



18 December 2019

The Treasury
Australian Government

Dear Secretary,

The St Vincent de Paul Society National Council of Australia (the Society) is a lay Catholic charitable organisation that comprises over 60,000 volunteers and members and over 3,000 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 that they can achieve their full potential. In 2017-18, the Society:

- provided \$76.5 million in financial assistance to meet urgent and basic needs;
- delivered over 650,000 meals;
- assisted over 835,000 people; and
- conducted over 417,000 home visits.

The Society has consulted with the states and territories in preparing this 2020-21 Pre Budget submission.

There are two key social policy issues that, if included in the 2020-21 Budget, would significantly improve the lives of many Australians and stimulate economic growth. These are addressing the inadequacy of Newstart and increasing social housing.

It appears that recent tax cuts have failed to stimulate growth as evidenced by the downgrades in the Mid-Year Economic and Fiscal Outlook for GDP growth, household consumption and business investment growth and the flattening of wages growth and real household incomes.

In the last year, the Society also has experienced increased demand for emergency relief and for support services for asylum seekers, the latter resulting from cuts to the Status Resolution Support Services.

The Society also highlights the reality that the cessation of the Equal Remuneration Order funding in July 2021 will affect the Society's ongoing capacity to continue to deliver a range of community support services across Australia at current levels.

Inadequacy of income support payments

The Society has prepared a submission to the current Parliamentary Inquiry into Newstart which includes feedback from members and case studies (Submission No.119).ⁱ

An extensive evidence base exists on the financial hardship, and the correlated impact on wellbeing, experienced by those living on Newstart. Additionally, a [September 2019 Research Note prepared by the Centre for Social Research & Methods](#)ⁱⁱ has found that:

- since the mid-1990s, households for which allowances are the main source of income have seen no increase in real income against very substantial increases in both poverty and financial stress;
- poverty and financial stress have been driven by payment rates not keeping pace with the general standard of living of other households, particularly in the 1990s and 2000s; and
- the current rate of allowances is too low and this is worsening as Newstart continues to fall relative to wages and pensions.

We call on the Australian Government to increase Newstart in line with ACOSS' revised figure of \$95 per week, which includes a 30 per cent increase to Commonwealth Rent Assistance.

Increased need for social housing

An extensive evidence base exists on the housing situation faced by many Australians, particularly those on income support payments such as Newstart. We know:

- At least 115,000 people are homeless on any given night and this has increased 13.7 per cent in 5 yearsⁱⁱⁱ
- There is a national shortage of just over 400,000 homes that are affordable for people who are homeless or living on the lowest incomes (the lowest 20% by household income).^{iv}
- The share of all homes that are public or community housing fell from 7.1% in 1991 to 4.2% in 2016.^v
- 190,000 households are on waiting lists for social housing;^{vi}

The recent report on the [Rental Affordability Index](#)^{vii} found that fewer people are able to afford their own homes and rent is increasingly unaffordable, especially for single people on Newstart as these payments are outpaced by rising rents.

The [Homeward Bound: Social Security and Homelessness Report](#)^{viii} found that social security recipients experience the highest rates of poverty in Australia, with over half of Newstart recipients living below the poverty line and most priced out of the private rental market. For many social security recipients, public housing is the only viable housing option for them. However, high demand and long waiting lists leave many people with nowhere to turn.

Over the years, various Parliamentary inquiries, peak bodies, service providers and academics have repeatedly called for increased funding for emergency relief, public and community housing and improvements to Commonwealth Rent Assistance and the National Rental Affordability Scheme.^{ix}

The current lack of affordable housing is a key driver of poverty and homelessness and, for the Society, increases the number of people seeking support from frontline services. Research commissioned by St Vincent de Paul Society Queensland shows for each change in address, requests for assistance increase by 26 per cent.^x

The economic and social benefits to increased investment in social housing are far-reaching. From an economic perspective, public investment boosts growth in jobs and incomes. Every dollar invested is estimated to boost GDP by \$1.30.^{xi} Access to housing is also recognised as a vital determinant of wellbeing that is associated with better outcomes in health, education and employment, as well as economic and social participation.^{xii}

In 2016, the Society released the [Ache for Home](#)^{xiii} Report that outlined the crisis in the supply of social and affordable housing at that time. The issues contained in this Report remain unaddressed.

