) outline the community housing and support services we provide, along with the difficulties faced by those trying to secure affordable and appropriate housing.

The social housing wait lists total 148,500 households, with people forced to wait years for secure accommodation. Over 210,000 affordable housing dwellings are needed right now, or a minimum 20,000 net new social housing units each year just to address the current shortfall.<sup>16</sup>

The lack of social and community housing means that many low-income earners have no choice but to rent in the private market. The Productivity Commission has found that more than one million low income households (2.65 million people) rent in the private market, a figure that has more than doubled over the past two decades. And two-thirds of vulnerable private renters are currently in rental stress, with 170,000 households surviving on less than \$250 each week after paying rent. We know that housing costs are proportionately much higher for people on low incomes, especially if renting privately.

Anglicare's 2021 Rental Affordability Snapshot found that of the 74,000 rental listings, only three were affordable for a person on JobSeeker and none for a person on Youth Allowance.<sup>17</sup>

National Shelter Australia's Rental Affordability Index also found that low and moderate-income Australian households are still facing moderate to extreme rental stress nationwide. There is currently no affordable rental housing in Australia for single pensioners, people on JobSeeker, pensioner couples and single part-time working parents also on benefits, apart from in regional South Australia. During the pandemic, many households moved out of the capital cities into regional areas, where rental affordability has significantly deteriorated.<sup>18</sup>

The reality is that issues with housing accessibility are no longer the sole domain of those on income support. Many regional areas (such as Wollongong, Gold Coast etc) are now unaffordable, even for households earning up to \$80,000 per annum.

The housing crisis is also coinciding with the winding down of the National Rental Affordability Scheme. 32,930 homes will be exited from the Scheme by 2026, forcing thousands of low-income renters into eviction or higher rents.

The current piecemeal approach to housing policy and funding is not working. All governments and key stakeholders must work together to develop a National Housing Strategy, underpinned by a \$10 billion Social and Affordable Housing Fund.

We know that housing reduces poverty and improves outcomes in health, education and employment, economic and social participation and social mobility. And the economic benefits of investing in new and refurbished social and community housing are well documented. It creates jobs, boosts trade and creates flow-on market activity. A federal investment of \$7 billion is estimated to boost the post pandemic economy by \$18.2 billion and create 18,000 jobs per year over four years.<sup>19</sup>

The Master Builders Association, the Housing Industry Association and the Community Housing Industry Association have called on the Government to invest in social housing now.<sup>20, 21</sup>

### **Fix Commonwealth Rent Assistance (CRA)**

There are 956,000 households living in housing affordability stress in Australia. Commonwealth Rent Assistance (CRA) reduces this number to 758,000.<sup>22</sup> However, AHURI research has found that improvements to CRA's eligibility requirements would generate savings that could be redirected to better assist those in need. This includes the one-third of CRA recipients whose housing costs currently exceed 30 percent of their income, even after CRA is deducted from rents; or the 246,000 or 18 per cent of low-income private renters who pay rents that exceed 30 per cent of their income but are ineligible for CRA.<sup>23</sup>

The Society supports National Shelter Australia and ACOSS' call for an increase to the maximum rate of CRA by 50 percent.

The uncertainty that lies ahead with respect to income support, wage subsidies and the lifting of eviction moratoriums has led to estimates that homelessness will increase by 9 percent, with 24 percent more families experiencing housing affordability stress.<sup>24</sup> The number of people living in housing affordability stress is estimated to rise by a further 124,000, with 73 percent of these households being private renters.

### **Energy efficiency in low-income households**

For the first time, Australia's Infrastructure Plan 2021 includes social housing and notes that housing quality, supply and design are inadequate across the country. It recommends that the case be made to drive more investment, improve the standard of dwellings including their energy efficiency, address the growing shortfall of housing and provide a greater range of housing types.

We know that low-income households are more likely to live in energy inefficient homes. The Society provides over \$30 million each year in emergency relief, a significant portion of which goes towards helping people pay their utility bills. Those we assist often go without heating or cooling or forego food or medication, putting their health at risk, just to get by.

In 2020, the Society signed on to the *Joint Proposal for Economic Stimulus Healthy & Affordable Homes: National Low-Income Energy Productivity Program* (NLEPP). The NLEPP is supported by more than 50 organisations, at an estimated cost of just over \$2 billion on 2021-22. Its purpose is to reduce the burden of high energy costs among Australia's low-income households by implementing a range of renewable energy and energy efficiency programs.

