

LET'S BUILD A FAIRER AUSTRALIA!

OCTOBER 2023



St Vincent de Paul Society
NATIONAL COUNCIL of AUSTRALIA Inc. *good works*



This image was commissioned by the Society from Budda Connors, a Ngunnawal artist from the Canberra region, who explains the meaning of the artwork as follows:

The Centre piece represents a meeting place for all six states and the two territories where the Society's members and services work. The three big white circles with the coolamons represent the three cups (vessels) the hand of Christ blesses the cup; the hand of love offers the cup; and the hand of suffering receives the cup. The seven light blue circles represent our seven key values. The handprints represent strength, unity and belonging. All the small white dots represent the healing that is circulated throughout our country. The small blue dots represent the people.

**St Vincent de Paul Society National Council of Australia
acknowledges the traditional custodians of country throughout
Australia; recognises their continuing connection to land, waters
and culture and community; and pays its respect to elders past,
present and emerging.**

WHO WE ARE

St Vincent de Paul Society is a lay Catholic charity with over 45,000 members and volunteers and 3,000 employees operating in Australia. Founded in poverty and plague-stricken Paris in the 19th century, we have been in Australia for almost 170 years. Our people are locals who help all people in need in their communities. We are a registered charity, overseen by the Australian Charities and Not-for-profits Commission (ACNC).

Our work is informed by the teachings of our founder, Frederic Ozanam. Our Mission and Values draw on Catholic Social Teaching principles and we follow the Society's Rule which sets our international charter.

We strive for a fairer Australia for all.

WHAT WE DO

Through generous donations, sales through our Shop Network, and some government funding, the Society distributes over \$50 million each year in emergency relief. This is done by our dedicated members and through our conferences and centres located in communities. Additionally, we provide short term, emergency and longer-term community housing options, meals, clothing, and support services.

While providing material support to people, we also lend an ear and connect people with other networks and services, depending on their needs. Our aim is to empower people to help them achieve their full potential.

We aspire to live the gospel message by serving Christ in the poor with love, respect, justice, hope and joy, and by working to shape a more just and compassionate society

The Society's National Council approves our policy positions. Our advocacy is informed by the experiences of those we assist and by our members, through the National Council's Social Justice Advisory Committee and the Vincentian Refugee Network.

We advocate for policies and funding that improve people's lives. We do so in a way that aligns with our charitable purpose and is politically non-partisan.

A VOICE FOR THE VOICELESS

We believe in human dignity, the common good and in our responsibility for each other. We strive for social conditions that ensure everyone can realise their full potential.

Our belief in solidarity helps us to see the 'other' as our neighbour, a helper, a sharer on a par with ourselves.

We believe in subsidiarity, or respect for personal dignity, and the importance of those most affected by a decision or policy having input to it.

We respect Australia's international human rights commitments, including the International Covenant on Economic, Social and Cultural Rights, the International Covenant on Civil and Political Rights and Australia's support for the United Nations Declaration on the Rights of Indigenous Persons.

Our policy positions are qualified by the experiences of those we assist and our members, and by Australia's extensive evidence-base in social policy and various research projects commissioned by the Society.

OUR WORK WITH OTHERS

The Society engages with other church-based charities and not-for-profit organisations in the delivery of assistance to people in need and our policy positions generally align with them. These organisations include Catholic Social Services Australia, National Shelter Australia, the ACTU, Everybody's Home, ACOSS, Refugee Council of Australia, Jesuit Refugee Services and the Catholic Alliance for People Seeking Asylum.

Why it's important

Australia is a wealthy country but has a shortage of affordable housing, growing inequality, increasingly insecure work and wages that have not kept up with inflation. Households that rely on income support are struggling to survive. One-in-six children are living in poverty, and great disadvantage persists in a number of mainly regional and remote communities.

Now, more than ever, government policy and fiscal management need to be robust, evidence based and directed to areas of greatest need.

Our 2022 Federal Election Statement, *A Fairer Australia*, has been updated to cover social justice priorities related to (1) Australia's First Nations Peoples, (2) People Seeking Asylum, (3) Secure Work, (4) Combatting Homelessness and Increasing Affordable Housing, (5) Income Support, Poverty and Debt, and (6) A Fairer Tax and Welfare System.

This booklet, *Let's Build a Fairer Australia!*, collates our social justice advocacy positions on these topics at the federal level.

More information is also available on our website, as well as a Report Card that tracks the Australian Government's progress against our social justice priorities.

Our service to others, and advocacy on their behalf, is inspired by the words of St Vincent de Paul:

Deal with the most urgent needs... Teach reading and writing, educate with the aim of giving each the means of self-support. Intervene with authorities to reform structures... there is no charity without justice.

St Vincent de Paul Society National Council of Australia acknowledges the traditional custodians of country throughout Australia; recognises their continuing connection to land, waters and culture and community; and pays its respect to elders past, present and emerging.





LET'S BUILD A FAIRER AUSTRALIA!

AUSTRALIA'S FIRST NATIONS PEOPLES

Summary

The Society stands in respectful solidarity with Australia's First Nations peoples.

We honour First Nations peoples' cultures, lands, waters, histories and rights to live in a society free of economic, social and cultural oppression.

Our members, volunteers, and staff acknowledge and adhere to these values in all aspects of their work.

We celebrate the deep, abiding pride that Australia's First Nations peoples have in their diverse cultures, and we greatly value the contributions they make to Australian society.

We recognise and admit past and continuing injustices as the first step towards reconciliation.

We support the United Nations Declaration on the Rights of Indigenous Peoples. Improved outcomes will only be achieved when First Nations peoples are able to 'live in dignity, to maintain and strengthen their own institutions, cultures and traditions and to pursue their self-determined development, in keeping with their own needs and aspirations'.

We are committed to providing employment and procurement opportunities for First Nations peoples and strive to ensure our workforce and supply chains reflect the diversity of the communities we serve.

The Society calls for:

- funding of, and commitment to, Closing the Gap targets by all Australian governments
- the age of criminal responsibility to be raised from 10 to at least 14 years of age, and
- ongoing funding of community-led programs on justice reinvestment and services that keep children safe.

Uluru Statement from the Heart and constitutional recognition

The Society first supported constitutional recognition of Australia's First Nations Peoples back in 2012, in response to the Constitutional Recognition Bill and then again in 2014, in a submission to the Senate Select Committee on Constitutional Recognition. In 2022, the Society's position was restated in our Federal Election Statement, [A Fairer Australia](#) and updated in our [2023 statement on Australia's First Nations peoples](#), which was launched during Reconciliation Week. Recently, we prepared a [submission](#) in support of the 2023 Constitution Amendment Bill.

Our position supporting constitutional recognition was also held by the National Aboriginal and Torres Strait Islander Catholic Council and church-based charities including Anglicare Australia, Catholic Social Services Australia, The Salvation Army, and Uniting Care Australia.

The Society continues to support the Uluru Statement from the Heart in full and work with First Nations peoples towards recognition, reconciliation and justice.

The Society's position is informed by and aligns with Catholic Social Teaching principles.

The Society notes similar endorsement of the Uluru Statement from the Heart by the Australian Catholic Bishops Conference and the Fifth Catholic Church Plenary Council of Australia's First Decree, *Reconciliation: Healing Wounds, Receiving Gifts*.

The Society respects the outcome of the 2023 referendum and remains committed to advocating for improvements to the co-development and co-design of policy and funding of services and programs. We are all too aware of the few significant improvements made to the wellbeing of our First Nations peoples, despite changes of governments and policies. Change can only be achieved by empowering First Nations communities, groups and individuals to contribute to the important policy making decisions that impact on their lives.



LET'S BUILD A FAIRER AUSTRALIA!

AUSTRALIA'S FIRST NATIONS PEOPLES

Closing the Gap

The Society welcomes the Australian Government's National Agreement on Closing the Gap and its commitment to work alongside the Coalition of Peaks and state ministers to meet the 19 targets.

