



25 January 2023

The Hon Dr Jim Chalmers
The Treasurer
Commonwealth of Australia
Parliament House
CANBERRA ACT 2600

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

Dear Treasurer,

RE: PRE-FEDERAL BUDGET 2023

The St Vincent de Paul Society National Council of Australia (the Society) is a lay Catholic charitable organisation of over 45,000 members and volunteers and 6,000 employees who provide support to Australians in need. Our members and volunteers work in their local communities directly with people in need by giving them a 'hand up' and helping them get back on their feet so they can achieve their full potential.

During the COVID-19 lockdown years and following, Australians have been exposed to social isolation, financial hardships including cost of living and housing pressures, and natural disasters. Despite recent government efforts of assistance through temporary cuts to the fuel excise and disaster recovery payments, the Society has continued to witness growing demand, up 20 per cent in New South Wales alone.

Our analysis over the past decades identifies key social policies areas that are driving persistent levels of poverty and disadvantage. The Society believes that additional funding could address this disadvantage while stimulating economic growth.

These social policy areas include increasing the base rate of income support payments and the income threshold for income support recipients, funding the Status Resolution Support Service, increasing Commonwealth Rent Assistance and finding a replacement for the successful National Rental Affordability Scheme.

Working age payments, income thresholds, welfare and taxation reform

High inflation, rising interest rates and cost of living pressures are weighing on households' income and expenditure. Those most adversely affected are income support recipients. There are currently 923,530 Australians on JobSeeker and Youth Allowance (December 2022). The Society is aware that households relying on income support are five times more likely to experience poverty. Each year we provide over \$50 million in emergency relief assistance to cover people's basic needs.

Although Australia is a wealthy country, our unemployment payment rates remain amongst the lowest out of thirty-seven members of the OECD.¹

A recent Anglicare Report² found that while unemployment is low, long-term unemployment has barely budged. One in ten people do not have recent experience or qualifications, or they have other barriers to work. These Australians spend around five years looking for work.

A recent Oxfam Report³ found that inequality is increasing in Australia, with the richest one per cent gaining 10 times more wealth in the past decade than the bottom 50 per cent. Further, extreme wealth and poverty have increased simultaneously for the first time in 25 years.

Even with the recent Consumer Price Index (CPI) increase, JobSeeker is around \$48 a day, leaving recipients below the poverty line and surviving on only 42 per cent of the minimum wage. This is well short of what is needed to cover the basics – filling a small car with petrol costs around \$80, and weekly rents have skyrocketed, particularly in regional Australia where they have risen 12.5 per cent in the last year.

We appreciate that when the Australian Labor Party (ALP) supported the Coalition Government's tax cuts in 2019, the nation was in a very different economic environment. In 2023, the Society's position is that the Stage 3 tax cuts must be rescinded. Drawing on these savings would enable the base rate of working age payments to be increased.

Fifty-nine per cent of JobSeeker and Youth Allowance recipients have capacity to work in excess of 30 hours per week and just under one-in-four (23 per cent) of these recipients received earnings from employment in the last fortnight (December 2022). An increase in the earnings threshold, similar to that recently announced for aged pensioners, would incentivise income support recipients to earn extra income, gain experience and transition to full time work.

In April 2022, the Society commissioned the ANU's Centre for Social Research and Methods to model reforms to the Australian tax and welfare systems. The reforms are modest, do not involve a major overhaul of the systems and would be effective in reducing inequality that exists between Australian households. Importantly, the Society adopted a balanced budget approach as the foundation for the social policy reforms we believe will bring about a fairer Australia for the many Australians living in poverty and unable to secure safe and affordable housing.

Three options to deliver a fairer Australia by lifting people out of poverty are outlined in [A Fairer Tax and Welfare System in Australia](#) (CSRM Research Note 1/22). The options are paid for by moderate increases in capital gains tax, restructuring the superannuation tax system and indexing income thresholds against income growth, rather than the Stage 3 tax cuts.

- All three options include raising Commonwealth Rent Assistance by 50 per cent.
- The 'low' option increases JobSeeker by \$150 per fortnight (or an extra \$11 per day to \$59 per day). Revenue is raised by lowering the tax threshold for capital gains from 50 per cent to 35 per cent.
- The 'medium' option increases JobSeeker, Disability Support and Carers Pensions by \$200 per fortnight (or an extra \$14 per day to \$62 per day) and increases the Parenting Payment Single to the new JobSeeker rate for single parents (\$886 per fortnight).
- The 'high' option increases JobSeeker by \$436 per fortnight (or an extra \$31 per day to \$79 per day), increases Parenting Payment to the new JobSeeker rate and increases Family Tax Benefit Part A by 20 per cent (\$40 per fortnight for children under 13 years). Revenue is raised by replacing the flat 15 per cent tax on superannuation concessional contributions and earnings with a progressive tax, based on existing tax rates and thresholds, and with a substantial discount. The result is that superannuation tax paid for by most taxpayers would be either similar or less than their current rate. This option would lift up to one million people out of poverty.

