



**St Vincent de Paul Society**  
NATIONAL COUNCIL *good works*

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## 2016–2017 Pre-Budget Submission

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The St Vincent de Paul Society (the Society) is a respected lay Catholic charitable organisation operating in 149 countries around the world. In Australia, we operate in every state and territory, with more than 65,000 members, volunteers, and employees. Our people are deeply committed to social assistance and social justice, and we run a wide variety of programs around Australia. Our work seeks to provide help for those who are marginalised by structures of exclusion and injustice, and our programs target (among other groups) people living with mental illness, homeless people, young people, migrants and refugees, and people experiencing severe poverty.

On 18 December 2015, the Assistant Treasurer called for submissions on the 2016–2017 Budget priorities.<sup>1</sup> The St Vincent de Paul Society welcomes the opportunity to contribute. We also request a meeting with relevant Treasury representatives to discuss the issues raised in our submission.

## Executive Summary

In the view of the Society, the Federal Budget represents far more than an administrative accounting exercise. Instead, and as previous Budgets have shown, the second Tuesday in May is one of the year's most important opportunities for the government of the day to outline its vision for Australia. Moreover, the length and depth of community consultations before the Budget is released are an indicator of the degree to which the government truly respects democratic and inclusive values, and the media and parliamentary debate that occurs after the Budget is a chance us all to see democracy in action.

This year, we believe that these discussions must take into account three core features necessary to continue to build a strong Australia. First, the Budget must set down a new national plan to help all Australians into secure and stable housing. A home is one of the most basic human rights, and essential for all other participation in society. Secondly, universal healthcare must be strengthened in this Budget through a financed commitment to a holistic Social Determinants of Health approach, rather than undermined by cuts to Medicare and other services. Social Determinants show us that it is already those who are locked out of prosperity in this country who are struggling with health; kicking the boot into them further will have dire social and economic consequences. Finally, we believe that everyone in Australia deserves income adequacy, regardless of age, family status, or any test of 'moral worthiness'. In specific Budget measures we outline below, this means a focus on income support, job-creation, and education for everyone.

By including all Australians in the debate around how we spend our national wealth, and committing to housing, health, and income adequacy, this Budget has the potential to strengthen and unite us in our quest for a more fair and prosperous future.

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<sup>1</sup> <http://www.alexhawke.com.au/media/media-releases/2016-2017-pre-budget-submissions>.

## The Role of the Budget: Much More than Money

Far from being a mere exercise in balancing books, we believe that the federal budget is the single most important exercise in policy that our Federal Government undertakes each year. It demonstrates what our leaders stand for, what issues they want to address, and what sort of Australia they want for the future.

In 2015, we argued for a Federal Budget that was about **Australian values, not just dollar values.**<sup>2</sup> We laid out our reasons for believing that sustainability and a surplus are only worthy goals if they sit alongside and support what truly makes Australia great: fairness, equality, and a commitment to dignity and human rights.

One year on, and these values are still unrealised for many in our community. In *'Sick With Worry'*, a national report we released just a few months ago,<sup>3</sup> we sought to create a space for the voices of those living beyond the margins in Australia today, those locked out of the high standards of life most of us enjoy. Several key themes shone through our research: the lack of an effective, national approach to housing; the enormous barrier that low income presents to many; and the impact of cuts to essential health infrastructure.

Listening to this strong message from the people we assist every day, the people who are all too often not accorded space in the debate, we believe that this year's Budget must address three primary policy issues: housing affordability, low-income, and lack of health services. We believe that **if we are all working together to build a better Australia, we need the firm foundation of secure housing for everyone, we need strong citizens supported by an equitable health system, and we need everyone to be equipped with the tools for the job: an adequate income** to achieve what they need to in life. This year, the Budget must address these three key pillars that support our country.

### 1. A Firm Foundation – Secure Housing

Safe, affordable, and secure housing is the essential basis that many of take for granted when ordering our lives, caring for our families, and working towards our goals. Housing is a human right, but sadly one that all too many people remain locked out of. Insecure, unaffordable, and inadequate housing are at chronic levels: housing costs are proportionally far less affordable for those on low incomes;<sup>4</sup> while well over 100,000 experience homelessness each night.<sup>5</sup> Vinnies alone provides over 350,000 nights of accommodation per year. Here are just two of the stories we hear every day from people we help out.

