



INQUIRY INTO THE EXTENT AND NATURE OF POVERTY IN AUSTRALIA

Senate Standing Committee on Community Affairs
– February 2023

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Sacred Heart Mission acknowledges the Traditional Owners and Custodians of the land on which we operate. We pay our respects to them, their culture and their Elders past and present. We acknowledge that sovereignty was never ceded. Sacred Heart Mission commits to providing accessible and culturally appropriate services to Aboriginal and Torres Strait Islander peoples. We acknowledge the pain, hurt and trauma caused by colonisation.

Sacred Heart Mission believes that the diversity of abilities, genders, sexualities, relationship identities, bodies and cultures in our community enriches us all and should be celebrated. Everyone is welcome at our table.

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1. EXECUTIVE SUMMARY

Sacred Heart Mission (the Mission) applauds the Senate Standing Committee on Community Affairs in conducting the *inquiry into the extent and nature of poverty in Australia*.

The Mission is a Catholic community service organisation based in Melbourne with 40-year history of assisting people experiencing persistent disadvantage and social exclusion. We work with some of the hardest to reach people in our community, those whose experience of trauma starts from a young age and continues throughout their adult lives.

We urge the Australian Government to recognise the series of inquiries that have been conducted in the last five years on topics intersecting with poverty, such as:

- The Social Services Legislation Amendment (Strengthening Income Support) Bill 2021,
- Inquiry into the purpose, intent and adequacy of the Disability Support Pension (DSP) (2021)
- Adequacy of Newstart and related payments and alternative mechanisms to determine the level of income support payments in Australia (2020)
- Inquiry into homelessness in Australia (2020)

The findings of these inquiries highlight that a lack of social and affordable housing, homelessness and inadequate income support payments are all directly linked to disadvantage and poverty in Australia. In addition, several state-based inquiries, and numerous other evidence and research indicate that poverty in Australia is increasing, and that the same solutions are being shared with the government repeatedly.

We urge the Senate Committee to stop wasting public resources by synthesising and enacting the plethora of evidence-informed recommendations. The solutions to ending poverty are clear and available.

We believe adequate income support is the single greatest factor in the reduction of poverty in Australia. Our recommendations for this inquiry focus primarily on macro issues and how we see poverty manifesting in our own community.

Preventing poverty requires whole of government multi sector approaches - investing in education, social and affordable housing, health, keeping people out of prisons, supporting people into employment, strengthening the social safety net and so on are important to prevent poverty, as well as alleviating the poverty we currently see in our community.

1.1 Our evidence

The Mission uses a wide range of data and evidence to support the findings of this submission, including:

- Data insights from internal client database
- Interviews with staff members
- Case studies of clients
- Internal survey data from Sacred Heart Central and Women's House clients
- Administrative data from Victorian government agencies to demonstrate sustained housing and reduced cost of hospital bed stays
- Secondary research

2. RECOMMENDATIONS

Recommendation 1: That the Government adopts an agreed national measure of poverty and reports on this regularly.

Recommendation 2: Remove the Liquid Assets Waiting Period for Jobseeker and Youth Allowance.

Recommendation 3: Raise income thresholds for partner income, to prevent distress and poverty in the community and support people to re-enter the workforce without undue disruption on their households.

Recommendation 4: To raise the rate of Jobseeker to at least \$73 per day, and to index payments twice per year in line with wage movements.

Recommendation 5: Ensure that people experiencing persistent disadvantage do not experience further financial hardship and economic insecurity when applying for the DSP.

Recommendation 6: Ensure that people with a disability, and their support networks and service providers are not unduly burdened by when applying for the DSP and that the eligibility process is fair, reasonable, accessible and equitable.

Recommendation 7: To remove the criteria for people to be fully treated and stabilised to be eligible for the DSP, to acknowledge fluctuating conditions and/or illnesses, rapid onset of disease and accidents and injury.

Recommendation 8: Raise the rate of the DSP by at least \$100 per fortnight and introduce a Disability and Illness Supplement of at least \$50 per week, in line with ACOSS' recommendations.

Recommendation 9: That people with disabilities once 'eligible' for the DSP should have access throughout the life course and have the ability to 'tap in' and 'tap out' of payments in periods where they need them, recognising the ongoing health impacts of disability and being able to access financial support for periods of time when unable to sustain employment.

Recommendation 10: At a minimum, people experiencing homelessness, family violence and medical conditions that prevent them from working should be exempt from mutual obligation requirements and not need to provide unnecessary evidence for this to be approved.

A further recommendation is to end use of reducing/withdrawing income support payments as a social security compliance tool, and mandatory use of government employment services, as these measures are not beneficial to our society and enforcement of these systems is a waste of both time and money.

Recommendation 11: Disband the PBAS and replace with an opt-in, holistic employment support program that includes access to pre-employment supports (literacy, self-esteem, social connection) through to job readiness (resume, interview skills, education, training).

Recommendation 12: Increase the timeframe Jobseeker recipients need to be reporting consistent income over the cut-off threshold for six months before being transitioned off the payment.

Recommendation 13: To reinstate the initial threshold of work hours from 15 hours to 30 hours per week when transitioning from DSP to employment, to help people to work without losing access to necessary supports.

Recommendation 14: Raise the Rate of the Age Pension, recognising that elderly people deserve a minimum standard of living as they age and should not live in poverty.

Recommendation 15: Increase Commonwealth Rent Assistance by 50%.

Recommendation 16: That income support payments should be reviewed and increased every six months to reflect the current market and economic drivers once these payments have been raised above the poverty line.

Recommendation 17: The Government should look to restrict the use of casual employment arrangements, to boost job security, and improve wages and job security in caring professions.

Recommendation 18: Boost programs and targeted support for disadvantage jobseekers, particularly older people and those experiencing long-term unemployment to re-enter the workforce.

Recommendation 19: A commitment to support homelessness agencies to replicate Sacred Heart Mission's successful Journey to Social Inclusion program (J2SI) nationally for priority cohorts of people experiencing poverty and at significant risk of chronic homelessness, via State/Territory governments and the J2SI Evaluation & Learning Centre (ELC).

Recommendation 20: A commitment to build 25,000 new social housing properties per year across Australia, using a range of funding options to boost social housing growth as quickly as possible to meet current and future demand.

3. ABOUT SACRED HEART MISSION

Sacred Heart Mission (the Mission) has been delivering services and programs for people experiencing long-term disadvantage and social exclusion for over 40 years. The Mission is committed to programs that build people's strengths, capabilities, and confidence to participate fully in community life.

Today we are one of Victoria's leading agencies working with people who are experiencing deep, persistent disadvantage and social exclusion, particularly people experiencing long term homelessness. We work with some of the hardest to reach people in our community, those whose experience of trauma starts from a young age and continues throughout their adult lives.