We call on the Australian Government to:

- increase funding under the Commonwealth Rent Assistance Scheme to ensure that it properly meets the needs of those using it and examine the disparity between public housing tenants and private tenants;
- improve financial incentives to housing providers under the National Rental Affordability Scheme to increase the number of eligible tenants and improve the rental rate; and
- allocate \$10 billion of Commonwealth funds across states and territories on the basis of need and the cost of new housing in each location.

Increases in demand for emergency relief

Several states have reported an increase in demand for emergency relief assistance, particularly for those on Newstart, and that current funding levels are not adequate to meet this demand. One jurisdiction has reported that this increase is around 30 per cent. Another jurisdiction reported that, as at October 2019, emergency relief funds for the financial half year had already been exhausted.

A different jurisdiction has reported that while the number of requests has remained relatively stable, there has been a 9 per cent increase in the amount of relief assistance funding provided by the Society. Furthermore, over the last three years, this increase has been around 11 per cent in value

(cash and in-kind). The same jurisdiction has reported a change in the profile of 'other than primary clients', seeking assistance. Generally, there has been an increase in adults (10 per cent) and children (5 per cent). This may mean that more adults are house-sharing or couch-surfing with their children.

We call on the Australian Government to increase the funding level of emergency relief services, particularly in light of the increased demand being placed on community-based services as a result of the inadequacy of Newstart payments.

Status Resolution Support Services (SRSS)

Several states have reported an increase in the number of asylum seekers requiring support services. In one jurisdiction, it is estimated that over 100 additional clients have sought assistance as a consequence of the changed eligibility criteria and funding cuts to the SRSS implemented in early 2018. In another jurisdiction, finding sustainable housing and covering rental costs continues to be a significant issue for this cohort.

In yet another jurisdiction, Home Affairs' figures estimate that 295 people have remained on the SRSS program. The assistance provided by the Society is in partnership with another organisation and while there is some grant funding, main funding is from non-government sources which are unsustainable into the future. This jurisdiction reports that changes to the SRSS have resulted in more people seeking assistance.

- from August 2017 – June 2018, 32 people were assisted
- from July 2018 – June 2019, 44 people were assisted
- from July 2019 - October 2019, 63 people were assisted.

The service responds to approximately 50 contacts per week and the number of asylum seeker contacts has risen from 17% in 2017 to 32% in the corresponding period in 2019.

Finally, research commissioned by the [Refugee Council of Australia](#)^{xiv} in partnership with a number of community-based organisations including the Society has found that changes to SRSS will force people into situations of material poverty rather than assisting them to find employment. Almost four in five people seeking asylum are at risk of homelessness. Only one in five are job ready. Removing income and case management support also shifts federal welfare costs and responsibilities to state agencies as well as to community-based organisations, many of which are reliant on private donations and volunteer support. The total costs to the states and territories is estimated to be between \$80 to \$120 million per year. The changes represent an unnecessary penalty for a group already rendered vulnerable by the immigration status resolution process.

We call on the Australian Government to:

- make SRSS payments based on need, such as for those awaiting assessments or review of their claims for protection, including claims before the Courts;
- discontinue denial of SRSS payments to persons because they are studying or otherwise deemed eligible to work;
- reinstate the 2014 eligibility criteria and SRSS program comprising income and other support services as it existed prior to the almost 60 per cent cut in funding implemented over two years from 2018-19; and
- increase SRSS payments to the level of the Newstart Allowance.

Cessation of the Equal Remuneration Order (ERO) funding

Finally, the cessation of the Equal Remuneration Order funding in July 2021 will affect the Society's capacity to continue to deliver a range of community services. These include financial crisis and material aid, financial counselling, specialist homelessness services, family and relationship services, mental health, family violence services and reconnect services. States affected include NSW, Qld, WA, ACT and SA. A conservative estimate of the annual reduction in funding is \$1.8 million. While this may not seem a large amount to Government, it is a substantial ongoing reduction to the Society which, unless met through other means, will result in fewer services being delivered to the community.