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<sup>2</sup> St Vincent de Paul, *Pre-Budget Submission 2015* at [https://www.vinnies.org.au/page/Publications/National/Submissions/Low-Income Submissions/Budget Submissions/](https://www.vinnies.org.au/page/Publications/National/Submissions/Low-Income%20Submissions/Budget%20Submissions/).

<sup>3</sup> St Vincent de Paul, *Sick With Worry National Report* (October 2015) at [https://www.vinnies.org.au/page/Publications/National/Articles Reports Speeches/Sick with worry 2015 national report/](https://www.vinnies.org.au/page/Publications/National/Articles%20Reports%20Speeches/Sick%20with%20worry%202015%20national%20report/).

<sup>4</sup> Australian Bureau of Statistics, *Housing Occupancy and Costs 2011-2012* at <http://www.abs.gov.au/AUSSTATS/abs@.nsf/DetailsPage/4130.02011-12?OpenDocument..>

<sup>5</sup> See Homelessness Australia, *About Homelessness Factsheet* (2015) at <http://www.homelessnessaustralia.org.au/index.php/about-homelessness>.

Eighteen months ago, when Monash Medical restructured its admin section after funding cuts from the government, Maria's job disappeared and she was laid off.

Maria tried desperately to find work, but was unsuccessful. Being over 55, Maria was able to access her \$9000 superannuation fund. She used it to supplement her unemployment benefits, but in July 2014 it was exhausted.

Maria has nothing. Her only income is her government unemployment benefit of \$630 per fortnight. However, her rent and utilities are \$600 per fortnight. With only \$30 a fortnight left to live on, Maria is unable to pay for an internet or phone connection, so is cut off from the world and the job market. She relies on charity for food. However, she is now unable to meet her rental and car payments. When her car is repossessed she will be cut off from her only means of potentially securing the employment she is so desperately seeking.

Maria faces imminent homelessness and absolute poverty, and there seems to be nothing she can do about it.

Gavin, aged 64, lives alone in Bathurst. He had been a truck driver, until he had a heart attack and could no longer drive, even on a casual basis. He said, 'I've become everything I was scared of'.

Gavin is now on a Disability Support Pension and has been paying very high rent, as the only house he was able to find had three bedrooms. After housing and power costs are deducted, Gavin lives on just \$175 a week. However, \$40 per week of this goes on his medications. He has also taken the guidance of financial counselling, yet the underlying problem is insufficient income rather than mismanagement and he is losing the struggle to pay his bills. Gavin is struggling and has had to come to the St Vincent de Paul Society several times for help to buy food.

Gavin has recently decided to move out to a shack on a small bush block 35 minutes out of town. He says that he doesn't want to move, but because his income is not meeting his expenses, he feels under huge stress. His blood pressure levels are up; in his words, his situation 'is wrecking me'. Relocating will take the cost of rent out of his budget and allow him to survive. However, with his shack having no power or water connected, he will have to use lanterns and a battery radio and work out ways to heat water and keep food cool. He is willing to live there even though it is not designed or insulated to be a home, and every time it rains the roof leaks, so that he is obliged to put out buckets to catch the drips. The move also takes him further away from his beloved daughter and grandchildren, but he feels it is the only way he can survive.

There is no question that the housing market is severely lop-sided. On the one hand, it creates money for those people who already have more than they need, with tax incentives that increase the income of the already wealthy without any flow-on benefits. On the other, for those people like Maria and Gavin trapped on very low incomes, wait-lists for public housing can run to years, and the quality of the stock is often sub-standard.

If shelter is one of the most basic of all human needs, essential to all other capacities and potentials being fulfilled,<sup>6</sup> then we clearly need **a new national plan for housing**

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<sup>6</sup> Eg, Abraham Maslow's Hierarchy of Needs, at <http://www.simplypsychology.org/maslow.html>.

**affordability.** Early this year, the St Vincent de Paul Society will release a paper that outlines such a plan, and adds to the already substantial body of literature in this area.<sup>7</sup>

It does not have to be expensive, and can be market-driven. But we need the Federal Government to take the lead in having a genuine conversation about housing reform. Through the Reform of Federation process (which is considering housing), Commonwealth Rent Assistance, the taxation power, and other levers, the government has within its grasp the ability to **use this Budget to put forward a concrete plan that will lay a foundation for universal affordable housing.**

## 2. The Strongest Materials – Good Health for All

On top of the firm foundation of universal housing, in order to build our nation citizens need to be strong and resilient, physically and psychologically. This is the essence of good health, broadly defined, and it's in everyone's best interests that all Australians have access to the healthcare we need to build the lives and the country that we want.

