



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

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## 2015–2016 Pre-Budget Submission

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## 1. Background

The St Vincent de Paul Society (the Society) is a respected lay Catholic charitable organisation operating in 149 countries around the world. Our work in Australia covers every state and territory, and is carried out by more than 60,000 members, volunteers, and employees. Our people are deeply committed to social assistance and social justice, and our mission is to provide help for those who are marginalised by structures of exclusion and injustice. Our programmes assist millions of Australians each year, including people living with mental illness, people who are homeless and insecurely housed, migrants and refugees, and people experiencing poverty.

The Treasurer has called for submissions on the 2015–2016 Budget priorities. The Society welcomes the opportunity to contribute.

## 2. The broad agenda

According to the Treasurer’s Press Release, “The 2015-16 Budget will continue the Government’s commitment to repair the budget, to ensure the Commonwealth lives within its means, pays down its debt and maintains a credible path to surplus. The Government is also committed to productivity-enhancing investment and reform to build a stronger and more prosperous economy.”<sup>1</sup> The Society recognises the importance of all of these aims: good financial management, and a prosperous economy, are clearly worthy aims.

However, they are not virtues in and of themselves.<sup>2</sup> Having a Budget that is sustainable, and a strong economy, are just tools that help us pursue the real values that make Australia great: equality, freedom, optimism, human rights, and democracy. For example, it would be preposterous to pay down Australia’s debt by confiscating private land. It would make no sense to build a stronger economy by forcing millions of Australians into near slavery to do it. A government in surplus would have missed the point if to achieve that surplus it had severely impacted on the natural environment of its territory.

The question is not “what measures can we implement to improve our fiscal position”, but “what measures *that support Australia’s values* can we implement to improve our fiscal position *and also support those values*”. The Budget, therefore, is about identifying a range of values that are important (one of which is economic sustainability), and a range of means to achieve those ends that are also in line with the values that make this country what it is. The Budget is about much more than just balancing the books.

But what are those values and priorities that will shape the measures that the Budget puts forward? The balance of this submission briefly outlines areas of key concern.

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<sup>1</sup> <http://jbh.ministers.treasury.gov.au/media-release/069-2014/>.

<sup>2</sup> See, eg, Federation White Paper, *Issues Paper 1: A Federation for Our Future* (2014) 16.

### 3. Income support

Inequality continues to rise in Australia,<sup>3</sup> and what we have learnt from the public backlash against the last Budget's attempts to strip support from the poorest Australians is that we as a country value *equality*, and *a fair go*.

Newstart is so low that it is likely to be breaching the human rights of the unemployed.<sup>4</sup> It is also a barrier to employment.<sup>5</sup> Newstart must be raised by at least \$50 per week immediately.

A fair go also means that those who rely on income support can afford the basics of life not just today but into the future. Payments must reflect the true (rising) cost of living. Indexation cannot be ceased, or tied to the low Consumer Price Index which, as demonstrated by the Relative Price Index, bears little relationship to the realities of actual cost pressures on households. Instead, indexation should be tied to Average Male Weekly Earnings.<sup>6</sup> This applies to all payments, including aged and disability pensions, and unemployment and parenting allowance. We note that we have also made these suggestions in our submission to the Inquiry into A New System for Better Employment and Social Outcomes,<sup>7</sup> the final Report of which we hope to be made public soon.

### 4. Employment

The Society agrees with the government that employment is crucial to most individuals' wellbeing, and shares government concern with the rising long-term unemployment rate. We have consistently advocated for an increase in training programmes for those currently unemployed or at risk of unemployment, such as Youth Connections, given the importance of proper training to help people into work.<sup>8</sup>

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<sup>3</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>4</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).

<sup>5</sup> Business Council of Australia, *Submission to the Senate Inquiry into the Adequacy of Payments for Jobseekers* (2012).