The Mission's Service Model emphasises the development of innovative programs that facilitate social and economic participation so that individuals can develop independence and ultimately achieve their potential.

A consistent, trauma informed, and proactive approach is the cornerstone of the Mission's practice expertise. The Mission has further developed this approach to incorporate a therapeutic practice framework. In this framework, we acknowledge underlying trauma and effectively build relationships with people who are excluded from mainstream and specialist services and isolated from the broader community. We start from where people are at.

The Mission provides a broad range of services to adults. These fall into three main areas:

Engagement Hubs: Sacred Heart Central and the Women's House provide a safe space that is welcoming and supportive. The Engagement Hubs provide an entry point into longer term support through access to the necessities of life - food and material aid. The hubs also provide pathways to our case management services (see below) and referrals to specialist services.

Individualised Planned Support: Case Management services are provided at Sacred Heart Central, Women's House, Homefront (crisis accommodation for women) and through the Wellness Place.

Intensive Case Management is provided through the Women's House, GreenLight Supportive Housing Program (up to a year of flexible support for people who have recently experienced homelessness and now have housing), GreenLight Plus (support for people housed in hotels during the pandemic) and the Journey to Social Inclusion (J2SI) program (three years of intensive support and rapid housing for people experiencing chronic homelessness).

These case management responses are outcomes-focused and tailored to the individual, aiming to address crises and improve safety and wellbeing.

J2SI was the first to receive the Victorian government's social impact investment and payment by results funding. It was also the first homelessness service to use randomised controls trials to evidence that housing first and intensive long-term support achieves sustained housing and reduced hospital bed days for those experiencing chronic homelessness and co-morbidities.

Ongoing Support: Specialist service responses for vulnerable members of the community, many of whom require a high level of support for an indefinite period hence, ongoing support. This includes:

- Sacred Heart Local, in-home support delivering Commonwealth-funded aged care services, and NDIS supports to approximately 170 clients.
- the Rooming House Plus Program (RHPP), self-contained and long-term supported accommodation for 67 single adults with on-site health, social and wellbeing support services available.
- Bethlehem Community, medium to long-term independent accommodation and 24-hour support for 10 women, including case management support and social inclusion activities. Staff provide outreach support to 17 women in community housing, as well as to former residents now in private rental.
- Sacred Heart Community, an aged care home for 97 people with histories of homelessness, mental illness and disadvantage who require 24-hour care and support as they age.

Embedded in the Mission's model of service delivery are rapid housing principles; a recovery- oriented approach to ending homelessness that centres on quickly moving people experiencing homelessness into permanent housing. It is accompanied by the provision of tailored and individualised supports.

4. THE MISSION'S CLIENT BASE

The Mission provides a wide range of services and supports for people experiencing homelessness, entrenched disadvantage and poverty. The term homelessness is broad, and while everyone has a different experience of being homeless, at its very core, homelessness is about absence: an absence of a home, a safe place to live, security, choices and control over one's life.

It is important that the solutions to the crisis of increasing poverty in Australia are considered from an intersectional lens. We recognise that diverse communities around Australia are impacted by poverty differently – particularly our First Nations communities, people with minimal proficiency in English, refugees and those seeking asylum, people with a disability and elderly people. We also recognise that discrimination and the impacts of family and domestic violence, particularly on women and LGBTIQ+ communities, impact on people's experiences of poverty. None of these factors occur in isolation, and the intersectional nature of life experiences within the Australian community contribute to the likelihood of people experiencing poverty.

4.1 We work with a diverse range of people

The Mission's clients come from a wide range of backgrounds and life experiences.



Over 51% of people are aged over 50 years old

8% of people identify as Aboriginal or Torres Strait Islander

More than a third of people identify as having a disability

13% **36%**

20-34

35-49

7%

Aboriginal

1%

Torres Strait
Islander

19%

Psychosocial

9%

Physical

44% **8%**

50-79

80+

11%

Both

14%



of people were born outside of Australia

34%



identify as having a chronic disease or illness

48%



of people identify as having a mental health issue

TOP REASONS PEOPLE PRESENT TO THE MISSION

17% Homeless and need assistance to access housing

10% Assistance with physical health issues

13% For material and/or financial assistance or support

10% Support to remain living in my own home

11% Assistance with mental health issues



4.2 A majority of our people receive income from Centrelink

Many of the Mission's clients do not share all of their personal information with us, and as a result our case management system does not give us a complete picture of what is happening for all our clients. A sample of the Mission's case management clients from the 2021-2022 Financial Year (n = 1482) indicates that we only have income data for approximately half of our people accessing case management services (n = 765).

Of these people, a majority of those are receive payments from Centrelink as their main source of income or have no income at all. However, we believe that for those whose income status we don't know, the majority of them are also receiving a payment from Centrelink, and anecdotally we believe that most of them receive the Jobseeker Payment but this has not been recorded. This is shown in Table 1.

Table 1 – Internal Income Data, Case Management clients for 2021-2022 financial year.

Income	Number	%
Unknown	717	48.4
DSP	306	20.6
Newstart (Jobseeker)	298	20.1
Other Government Payment	125	8.4
Nil Income	15	1.0
Wages	11	0.7
Aged Pension	10	0.7
Total	1482	100

4.3 Many people are in unstable housing

We do not have housing data for many of our clients, as they can be reluctant to share this information with us. The same sample of clients indicates that the majority of our clients are experiencing some form of homelessness. We use the cultural definition of homelessness developed by David Mackenzie and Chris Chamberlain (1992):

- Primary homelessness is experienced by people without conventional accommodation (such as sleeping rough or in improvised dwellings)
- Secondary homelessness is experienced by people who frequently move from one temporary shelter to another (such as emergency accommodation, youth refuges, and "couch surfing")
- Tertiary homelessness is experienced by people staying in accommodation that falls below minimum community standards (such as boarding housing and caravan parks).

We also have clients in stable private housing, such as private rental and head leases, and in forms of supported accommodation including residential aged care, as shown in Table 2.

Table 2 – Internal Housing Data, Case Management clients for 2021-2022 financial year.

Housing Status:	Number	%
Primary homelessness	781	52.6
Secondary homelessness	182	12.3
Tertiary homelessness	38	2.6
Stable private housing	239	16.1
Public and community housing	207	14.0
Supported living	38	2.6
Total	1482	100%

CASE STUDY: LISA*, J2SI PARTICIPANT

Lisa, an Indigenous woman in her mid-forties, is someone who has been entrenched in poverty her entire life. She has a history of homelessness, disadvantage and substance use since she was sixteen years old. Lisa has four children who she does not have custody of and has a history of experiencing family violence. Lisa was rough sleeping at the start of 2021 and referred to J2SI by Launch Housing. Lisa moved into a head leased property initially and has taken significant steps to get her life back on track – this is the first time she has had a place on her own.