Following the 2023 Federal Election, the Society has commissioned ANU to update its modelling, with amendments to assumptions and maps to demonstrate the change in poverty levels by electorate that could be achieved through taxation reform. The updated report is expected around March 2023.

The Society recommends the Australia Government:

- rescind the Stage 3 tax cuts
- increase the base rate of working age payments to a level that lifts a significant number of people out of poverty (see [A Fairer Tax and Welfare System in Australia](#))
- 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.

Status Resolution Support Service (SRSS)

People seeking asylum in Australia, and waiting for the Government to recognise their claim, receive the least amount of government help⁴ as they have access to little or no social safety net. One of the few forms of support available is the Status Resolution Support Service (SRSS) which provides a basic living allowance (around 89% of JobSeeker), limited casework support and sometimes access to torture and trauma counselling.

However, as outlined by the Refugee Council of Australia (ROA), funding to the SRSS was cut by 85 per cent (from \$245 million in 2016-17 to \$36.9 million in 2022-23). This, along with narrowing eligibility criteria, has resulted in recipient numbers falling from over 13,000 in early 2018 to around

1,900 in 2022. The narrow eligibility criteria and lack of clarity mean the SRSS is benefitting few clients and is administratively burdensome.

People seeking asylum experience years-long wait for decisions. On average, there is a two year wait for a departmental primary decision, and over six years for a review of decisions at the review tribunal. If people cannot work because of health conditions or caring responsibilities, they are left with no form of income for long periods.

Changes to the SRSS have resulted in welfare costs and responsibilities being shifted from federal to state agencies and community-based organisations, at an estimated cost of between \$80 to \$120 million per year.⁵ Charities are often left to fill the gaps but even with the best of intentions, it is not possible to provide asylum seekers with a basic income for years on end.

For example, the Society in Canberra-Goulburn works with two other refugee support organisations to assist around 70 households with accommodation support and living allowances and while the ACT Government provides some financial support, this ends on 30 June 2023.

A small group of Society members in Goulburn Valley (Victoria) are assisting 66 people (July - Sept 2022) of which 32 are unable to work, study or travel. Those with work rights are only in casual or seasonal work and when stood down are without income. Basic assistance provided by the Society includes help with accommodation, rent, food, fuel, medical and pharmaceutical needs. Accommodation is the most difficult problem to resolve due to the acute lack of housing or other suitable accommodation and unsustainable ongoing rentals. Recent floods have exacerbated these issues.

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. They are also not able to assist with ongoing issues related to physical or mental well-being.

The Society supports calls made by the Refugee Council of Australia and recommends the Australia Government

Increase spending on SRSS assistance and remove guidelines and policies that restrict access to the SRSS to

- ensure people have a valid bridging visa with associated work and study rights and are linked to Medicare while they await decisions on their protection application, including by automating the bridging renewal process.
- extend SRSS eligibility criteria to focus on needs of individuals and families and not job readiness, to prevent destitution.
- improve the clarity and transparency of the SRSS application process.

Costs of delaying permanent residency

Many refugees and people seeking asylum are suffering enormous disadvantage as a result of the previous Government's policies that the Albanese Government has promised to repeal but has not yet done so. To progress action on most of these issues from 2023-24, an appropriate budget allocation is needed in the May 2023 Budget.

In short, government costs could be reduced, the skills shortage addressed, and ALP policy implemented by adopting a different approach to people seeking asylum.

For instance, there are 19,345 people on Safe Haven Enterprise Visa (SHEVs) and Temporary Protection Visas (TPVs) (April 2022) who could be granted permanent residency. The Kaldor Centre has made 17 recommendations which could expedite this process and diminish associated costs, while ensuring fairer treatment.⁶

The previous Government's process took on average six years and pathways to permanency had limited success. The estimated cost to Government of reprocessing protection claims is at least \$300 million.⁷ Further, appeals to the Federal Court involve significant staff and legal resources as applicants are often self-represented and may have limited English.⁸ The ALP has promised to grant permanent residency to these visa holders. However, no action has been progressed.

Savings from streamlining or ceasing the existing processes could be redirected to the SRSS and to the provision of improved legal and support services.