We support the *Change the Record* campaign, the only Aboriginal-led justice coalition of experts aimed at ending the incarceration of, and family violence against, First Nations peoples.

The Society supports:

- capacity-building sector plans for disability, housing, community and early childhood care developed by the Joint Council on Closing the Gap and calls for additional funding to support their implementation
- additional funding of \$1.9BN over 5 years (2023 Budget), \$424M to support the second Closing the Gap Implementation Plan (February 2023), and \$1.2 BN announced in October 2022, and
- Aboriginal led initiatives and continued review and investment by all governments.

Ongoing investment and review are needed to ensure progress is being made. The annual Productivity Commission's Closing the Gap data report (July 2023) shows that progress towards the 15 targets that can be assessed (out of 19) has been limited, with only four on track to be met. However, outcomes are improving for most targets and seven of the targets that are not on track are nevertheless improving.

Most concerningly, outcomes are deteriorating in rates of adult imprisonment, children in out of home care, suicide and children's early development at the start of school.

Some states and territories are contributing more towards the progress of national target outcomes than others. However, it is not possible to assess the adequacy of contributions as there are no formal 'targets' to assess state and territory progress against. Worsening progress in eight target areas is of concern and evident in the Northern Territory, while Victoria's and South Australia's outcomes for children in out of home care were below the national average.

The Standing Council of Attorneys-General has noted that reduction of the rate of First Nations adults in incarceration by at least 15 per cent by 2031 is not on track, and that significant and transformational criminal justice reform will be required by all Australian governments to turn the tide on First Nations adult incarceration. And that while a reduction in the rate of First Nations young people in detention by at least 30 per cent by 2031 is on track, more can be done to ensure this target is achieved (September 2023).

The continued monitoring of progress against outcomes is vital and demonstrates that more must be done.

The Australian Human Rights Commission's annual *Close the Gap Report* chronicles the success of culturally safe and place-based, Aboriginal-led initiatives and calls for urgent investment in community-led solutions. As noted by the Secretariat of National Aboriginal and Islander Child Care, "Just letting us sit at the table is not enough to drive the change we need. Listen to our solutions to improve the lives of our children and families. And work with us to make the change a reality." The Society supports this call wholeheartedly.

Age of Criminal Responsibility

All children should be safe and have access to resources and networks that help them make good life choices. The entry of children into the youth justice system disproportionately impacts First Nations children, with too many being locked away in juvenile detention facilities and even adult prisons.

The Society supports the Justice Reform Initiative and believes that 'punishing away' the issue by increasing penalties and building more detention facilities are not the solution. Evidence shows children remain in cycles of disadvantage and imprisonment due to a lack of early critical support services including health, disability, rehabilitation and family supports. Holding children in prison also begins a cycle of criminalisation - the younger the child is when first having contact with the justice system, the more likely they are to go on to reoffend.

The United Nations Committee Against Torture is seriously concerned about Australia's extremely low



LET'S BUILD A FAIRER AUSTRALIA!

AUSTRALIA'S FIRST NATIONS PEOPLES

age of criminal responsibility, the practice of keeping children in solitary confinement and the use of physical restraints to discipline children.

The Society supports:

- the Law Council of Australia's call for all governments to raise the age of criminal responsibility to 14 years, and
- ongoing funding of community led solutions and early support services that help children to learn from their mistakes, grow and thrive.

The Society welcomes the re-convening of the Age of Criminal Responsibility Working Group, reporting to the Standing Council of Attorneys-General. While we are heartened by progress made in the ACT, Northern Territory and Victoria, progress elsewhere is slow, and messages are mixed. Tasmania is committed to raising the age but is exploring how reforms can be prioritised. Queensland also supports a national approach (but to 12 years) and seeks a framework to manage harmful behaviours.

The Society calls for continued funding of culturally led early-intervention and support services, including the Justice Policy Partnership's development of community-based pathways away from the criminal justice system for children under 14 years.

In September 2023, the Standing Council of Attorneys-General received a final report from the Age of Criminal Responsibility Working Group on the services and supports needed to support children diverted from the criminal justice system. The Standing Council has agreed to consider the report and return to the December 2023 meeting with a position or update on minimum age of criminal responsibility reform in their jurisdictions. The Society looks forward to the release of the Working Group's report and a commitment to further progress this important work.

Justice Reinvestment

The Society welcomes the Australian Government's commitment to justice reinvestment and strengthening access to justice, with responsibility shared between all governments.

The Society supports:

- the establishment of an independent National

Indigenous Justice Reinvestment Unit to monitor justice reinvestment outcomes, and

- ongoing funding of community-led justice reinvestment initiatives.

We welcome the Australian Government's \$81 million commitment over four years for up to 30 communities to establish locally tailored justice reinvestment initiatives, but ongoing funding is needed. We also are heartened to hear of progress made including the opening of the National Justice Reinvestment Program and the Justice Reinvestment in Central Australia Program.

While the 2023 Budget included additional funding of \$21 million for Aboriginal and Torres Strait Islander Legal Services, the Society supports the view that this does little more than keep the lights on, and that an increase of around \$250 million in core funding is needed to stop ongoing service freezes in multiple communities around Australia. Demand for legal assistance has increased 100 per cent since 2018 but core funding from the Commonwealth has declined in real terms (Karly Warner, Chair of National Aboriginal and Torres Strait Islander Legal Services).

Keeping Children Safe

The Society supports the first Action Plan under *Safe and Supported: The National Framework for Protecting Australia's children (2021-31)*, developed by First Nations young people, families and organisations. Commonwealth funding of Aboriginal Community-Controlled Organisations through the Closing the Gap Evidence and Outcomes Fund to reduce the rates of children in out of home care is also supported.

We welcome all governments delegating powers of child protection services to grassroots Indigenous organisations and supporting kinship connection. We hope that the transformed system, with its focus on prevention, will reduce the number of at-risk children going into child protection.

We call all governments to provide ongoing funding to support changes to child protection services and the provision of parenting programs, alcohol and drug rehabilitation and mental health support for families.



LET'S BUILD A FAIRER AUSTRALIA!

PEOPLE SEEKING ASYLUM IN AUSTRALIA

Summary

Since the start of his pontificate, Pope Francis has expressed particular concern for people fleeing war and persecution. He continues to repeatedly call on the global community to welcome and protect them.

In the last decade, Australia has failed in its legal and moral duty to welcome or protect people who have sought asylum in our country, arriving here by boat, despite their being entitled to seek protection under international law.

About 30,000 people who arrived in Australia by boat have been subject to special, unfair treatment in their refugee (fast track) assessment process. Even if found to be refugees, they were only granted temporary visas, while of the thousands still involved in the process, many are suffering destitution, with no access to a social safety net when they are unable to work.

Several thousand others were sent to Papua New Guinea (PNG) and Nauru for processing.

Many are held in arbitrary, indefinite detention in breach of our obligations under the International Covenant on Civil and Political Rights and the Convention Relating to the Status of Refugees.

Detention should only be used when a person poses an unacceptable risk to the community and that risk cannot be addressed in a less restrictive way. Even then, detention must be time limited and proportionate.

In recent years, Australia also reduced its annual humanitarian intake of refugees, although in 2022 the Morrison Government agreed to take more Afghan refugees in addition to that year's intake cap.

The Society supports:

- a path to permanent protection for nearly 20,000 refugees on Temporary Protection Visas (TPVs) and Safe Haven Enterprise Visas (SHEVs) and cancelling Ministerial Direction 80 which prevented these people seeking family reunion
- the movement of people on Nauru to resettlement in a safe third country or temporarily to Australia

- reduction in the number of people in Australian immigration detention from 1,400 in May 2022 to 1,100 in May 2023 largely through increased and more sympathetic Ministerial intervention, and
- an increase in Australia's annual humanitarian intake to 20,000.

Why change is needed

There is still so much more to be done, as a matter of urgency, to remove the injustices still being inflicted by the Australian Government on vulnerable people for more than a decade.

In August 2022, the Immigration Minister stated in Parliament that he was determined to implement all aspects of the Labor Party's 2021 National Platform as it related to refugees and asylum seekers.