<sup>6</sup> St Vincent de Paul Victoria, *The Relative Price Index*, 15 August 2013, at [vinnies.org.au/content/Document/RPI\\_Summary\\_Report\\_Aus\\_Dec\\_2012%20\(21%20August%202013\).pdf](http://vinnies.org.au/content/Document/RPI_Summary_Report_Aus_Dec_2012%20(21%20August%202013).pdf).

<sup>7</sup> See St Vincent de Paul, [vinnies.org.au/icms\\_docs/193489\\_Submission\\_to\\_the\\_Inquiry\\_into\\_A\\_New\\_System\\_for\\_Better\\_Employment\\_and\\_Social\\_Outcomes\\_Report.pdf](http://vinnies.org.au/icms_docs/193489_Submission_to_the_Inquiry_into_A_New_System_for_Better_Employment_and_Social_Outcomes_Report.pdf).

<sup>8</sup> See, for example, Kate Carnell, CEO of Australian Chamber of Commerce and Industry, at <http://www.abc.net.au/am/content/2014/s4038140.htm>.

However, good training doesn't change the fact that there is only one job for every five jobseekers on Newstart.<sup>9</sup> When we add the number of people already working low hours, but actively looking for more work, we find there is only one job for every *ten* job seekers.<sup>10</sup>

Increasing employment participation in Australia will not be achieved by punitive or paternalistic means. Instead, we need to create more jobs, as part of a Jobs Plan for Australia. The method of job-creation must be compliant with our values of fairness and human rights: lowering the minimum wage or abolishing penalty rates is not acceptable. Instead, we need a plan for managing the impact on the domestic labour market of changes in the global economy, including a vision for economic development in areas of highly concentrated unemployment. We need a plan for how to create more jobs in the Australia of today and tomorrow. The Budget should include a recommitment to training and development, as well as kick-starting an open, consultative process on a Jobs Plan for Australia's future.

These measures will not only help people thrive by participating in decent, paid work, but will ensure the sustainability and growth of the economy in the mid- to long-term.

## 5. Health

Last year, the Senate Select Committee on Health and National Mental Health Commission conducted wide-ranging inquiries into health policy. This was timely, as the state of Australia's healthcare system is in urgent need of review, with inequitable access to many services, depending on income, location, and illness.

The Society's perspective on health policy is clear. All health issues are complex and intersectional, and require a social determinants of health approach.<sup>11</sup> We have argued for a National White Paper on the Social Determinants of Health –<sup>12</sup> and this approach *must* inform the Federation White Paper as it relates to health, housing, and education. We also need a Fifth National Mental Health Plan.<sup>13</sup> These measures will cost little, but the rewards they could reap would be enormous. Specifically, the Budget must include measures increasing expenditure on prevention and early intervention, particularly in Indigenous and other disadvantaged communities.

These measures will ensure the health of Australians today, but also make the healthcare system less expensive and Australians healthier for decades to come.

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<sup>9</sup> May 2014, ABS data ([abs.gov.au/ausstats/abs@.nsf/mf/6354.0](http://abs.gov.au/ausstats/abs@.nsf/mf/6354.0)); May 2014, DSS data ([dss.gov.au/sites/default/files/documents/06\\_2014/labour\\_market\\_and\\_related\\_payments\\_may\\_2014.pdf](http://dss.gov.au/sites/default/files/documents/06_2014/labour_market_and_related_payments_may_2014.pdf)).

<sup>10</sup> September 2013, ABS data on underemployment (those seeking more hours) ([abs.gov.au/ausstats/abs@.nsf/Latestproducts/6265.0Main%20Features3September%202013?opendocument&tabname=Summary&prodno=6265.0&issue=September%202013&num=&view=](http://abs.gov.au/ausstats/abs@.nsf/Latestproducts/6265.0Main%20Features3September%202013?opendocument&tabname=Summary&prodno=6265.0&issue=September%202013&num=&view=)).

<sup>11</sup> See, eg, [https://www.vinnies.org.au/icms\\_docs/195679\\_Submission\\_to\\_health\\_inquiry.pdf](https://www.vinnies.org.au/icms_docs/195679_Submission_to_health_inquiry.pdf).

