



19 September 2022

The Treasurer
Parliament House
CANBERRA ACT 2600

Cc: Minister for Finance
Minister for Home Affairs
Minister for Immigration, Citizenship and Multicultural Affairs

Dear Treasurer,

RE: OCTOBER 2022 FEDERAL BUDGET

The St Vincent de Paul Society National Council of Australia (the Society) is a lay Catholic charitable organisation that comprises over 45,000 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 stay afloat including the Pandemic Leave Disaster Payment, the temporary cut to the fuel excise and disaster recovery payments.

However, with rising interest rates and cost of living pressures, the Society is witnessing increased demand for assistance to cover the necessities of life.

For instance, more people on the disability and aged pensions are seeking assistance because these groups take longer to recover from COVID and flu, making it difficult to cover increased food and delivery costs. Most city locations have reported their busiest periods since before the pandemic. Regional Australia is now experiencing extreme accommodation shortages, where housing was once affordable. And we remain concerned that rising interest rates will be passed on to renters, with the burden of increased living expenses not fully realised until around Christmas time.

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

Increase the base rate of JobSeeker

Around 830,000 people on JobSeeker are living \$150 below the poverty line each fortnight.

The previous Government's increase to the base rate of JobSeeker of \$50 per fortnight (or \$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 2007.¹ It leaves the unemployed on a payment rate around 33 percent less than the poverty line.²

We know every dollar the Government invests in JobSeeker generates a significant economic return and that 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.³

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.⁴ Further, the situation is likely to worsen as inflation, interest rates and cost of living continue to rise, leaving wage growth further behind.

Nearly 60 percent of JobSeeker, PPS and YA recipients have capacity to work in excess of 30 hours per week and just over one-in-five of these recipients received earnings from employment in the last fortnight (June 2022). An increase in the earnings threshold, similar to that recently announced for aged pensioners, would encourage income support recipients to earn extra income, gain experience and transition to full time work.

The base rate of working age payments should also be increased. A \$23 per day increase would bring these payments into line with pensions. Even a more modest increase of either \$10 or \$15 per day would lift a significant number of people out of poverty. This cost could be met through minor increases to the capital gains tax and superannuation tax systems and by rescinding the stage 3 tax cuts.

The Society recommends the Australia Government:

- 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 (see ANU's [A Fairer Tax and Welfare System in Australia](#) CSRM Research Note 1/22)
- index working age payments twice a year in line with wage growth and CPI
- increase the earnings threshold of JobSeeker recipients, from \$150 to \$300 per fortnight

Fix the Status Resolution Support Service (SRSS)

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.

People seeking asylum, who are still waiting for the government to recognise them as refugees, get the least help.⁵ 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. 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.⁶

While one-off emergency relief payments are available, they 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.⁷ Almost 90 percent of people seeking asylum and requiring assistance from agencies reported difficulty with paying rent. Over 70 percent went without meals and around three-quarters had difficulty paying their utilities.⁸

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.

Addressing the skills shortage and reducing Government costs could be addressed on one fell swoop by expediting the implementation of ALP policy and adopting a different approach to people seeking asylum.

The Society recommends the Australia Government:

- expedite the granting of permanent residency to over 19,000 Safe Haven Enterprise Visa (SHEVs) and Temporary Protection Visas (TPVs) holders.
- increase the humanitarian intake to a minimum of 20,000 in 2023-24 and keep costs low by doing this through implementing some of the increase through the CRISP program.
- grant work rights to all asylum seekers in the community who do not have them.
- extend the Bridging visa E of asylum seekers currently on six-month visas until their settlement is resolved and allow them to upskill for jobs needing staff. This would reduce Home Affairs' administrative costs.

- release people from detention including those currently threatened with deportation, who are not a risk to national security, into the community with work rights. This would increase productivity and reduce government administrative and contract costs associated with detention.
- find durable, safe and permanent re-settlement for more than 500 people subject to offshore processing not covered by the US, Canada or New Zealand arrangements. Those waiting should be treated fairly and safely until they are re-settled and moved to Australia as soon as possible. An end to offshore processing and detention would save the Government just over \$800 million in 2022-23 alone.

There are 19,345 people on SHEV/TPVs (April 2022) who could be quickly granted permanent residency. The Kaldor Centre makes 17 recommendations to expedite this process while ensuring everyone is treated fairly and no one falls through the cracks.⁹ This group includes people who currently hold or who have previously held a SHEV/TPV, people who have previously applied for, and been refused a SHEV/TPV and people still waiting for a determination of their visa.