So, we look forward to the Australian Government quickly implementing the following elements of the most recent 2023 Labor platform:

- replacing the fast track process with a fairer resolution of the backlog of cases through robust, efficient and transparent assessment processes, including access to review, consideration of additional material and independent advice
- people seeking asylum having means-tested access to appropriate support services, including income, crisis housing, healthcare, mental health, community and education support during the assessment of the claim for protection, in addition to work rights and study rights
- the inclusion of refugees in Indonesia within the increased humanitarian intake, while working across the region to support and resettle refugees
- the obligation to provide appropriate health, security and welfare services to people seeking asylum (including all those held offshore) with the highest priority given to the humane, durable and timely resettlement of refugees subject to third country resettlement agreements



LET'S BUILD A FAIRER AUSTRALIA!

PEOPLE SEEKING ASYLUM IN AUSTRALIA

- an improved approach to immigration detention, where indefinite or otherwise arbitrary detention is not acceptable
- enshrining the “90-day rule” into law with respect to immigration detention being for no more than 90 days
- including the community sponsorship program in complementary resettlement and specifying that this intake should be in addition to the humanitarian program and progressively increased to 10,000 places per year
- the progressive increase of Australia’s annual humanitarian intake to 27,000 people
- the appointment of a Special Envoy for Refugee and Asylum Seeker issues, and
- the conduct of a parliamentary inquiry into immigration detention.

The Society calls for:

- an adequate safety net for all asylum seekers and a fairer process for all affected by the unjust fast track process
- resettlement of all people still subject to offshore processing and people held in PNG immediately moved to Australia while they await resettlement
- legislation to make immigration detention a last resort, limited to a maximum of 90 days, and improvements to the living conditions of those that must be detained for security reasons
- increases to the annual humanitarian intake to 27,000 by 2025-26, increases to the community support program to 10,000 (making it additional), acceptance of refugees in South-East Asian countries within these increased intakes and a reformed family reunion process, and
- a parliamentary inquiry into immigration detention both offshore and onshore starting in 2023.

An adequate safety net

The Status Resolution Support Services (SRSS) is one of the main forms of support for people while waiting to resolve their immigration status. The SRSS has experienced an 85 per cent cut in funding over five years. Restricted eligibility criteria have also seen recipient numbers drop from around 13,000 to under 2,000 now. Almost four in five of these people are at risk of homelessness and only one in five is actually ‘job ready’, although much higher numbers are deemed so. The result is a shift in welfare costs and responsibilities from federal to state agencies and community-based organisations, at an estimated cost of between \$80 million to \$120 million per year.

While one-off emergency relief payments are available, they do little to prevent people from living in over crowded conditions, becoming homeless or falling into destitution. During the pandemic, the homelessness rate for people seeking asylum was estimated to increase to over 12 per cent, affecting 14,000 people at an additional cost of \$181 million in health, justice, social and other services. Almost 90 per cent of people seeking asylum and requiring assistance from agencies reported difficulty with paying rent. Over 70 per cent went without meals and around 75 per cent had difficulty paying their utility bills. If people seeking asylum are to live with dignity while awaiting decisions on their protection application, they must be able to access SRSS and have a valid bridging visa with associated work and study rights that are linked to Medicare. The bridging renewal process should also be automated.



LET'S BUILD A FAIRER AUSTRALIA!

PEOPLE SEEKING ASYLUM IN AUSTRALIA

Papua New Guinea

It has been ten years since boat arrivals were shifted from Christmas Island (Australian Territory) to Manus Island (PNG). The Albanese Government now argues that Australia has no responsibility to the people left in PNG and that, as a result of a confidential agreement with the previous Australian Government, responsibility now rests with PNG.

Australia must help facilitate the removal of these people to Australia, New Zealand, Canada, or the United States. For those in PNG suffering from severe long-term psychological damage and health problems, they face the prospect of early deaths. All those still should be brought to Australia and provided the services and care they require, while they await permanent resettlement.

Up to 50 people in PNG have no third-party resettlement options and live without legislative protections, documentation, or official recognition. Many left in PNG are now in marital relationships or similar. This might make staying in PNG easier for them, but it complicates the resettlement process for those entitled to it. The Australian Government must help facilitate resettlement of all these people, including partners, to eligible third-party countries, or to Australia.

The people left in PNG have been abandoned by successive Australian Governments. Yet Australian policies forced all these people to Manus Island. It is well overdue for the Australian Government to resolve this issue once and for all.

The current management regime is cruel and costly. It is time to end it.

If the status quo remains, the annual cost, per person to the Australian Government is:

- \$350 million to keep an empty detention centre open in Nauru
- a confidential amount to keep about 70 people in Papua New Guinea, at a cost of almost \$3.4M for each person held offshore (in 2021)
- \$362,000 to hold an individual in detention in Australia, and

- only \$4,429 for an asylum seeker to live in the community on a bridging visa while their claim is processed.

The current programs and processes operating in Australia benefit few people and have high administrative overheads. Successive cuts to services have undermined people's efforts to resolve their immigration status. It is time to resolve this unacceptable situation.

Finally, a recent United Nations Committee Against Torture report urges changes to Australian refugee policy. It lists concerns about the ill-treatment of people held in immigration detention centres and subject to Australia's offshore processing and turnback policies. The report highlights breaches of international law in Australia's treatment of refugees. It concludes that Australia maintains legal responsibility because people in offshore detention are under Australia's effective control as Australia transferred them "to centres run with its financial aid and with the involvement of private contractors of its choice." It urged the Australian Government to end offshore processing and transfer all people to Australia.



It is a duty of humanity, it is a duty of civilisation, to save people in difficulty.

- Pope Francis





LET'S BUILD A FAIRER AUSTRALIA!

SECURE WORK

Summary

Australian workers in all fields deserve to be treated with dignity and respect. They must be able to pursue their rights and have just working conditions.

Everyone deserves a fair, living wage, one that provides job choice and security.

The wellbeing of workers continues to decline, despite job market growth. Wages have stagnated for years and are failing to keep up with inflation. In contrast, excessive corporate and business profits have skyrocketed.

Australia has one of the highest rates of insecure employment in the OECD.

The type of casual employment that exists here is shared by no other country. It is characterised by no guarantee of working hours or continued employment, no entitlements to paid leave and no specification in industrial awards of higher minimum rates of pay than apply to non-casual employees.

Less than half of working Australians now hold a permanent, full-time waged job with entitlements. And the pandemic has seen the fastest growth of casual jobs in Australia's history.

Insecure work most often means low pay, inferior rights, irregular hours, poor work/life balance, limited job tenure, limited access to leave, skills development and career pathways, and increased risk of injury, harassment, and wage theft.

People with lower skills, young workers, women, single parents, temporary visa holders and workers with disability unable to access the Disability Support Pension are more likely to be employed in insecure work, especially in the retail, hospitality, health, aged care, childcare, and agricultural sectors.

In line with Catholic Social Teaching on work, the dignity of the person must be prioritised. Work should be for the common good, with employees treated as people first and not units of labour to be used for purely economic ends. As a lay Catholic organisation, the Society continues to advocate for workers' rights to safe working conditions and a fair minimum wage based on justice and equity – a

living wage that covers the actual needs of a person, provides them with agency and security for the future.

The Society supports the Australian Government's commitment to:

- extend the powers of the Fair Work Commission (FWC) to set minimum standards for new forms of work, such as gig work
- successful passage of the Jobs and Skills Australia Amendment Bill to establish Jobs and Skills Australia with functions to include identification of labour imbalances and skills demand and supply, and development of an annual work plan
- amend legislation to set an objective test for determining when a worker is casual and giving workers the right to challenge unfair contractual terms
- legislate same job, same pay conditions to guarantee labour hire workers receive the same pay and conditions as directly employed workers doing the same job
- establish a national labour hire licensing scheme to ensure minimum legal standards are met
- improve access to jobs and training pathways for women, First Nations people, regional Australians and culturally and linguistically diverse people, including equity targets for training places
- articulate a full employment objective, reduce the structural issues that cause unemployment and manage the economy in a way that maximises opportunities for more Australians
- release of an Employment White Paper in September 2023, and
- the current Parliamentary Inquiry into the Workforce Australia program, including employment service providers.