Co-investment with state/territory and local governments in upgrading energy efficiency in social and community housing and low-income rentals, mandating minimum energy efficiency standards and upgrading appliances would bolster the economy and improve the health and wellbeing of renters. Deloitte estimates that improving the energy efficiency of low-income households through the NLEPP would deliver between \$3.4 billion (low) and \$4.9 billion (high) in Gross Domestic Product between 2021 and 2025.<sup>25</sup>

### **The Society recommends the Australia Government:**

- implement all 35 recommendations in the *Final Report, Parliamentary Inquiry into Homelessness in Australia* (July 2021)
- establish an independent advisory body to develop a 10 year National Housing Strategy with all governments and key stakeholders, underpinned by a \$10 billion Social and Affordable Housing Fund.
- review CRA and increase the maximum rate by 50 percent
- reinstate the National Rental Affordability Scheme or find a suitable replacement scheme, and
- fund the National Low Income Energy Productivity Program (\$2 billion in 2021-22).

## Address growing inequity

Research has found over the last two years, Australia's 47 billionaires have doubled their collective wealth and now hold more wealth than the poorest 30 per cent of Australians, or about 7.7 million people.<sup>26</sup> Growing inequity must be addressed, particularly while millions of Australians are struggling to make ends meet.

We support National Shelter Australia and Everybody's Home campaign to reduce the capital gains tax exemption to help cover costs towards improving housing accessibility.

We support AHURI and the Inquiry into Homelessness' recommendations that CRA be reviewed, with savings from that program redirected to better assist those in need.

We support ACOSS' call to rescind the stage 3 tax cuts, which are unaffordable, benefit people on high income and will cost the Government around \$6.3 billion in 2024-25 and \$42 billion over the first five years.<sup>27</sup> The Australia Institute has found that over 50 per cent of the tax cuts will go to the top 10 per cent of taxpayers. Over 70 per cent will go to the top 20 per cent of taxpayers. The bottom 20 per cent of taxpayers will get nothing.<sup>28</sup>

We support the Refugee Council of Australia's call to end offshore processing and detention which will cost the Government over \$800 million in 2021-22 alone.

We note ACOSS' findings that Australia is one of the wealthiest nations in the world measured by median household wealth but has the sixth-lowest social expenditure in the OECD. We support ACOSS' *Guarantee to a Nation*, to reset the Budget to ensure there is an appropriate benchmark of public investment to meet community needs; and to strengthen public revenue to pay for this in a fair and sustainable way.<sup>29</sup>

The fact is that Australia is a low tax country. When compared to other developed (OECD) countries, Australia has the 9th lowest tax to GDP ratio out of 37 nations.<sup>30</sup>

If the test of a just society is measured by how it treats those who are living in poverty or marginalised, then Australia has failed. A robust safety net is needed, with social equity built into our economy.

Thank you for considering our submission. Please do not hesitate to contact me if you require further information.

Yours sincerely



Toby oConnor  
**Chief Executive Officer**

<sup>1</sup> UNSW. ACOSS. Poverty and Inequality. *Poverty in Australia*. Accessed at: <http://povertyandinequality.acoss.org.au/poverty/>

<sup>2</sup> Davidson, P., Bradbury, B., Dorsch, P. (2021) COVID income support: Analysis of income support in the COVID lockdowns in 2020 and 2021. ACOSS/UNSW Sydney Poverty and Inequality Partnership, Build Back Fairer Series, Report No. 1, Sydney.

<sup>3</sup> Deloitte. September 2020. *Estimating the economic impacts of lowering current levels of income support payments*. Commissioned by Australian Council of Social Service. Accessed at: <https://www.acoss.org.au/wp-content/uploads/2020/09/Final-ACOSS-Coronavirus-Supplement-to-ACOSS-09.09.2020.pdf>

<sup>4</sup> Coates. Cowgill. 25 February 2021. *Now is an especially bad time to cut unemployment benefits*. Grattan Institute. Accessed at: <https://grattan.edu.au/news/now-is-an-especially-bad-time-to-cut-unemployment-benefits/>

<sup>5</sup> Jericho.G. 7 February 2021. *Philip Lowe is right. Raising jobseeker is not just about good economics, it's about fairness*. The Guardian. Accessed at: <https://www.theguardian.com/business/commentisfree/2021/feb/07/philip-lowe-is-right-raising-jobseeker-is-not-just-about-good-economics-its-about-fairness>

<sup>6</sup> ACOSS media release. 15 September 2020. *Cuts to JobSeeker to cost 145,000 full-time jobs - Deloitte report*, with reference to Nicki Hutley Deloittee Access Economic Partner.

- <sup>7</sup> The Australian Bureau of Statistics. 14 December 2020. *Household Impacts of COVID-19 Survey. Insights into the prevalence and nature of impacts from COVID-19 on households in Australia*. Accessed at: <https://www.abs.gov.au/statistics/people/people-and-communities/household-impacts-covid-19-survey/latest-release#stimulus-payments>
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