She underwent a detox and has been sober for four months, the first time she has ever experienced this since she first started using substances as a teenager. Lisa's life has completely changed - with the support of J2SI, she has been able to access the NDIS and is now taking medication for her mental health.

Lisa has just adopted a cat, which is helping reduce loneliness and having responsibility and motivation to stay away from drugs. She has been offered a new job, is saving money, and is looking to volunteer at a Mission op shop.

She trusts her Case Manager, and with the support of Justice Connect is hoping to reconnect with her family. Lisa has just been offered a public housing property, which will be big enough to have a spare room so that her children can visit.

Lisa's story highlights the importance of how entrenched poverty contributes to a range of negative outcomes; and how stable housing and support is crucial for her to be able to re-engage with her family and access meaningful employment.

5. THE RATES AND DRIVERS OF POVERTY IN AUSTRALIA

Poverty is shameful truth in our country. A wealthy nation like Australia should not have 3.3 million people (13.4%) and 761,000 children (16.6%) living below the poverty line (Davidson, Bradbury & Wong 2022).

Based on our practice experience, we see the following as primary causes of poverty: An income support system that is not fit for purpose, and traps people in the cycle of poverty.

- Rising inequality and widening gap between high and low incomes
- Slow wage growth and rising inflation
- Fragmented service systems that contribute to people experiencing poverty having the added challenges of poor employment, health and educational outcomes.
- A lack of social and affordable housing
- A lack of targeted support to help disadvantaged jobseekers to find employment, and a widening gap between long-term unemployment and the labour market.

Each of these issues will be discussed in detail. In our experience, many of our service users receive an income support payment, including the Disability Support Pension (DSP), as well as the Age Pension and JobSeeker; and cannot meet their needs without assistance from the Mission and other similar services. There are also many clients in paid employment who

cannot make ends meet, and this is getting worse due to rising costs of living in the wake of the Covid-19 pandemic.

We have also found that many of our clients are experiencing increased housing stress, they are housed, but in tenuous situations or are struggling to make ends meet and need our support, they are at risk of homelessness. The additional support provided at the height of the COVID-19 pandemic in 2020 meant a great deal to the Mission's clients. They told us that they could:

- Afford essential medication
- To run their refrigerators and heaters
- Purchase healthy fresh food, instead of canned and non-perishable goods
- Afford three meals a day instead of skipping meals
- Replace worn out clothes and shoes
- Buy Christmas presents for their loved ones

Our clients were grateful for this support in this time of global crisis, but we are saddened that in 2023, as the world moves on from the pandemic, people experiencing poverty – those already entrenched in poverty and those who have found themselves in this position since the pandemic began – are being left behind. This submission seeks to explore how and why this is the case in Australia and our recommendations for how to prevent poverty.

CLIENT QUOTES:

"There are plenty of day's a fortnight/week that if it wasn't for the meals provided at Sacred Heart I would most likely be hungry on those days."

Tim* Sacred Heart Central client

"By accessing service and meals help me to survive and live on a pension."

Helen* Sacred Heart Central client

"If I had everything running, I would not have any money. I turn my fridge off, it would eat up a lot if I didn't. With the way everything costs, you might not have bought much but spent a lot."

Ken* J2SI participant

5.1 Inconsistent measurement of poverty

In order to understand the extent of the problem, we must have a way of measuring it. Poverty has been formally measured in some way since 1966, when the University of Melbourne Institute of Applied Economics, directed by Professor Ronald Henderson first started estimating the extent of the problem in Melbourne itself. In 1972, the McMahon Government launched a Commission of Inquiry into Poverty in August 1972, with Ronald Henderson appointed as Chair. The scope was expanded by the Whitlam Government and the report released in 1975.

In his report, Henderson sought to identify the extent of poverty in Australia in terms of inadequate income relative to need (Melbourne Institute: Applied Economic & Social Research 2023). Any family with an income below what was considered to be representative of an “austere” standard of living – a poverty line – was considered to be living in poverty (Henderson 1975). This benchmark was roughly equivalent to the value of the basic wage plus child endowment (an earlier version of family allowance) for a reference family of two adults and two children. Adjustments were then made for other types of households (Henderson 1975). The Henderson Poverty line has been used as a standard by researchers for many years. More recently, there has been moves to use alternative income- and consumption-based poverty lines in recent years. This is partially because Australian society no longer operates on the ‘male breadwinner’ model, alongside other issues.

However, there is no national, consistent measurement for poverty in Australia. The Australian Council of Social Service (ACOSS) uses 50% of median income (minus housing costs) in their reports, whereby people with incomes below this amount are regarded as living in poverty (Davidson, Bradbury & Wong 2022). In 2022, the poverty line was \$489 per week for a single adult and \$1027 per week for a couple with two children (Davidson, Bradbury & Wong 2022).

This is important in understanding what the reality of poverty in Australia is – we need a national measure of poverty that is regularly reported on to help develop solutions to the problem of poverty in our society.

Recommendation 1: That the Government adopts an agreed national measure of poverty and reports on this regularly.

6. RELATIONSHIP BETWEEN INCOME SUPPORT PAYMENTS AND POVERTY

6.1 Australia’s social security system is outdated and not working

Australia first implemented an income support system in 1908, shortly after Federation create an “old age” pension for those people who were no longer able to work. Since then, it has grown to encompass a wider range of supports, with the primary purpose to ensure a minimum standard of living for those who are unable to support themselves through work, savings or other means (Commonwealth of Australia, 2020). Both the income support system, and Australian culture regarding social safety net means that community members are expected to use their own resources prior to calling on the support of the general community for assistance.

The main income support payments received by the Mission’s clients are the Jobseeker Payment, the Disability Support Pension and the Age Pension. Current payment rates for single people for all payments are listed below in Table 3 (Services Australia 2023a, 2023b, 2023c):

Table 3: Centrelink Payment rates as of September 2022:

Payment	Fortnightly payment
Jobseeker Payment	\$668.40

Disability Support Pension (DSP)	\$1026.50
Age Pension	\$1026.50

Australia's social security system is means-tested, and the majority of benefits provided are a flat-rate benefit for different types of recipients – single people, couples, whether someone has dependent children or not. Means-testing is undertaken on both individuals and their domestic partners, for income, as well as liquid and other assets – both the person applying for assistance and their partner's income and assets are considered when assessing their application.

The Future of Australia's Tax System Review, commissioned in 2008 (informally known as the Henry Tax Review) articulated that the purpose of Australia's income support system, within the tax and transfer system is to alleviate poverty (Commonwealth of Australia 2010).

The experiences of the Mission's clients highlight that the current social security system does the exact opposite – rather, it traps people in poverty. The requirement to deplete savings (the Liquid Assets Waiting Period'), means-testing and mutual obligation requirements ensure that many people who actually require government assistance, particularly in the case of unemployment or having a disability, are often hidden within the statistics, as they never reach the low levels of financial security where they have no choice but to ask for help.