St Vincent de Paul Society in Australia welcomes passing of the Fair Work Legislation Amendment (Secure Jobs, Better Pay) Bill 2022 particularly:

- strengthened access to flexible working arrangements



LET'S BUILD A FAIRER AUSTRALIA!

SECURE WORK

- inclusion of job security and gender equity in the Objects of the Act and at the heart of the FWC's decision-making
- limited use of fixed-term contracts used for the same role over an extended period (of two consecutive terms or a maximum duration of two years)
- prohibition of pay secrecy clauses and sexual harassment in connection with work
- strengthening of protection for workers against discrimination to bring the Fair Work Act into alignment with other Commonwealth anti-discrimination legislation
- a new statutory equal remuneration principle including equal pay for female-dominated industries and the establishment of two expert panels in the FWC covering women and the care and community sectors. This will help address the global gender pay gap where Australia has fallen in rankings from 12th to 43rd
- changes to flexible work arrangement processes where employers are obliged to consult with employees and the FWC may intervene, enforce or make a determination, and
- amendments to support more than one form of bargaining (enterprise level) which now represents just 15 per cent of employee agreements compared to 27 per cent in 2012. Enterprise bargaining has been promoted at the expense of other forms of collective bargaining (such as multi-employer) or other means of regulating wages and conditions and no longer delivers pay rises with productivity growth.

The Society calls for:

- successful passage of the Closing Loopholes Bill and continued commitment by the Australian Government to addressing wage suppression and undervalued jobs
- a review of mutual obligation requirements and employment programs under Workforce Australia, and
- a more detailed strategy to assist the underemployed and the long-term unemployed.

We support greater flexibility for job seekers and a system that better supports their needs.

We endorse the ACTU's view that the *Fair Work Act* is complex, does not protect workers in a rapidly changing economy and emphasises enterprise agreement making even though only 15 per cent of employees are covered by these agreements. It applies to traditional employment relationships at a time when these relationships are being undermined by the gig economy, labour hire licencing and sham contracting. It does not provide workers with adequate mechanisms to achieve fair wage increases or to improve their conditions, and legislative amendment is required.

One in four people is employed on a casual basis and the majority are women. They earn less than half that of permanent workers per week and over half are 'permanent casuals', employed for over one year through consecutive contracts but with no entitlements. The current system has a disproportionate impact on already disadvantaged communities and vulnerable people. We need improved protections against insecure work and an enterprise bargaining system that enables workers' wages to keep up with the costs of living.

This is why the Society supports the Fair Work Legislation Amendment (Closing Loopholes) Bill 2023. Change is needed if we are serious about addressing the gender pay gap, which remains persistently high, irrespective of the measure used. In particular, the Society supports:

- a new, fairer definition of casual work and employment
- a more objective test for sham contracting
- independent contractors being able to access justice through a low-cost jurisdiction in the FWC, but this should be extended to cover all independent contractors
- providing the FWC with the power to grant rights to gig workers after considering the views of both workers and companies but this should be extended to all gig economy workers, not just those engaged through a digital platform



LET'S BUILD A FAIRER AUSTRALIA!

SECURE WORK

- provisions that prevent businesses from re-organising their staff employment structures to avoid paying the agreed-upon rates set in Enterprise Bargaining Agreements (EBA), but these provisions should apply in most circumstances where labour hire is used, not just where there are EBAs
- provisions that enable unions to check union members' pay records where wage theft is suspected, support workplace representatives while upholding workers' rights and increase penalties to incentivise investment in payroll systems, and
- an equal approach for all workers, including those in small business which means that small businesses should not be excluded from many of the new provisions.

Assisting the underemployed and the long-term unemployed

For years, a punitive policy approach to income support recipients has been adopted, through a system that lacks flexibility and failed to take account of the rapidly changing economy that has resulted in increased job insecurity.

Around 80 per cent of JobSeeker recipients have been on the payment for more than one year. Research shows that people are likely to be unemployed for longer if they undertake mutual obligation activities or participate in employment services. Thousands of people who are homeless, live with disability or identify as First Nations people have been disproportionately affected by welfare payment suspensions incurred when mutual obligation requirements are not met.

A 2017 study found the rate of long-term unemployed people has increased over the last decade. Two thirds of income support recipients hold high-school qualifications only, but 'entry level' jobs have slipped from 22 per cent to 15 per cent over a decade.

Anglicare's 2022 Jobs Availability Snapshot found that the number of people with barriers to work has changed with most having been out of work for around five years. Even with the current rebound in

job vacancies, the number of people with barriers to work remains stubbornly consistent. They are competing with at least 15 other people for each entry-level role and these roles are drying up. Just one in 10 of all vacancies are low-skilled jobs at entry-level, compared to one in four, 15 years ago.

Employment Service Sector, Workforce Australia and Mutual Obligation

Those in greatest need of support from employment services face the greatest competition for work. Research shows the longer a person is unemployed, the slimmer their employment chances become. The Commonwealth's employment service system is failing to place long term unemployed people into secure work. People want to engage in activities that lead to work but very few believe that mutual obligations are helping them find it.

Employment training programs should enhance self-esteem, preserve human dignity, align with people's skills, and meet labour market demands. A flexible employment service sector is essential – one that is responsive to feedback and committed to continuous improvement. Privatised employment service providers should be assessed and rewarded for their ability to place people in long-term work, not for the delivery of short-term training programs that do not produce results. Breach powers should also be returned to Services Australia.

Some income support recipients are placed through the Society's shop network as part of their mutual obligation requirements or through work for the dole programs (but much less so). The extent to which placements occur varies considerably by location.

The Society does not pretend that the existing employment service sector or administrative regulations for income support compliance are perfect. They are not. We continue to advocate for a fairer, more flexible, and effective system. The contribution of people in our shop network through all placement programs is valued and appreciated. People are supported, provided with opportunities, given responsibilities, trained and treated with the same respect and dignity as any other volunteer or staff member.



LET'S BUILD A FAIRER AUSTRALIA!

SECURE WORK

However, the Society has identified where improvements to the current mutual obligation and work for the dole programs could be made. These include improving communication (from employment service providers), administration (by Workforce Australia and employment service providers), appropriate time frames for placements, increased support for people on placement, particularly when transitioning from income support to paid employment, and providing people with greater agency and flexibility.

We look forward to engaging with the Parliamentary Select Committee's review of the broader Workforce Australia Employment services system. Issues to be considered include supporting jobseekers into suitable, sustainable jobs, the nature of mutual obligations, activation, compliance and enforcement, and quality assurance of employment services. We hope that recommendations for improvement made by the Select Committee will be acted on by the Australian Government. The final report is due 30 November 2023.

Full employment

The Society supports a full employment objective which is also supported by ACOSS, the Business Council of Australia and the ACTU. Pursuing full employment can help create more job opportunities, improve job quality, provide steady income growth, and enhance the equitable sharing of economic growth.

The Australian Government's Employment White Paper sets the foundations of the policy framework towards full time employment. The Society agrees with ACOSS' view that more must be done to define targets to reduce unemployment, underemployment and poverty. Government investment is also needed in the growth areas of climate change adjustment and care services. Reform of employment services is also essential to lifting the skills of people who are long-term unemployed and connecting them with the right employer. Reforms to Workforce Australia and the Local Jobs Program and extending the time that income support recipients could access some benefits upon gaining employment are also welcome.

Debates surrounding employment and unemployment are always almost exclusively economic. This does not adequately consider the wider social implications of what happens to ordinary people. For example, a Sydney University study highlights the causal relationship between unemployment, underemployment, and suicide. The study concludes that approximately 1 in 10 of the total 32,331 suicides from 2004-2016 have causal connections to unemployment and underemployment. The study recommends (among other things) that a policy of full employment should be part of any comprehensive national suicide prevention strategy. Employment and unemployment policies must not be limited to the economic bottom line. They have significant real world social consequences. In fact, for some of our most vulnerable citizens these policies are literally a matter of life and death.