<sup>12</sup> [https://www.vinnies.org.au/icms\\_docs/195679\\_Submission\\_to\\_health\\_inquiry.pdf](https://www.vinnies.org.au/icms_docs/195679_Submission_to_health_inquiry.pdf)

<sup>13</sup> [https://www.vinnies.org.au/icms\\_docs/183917\\_Submission\\_to\\_the\\_inquiry\\_into\\_mental\\_health.pdf](https://www.vinnies.org.au/icms_docs/183917_Submission_to_the_inquiry_into_mental_health.pdf)

## 6. Housing

Housing is a human right, but one unfulfilled for many Australians. Insecure, unaffordable, and inadequate housing are at chronic levels: housing costs are proportionally far less affordable for those on low incomes;<sup>14</sup> while well over 100,000 Australians experience homelessness each night.<sup>15</sup>

More investment is needed, and this must form part of a plan to fix Australia's housing crisis. The Senate's Inquiry into Affordable Housing reports this March,<sup>16</sup> and we hope the recommendations will reflect the values of equality of access and supporting human rights that we included in our submission. Budget measures that are necessary to support a fair go for Australians include: re-funding the National Partnership Agreement on Homelessness; Commonwealth Rent Assistance being increased by at least \$25 per week; and re-targeting capital gains tax and negative gearing so that they act as an incentive to build *affordable* housing.

The Budget must also recognise the intersectional nature of housing deprivation, by committing funding to housing programmes that support justice reinvestment: people exiting the prison system are at high risk of homelessness, and other indicators of disadvantage, and much more needs to be done to support re-integration into the community.<sup>17</sup>

The role of peak advocacy organisations in the area of housing is crucial in a democracy, to enable otherwise silent voices to be heard. The Budget must also include commitment to long-term funding of housing peaks Homelessness Australia, National Shelter and the Community Housing Federation of Australia.

Another move that the Budget must reverse is the cuts to women's shelters, legal aid, and other services that support people leaving situations of family violence. The Senate will Report on its Inquiry into Domestic Violence in March,<sup>18</sup> and it is certain that an improvement in the range of services available to women will be a key recommendation.

All of these Budget measures mean a fair go for many Australians. But adequate, secure housing does more: it provides a base from which people can exist, sustain themselves, care

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<sup>14</sup>Australian Bureau of Statistics, at <http://www.abs.gov.au/ausstats/abs@.nsf/Latestproducts/4130.0Main%20Features22011-12?opendocument&tabname=Summary&prodno=4130.0&issue=2011-12&num=&view=>.

<sup>15</sup> See Homelessness Australia, <http://www.homelessnessaustralia.org.au/index.php/about-homelessness>.

<sup>16</sup> [aph.gov.au/Parliamentary\\_Business/Committees/Senate/Economics/Affordable\\_housing\\_2013](http://aph.gov.au/Parliamentary_Business/Committees/Senate/Economics/Affordable_housing_2013).

<sup>17</sup> See St Vincent de Paul, [vinnies.org.au/page/Publications/National/Submissions/Miscellaneous\\_Submissions/Submission\\_to\\_the\\_Inquiry\\_into\\_the\\_Value\\_of\\_a\\_Justice\\_Reinvestment\\_Approach\\_to\\_Criminal\\_Justice\\_in\\_Australia/](http://vinnies.org.au/page/Publications/National/Submissions/Miscellaneous_Submissions/Submission_to_the_Inquiry_into_the_Value_of_a_Justice_Reinvestment_Approach_to_Criminal_Justice_in_Australia/).

<sup>18</sup> [aph.gov.au/Parliamentary\\_Business/Committees/Senate/Finance\\_and\\_Public\\_Administration/Domestic\\_Violence](http://aph.gov.au/Parliamentary_Business/Committees/Senate/Finance_and_Public_Administration/Domestic_Violence)

for others, participate in their communities, and contribute to the economy. As such, these Budget measures will help create a prosperous and sustainable Australia into the future.