For example, they may have savings, superannuation, income protection insurance, family support or receive temporary financial assistance elsewhere, such as from a bank – using credit cards or making changes to loan repayments as a temporary measure while they are unemployed. For these people, things might be challenging for a while, but they have enough resources to deal with the immediate situation until they can regain employment and rebuild their financial capital. Nevertheless, people should not have to use every last cent in the bank before they ask for government assistance; this is counter-productive and contributes to disadvantage, and it exacerbates the stigma of asking for help.

In contrast, those who do not have access to the above have limited options in times of crisis; they may be one or two pay cycles away from a homelessness experience, and once someone finds themselves in poverty it is extremely difficult to climb back out. By the time one can ask for help, it is likely too late to be of significant benefit and the poverty cycle has already started. In a similar way that money makes money, poverty perpetuates poverty.

It is difficult to compare Australia's social security system to that of other countries because there are few similarities to any other systems (Commonwealth of Australia 2020). For example, most other countries use contributory insurance systems to assist people who are unemployed – for those employed for a short period, benefits are paid at a percentage of past earnings. These systems are more beneficial for people who may lose employment but are able to obtain another job quickly – these systems provide sufficient income maintenance for people to continue to pay for basic goods and services and engage in job search activities and return to work; but pay a lower rate over the long term.

In contrast, Australia's system provides the same level of unemployment benefit regardless of the length of time without employment and is indefinite provided that eligibility requirements for the payment are still met.

In 2019, the Senate Community References Committee conducted an *inquiry into the adequacy of Newstart*, and found that among OECD countries, after two months of unemployment, Newstart (now known as Jobseeker) is the lowest unemployment benefit payment, equivalent to 39% of the previous net wage compared to the OECD average of

68%. (Commonwealth of Australia 2020). This was then compared to other OECD nations after three years' unemployment benefits, as in these nations, payments decrease over time. At 39% of the previous net wage, Australia's payments remain among the lowest in the OECD (Commonwealth of Australia 2020).

Furthermore, for partnered people, the expectation that someone's partner will financially support them in the case of job loss is unrealistic in the majority of circumstances and can lead to devastating outcomes such as abuse and violence. The maximum partner income threshold is approximately \$57,000 annually before tax, the maximum amount that someone's partner can be earning before the unemployed partner can no longer apply for unemployment benefits.

This additional financial stress may mean that people (vast majority are women) stay in violent and abusive relationships, because Centrelink may not recognise and act appropriately when a relationship has broken down, leaving one party without income and at risk of homelessness if they cannot prove that they are no longer partnered. There is also a risk that the partner earning an income will use it as a form of coercive control. This is of added concern for people with disabilities, as they have a greater reliance on others to access stable housing and are more vulnerable to experiencing family violence if they are unable to live independently for financial reasons.

During the Covid pandemic, the income and asset thresholds were significantly raised, alongside payments themselves meaning that people could still afford to cover the basics during this challenging period, a positive change in the way we consider income support.

Recommendation 2: Remove the Liquid Assets Waiting Period for Jobseeker and Youth Allowance.

Recommendation 3: Raise income thresholds for partner income, to prevent distress and poverty in the community and support people to re-enter the workforce without undue disruption on their households.

6.2 The JobSeeker Payment is inadequate

The current rate of the Jobseeker payment for a single person is \$668.40 per fortnight, or \$334.20 per week (Services Australia, 2023a). With the poverty line at \$489 per week, the Jobseeker payment is \$155 per week (37.67%) below the poverty line.

Around 22% of Jobseeker recipients have been receiving the payments for five years or more, and this is the highest for people over 55 years, closely followed by those 45-55 years old (Parliamentary Budget Office 2020). The average duration on Jobseeker was three years in 2019 (Parliamentary Budget Office 2020), and around two-thirds of recipients in 2019 had been on the payment for more than a year. If the purpose of Jobseeker is to provide a temporary safety net to help people get back on their feet, it is profoundly evident that it is not achieving that goal.

In 2020, the Australian Government implemented a humane and decent policy in response to the sudden economic and social shock that is the COVID-19 pandemic and briefly lifted the rate of JobSeeker. This effectively doubled the payment to \$1100 per fortnight, a rate that people could survive on, as well as waiving waiting periods and mutual obligation requirements, so that those people who lost their jobs would be able to keep feeding their

families and paying their rent, mortgages and bills. We applauded the Government for finally listening to calls from the community sector, economists, academics and politicians across the political spectrum that \$40 a day, the prior rate of Newstart was not liveable, and that it caused people to live in poverty.

In the six-month period when the 'coronavirus supplement' was in place, poverty in Australia was halved. However, in March 2021 the Australian Government ignored calls from across the community and removed the coronavirus supplement in order to raise the rate of JobSeeker by an inadequate and inconsequential increase of \$3.57 per day – less than the cost of a public transport fare in Melbourne – was not a true increase, especially given rising inflation. The current rate of \$47.70 per day is nowhere near enough for someone to survive and is well under half the minimum wage.

People now have to go back to going without and making difficult choices about buying medicine and other essential items or paying their rent. In a wealthy country like Australia, it is completely unacceptable, and cruel. This decision caused greater poverty in this country, at a time when people have already suffered so much. As a result, more Australians have been pushed into the cycle of poverty and homelessness. We believe strongly that Jobseeker is grossly inadequate and must be increased.

CLIENT QUOTES:

"When I have no money, my Newstart allowance runs out, Sacred Heart Mission helps me to fill my stomach and the food is nutritious."

John*, Sacred Heart Central client

"[The Dining Hall] helps me manage my budget. Eating healthy meals I wouldn't otherwise be able to eat."

Pete* Sacred Heart Central client

The Mission is a member of the Raise the Rate campaign, led by the Australian Council of Social Service (ACOSS), which calls for the rate of Jobseeker to be raised, and for payments to be indexed in line with wage movements twice per year as a minimum. ACOSS with support from its 79 member organisations, and bodies across different sectors including the Business Council of Australia have conducted modelling that demonstrates a rise in the JobSeeker rate will lift people out of poverty.

Recommendation 4: To raise the rate of Jobseeker to at least \$73 per day, and to index payments twice per year in line with wage movements.

6.3 The Disability Support Pension eligibility criteria are too strict

The Australian Government identifies that the group of people targeted as eligible for the DSP as "individuals with a permanent physical, intellectual or psychiatric condition that prevents them from working" (Services Australia 2023b). This is a means-tested payment subject to an individual's capacity to work assessment for people aged 16 to 64 years,

alongside non-medical rules. There are approximately 2 million Australians aged between 16 and 64 years who report having a mild to profound disability but only 35% receive the DSP (Li et al. 2019). The DSP is 42.26% higher than the Jobseeker Payment, and the average length of time on the payment is 13 years (Li et al. 2019).