**Work is for the common good
– employees are people first,
not units of labour used for
purely economic ends.**





LET'S BUILD A FAIRER AUSTRALIA!

COMBATting HOMELESSNESS, INCREASING AFFORDABLE HOUSING

Summary

Under international law, secure and adequate housing is a human right, essential for human survival with dignity.

A home should be safe and affordable. Yet on any given night, more than 122,000 Australians are homeless. A high number of them are unemployed, and many have experienced family and domestic violence. Almost one in four are aged from 12 to 24 years. The monthly number of people using homelessness services has increased by eight per cent over the last four years, double the growth in the national household population.

Being homeless, or at risk of homelessness, or experiencing housing stress is a denial of dignity and greatly limits a person's life potential.

While far too many people are homeless, housing and property investment has become a significant way to generate wealth and constitutes a high proportion of Australian household wealth. This has helped make housing increasingly unaffordable, especially for low- and middle-income Australians aged 55 years and under.

For too long, policies that improve housing affordability, security, safety and energy efficiency have been neglected. Social housing now comprises around 4 per cent of the housing supply compared with almost 6 per cent in 1996. In the developed world, Australia has one of the lowest levels of housing stock per adult, with just over 400 dwellings per 1,000 people. The highest number of overcrowded dwellings is in public housing and in major cities (over 9,100 households).

Continued failure to act is estimated to cost the community \$25 billion per year by 2051.

Those most affected are people living in poverty – JobSeeker recipients, single parents, older people in the rental market and people living with disability. A single person on JobSeeker cannot afford to rent anywhere in Australia, even after factoring in Commonwealth Rent Assistance and other available payments. The median income household would require 30.8 per cent of income to service a new rent lease nationally, but this increases to 51.6 per cent for lower income households (May 2023).

Workers are not faring much better. A couple comprising two full time workers earning the national minimum wage faces unaffordable to moderately unaffordable rents across most metropolitan areas (excluding Greater Adelaide).

People are also living far from work, commuting for hours and paying exorbitant rent. This applies especially to essential service workers such as police, nurses and teachers. Rental growth and affordability vary significantly within and across city and regional areas, with rental growth in regional areas now falling after a period of record demand. This has not only increased housing stress but also left many regional businesses unable to solve the skills shortage. From 2020-23, rents in Sydney's outer Local Government Areas (LGA) increased by more than 30 per cent, while Southeast Queensland has had the largest rental rises, with all 12 LGAs experiencing rental increases of 30 per cent or more.

We are also acutely aware that many people are just one life event away from housing stress – losing a job, falling ill, becoming a carer, ending a relationship, being on a temporary visa or experiencing family and domestic violence.

All governments must work together to address the housing crisis.

The Society supports:

- The elevation of the **Minister for Housing and Homelessness** to Federal Cabinet.
- The widening of the remit of the **National Housing Infrastructure Facility**, with \$575 million unlocked for social and affordable housing and cross agency and government partnerships fostered to attract private capital.
- The establishment of a **National Housing Supply and Affordability Council**. While the Council is an independent statutory advisory body and governed by an independent Board, members of the Board will be appointed by the Minister who may also provide direction on the Board's performance and functions.
- The \$10 billion **Housing Australia Future Fund** to build 30,000 new properties in five years, although more is needed to address the current



LET'S BUILD A FAIRER AUSTRALIA!

COMBATting HOMELESSNESS, INCREASING AFFORDABLE HOUSING

housing shortfall and improve the quality and energy efficiency of existing housing stock, such as annual funding top-ups. Finance options will also be available to facilitate institutional investment in social and affordable housing.

- The establishment of a **Regional First Home Buyer Scheme** and a **Help to Buy Program**.
- The development of a new **National Housing and Homelessness Plan** with benchmarks and targets. Annual progress reports should be tabled in Parliament, and the Plan must complement the next intergovernmental **National Housing and Homelessness Agreement (NHHA)**. As recommended by the Productivity Commission, the focus of the NHHA must be on increasing homelessness services and improving the targeting of housing assistance and affordability of the private rental market.
- The announcement of a **National Housing Accord** with an additional \$350 million to deliver 10,000 affordable homes over five years from 2024. We support incentives for institutional investors and superannuation funds to invest in social and affordable housing by covering the gap between market rent and subsidised rents. We support state and territory government funding of up to 10,000 new homes, bringing the total to 20,000 homes. We welcome the expansion of the Affordable Housing Bond Aggregator by expanding the liability cap (by \$2BN) and offering incentives to deliver new affordable build-to-rent projects. We also support the increase to the depreciation rate from 2.5 to 4 per cent per year for eligible new build-to-rent projects.
- Local governments delivering planning reforms and freeing up landholdings. It is essential that state and territory governments expedite zoning, planning and land release for social and affordable housing. We look forward to the **reforms proposed by the Planning Ministers'** proposal for National Cabinet to increase housing supply and affordability, in partnership with the Australian Local Government Association. We also hope that the **Treasurer's**

Investment Roundtable will explore further areas of work to promote investment in housing.

- The commitment of state and territory Housing Ministers to develop a proposal for National Cabinet in the second half of 2023 outlining **reforms to strengthen renters' rights** across the country. We hope any national minimum standards for renters include a wellbeing clause to better manage tenancy issues.
- 2023-24 Budget measures including tax incentives to support build-to-rent developments to reduce barriers to new supply in the private rental market, and broadening the eligibility criteria for the Home Guarantee Scheme to help more people buy a home sooner.

The Society calls for:

- rapid action to address the shortage of social and affordable housing
- a review of Commonwealth Rent Assistance and 25 per cent increase to its funding base
- implementation of the National Low Income Energy Productivity Program
- more private market incentives such as a suitable replacement for the National Rental Affordability Scheme
- national minimum standards for renters and landlords
- a reduction in the capital gains tax discount from 50 per cent to 37.5 per cent
- a review of the NHHA, as recommended by the Productivity Commission, to ensure it complements the new National Housing and Homelessness Plan, and
- the waiving of outstanding housing-related debts held by states and territories to the Australian Government (just over \$700 million at June 2023).



LET'S BUILD A FAIRER AUSTRALIA!

COMBATting HOMELESSNESS, INCREASING AFFORDABLE HOUSING

Housing Australia Future Fund

The \$10BN Housing Australian Future Fund is a positive start but the Society will continue to advocate for increased funding into the future to fully address the current social and affordable housing shortfall. Our position aligns with National Shelter Australia.

Social housing waiting lists have surged to 176,000 households. Too many people are waiting years for secure accommodation. Over 430,000 social housing dwellings and 210,000 affordable dwellings are needed right now – a minimum of 25,000 social housing units each year would not only address the shortfall today, but also generate economic output of \$12.7 billion and create 15,700 real jobs.

We know that secure housing reduces poverty and improves outcomes in health, education and employment, economic and social participation, and social mobility. Remedying this delivers a strong return on investment: affordable housing with wrap-around support saves around \$13,100 per person annually in government services, even after factoring in the cost of housing per person.

Secure housing also makes economic sense. The cost-benefit ratio of investing in more affordable housing is double the cost outlay – every \$1 invested produces \$2 in benefits – this is a better cost-benefit return than many other major infrastructure projects.

The Australian Government has recently increased representation on the proposed National Housing Supply and Affordability Council, guaranteed an annual dispersal of at least \$500M per year from 2024-25, agreed to index this annual funding amount against inflation from 2029-30 and will draft a special legislative instrument to enable the Treasurer and Finance Minister to increase the yearly disbursement, if needed. In June 2023, an additional \$2BN of direct spending on social and affordable housing was also announced. As progression of the Housing and Future Fund Bill was delayed for over six months, likely resulting in delays in construction, the successful passage of the Bill is most welcome. In final negotiations, the Australian Government agreed to a further \$1BN in funding.