People found to be refugees have been granted either a TPV or SHEV, but the process takes on average six years and pathways to permanency have failed. The estimated cost to Government of reprocessing protection claims is at least \$300 million.¹⁰ Further, appeals to the Federal Court involve significant staff and legal resources as applicants are often self-represented and may have limited English.¹¹ Savings from these exercises should be redirected to the SRSS and provision of legal and support services.

The Kaldor Centre estimates the 2021 annual cost, per person, to the Australian Government of detaining and/or processing refugees and asylum seekers was:

- almost \$3.4M to hold someone offshore in Nauru or Papua New Guinea
- \$362,000 to hold someone in detention in Australia
- \$4,429 for an asylum seeker to live in the community on a bridging visa while their claim is processed.¹²

Improve housing accessibility

Houses are unaffordable and rental properties have skyrocketed, particularly in regional Australia where they have risen 12.5 percent in the last year.

Commonwealth Rent Assistance (CRA) has not kept up with these rental increases.

There are 956,000 households living in housing affordability stress in Australia. Commonwealth Rent Assistance (CRA) reduces this number to 758,000.¹³ 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.¹⁴

The Society supports National Shelter Australia and ACOSS' call for an increase to the maximum rate of CRA by 50 percent. The Society calls for the stage 3 tax cuts to be rescinded. The cost of increasing CRA could be met by minor changes to superannuation and capital gains tax regimes as outlined in ANU's [A Fairer Tax and Welfare System in Australia](#) CSRM Research Note 1/22.

The Society recommends the Australia Government:

- review CRA and increase the maximum rate by 50 percent

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

Yours sincerely



Toby O'Connor
Chief Executive Officer

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- ¹ 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/>
- ² 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>
- ³ 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.
- ⁴ Coates. Cowgill. op.cit.
- ⁵ Refugee Council of Australia. 25 April 2020. *Information about money you can get from the government*. Accessed at: <https://www.refugeecouncil.org.au/money-info/>
- ⁶ 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/>
- ⁷ Van Kooy. J. *ibid*.
- ⁸ Refugee Council of Australia. 18 December 2020. *Homelessness and Hunger Among People Seeking Asylum During COVID-19*. Accessed at: <https://www.refugeecouncil.org.au/homelessness-and-hunger-among-people-seeking-asylum-during-covid-19/>
- ⁹ Kenny, M. Procter. N. Grech.C. June 2022. *Temporary Protection Visas in Australia: A reform proposal*. Policy Brief 13. UNSW. Accessed at: [extension://elhekieabhbkpmcefcoobjddigjcaadp/https://www.kaldorcentre.unsw.edu.au/sites/kaldorcentre.unsw.edu.au/files/Policy_Brief_13_Temporary_Protection_Visas_Australia_Reform_Proposal.pdf](https://www.kaldorcentre.unsw.edu.au/sites/kaldorcentre.unsw.edu.au/files/Policy_Brief_13_Temporary_Protection_Visas_Australia_Reform_Proposal.pdf)
- ¹⁰ Kooy. J. September 2021. *Supporting Economic Growth in Uncertain Times: Permanent Pathways for Temporary Protection Visa and Safe Haven Enterprise Visa Holders*. Policy Options Paper. Accessed at: <https://apo.org.au/sites/default/files/resource-files/2021-09/apo-nid314128.pdf>, 2.
- ¹¹ Kenny, M. Procter. N. Grech. C. June 2022. *op. cit.* p. 7.
- ¹² Kaldor Centre. 26 April 2022. *The Cost of Australia's Asylum and Refugee Policies: A Source Guide*. UNSW. Accessed at: <https://www.kaldorcentre.unsw.edu.au/publication/cost-australias-asylum-policy#:~:text=In%20the%202018-19%20financial%20year%20the%20annual%20cost%2C,to%20live%20in%20community%20detention%20in%20Australia%3B%20and>
- ¹³ Leishman, C., Ong, R., Lester, L. and Liang, W. 2020. *Supporting Australia's housing system: modelling pandemic policy responses*. AHURI Final Report No. 346. Australian Housing and Urban Research Institute Limited Melbourne. Accessed at: <https://www.ahuri.edu.au/research/finalreports/346>, doi: 10.18408/ahuri3125701.
- ¹⁴ Ong, R., Pawson, H., Singh, R. and Martin, C. 2020. *Demandside assistance in Australia's rental housing market: exploring reform option*. AHURI Final Report No. 342. Australian Housing and Urban Research Institute Limited Melbourne. Accessed at: <https://www.ahuri.edu.au/research/finalreports/342>, doi: 10.18408/ahuri8120801.