But Australia's health system is unbalanced. While many get world-class care, there is significant evidence to suggest that a portion of us are still trapped in ill-health and disability, and particular barriers are keeping us there. Research into the Social Determinants of Health consistently shows that health is closely intertwined with socio-economic status.<sup>8</sup> From this perspective, health follows a social gradient: the social, economic and political environments in which people live play a highly significant role in determining their health.<sup>9</sup> As such, socioeconomic position can predict who develops a range of serious health problems, including heart disease, diabetes, respiratory disease, and particular cancers.<sup>10</sup> A recent study by Catholic Health Australia and the National Centre for Social and Economic Modelling (NATSEM) has also found that those who are the most socio-economically disadvantaged are twice as likely to have a long-term health condition as the most affluent Australians.<sup>11</sup> Furthermore, the report found that those who are struggling financially are twice as likely to suffer from chronic illnesses and will die on average three years earlier than the wealthiest. Similarly, a report published by the Australian Institute of Health and Welfare shows that Indigenous Australians, who currently experience great social disadvantage compared with broader Australian society, have a life expectancy 10

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<sup>7</sup> Eg Carolyn Whitzman, *A National Affordable Housing Strategy* (The Conversation, November 3, 2015) at <http://theconversation.com/a-national-affordable-housing-strategy-necessary-attainable-and-maybe-on-its-way-49943>.

<sup>8</sup> World Health Organisation (WHO), *Closing The Gap In A Generation: Health Equity Through Action On The Social Determinants Of Health. Final Report Of The Commission On Social Determinants Of Health* (2008) 1, at [whqlibdoc.who.int/publications/2008/9789241563703\\_eng.pdf?ua=1](http://whqlibdoc.who.int/publications/2008/9789241563703_eng.pdf?ua=1)

<sup>9</sup> Lisa Wood and Billie Giles-Corti, *Social determinants of health: Healthway review* (2006).

<sup>10</sup> George Davey Smith (ed.), *Health Inequalities: Lifecourse Approaches* (2003).

<sup>11</sup> Laurie Brown, Linc Thurecht and Binod Nepal, 'The Cost of Inaction on the Social Determinants of Health, *CHA-NATSEM Second Report on Health Inequalities* (2012) vii, at [natsem.canberra.edu.au/storage/CHA-NATSEM%20Cost%20of%20Inaction.pdf](http://natsem.canberra.edu.au/storage/CHA-NATSEM%20Cost%20of%20Inaction.pdf).

years lower than the national average.<sup>12</sup> The two stories below highlight the relationship between health issues and these other factors in our community (such as lack of support services and healthcare options).

My name is Lachlan. In September 2008, I was involved in a serious car accident on my way home from work, [caused] by a vehicle doing over the speed limit. I became sore to the point every time I moved I'd get shooting pains in my arms and legs. One week later, I started wetting myself without knowing.

I collapsed in Centrelink in March 2009, when I ended up in hospital for a week. I was told no more work and was placed on Disability Support Pension. Since then, I have been in and out of hospitals and tried to work numerous times, lasting no longer than five hours before revisiting hospital again. I'm almost wheelchair bound 100 per cent of the time.

If Disability Support Pension or Carer Payments are taken away from [me and my partner], not only will we be homeless but we will lose our kids too. I can't drive, nor can I look after myself independently as I could not work. I have nothing left.

Haydn lives in Townsville. His father had been addicted to alcohol and other drugs, and left the family home when Haydn was a toddler. Haydn's mother had a series of cancers and died when Haydn was 11. During this time, he was also sexually abused by a family acquaintance. After moving in with his older sister, Haydn first turned to marijuana to escape at age 14. This led to the use of a range of stronger and more addictive drugs. As an adult, Haydn realised that he had a problem with addiction and has tried repeatedly to get into rehabilitation programs run by government and not-for-profits, but waiting lists are long and services are very expensive. Haydn has almost died many times due to drugs and been resuscitated at least once from a fatal overdose.

In addition to substance dependence, Haydn has a number of mental illnesses which have seen him live off the Disability Support Pension for ten years. He has lived in a range of accommodation over the time we have known him and is currently couch surfing, with no stable home. There is no money or support for Haydn to complete a rehabilitation program at this time and his personal resources have been depleted by years of stigma and exclusion.