Establishment of the Future Fund and the National Housing Supply and Affordability Council, along with additional government funding, means that work can finally begin on addressing the social and affordable housing crisis.

Commonwealth Rent Assistance

Housing costs are proportionately much higher for people on low incomes, especially if renting privately.

And housing options for those on low to middle incomes are rapidly disappearing. Rental affordability in metropolitan and regional locations across eastern Australia has plummeted to record lows.

Thirty per cent of low-income households, or 2.65 million people, are now in the private rental market and two thirds of them experience rental stress. One-hundred-and-seventy-thousand households are forced to survive on less than \$250 per week after paying rent. Even Commonwealth Rent Assistance recipients experience high rent burdens and rental stress. Some 63 per cent of these recipients paid more than 30 per cent of their income on rent, and 23 per cent paid more than half of their income on rent. The situation is worsening over time, with half of households experiencing rental stress still experiencing it four years later.

Two parliamentary inquiries have called for Commonwealth Rent Assistance to be increased and independently reviewed, taking into account the maximum rates, method of indexation and its interaction with other relevant payments. Commonwealth Rent Assistance should significantly improve rental affordability and reflect fluctuations in rents and local rental market circumstances.

The Productivity Commission has recently reiterated this call, noting that some payments are not targeted to people in greatest need and some people in similar circumstances might be treated differently because of their eligibility for income support. The review should cover all aspects of the payment design (including minimum and maximum rates, the co-payment rate, indexation, income tapering and eligibility) with the aim of improving the sufficiency, fairness and effectiveness of the payment.



LET'S BUILD A FAIRER AUSTRALIA!

COMBATting HOMELESSNESS, INCREASING AFFORDABLE HOUSING

The Australian Government announced a 15 per cent increase to Commonwealth Rent Assistance in the 2023 Budget, largely in response to the current rental and housing crisis. This is a step in the right direction but after many years of inaction, further funding is required, as well as a comprehensive review.

National Low Income Energy Productivity Program

People in low-income households are more likely to live in energy inefficient homes. The Society helps many people to manage their utility bills and knows they often go without heating or cooling or forego food or medication, putting their health at risk. As energy generation shifts from fossil fuels and technology to mitigate climate change is adopted, people living in poverty are likely to be left behind and will be further disadvantaged.

Improving the energy efficiency of low-income households through the [National Low Income Energy Productivity Program](#) is not only good for the climate, it improves the health and wellbeing of low income households. Co-investment with state/territory and local governments in upgrading energy efficiency in social and community housing and low-income rentals would deliver between \$3.4 billion (low) and \$4.9 billion (high) in Gross Domestic Product between 2021 and 2025.

Recent research has found that while most householders support the transition from gas to cleaner energy sources, housing tenure and upfront costs were significant barriers to electrification. Tenants also reported an unwillingness to raise improvements with their landlord out of fear of rent increases or eviction. Minimum standards for energy efficiency and improved tenure security are essential, along with means tested electrification-specific rebates and, where appropriate, loans.

The Society has previously signed on to or supported ACOSS' energy initiatives including energy performance standards for new homes (July 2022), a commissioned report on Energy Concessions (December 2022), an energy performance retrofit package for low income housing (May 2023), and a submission in response

to a Senate Inquiry into Residential Electrification (October 2023).

Private market incentives

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. The Society acknowledges that the Housing Accord includes funding to incentivise superannuation funds and institutional investors to invest in the social and affording housing market. The 2023-24 Budget also included tax incentives to support build-to-rent developments to help increase new supply in the private rental market. However, work must continue on incentives for private market investment in rental housing and this must be prioritised by the National Housing Supply and Affordability Council.

National minimum private rental standards

Residential rental properties must be maintained at the appropriate structural standards, and people's rights and responsibilities must be protected from exploitation in the rental and housing market. Nationally consistent protection for Australian renters should be enabled through legislative protections. These should include removal of "no grounds" evictions, fair limits on rent increases, regulation of the application process and minimum property standards that address health, safety and energy efficiency.

In April 2023, First Ministers agreed that Housing Ministers will develop a proposal for National Cabinet in the second half of 2023 outlining reforms to strengthen renters' rights across the country. In August 2023, National Cabinet agreed to [A Better Deal for Renters](#) to harmonise and strengthen renters' rights across Australia. This includes a consistent approach to genuine reasonable grounds for eviction, moving towards limiting rent increases to once a year and phasing in minimum rental standards. It is essential that this work be expedited to provide more certainty for both renters and landlords and improve the living arrangements and wellbeing of over six million people in the private rental market.



LET'S BUILD A FAIRER AUSTRALIA!

COMBATting HOMELESSNESS, INCREASING AFFORDABLE HOUSING

Reducing the capital gains tax discount

The distribution of personal wealth is becoming more unequal, particularly when measured across age groups. The wealthiest section of the Australian population is those aged over 65 years and much of this wealth is attributed to home and property ownership - almost half of the growth in household wealth since 1990 is connected to residential property.

Further, the wealthiest 20 per cent of households own more residential property by value than all other households combined. High-income households are three times more likely to own investment properties than other income households. Conversely, home ownership has declined among all age groups but especially those aged 25 to 44 years and in middle-income groups. Declining homeownership, and longer periods to pay mortgages, will mean diminished income for many when they retire.

Policies and schemes that drive up market prices are contributing to the decline in homeownership. Pressures in the rental market could be decreased if the decline in homeownership could be arrested. This is why the Society supports the Regional First Home Buyer Scheme and the Help to Buy program.

A modest reduction in the capital gains tax discount from the current 50 per cent to 37.5 per cent would cover the costs of increasing Commonwealth Rent Assistance by 25 per cent. Ninety per cent of high wealth households would not be impacted by this change as most households are not claiming capital gains (which requires selling a property) in any one year.



“

Housing is the basis of stability and security for an individual or family. It is a right not a commodity.

- UN Human Rights

”



LET'S BUILD A FAIRER AUSTRALIA!

INCOME SUPPORT, POVERTY AND DEBT - WHY AUSTRALIA NEEDS PROPER SAFETY NETS

Summary

The dignity of every Australian means honouring their rights and empowering them to reach their full potential, whatever their background, circumstances, or beliefs.

Australia's economic growth for almost 30 years has improved the living standards for the average household. Yet around 3.3 million people, including 761,000 children, have been left behind and are living in poverty. They rely on inadequate social security for income and struggle to maintain an affordable roof over their heads.

Young people, single parents, First Nations people, long-term unemployed and those living with disability or ill-health are particularly vulnerable.

Further, seven per cent of people with paid employment, part-time work and high household costs are also at risk of falling behind.

Last year, 2 million households (21 per cent of all Australian households) did not have enough to eat.

An increase to working age payments not only helps people to afford the basics, but it also improves their self esteem and stimulates the economy, as people spend immediately, and locally, on essentials.

The Society supports:

- the establishment of an independent Economic Inclusion Advisory Panel led by the Treasurer and Minister for Social Services and comprising experts to advise Government on income support payments
- the one-off income credit to enable people receiving age and veterans' pensions and Disability Support Pension to earn an additional \$4,000 to December 2023 without losing any of their pension. Subject to the passage of legislation, from 1 January 2024 this temporary measure will be made permanent. This approach should be extended to other income support payments.
- the commitment to implement the 2016 Small Amount Credit Contracts review and consumer lease reforms.

- the commitment to regulate Buy Now Pay Later (BNPL) providers. While innovation in the financial services industry is supported, this must be balanced against the need to protect consumers. Most consumers of these products rely on income support as their main source of income.
- the end of the Cashless Debit Card program in early 2023, and
- the 2023 Federal Budget's: increase to the base rate of working age and student payments; extension of eligibility for Parenting Payment (single) to principal carers until their youngest child turns 14 years; and, matched payments to JobSeeker recipients aged 55 to 59 years, who have been on the payment for at least 9 continuous months, to the payment received by those aged 60 years and over.