We call on the Australian Government to maintain funding levels for those community services that fall under the Fair Work Commission decision of 2012.

Yours sincerely



Toby oConnor
Chief Executive Officer

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- ⁱ The Society's submission is accessible at:
https://www.aph.gov.au/Parliamentary_Business/Committees/Senate/Community_Affairs/Newstartrelatedpayments/Submissions
- ⁱⁱ Phillips, B., Gray, M., Joseph, C., Webster, R. September 2019. *Research Note: Newstart and other Government Allowances: Incomes, Financial Stress and Poverty*. Australian National University, Centre for Social Research & Methods. Accessed at
https://csrcm.cass.anu.edu.au/sites/default/files/docs/2019/9/Research_Note_Newstart_and_other_Government_Allowances_Incomes_Financial_Stress_and_Poverty_CSRM.pdf
- ⁱⁱⁱ Homelessness Australia. 2016. *Homeless statistics*. With reference to ABS' 2016 Census. Accessed at:
<https://www.homelessnessaustralia.org.au/about/homelessness-statistics>
- ^{iv} Troy, D. Nouwelant, R., Randolph, B. 2019. *Estimating need and costs of social and affordable housing delivery*. UNSW. City Futures Research Centre.
- ^v AHURI. 2016. *Census data shows falling proportion of households in social housing*. Media Release. Accessed at:
<https://www.ahuri.edu.au/policy/ahuri-briefs/census-shows-falling-proportion-of-households-in-social-housing>
- ^{vi} Australian Institute of Health and Welfare. 2018. *Housing assistance in Australia 2018*. Accessed at:
<https://www.aihw.gov.au/reports/housing-assistance/housing-assistance-in-australia-2018/contents/priority-groups-and-wait-lists>
- ^{vii} SGS Economics and Planning Pty Ltd. November 2019. *Rental Affordability Index*. Prepared for National Shelter, Community Sector Banking and Brotherhood of St Laurence. Accessed at:
https://www.sgsep.com.au/assets/main/Projects/SGS-Economics-and-Planning_RAI-November-2019.pdf
- ^{viii} National Social Security Rights Network. December 2019. *Homeward Bound: Social Security and Homelessness*. Accessed at <http://www.nssrn.org.au/general/homewardbound/>
- ^{ix} Parliament of Australia. 2004. *A hand up not a hand out: Renewing the fight against poverty - Report on poverty and financial hardship*; 2008 Henry Tax review, Parliament of Australia. 2019. *Living on the Edge: Inquiry into Intergenerational Welfare Dependency*. ACOSS. 2019 *Social Housing as Infrastructure*. 2019. Media Release. 2019. *Community Housing Industry Association congratulates the re-elected Coalition Government*.
- ^x Ambrey, C., Parsell, C., Spallek, M., Robinson, R. 2017. *SOL Data Analysis Report: Taking time to disrupt dependency on emergency relief assistance*, Institute for Social Science Research. The University of Queensland. Commissioned by St Vincent de Paul Queensland.
- ^{xi} ACOSS. 2019. *How to reduce homelessness and boost incomes and jobs: Social housing as infrastructure*. Accessed at:
<https://www.acoss.org.au/wp-content/uploads/2019/08/ACOSS-Brief-Social-Housing-Investment-as-Infrastructure.pdf>. With reference to KPMG's 2012 *Social Housing Initiative Review*.
- ^{xii} Commonwealth Senate Economic References Committee. 2015. *Out of reach? The Australian housing affordability challenge*. Canberra
- ^{xiii} St Vincent de Paul Society. 2016. *The Ache for Home Report: A Plan to Address Chronic Homelessness and Housing Unaffordability in Australia*. Accessed at:
https://www.vinnies.org.au/icms_docs/238828_The_Ache_for_Home_Paper_2016.pdf
- ^{xiv} Van Kooy, J., Ward, T., Sept 2018. *An Unnecessary Penalty: Economic impacts of changes to the Status Resolution Support Services*. Commissioned by Refugee Council of Australia in partnership with 10 other community-based organisations. Accessed at: <https://www.refugeecouncil.org.au/srss-economic-penalty/2/>