The DSP should provide a basic level of income and quality of life for these people who are unable to access or sustain employment. However, at a base level we do not believe the DSP achieves this and places many people at significant risk of homelessness and disadvantage.

In 2021-2022, 15% of people using specialist homelessness services (SHS) had the DSP as their main income (AIHW 2023). Internal data shows that 46% of the Mission's client sample receiving the DSP were also experiencing primary homelessness.

It is concerning that people with disabilities who receive the DSP are seeking support from homelessness services; that their needs are not being met by other services in the community. We believe that the eligibility criteria for the DSP are too stringent, and the application process so extensive that people with disabilities, chronic conditions and complex mental illnesses which prevent them from engaging in the workforce are rendered ineligible for the DSP.

In these scenarios, people with disabilities are forced to subsist on the even-lower rate of the Jobseeker Payment, which is not liveable, and condemns people to a life of poverty and disadvantage as discussed above. The DSP and the Jobseeker payment intersect; and the failures of the DSP to provide adequate support to people who receive it, and that it is denied to large numbers of people who are unable to work due to a disability are a reflection on the failures of Australia's income support system more broadly.

Since 2006, the Australian Government has been incrementally tightening the eligibility criteria for the DSP. Most significantly, the work capacity assessment was lowered from 30 to 15 hours per week in 2006; meaning that applicants with the capacity to work between 15 and 29 hours per week were no longer eligible for the DSP (Li et al. 2019). By 2018, almost 200,000 people were transitioned off the DSP to Jobseeker, meaning that almost 28% of Jobseeker recipients are considered as having partial capacity to work (Li et al. 2019).

Additional reforms in 2012 and 2014-15 changed the 'impairment tables' for assessments of individual's conditions; and amended the types of medical evidence and methods of assessment; meaning that people with disabilities must 'jump through hoops' to obtain the evidence needed to access the DSP (Li et al. 2019). Services Australia provided evidence into the *Adequacy of Newstart* inquiry that the rejection rate of the DSP was 62.6% in 2018-19 (Commonwealth of Australia 2020).

The extensive requirements for medical evidence are causing a huge financial burden on people with disabilities and chronic conditions leading to negative impacts on their health and wellbeing on applicants for the DSP, and wait times are extensive. In addition, Centrelink spends a significant time assessing applications that are unsuccessful, a poor use of time and resources.

The eligibility criteria for the DSP have been heavily criticised, as it creates additional barriers to economic and social inclusion for people with a disability, and that the eligibility criteria are not reasonable, and do not recognise the variability and impacts of disability, the nature of episodic conditions and people with complex needs and their lived experiences of disability.

Many of the Mission's staff highlight that our clients have significant difficulty in accessing the DSP, even when they should be entitled to it. This is because:

- They often do not have formal diagnoses of their conditions or access to assessments
- They do not have a regular GP, by nature of experiences of homelessness, and patchy medical records.
- They are unable to access bulk-billing GPs, and GPs struggle to work with this cohort due to their complex needs
- They are often fearful of doctors due to past trauma
- Our staff spend a lot of time helping clients obtain the evidence required to access the DSP
- Many are rejected despite overwhelming evidence being provided that they meet the eligibility criteria for the payment.

Our services support a disproportionately higher percentage of chronically disadvantaged people accessing JobSeeker than the DSP simply because of the barriers inherent in the strict and unreasonable eligibility criteria. This means that in many cases, applicants need to navigate a cycle of engaging with their GP for temporary medical exemptions when they are clearly unable to apply for work, contributing to poor mental health and wellbeing.

The Mission supports recommendations made by the Australian Federation of Disability Organisations (AFDO), to improve access to the DSP for those experiencing persistent disadvantage (AFDO 2023) and echo their calls for change.

Recommendation 5: Ensure that people experiencing persistent disadvantage do not experience further financial hardship and economic insecurity when applying for the DSP.

Recommendation 6: Ensure that people with a disability, and their support networks and service providers are not unduly burdened by when applying for the DSP and that the eligibility process is fair, reasonable, accessible and equitable.

Recommendation 7: To remove the criteria for people to be fully treated and stabilised to be eligible for the DSP, to acknowledge fluctuating conditions and/or illnesses, rapid onset of disease and accidents and injury.

6.4 People with disabilities have greater health needs

There is also evidence that people receiving the DSP and Jobseeker have increased rates of health issues and admissions to hospital in comparison to wage earners, but a lower likelihood of accessing health professionals who do not bulk bill (Collie, Sheenan & Mcallister 2019). International research shows that people receiving social assistance benefits have poorer health outcomes than people in paid employment. The high rates of illness and hospital admissions amongst people on allowance payments should be of significant concern to the government.

If people cannot address their health needs, they cannot work which ultimately contributes to rising health expenses. There is also evidence that improving these systems for recipients

can improve health outcomes – by raising all income support payments above the poverty line, the costs to the health system due to poverty and disadvantage will be reduced.

The current rates of the DSP and associated limited eligibility criteria are not reflective of the additional cost of living for people with a disability. Using 2015-2016 Household Expenditure Survey data, National Centre for Social and Economic Modelling (NATSEM) reported that households where an adult has a disability spend on average \$107 more on basic costs, such as transport and healthcare (Li et al. 2019). We believe this gap likely to have increased since this study was conducted. Without intervention, people with a disability are being condemned to a life of poverty, financial insecurity and are more at risk of homelessness.

There are also a group people with a disability who require support, alongside housing, but are not eligible for Supported Independent Living (SIL) or Specialist Disability Accommodation (SDA) under the NDIS. This means that they often reside in private Supported Residential Services (SRS), and the legislation around these services facilitates predatory behaviour by providers, meaning that these services are extremely expensive for those who need them. Accommodation costs take up the vast majority of a resident's DSP, leaving them with minute amounts per fortnight to pay for medication and health needs, as well as basic needs such as clothing and toiletries. When residents do not have family members who are able to provide additional support, quality of life in many situations is low.

In 2019, NATSEM recommended that the DSP be increased by \$100 per fortnight for a single person and \$310 per fortnight for a couple in a household; a recommendation supported by AFDO, which would drop the proportion of DSP recipients living below the poverty line from 17.8 to 9.7% immediately (Li et al. 2019).

People receiving the DSP (and the Age Pension) had a brief reprieve with two additional \$750 payments in 2020. Now, they are back to going without, faced with a vexed issue of whether to buy medicine and other essential items or paying their rent. In a wealthy country like Australia, it is completely unacceptable, and inhumane. People with disabilities should not be subjected to lifelong poverty as a result of their conditions and therefore the DSP should be raised to a liveable level.

We believe the Government should recognise the additional costs of disability and illness by introducing a specific supplement, alongside raising the rate of the DSP to a payment that is liveable.