The Society calls for:

- poverty to be defined and monitored, with data regularly published
- child poverty to be halved by 2030
- a further increase to the base rate of working age payments to lift recipients out of poverty
- income support payments to be indexed biannually in line with wage growth or CPI, whichever is higher
- an increase to the earnings threshold of income support recipients by \$150 a fortnight (to \$300)
- timely regulation of the Buy Now Pay Later Sector to protect vulnerable and disadvantaged people from predatory financial loans, products and credit card companies, and
- a broader, empathetic, and less prescriptive assessment process for the Disability Support Pension.

Financial stress, poverty and wealth inequality are on the rise. The top 10 per cent of income earners have experienced the greatest increase in wealth through rising housing prices and their superannuation. Those on the bottom 20 per cent of income experience persistent and recurrent poverty.



LET'S BUILD A FAIRER AUSTRALIA!

INCOME SUPPORT, POVERTY AND DEBT - WHY AUSTRALIA NEEDS PROPER SAFETY NETS

The impact of living in poverty

Just over 810,000 people on JobSeeker (Aug 2023) are living on an income that is around \$150 below the poverty line each fortnight. Many of these people experience disability and ill health. When people live a hand to mouth existence, it is much harder for them to find a job. It creates obstacles, penalises and shames them. And the effects are worse for their children. Not only is their long-term health and wellbeing undermined, but they are also more likely to face food insecurity, lack meaningful relationships and miss out on learning at home. Around 761,000 children are being forced to do without, through no fault of their own.

The Australian Early Development Census has found that growing up in poverty is a strong predictor of a child being developmentally vulnerable by the time they start school, potentially reducing good health, education and social outcomes. In 2021, one in five children were assessed as developmentally vulnerable. In disadvantaged areas, this increases to more than one in three children. The Productivity Commission has also found that school children experiencing disadvantage are three times more likely to fall behind than other students.

We know that poverty rates are highest for households relying on JobSeeker (59.6 per cent) and working age pensions (Disability Support Pension, Parenting Payment (Single) and Carer Payment (25.7 per cent)), and households comprising single parents (25.5 per cent), lone persons (18.7 per cent) and renters (17 per cent).

Financial stress rates are highest for households on JobSeeker (51 per cent), working age payments (41 per cent) and other welfare payments (49 per cent), compared to a national average of 14 per cent.

Each year the Society provides over \$50 million in emergency relief assistance, covering people's basic needs and the essentials of life. This assistance should not be needed in a country as wealthy as Australia, but currently households relying on income support are five times more likely to experience poverty.

Not surprisingly, the impact of cost-of-living pressures for people on working age payments

has been crushing – they were already struggling before the sharp price rises that started in 2021. A recent ACOSS survey has found people reported malnutrition from skipping meals and were reducing their required medication intake to make their limited funds last longer. They were also at imminent threat of homelessness because they could not afford the cost of rent. Lifting people out of poverty starts with increasing working age payments and making suitable housing more attainable and affordable.

What increases are needed to working age payments?

The Australian Government's recent increase to working age and student payments is welcome but base rates remain well short of what is needed to cover the basics – filling a small car with petrol costs around \$80, and weekly rents across Australia are becoming increasingly unaffordable.

The Economic Inclusion Advisory Committee found that JobSeeker should rise by at least \$129 a week to improve adequacy, well above the recent \$20 a week real increase.

Based on *A Fairer Tax and Welfare System* (ANU), the Society calls for:

- JobSeeker increases of \$176, \$249 or \$338 per fortnight
- Parenting Payment increases of \$167, \$238 or \$351 per fortnight
- Disability Support Pension and Carer payment increases of \$69 or \$249 per fortnight
- Family Tax Benefit (Pt A) increase of 20 per cent
- The tax-free threshold to be increased from \$18,200 to \$24,000

Costs could be met by repealing the stage 3 tax cuts, making moderate changes to personal income taxation thresholds, reducing the capital gains tax discount, and changing superannuation tax concessions.

These changes would reduce the after-housing poverty rate from 11.7 per cent of households to 8.6 per cent and lift between 193,000 to 834,000 people out of poverty.



LET'S BUILD A FAIRER AUSTRALIA!

INCOME SUPPORT, POVERTY AND DEBT - WHY AUSTRALIA NEEDS PROPER SAFETY NETS

Why should the earnings threshold be increased?

Nearly one-in-four people receiving JobSeeker is in some form of minimal employment. Around 55 per cent of JobSeeker recipients have work capacity of 30 hours plus per week. An increase in the earnings threshold from \$150 to \$300 per fortnight would allow people to earn income, gain experience, and support them to transition to work.

We note that by increasing the income free area more people would become eligible for JobSeeker, but we do not agree with the view that this would encourage longer-term reliance on the payment.

Why should the Buy Now Pay Later sector be regulated?

Finally, regulation of the Buy Now Pay Later (BNPL) sector must be prioritised. Currently, there are 5.9 million active BNPL accounts. While the average transaction is only \$151, cumulatively they account for \$11.9 billion of transactions per year. Many in financial difficulty use BNPL on top of their existing debts, with the majority having used at least one BNPL facility in the last 12 months.

If the test of a fair society is measured by how it treats those living in poverty or who are marginalised, then Australia – regarded as one of the world's richest countries – is failing.

A robust safety net is needed, with social equity built into our economy.



“Our aim is to help those living in poverty help themselves whenever possible, and to know they can forge and change their own destinies and those of their local community.”

- The Rule



LET'S BUILD A FAIRER AUSTRALIA!

A FAIRER TAX AND WELFARE SYSTEM

Summary

In November 2021, the St Vincent de Paul Society National Council commissioned the ANU's Centre for Social Research & Methods (CSRM) to model reforms to the Australian tax and welfare systems. The aim was to reduce the poverty gap by increasing working age payments and Commonwealth Rent Assistance. In late 2022, CSRM updated its modelling, incorporated the 2023 Budget announcements and analysed changes in poverty and financial stress rates by statistical area (SA3) for three options.

Why change is needed

The Federal Budget has recorded a surplus of about \$20 billion in the 2022-23 financial year, with predicted smaller deficits and lower debt over the forward estimates. Australia has benefitted from elevated commodity prices. Unemployment is low and wage growth has started to pick up.

However, Australia is also facing a range of growing economic pressures arising from global uncertainty, persistent inflation and higher interest rates, which are slowing the economy. Global growth over 2023 and 2024 is predicted to be the weakest in over two decades, excluding the pandemic and the Global Financial Crisis. This is estimated to slow Australia's real GDP growth to 1½ per cent in 2023-24, rising to 2¼ per cent in 2024-25.¹

The current cost of living and housing crises are likely to continue for some time, adversely affecting the most vulnerable in our community. And, as the proportion of working-age Australians shrinks and people live longer, leading economists are calling on the Australian Government to consider taxation reforms to fund the ballooning bill for critical services.²

At a cost to the budget of \$45 billion a year, or about 2.0 per cent of GDP, super tax breaks will soon exceed the cost of the Age Pension. Two-thirds of their value benefit the top 20 per cent of income earners. Retirees with big superannuation accounts pay much less tax per dollar of super earnings than younger workers do on their wages.³ Modelling by the Parliamentary Budget Office indicates that

negative gearing and capital gains tax cuts are expected to cost the budget around \$20.4 billion in revenue forgone in financial year 2032-33.⁴

Tax systems are effective at reducing inequality. There are adverse economic and social consequences in societies where there is a widening gap between rich and poor. Social problems include poverty and instability, and countries that have less equal distribution of income have slower growth. Decreasing inequality improves wellbeing and the economic growth of a country, increasing employment and incomes.⁵

Countries with higher levels of taxation are correlated with higher income per capita and other improved measures of wellbeing, such as average life expectancy.⁶ Australia is one of the highest income countries in the world but one of the lowest taxed nations in the OECD. If we want to meet community demand for high quality public services, then Government revenue needs to be expanded.