Other savings could be found by granting asylum seekers bridging visas and allowing them to live in the community. In 2021, the Kaldor Centre estimated the annual cost per person to the Australian Government of detaining and/or processing refugees and asylum seekers offshore was almost \$3.4 million. In contrast, the cost of detention in Australia was \$362,000 per person. If the same person was granted a bridging visa and allowed to live in the community, the cost was \$4,429 per person.⁹

An end to mandatory offshore processing and detention would have saved an estimated \$800 million in 2022-23 alone. It would also address concerns expressed in the recent Human Rights Watch report.¹⁰

The Society recommends the Australia Government:

- provide a funding allocation to expedite the granting of permanent residency to over 19,000 SHEV and TPV holders and access to family reunions, both while waiting for permanent protection and once protection is granted.
- provide a funding allocation to achieve the ALP commitment of 27,000 refugee and humanitarian places and 5,000 additional community sponsorship places in 2024-25 (RCoA), with a minimum intake of 20,000 in 2023-24.
- grant appropriate work rights to all asylum seekers and refugees 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 provide funding to help them upskill for jobs needing staff. This would also 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.
- find safe and permanent re-settlement options 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/or moved to Australia.

Housing Accessibility

Recent reports have highlighted the lack of affordable housing in Australia and sky-rocketing rental costs. The reality is that housing options for those on low to middle incomes are rapidly disappearing.

The Society is also aware that housing costs are proportionately much higher for people on low incomes, especially if renting privately. Rental affordability in metropolitan and regional locations across eastern Australia has plummeted to record lows.

Commonwealth Rent Assistance

The recent Report on Government Services 2023¹¹ found that almost 44 per cent of low income households renting privately are in rental stress and were at risk of homelessness, despite receiving Commonwealth Rent Assistance (CRA).

Two parliamentary inquiries have called for CRA to be increased and independently reviewed, taking into account the maximum rates, method of indexation and its interaction with other relevant payments. Australian Housing and Urban Research Institute (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. This could also be used to assist 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.¹²

The Society supports National Shelter Australia and Australian Council of Social Services' (ACOSS) calls to increase to the maximum rate of CRA by 50 percent.

National Rental Affordability Scheme

The Society welcomes the Australian Government's commitment to establish a Housing Australia Future Fund and develop a National Housing and Homelessness Plan. While we recognise the length of time it takes to implement significant policy change, more urgent action is needed.

The National Rental Affordability Scheme is winding down, with 32,930 homes to be exited from the Scheme by 2026. This will push thousands of low-income renters into eviction or higher rents. While

the Housing Accord includes funding to incentivise superannuation funds and institutional investors to invest in the social and affording housing market, too few incentives remain for private market investment in rental housing.

The Society recommends the Australia Government:

- review Commonwealth Rent Assistance and increase the maximum rate by 50 per cent. This could be funded by reducing the capital gains tax discount from 50 per cent to 35 per cent (see ANU [A Fairer Tax and Welfare System in Australia](#) CSRM Research Note 1/22.
- provide a funding allocation to increase private market incentives, such as a replacement for the National Rental Affordability Scheme.

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

-
- 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-unemploymentbenefits/>
- ² Azize, M. 2023. *Creating Jobs, Creating Opportunity: Tackling long-term unemployment in Australia*. Anglicare Australia Canberra. Accessed at: <https://www.anglicare.asn.au/publications/creating-jobs-creating-opportunity/>
- ³ Oxfam Australia. 16 January 2023. *Survival of the Richest*. Accessed at: <https://media.oxfam.org.au/2023/01/australias-richest-1-gain-10-times-more-wealth-in-past-decade-than-bottom-50-oxfam/>
- ⁴ 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>
- ⁵ 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/>
- ⁶ Kenny, M. Procter. N. Grech.C. June 2022. *Temporary Protection Visas in Australia: A reform proposal*. Policy Brief 13. UNSW. Accessed at: [extension://elhekieabhbkmcefcobjddigjcaadp/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)
- ⁷ 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
- ⁸ 9 Kenny, M. Procter. N. Grech.C. June 2022. *Temporary Protection Visas in Australia: A reform proposal*. Policy Brief 13. UNSW. Accessed at: [extension://elhekieabhbkmcefcobjddigjcaadp/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). p.7
- ⁹ 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-asylumpolicy#:~:text=In%20the%202018-19%20financial%20year%20the%20annual%20cost%2C,to%20live%20in%20community%20detention%20in%20Australia%3B%20and>
- ¹⁰ [World Report 2023: Australia. Human Rights Watch](#). Accessed at: <https://www.hrw.org/world-report/2023/country-chapters/australia>
- ¹¹ Australian Government. 24 January 2023. *Report on Government Services*. Accessed at: <https://www.pc.gov.au/ongoing/report-on-government-services>
- ¹² 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.