Nevertheless, Haydn is determined to get better and is positively engaging with us on how to live with his illness. He is incredibly grateful for the needle and syringe program in his community, which has helped him manage his illness. Haydn's deepest hope is that he can make others happy and one day build a career in the Motocross industry.

Australia need a new approach to building our health. Instead of cuts to community health services, Indigenous health, and preventative health, it is time for a national Social Determinants of Health approach, that focuses on prevention instead of crisis, and addresses the intersectionality of health with other factors, including employment, location, race, and housing. According to a recent report, if the World Health Organisation's recommendations

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<sup>12</sup> Australian Institute of Health and Welfare (AIHW), 'Mortality and life expectancy of Indigenous Australians 2008 to 2012', *Cat. no. IHW 140* (2014) 14 at [aihw.gov.au/WorkArea/DownloadAsset.aspx?id=60129548468](http://aihw.gov.au/WorkArea/DownloadAsset.aspx?id=60129548468).

on a Social Determinants model were adopted in Australia, we would save at least \$15 billion per year.<sup>13</sup> It is time that we really invested in building the strength of the Australian people, and this Budget must provide funding for a national, holistic, **Social Determinants of Health framework**.

### 3. Tools to Build – Adequate Income

The strong foundation of housing and the tough material of great population health are a good start in building the country we want. But to continue to shape this prosperous and lucky nation, we each need to have the right tools: an adequate income that enables us to live decently, and pursue our dreams. Sadly, this is far from reality for many today. Income inequality is continuing to rise in Australia,<sup>14</sup> with over half a million children living in financial poverty.<sup>15</sup> Newstart is so low that it is likely to be breaching the human rights of the unemployed,<sup>16</sup> and Australians in ever-increasing numbers are forced into casual, insecure jobs, working unsociable hours. Here are two real-life case studies of families affected by income inadequacy.

Christabel and Harvey are a married couple in their mid-thirties, with four children aged 12, 9, 8 and 6. Harvey is in full-time employment and Christabel is looking for work.

Harvey's weekly pay after tax is \$719. Their fortnightly Family Tax Benefit is \$900. Making ends meet is very difficult. Harvey has to use his car to travel to Dandenong for work. His petrol bill is \$100 per week. Christabel's is about \$50. Once housing and bills are paid, all other expenses—food, clothing, petrol, car repairs, doctors' visits and medication expenses, school fees and uniforms and anything else—must be met by \$370 per week. In a family of six, there are always unexpected expenses that necessitate tough decisions and further sacrifice. Next year, the eldest child commences secondary school. The college requires every student to have a laptop computer, to be paid for over time by the parents. The abolition of the Education Maintenance Allowance will deprive the family of more than \$800 a year just as they need it more than ever.

Harvey and Christabel also expect that education and medical costs will rise dramatically as a result of recent policy changes, threatening to put both out of reach.

I have three boys, and had worked full-time for over 18 years. The last six years unfortunately took a turn for the worse: my ex-husband, the father of my two youngest, caused our life to be a world of violence, dramas and humiliation. It was physically and mentally draining. I lost my home.

<sup>13</sup> Laurie Brown, Linc Thurecht and Binod Nepal, 'The Cost of Inaction on the Social Determinants of Health, *CHA-NATSEM Second Report on Health Inequalities* (2012) vii, at [natsem.canberra.edu.au/storage/CHA-NATSEM%20Cost%20of%20Inaction.pdf](http://natsem.canberra.edu.au/storage/CHA-NATSEM%20Cost%20of%20Inaction.pdf).

<sup>14</sup> See, eg, St Vincent de Paul, *Two Australias: A Report on Poverty in the Land of Plenty* (September 2013) at [http://www.vinnies.org.au/icms\\_docs/169073\\_Two\\_Australias\\_Report\\_on\\_Poverty.pdf](http://www.vinnies.org.au/icms_docs/169073_Two_Australias_Report_on_Poverty.pdf).

<sup>15</sup> Australian Council of Social Services, *Poverty in Australia* (October, 2014) at <http://www.acoss.org.au/poverty-2/>.

<sup>16</sup> Senate Standing Committee on Education and Employment, *the Adequacy of the Allowance System for Jobseekers* (2012) at [aph.gov.au/Parliamentary\\_Business/Committees/Senate/Education\\_Employment\\_and\\_Workplace\\_Relations/Completed\\_inquiries/2010-13/newstartallowance/report/index](http://aph.gov.au/Parliamentary_Business/Committees/Senate/Education_Employment_and_Workplace_Relations/Completed_inquiries/2010-13/newstartallowance/report/index).