Government policies affect the accumulation of wealth and social mobility through the tax and transfer system, superannuation policies and the treatment of housing taxes and incentives, among other things.⁷ This is why leading economists, ex-politicians, former Treasury officials and nearly half of all Australians (in October 2022) have called for a review of the taxation system, including re-examination of the stage three tax cuts. An open letter to the Prime Minister, signed by over 100 economists and tax experts, calls for Parliament to reconsider the size, shape and timing of the stage three tax cuts to align with current economic conditions. The cuts will fuel our cost-of-living crisis and inflation and are inappropriate given the growing demands on government funds. (December 2022)

It is important that the stage three tax cuts are re-examined because they make our tax system less progressive and will cost more than \$254 billion over 10 years, of which \$117.6 billion will go to those earning more than \$180,000 a year.⁸ We should note that wealth transfers increase absolute wealth inequality and impede social mobility. Welfare payments reduce relative wealth inequality by 20 times that of wealth transfers.⁹



LET'S BUILD A FAIRER AUSTRALIA!

A FAIRER TAX AND WELFARE SYSTEM

Modelling

The CSRM's economic modelling of 'low,' 'modest' and 'high' options aims to increase fairness by reducing the poverty gap and financial stress for households. The options in *A Fairer Tax and Welfare System* in Australia are underpinned by:

- dropping the stage 3 tax cuts
- lowering the tax threshold for capital gains from 50 per cent to 37.5 per cent
- restructuring the superannuation tax system, and
- making moderate changes to personal income taxation thresholds.

Revenue to cover the 'modest' and 'high' options 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 tax-free status for retiree superannuation income over the age of 60 is removed.

All three options are budget neutral and fully funded over the forward estimates (2022-23 to 2025-26), ranging from \$4 billion to \$20 billion per year. They do not require a major overhaul of systems, are progressive and significantly reduce inequality by reducing household rates of poverty and financial stress.

Findings

The model:

- increases the tax-free threshold from \$18,200 to \$24,000 for modest and high options.
- lifts between 193,000 and 834,000 people out of poverty.
- reduces the after-housing poverty gap by between 5.1 per cent and 18.6 per cent.
- reduces households in poverty from 11.7 per cent to 8.6 per cent.
- benefits people with incomes in the bottom two quintiles (40 per cent) namely low-income and low wealth households, single parents, lone

persons, renters and those relying on working age welfare payments.

- increases the superannuation balances for people of lower and middle income and wealth, including those expected to be on the age pension in retirement.
 - increases JobSeeker by \$176 per fortnight (pf), \$249 pf or \$338 pf
 - Parenting Payment by \$167 pf, \$238 pf, or \$351 pf
 - Disability Support Pension and Carer Payments by \$69 pf or \$249 pf
 - Family Tax Benefit A by 20 per cent, and
 - Commonwealth Rent Assistance by 25 per cent (in addition to the 15 per cent increase in the 2023 Budget).
- has the greatest impact on areas with high poverty and financial stress rates, including outer Western Sydney, suburban Greater Brisbane, and regional Australia, including Daly-Tiwi-West Arnhem, Katherine, Arnhem NT and Far North Qld.
- very modestly lowers the gap of the median superannuation balance between men and women, and
- affects between 4.0 per cent and up to 39 per cent of high income, high wealth households by more than \$3,000 per year.

¹ Budget 2023-24. 9 May 2023. *Budget Strategy and Outlook. Budget Paper No. 1*. Accessed at: https://budget.gov.au/content/bp1/download/bp1_2023-24.pdf, p.1.

² Duke, J., Wright, S. 13 October 2021. *A budget reckoning: How the tax system is failing Australians*. The Sydney Morning Herald.

³ Coates, B., Maloney, J., April 2023. *Super savings: Practical policies for fairer superannuation and a stronger budget*. Grattan Institute. Accessed at: <https://grattan.edu.au/report/super-savings-practical-policies-for-fairer-superannuation-and-a-stronger-budget/>

⁴ Janda, M. 3 November 2022. *Negative gearing and capital gains tax discount set to cost the budget \$20 billion a year within a decade*. Accessed at: <https://www.abc.net.au/news/2022-11-03/negative-gearing-and-capital-gains-tax-budget-cost/101612854>

⁵ Grudnoff, M., Richardson, D., Littleton, E. October 2022. *Raising revenue in Australia. Revenue Summit 2022*. The Australia Institute. Accessed at: <https://australiainstitute.org.au/event/revenue-summit-2022/>, p.4

⁶ *ibid.*, p.3

⁷ Hutchens, G. 8 December 2021. *Do inheritances increase wealth inequality? The Productivity Commission says yes and no*. Accessed at: <https://www.abc.net.au/news/2021-12-08/wealth-transfers-and-wealth-inequality-productivity-commission/100679000#:~:text=The%20Productivity%20Commission%20released%20a%20report%20on%20this,contributed%20to%20an%20increase%20in%20absolute%20wealth%20inequality>

⁸ The Australia Institute. *Scrap the Stage 3 Tax Cuts*. Accessed at: https://nb.australiainstitute.org.au/scrap_stage_3_tax_cuts?utm_campaign=Scrap+Stage+3+-+Socials

⁹ Hutchens, G. op.cit.

AUSTRALIA'S FIRST NATIONS PEOPLES

- Fund and commit to Closing the Gap targets by all Australian governments
- Raise the age of criminal responsibility from 10 to at least 14 years of age
- Provide ongoing funding for community-led policies on justice reinvestment and programs that keep children safe

PEOPLE SEEKING ASYLUM IN AUSTRALIA

- Provide an adequate safety net for all asylum seekers and a fairer process for all affected by the unjust fast track process
- Resettle all people still subject to offshore processing and move people held in PNG to Australia while they await resettlement
- Legislate to make immigration detention a last resort (maximum of 90 days), and improve the living conditions of those that must be detained for security reasons
- Increase the annual humanitarian intake to 27,000 by 2025-26, increase the community support program to 10,000 (making it additional), accept refugees in South-East Asian countries within these increased intakes and reform the family reunion process
- Conduct a parliamentary inquiry into immigration detention both offshore and onshore starting in 2023

SECURE WORK

- Pass the Closing Loopholes Bill and continue the commitment to address wage suppression and undervalued jobs
- Review mutual obligation requirements and employment programs under Workforce Australia
- Develop a more detailed strategy to assist people who are underemployed or long-term unemployed

COMBATTING HOMELESSNESS, INCREASING AFFORDABLE HOUSING

- Expedite action to address the shortage of social and affordable housing
- Review Commonwealth Rent Assistance and increase its funding base by 25 per cent
- Implement the National Low Income Energy Productivity Program
- Implement more private market incentives such as a suitable replacement for the National Rental Affordability Scheme
- Develop and implement national minimum standards for renters and landlords
- Reduce the capital gains tax discount from 50 per cent to 37.5 per cent
- Review the National Housing and Homelessness Agreement, as recommended by the Productivity Commission and ensure it complements the new National Housing and Homelessness Plan
- Waive the outstanding housing-related debts held by states and territories to the Australian Government

INCOME SUPPORT, POVERTY AND DEBT - WHY AUSTRALIA NEEDS PROPER SAFETY NETS

- Define and monitor poverty and publish regular data reports
- Halve child poverty by 2030
- Implement a further increase to the base rate of working age payments to lift recipients out of poverty
- Index income support payments biannually in line with wage growth or CPI, whichever is higher
- Increase the earnings threshold of income support recipients by \$150 a fortnight (to \$300)
- Expedite regulation of the Buy Now Pay Later Sector to protect vulnerable and disadvantaged people from predatory financial loans, products and credit card companies
- Implement a broader, empathetic and less prescriptive assessment process for the Disability Support Pension



Frederic Ozanam (1813-53)
founder of St Vincent de Paul Society



St Vincent de Paul Society
NATIONAL COUNCIL of AUSTRALIA Inc. *good works*

St Vincent de Paul Society National Council of Australia Inc.
PO Box 243, Deakin West ACT 2600 vinnies.org.au