## 7. Refugees

The Society has long argued that Australia's treatment of people who come here seeking protection violates human rights, and basic standards of decency.<sup>19</sup> It seems likely that the Human Rights Commission's Report into Children in Immigration Detention and the Refugee Council of Australia's Annual Consultation report will make similar findings.

The Society believes that all people are equal, and deserve a fair go under the law. The Budget must commit to this by: stopping billions of dollars being wasted maintaining detention facilities offshore that break international law; increasing support for refugees in the community, to empower them to participate in Australian society; and supporting our economy by allowing asylum seekers in the community to work, with appropriate support systems. These Budget measures will support Australia's values of fairness, equality, and human rights. Moreover, they will support more people, with diverse skills, to contribute to the growth of our economy.

The Society has also opposed cuts to overseas aid.<sup>20</sup> Australia must join the rest of the OECD in working towards *increasing* the share of our national wealth that we use to assist those less fortunate overseas. Recent cuts must be reversed, and the plan to reach 0.7% of GNP donated overseas must be reinstated in this Budget.

## 8. Revenue

Many of the priorities identified will save significant money in the mid- to long-term: better health, more stable housing, and genuinely supporting people who are looking for work will all help Australians to participate more in paid work, and need less income support and other government services.

Where a funding short-fall means that programmes are unaffordable, there is a wide range of measures that the government could choose to undertake to increase revenue, which has dropped significantly in recent years. We must undo the income tax cuts of the last 15 years, increase taxation on large multinationals and domestic companies making superprofits, and remove a range of very generous payments in the form of tax breaks to the wealthiest Australians (including superannuation, capital gains, and negative gearing). Superannuation concessions, for example, cost the government around 20% of its revenue from income tax –

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<sup>19</sup> Eg Submission to Inquiry into the Migration Amendment Bill 2013, at [vinnies.org.au/page/Publications/National/Submissions/Refugee\\_and\\_Migrant\\_Submissions/Submission\\_to\\_the\\_Inquiry\\_into\\_the\\_Migration\\_Amendment/](http://vinnies.org.au/page/Publications/National/Submissions/Refugee_and_Migrant_Submissions/Submission_to_the_Inquiry_into_the_Migration_Amendment/).

<sup>20</sup> See, eg, St Vincent de Paul, 'Overseas Aid: Aiding Whom?' *Social Policy Connections Blog*, <http://www.socialpolicyconnections.com.au/?p=8120>.

around \$24.6 billion in 2009.<sup>21</sup> These tax concessions overwhelmingly go to the wealthy: the top 5% of earners receive 37% of the concessions, while part-time workers (including many single parents) receive no benefit.<sup>22</sup>

## 9. Conclusion

**This must be a Budget of Australian values, not just dollar values.** Sustainability and a surplus are worthy goals, but only if they sit alongside and support what truly makes Australia great: fairness, equality, and a commitment to dignity and human rights.

There are a wide range of measures that a courageous government can take in this Budget to make Australia a fairer and better place to live for everyone, while still maintaining our excellent international economic position. These include key measures outlined above, in the areas of support for those on low incomes, help for those looking for jobs, decent healthcare for all, addressing our housing crisis, and treating refugees with human dignity. Additionally, these measures will all save money in the future, by empowering a stronger, healthier populace. For any shortfall, we have pointed to a range of measures to increase revenue without any damage to our underlying value of a fair go for everyone.

The Budget is an opportunity for the government to set out its vision for Australia, and we hope that the vision for 2015–2016 will be one of inclusion and optimism rather than degradation and despair.

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<sup>21</sup> The Australia Institute, research paper 61, page 1. [tai.org.au/index.php?q=node%2F19&pubid=540&act=display](http://tai.org.au/index.php?q=node%2F19&pubid=540&act=display).

<sup>22</sup> The Australia Institute, research paper 61, page 2. [tai.org.au/index.php?q=node%2F19&pubid=540&act=display](http://tai.org.au/index.php?q=node%2F19&pubid=540&act=display)