Recommendation 8: Raise the rate of the DSP by at least \$100 per fortnight and Introduce a Disability and Illness Supplement of at least \$50 per week, in line with ACOSS' recommendations.

6.5 Rethinking the concept and purpose of the DSP

Finally, we propose that the entire system of income support for people with disabilities be reformulated. Anyone with a disability that may prevent them from working now or in the future should be entitled to eligibility for the DSP when they need it, without the need to prove impairment, or having to maintain less hours in their employment just to remain eligible for the DSP. People with disabilities should be able to 'opt in and out' of financial support when they need it in addition to being able to earn liveable wages.

It is well known that people with disabilities have increased health needs compared to the general population and may not be able to work for as long as non-disabled people and potentially require breaks in periods of employment in order to manage their health needs. This is similar to the NDIS, in the sense that once eligibility is confirmed it cannot be rescinded, though the NDIS is an insurance scheme and pays support needs rather than replacing income.

As a result, it should be possible for all people with a disability to be considered as 'eligible' for the DSP across their lives and be able to draw on this form of income support when they need it, in addition to or instead of wages, when needed. This may be means tested to some degree on the individual's income but should not be determined on partner income as people with disabilities experience family violence at elevated rates compared to the general population and as such should not be subjected to this kind of means testing as these risks may be exacerbated.

This system would be particularly beneficial for young people entering the workforce for the first time, and for people who are ageing and need to work part-time. This will also benefit those who may experience periods of their life where they are acutely unwell, and unable to work, but outside of these periods are able to sustain employment. In Australian society, people with disabilities should be supported to live at the same standard as the general population and not be subjected to a life of poverty and disadvantage because they receive the DSP.

Recommendation 9: That people with disabilities once 'eligible' for the DSP should have access throughout the life course and have the ability to 'tap in' and 'tap out' of payments in periods where they need them, recognising the ongoing health impacts of disability and being able to access financial support for periods of time when unable to sustain employment.

6.6 Mutual obligations is a punitive policy that does not work

An additional aspect of both the Jobseeker payment and for some recipients of the DSP are 'mutual obligation requirements' for recipients without medical exemptions to undertake job seeking activities in order to continue to receive payments. If recipients do not meet these obligations, payments are reduced or withdrawn to ensure social security compliance.

There has been criticism over many years that this system is overly punitive, exacerbates stigma for people receiving income support payments, and is ineffective in getting people into employment.

Firstly, the Mission strongly believes that when someone is experiencing homelessness, or a housing crisis, seeking work is the last thing on their minds and the social security system should not punish them as a result. Our client cohort have a wide range of complex needs and co-morbidities, and while many of them want to work in future, require significant support to be able to engage in the workforce.

Experiencing homelessness or family violence is an area where Centrelink claims people may be able to obtain a temporary exemption to mutual obligation requirements but in practice, being able to prove this is impossible for many of our clients who find themselves without income support payments and experiencing homelessness simultaneously.

Ultimately, getting housing must be prioritised before being able to find employment and this should be recognised by Centrelink. No one who is homeless or experiencing family violence should be subjected to mutual obligation requirements, or risk having their payments cancelled, and they should not need to jump through hoops to demonstrate this. Again, this is a punitive system which requires those experiencing hardship to 'prove' themselves rather than a genuinely supportive system that looks after those most in need.

Secondly, while medical exemptions exist for people who are unwell and/or injured, being able to obtain this evidence is difficult and often prohibitive for being already expecting hardship. Broadly speaking, our clients experience complex mental health issues associated with their homelessness experiences, and due to their past trauma of inappropriate and inadequate care, they often mistrust medical professionals and find it difficult to access appropriate health care.

There is a shortage of bulk-billing general practitioners (GPs), and even access to a single appointment is cost prohibitive, and that is nowhere near sufficient to help someone experiencing homelessness, complex health and mental health conditions and trauma to form a relationship with a GP. The Mission's staff report that many GPs are unwilling to provide medical certificates for the purposes of Centrelink evidence, leaving many of our clients without either an income, or the ability to obtain one. This is unacceptable. A lack of access to health care is both symptomatic and a cause of poverty – a vicious cycle that must be broken.

Overall, the Mission does not support mutual obligations as a condition of receiving income support. The entire environment is too punitive and facilitates an environment of fear of losing payments for income support recipients and perpetuates stigma around accessing government assistance – which is harmful and dangerous for society as a whole.

Recommendation 10: At a minimum, people experiencing homelessness, family violence and medical conditions that prevent them from working should be exempt from mutual obligation requirements and not need to provide unnecessary evidence for this to be approved.

A further recommendation is to end use of reducing/withdrawing income support payments as a social security compliance tool, and mandatory use of government employment services, as these measures are not beneficial to our society and enforcement of these systems is a waste of both time and money.

6.7 Employment services do not help disadvantaged jobseekers into work

Australia's employment services systems are overly complex and fragmented. They are compliance driven; requiring people to engage in mutual obligation to access welfare support, with consequences for non-compliance being harsh and severe. There have been several reviews of these systems, and the report from the Employment Services Expert Advisory Panel in 2018 indicated that employment services should build trust, be user friendly and personalised, and provide additional support to address long-term disadvantage and unemployment, designing a plan to increase someone's chances of gaining stable employment and provide them genuine choices in this process (Commonwealth of Australia 2018). The longer someone remains unemployed, the harder it is for them to re-engage in the workforce, and they are at greater risk of homelessness.

Equally, many people with disabilities want to engage in the workforce, but poor workplace supports, the risk of losing access to the DSP, and an impersonal harsh compliance driven employment services system are all significant barriers for people with disabilities to engage in employment. The longer someone remains unemployed, the harder it is for them to re-engage in the workforce – without the right support, people are at risk of falling into poverty, disadvantage, and homelessness.

Until mid-2022 the majority of those receiving income support were part of Jobactive, the Australian Government's mandatory generalist employment services system; and DSP recipients are covered by Disability Employment Services (DES). Both systems are punitive and do not work.

The purpose of Jobactive was to “help job seekers find and keep a job, help job seekers move from welfare to work, and help job seekers meet their mutual obligations” (Senate 2019). The majority of jobseekers were required to apply for 20 jobs per month in order to keep receiving payments.

However, there was significant criticism of this system for many years – specifically that the compliance arrangements were punitive, and that the contracts were written to incentive employment providers to achieve throughput for jobseekers rather than outcomes. As a result, job seekers do not receive adequate support and employers receive irrelevant job applications in order for job seekers to meet the mutual obligation criteria.

Furthermore, in an inquiry into Jobactive found that the system was “not fit for purpose” and “failing those it intended to serve” (Commonwealth of Australia 2019). The inquiry recommended that a broader range of activities, such as attending interviews and participating in employment focused programs should be included as part of mutual obligation requirements (Commonwealth of Australia 2019).