With no family or confidantes to talk to or help financially, the volunteers at Vinnies have always offered to do what they can.

I was back at work for the past 12 months, but unfortunately my contract finished, our car needs a new transmission (\$2500), and my washing machine and vacuum cleaner blew up.

I pay \$285 a week for rent, trying to make ends meet on Newstart: \$450 a week. My rent got behind, gas and electricity accounts became too much, water and food on top. It not only causes stress, worry and anxiety, but also shatters self-esteem and causes humiliation.

Despite the structural issues keeping people out of work, there is hope. What the 70 case studies highlighted in our national report *Sick With Worry* told us is that everyone wants to participate.<sup>17</sup> We believe that the 2015 Budget is a chance to straighten up some of Australia's imbalanced economic settings, so that everyone has more of a chance to build themselves up, to contribute what they can, and to support those around them.

First, the Budget must ensure income adequacy. For those on income support, we have consistently opposed cuts from the incomes and resources of the people living in poverty in Australia,<sup>18</sup> and supported increasing Newstart and Commonwealth Rent Assistance, and indexing all payments appropriately, to reflect the real cost of living now and in the future. For people lucky enough to find work, but trapped in low wages, we must not allow penalty rates to be taken away, nor the minimum wage to fall behind the real cost of living.<sup>19</sup>

Secondly, we need a national Jobs Plan, and it must include everyone. We talk about a changing economy, agility and innovation, free trade and global markets, and a shift in Australia's key exports and production sectors. It makes sense to bring *every Australian* on this journey, not just those who have already been given a complete toolkit for life and start the race in Nike runners, but also those who have only been given a rusty pocketknife and wear sandals. This Budget must invest in all people, through real training and education programs on the one hand, and on the other a focus on how industry can adapt to the needs of workers, rather than the other way around.

Finally, the federal government must recommit to universal education. At pre-school level, significant reforms (like those proposed by the Productivity Commission's recent Inquiry)<sup>20</sup> need to occur so that every child can access the best quality care, and every parent can return to work if they choose to. At primary and secondary levels, universal education means that *all* children should have an equal chance to do as well as they can, with full

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<sup>17</sup> St Vincent de Paul, above n 3, 19.

<sup>18</sup> See our positions at [https://www.vinnies.org.au/page/Publications/National/Submissions/Low-Income Submissions/](https://www.vinnies.org.au/page/Publications/National/Submissions/Low-Income%20Submissions/).

<sup>19</sup> St Vincent de Paul, *Submission to the Productivity Commission Workplace Relations Framework Inquiry* (2015) at [https://www.vinnies.org.au/page/Publications/National/Submissions/Low-Income Submissions/Submission on Workplace Relations Framework Inquiry/](https://www.vinnies.org.au/page/Publications/National/Submissions/Low-Income%20Submissions/Submission%20on%20Workplace%20Relations%20Framework%20Inquiry/).

<sup>20</sup> Productivity Commission, *Childcare and Early Childhood Learning: Final Report* (February 2015) at <http://www.pc.gov.au/inquiries/completed/childcare#report>.

funding based on need, rather than any other criteria.<sup>21</sup> Parents must also be engaged in education: not punished financially when their children don't attend school, as this will only drive them deeper into poverty, but properly engaged with culturally-appropriate programs. For those who go on to post-secondary study, entry to university must be affordable to all, not just those lucky enough to have wealthy parents, and TAFE must be strengthened rather than being undermined.

## A Budget Blueprint: A Clear Vision

There are significant opportunities in this Budget for the Government to help build the kind of country we all want, one that values fairness, equality, and respect for all of our human rights. Based on what we see every day, what our volunteers tell us, and the stories from those Australians we assist, we believe that the three priorities for this Budget must be a recommitment to housing, a national Social Determinants of Health plan, and a suite of measures to ensure that every Australian enjoys income adequacy. We sincerely hope that the government will take this opportunity to hand down a Budget that strengthens and unites our country, and look forward to working together on building a better society.

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<sup>21</sup> David Gonski, *Review of Funding for Schooling: Final Report* (February, 2011) at <http://apo.org.au/resource/review-funding-schooling-final-report>.