As a result, the then Australian Government designed a “points-based activation system” (PBAS), known as Workforce Australia which commenced in July 2022. The current Government has made some adjustments to the design, but ultimately kept the mutual obligation system in place. The system requires jobseekers to earn 100 “points” through seeking work, as well as other activities such as study, training, practicing for a driver's licence and attending interviews. While this may benefit some jobseekers who are largely job-ready; we do not believe the PBAS will be beneficial for disadvantaged job seekers overall, particularly those who are long-term unemployed.

The PBAS is still a punitive system, like Jobactive was, that has negative impacts on many jobseekers, and is likely to add a layer of unnecessary complexity for jobseekers in ‘proving’ that they are looking for work and navigating another system. We believe that a focus on improving a person's job readiness and an employer's capability to support disadvantaged job seekers would be better use of both time and money, and more likely to lead to better outcomes than enforcing the PBAS in a punitive manner as was the case with the previous system which entrenched poverty.

This is supported by the findings of both the 2018 and 2019 studies which found that the one-size-fits-all approach to employment services favours people who have stable housing and are job-ready; rather than working with people to build skills and genuinely support them into work.

What is needed is a more holistic employment support programs, tailored to individuals and cohorts of people who require additional support. Such a program must include access to pre-employment supports (such as literacy, self-esteem, social connection) through to job

readiness (such as resume, interview skills, education, training). The employment services system should not be funded to be compliance driven, as it is now, and should not be punitive in nature where people risk having payments taken away if they cannot meet mutual obligations.

This system is equally relevant for people with disabilities, as much as it is for 'mainstream' jobseekers, and employment support programs for people with disabilities must be relevant and empowering. People with disabilities should also be able to work part-time without risking losing access to supports they need, and we believe the threshold of work hours should be increased back to 30 per week, in line with AFDO's recommendations.

Overall, people should be in sustainable employment, and able to earn a living wage, prior to having their payments cancelled. This means people should be reporting a consistent income over the cut-off threshold for at least six months before they are transitioned off Jobseeker, to allow them to build up their savings and ensure their employment is ongoing.

Recommendation 11: Disband the PBAS and replace with an opt-in, holistic employment support program that includes access to pre-employment supports (literacy, self-esteem, social connection) through to job readiness (resume, interview skills, education, training).

Recommendation 12: Increase the timeframe Jobseeker recipients need to be reporting consistent income over the cut-off threshold for six months before being transitioned off the payment.

Recommendation 13: To reinstate the initial threshold of work hours from 15 hours to 30 hours per week when transitioning from DSP to employment, to help people to work without losing access to necessary supports.

6.8 The Age Pension is inadequate to meet acceptable living standards

The Age Pension is intended to provide a minimum standard of living for people who are elderly, the social security system has not effectively provided this safety net for older people for many years. There are 2.6 million full or part pensioners in Australia as of September 2021, and 1.5 million of these people rely on the pension as their only source of income (National Seniors Australia 2022). For many of these people, the Age Pension is their only or primary source of income. Compulsory superannuation was only introduced in 1991, meaning that it has come too late for many of our current pensioners (Smith & Heatherington 2016).

For many older Australians, the Age Pension is their only source of income and, for many more, it is the primary source of income for the entirety of their retirement, which can be 30 years or more. Even with superannuation legislation, many other Australians, such as those with histories of unemployment in their working life or time out of the workforce, have never had the opportunity to accumulate private savings in any form and are at risk of being left behind as they age.

This is particularly true of the Mission's older clientele, who are predominantly people who have a range of complex needs and who have experienced persistent disadvantage and isolation. This is highlighted within our internal data, where 72% of the sample case management clients who are aged over 65 are also experiencing primary homelessness.

It is important to recognise that this disadvantage leads to significant trauma, and people present to our services with significant health vulnerabilities, emotional, and psychological needs far greater than the average ageing Australian. We work with people who experience a range of complex issues such as:

- Histories of homelessness
- Premature ageing and death
- Histories of significant trauma exposure
- Experience of family violence
- Involvement in the justice system
- Social exclusion, living alone with no family network or limited informal supports
- Long-term unemployment
- Chronic health conditions
- Substance dependence
- Mental health illness and psychosocial conditions (such as hoarding, anxiety)
- Physical and intellectual disability including Acquired Brain Injury (ABI).

At present, the Age Pension still plays an important role in supporting older people and providing them with a basic standard of living. As with the DSP, the Age Pension is a low payment that forces pensioners to subsist on very low incomes and live below the poverty line. As rental prices continue to skyrocket nationwide, alongside energy costs, groceries and other basic necessities, the Age Pension should be raised alongside Commonwealth Rent Assistance (CRA - see section 6.9) to support people to make ends meet. Over 350,000 pensioners also receive CRA (National Seniors Australia 2022).

Over 250,000 pensioners do not own their home, and on average only receive one-third of what is needed to pay their rent (National Seniors Australia 2022). In fact, 41% of renters aged 65 and over are in poverty, compared with 10% of all people aged 65 and over (Davidson, Bradbury & Wong 2022). This puts them at significant risk for housing stress and homelessness, particularly single older women. This is because women are more likely to have less savings and superannuation as they spent more time out of the workforce looking after children and family and increasing number of women are leaving abusive relationships find themselves without the ability to support themselves and increasing experiences of homelessness. Risks of elder abuse are also elevated when older people require material and financial support from family members.

We believe that as with all income support payments, the Age Pension must be raised to ensure older people do not live in poverty. We also believe that older people with histories of persistent disadvantage who also experience disability and illness should be entitled to the Disability and Illness Supplement (see Recommendation 8).

Recommendation 14: Raise the Rate of the Age Pension, recognising that elderly people deserve a minimum standard of living as they age and should not live in poverty.

Alongside raising income support payments, the Commonwealth Government must invest in social housing. This will be discussed in Section 10.

6.9 Commonwealth Rent Assistance (CRA) – 40% recipients experience housing stress

Since 1995-1996, just after Newstart (Jobseeker) was last increased in real terms, Australia has undergone a transformative change in the way we live, work and interact with each other – on an individual level, collectively as Australians and geopolitically as a player in the global economy. At that time, the median weekly cost of private rent was \$139.

The median weekly rent in the 2021 Census was \$375 nationally, was recorded as \$370 per week an increase of 169 per cent, according to the Australian Bureau of Statistics. In major cities with greater employment opportunities, the median rent is far greater than the national average and this gap is even greater, with the median rent per week in metropolitan Melbourne at \$440 in the September 2022 quarter (Homes Victoria 2023).

Commonwealth Rent Assistance (CRA) is provided to income support recipients on a range of payments who rent privately or from community housing providers. It is paid based on the amount of money an individual is spending on rent, which must be at least \$135.40 per fortnight for a single person; and the maximum payment of CRA is \$151.60 per fortnight for those pay rent more than \$337.54 per fortnight.

Using the current rate of Jobseeker of \$668.40 per fortnight as an example, this is nowhere near enough to meet basic housing needs, even with the additional full rate of Commonwealth Rent Assistance (CRA) of \$151.60 per fortnight. In this scenario, someone on Jobseeker and paying \$337.54 per week in rent would be left with \$34.46 per day to meet all other needs – food, bills, medical expenses, transport and clothing. A spend of any more than 30 per cent of income on rent (in this case, \$246) per fortnight is the definition of housing stress for people on a low income – a nationally accepted benchmark. It is estimated at least 40 per cent of people receiving CRA are in this position.

The Mission supports the recommendation by ACOSS to increase the rate of Commonwealth Rent Assistance by 50 per cent. We believe the CRA must be responsive to local housing market conditions and the supplement should reflect movements in rent, and the current six-monthly CPI indexation arrangement should be reviewed in light of this.

Anglicare's annual Rental Affordability Snapshot has found consistently that there are no homes available for rent in any major city in Australia that would be affordable for a single person on Jobseeker, based on the housing stress benchmark, with the situation only marginally less dire than for those in receipt of the Disability Support or the Age Pension (Bourke & Foo 2022). It is simply not possible for people to get back on their feet without housing. Social housing has not kept up with Australia's population growth to meet demand - there are currently over 142,500 Australians on the waitlist for social housing - and many of those are already without a home. We know the trauma associated with an experience of homelessness is profound and has lifelong impacts.

Recommendation 15: Increase Commonwealth Rent Assistance by 50%.

7. COST OF LIVING PRESSURES AND INFLATION

The current cost of living crisis in Australia is well documented and discussed in mainstream media at present. There are very few people in our community who remain untouched by

rising inflation and cost of living issues in the wake of the pandemic. It is important to recognise that people on the lowest incomes, particularly those receiving income support payments and on the minimum wage are the most significantly impacted by this. It is particularly concerning that one in five Victorian accessing specialist homelessness services in the last financial year had a job (Productivity Commission 2023). Being employed is no longer enough to prevent homelessness in the current environment.

Despite rising inflation in 2022 and into 2023, income support payments have not been raised beyond the Consumer Price Index (CPI). This means that the meagre income people had is buying even less than it was 12 months earlier. Increased prices for groceries, fuel, gas and electricity are well discussed in the public discourse and Sacred Heart Mission's role is to comment on how this specifically impacts our clients.

Our case management staff across our homelessness support programs highlight that our clients are reporting increasing difficulties with meeting basic needs and are seeking advice on how to do this. An example of this is a client who discussed with her case manager making a partial rent payment, so she could afford groceries and other necessities – she thought this would be less problematic than not paying her rent at all. Clients often report spending more than 30% of their income on rent, even over 50%, placing them in the category of rental stress.

Staff also report that some clients seek out assistance from payday lenders or Buy Now Pay Later (BNPL) businesses such as Afterpay and Zip to be able to afford basic goods including their groceries. The growing use of these services for people receiving income support and who have insecure wages is increasing within the community, as confirmed by research conducted within the community sector (Good Shepherd 2022).

While our staff discourage these options, as clients frequently find they cannot pay the instalments either and are then subjected to fees and high interest rates, meaning that people are always 'chasing their tail' trying to manage multiple payments and keep up. Some clients also have historical debt that they are trying to pay down – such as rent, fines and credit cards, which exacerbates these problems.

Unfortunately, we are also aware that some clients resort to breaking the law in order to make ends meet. Examples of this include selling drugs, illegal sex work, shoplifting, fare evading on public transport, and not paying for parking, which can lead to fines if they are caught. While Sacred Heart Mission does not condone this behaviour, it is devastating that anyone in our society is needing to make these kinds of choices to get by and afford basic goods like food, rent and medication.

Clients who were asked directly about cost-of-living pressures said:

CLIENT QUOTES:

"Bills and groceries are expensive; you have nothing left to spend on something you need."

Jim* J2SI participant

"It effects the whole situation; I watch what I buy and go without buying certain products. If [the government] could bring down gas and electricity prices, and essential items that would help a lot."

Ken* J2SI participant

Ultimately, we believe that the Australian Government must do more to address the current cost of living crisis, minimise inflation and ensure that people do not get trapped in the cycle of poverty and disadvantage. We believe that once income support payments have been lifted above the poverty line, they should be reviewed every six months, to reflect the current market and economic drivers.

Recommendation 16: That income support payments should be reviewed and increased every six months to reflect the current market and economic drivers once these payments have been raised above the poverty line.

8. IMPACTS OF POVERTY ON HEALTH, SOCIAL, EDUCATION AND EMPLOYMENT OUTCOMES

The Mission's service model focuses on five key outcomes, which are:

- Sustained housing
- Health and wellbeing
- Independence
- Social participation
- Economic participation

When people experience poverty, they are unable to achieve any of these outcomes. Poverty ultimately produces lifelong and cumulative negative impacts on people leading to poorer outcomes in all of these areas, and different aspects of poverty feed into each other.

As an example, it is common for our clients to have experienced homelessness, housing insecurity and poverty in childhood. This often means they have a fragmented experience of schooling – they may have had minimal attendance, moved around often, gone to school hungry, performed poorly academically, left school early and so on.

A lack of education, particularly poor literacy, numeracy and digital skills is a significant factor in being unable to obtain employment that provides a minimum standard of living, perpetuating the cycle of poverty and disadvantage into the next generation and widening inequality.

Similarly, poor educational and employment outcomes often lead to poorer health outcomes, as people do not have the ability to articulate what is occurring for them or the funds to seek health care when they need it. This also has cumulative impacts on individuals and families and leads to complex trauma.

For people who have experienced deep disadvantage, trauma, and social exclusion, their capacity to participate fully in community life is deeply affected. Trauma can be both a cause and consequence of homelessness, and repeated exposure to trauma while experiencing homelessness and its long-term impacts cannot be understated.

This is exacerbated by the traditional service system, which is crisis orientated and fails to address the compounding issues resulting in chronic homelessness: affordable housing shortages, ongoing unemployment, mental health issues, substance misuse, failed transitions from state care or prison, childhood and intergenerational trauma and family violence.

As a result, many find it difficult to access and remain engaged in meaningful activities such as social participation or employment. Our experience is that most people want to be involved in the community and contribute to society, but due to a complexity of factors as described above, and their experiences of poverty, require support to do so.

In our work, Sacred Heart Mission sees the correlation between poverty, and poor health outcomes on a daily basis. Chronic homelessness has significant impacts on health, particular premature ageing. As a result of many years of rough sleeping and tenuous accommodation, people are prematurely aged as result of living a life without their core needs of health and safe and secure housing being met for extensive periods of time.

Many also have significant health vulnerabilities, chronic conditions, as a result of a lack of intervention or mismanagement over an extensive period (such as diabetes, heart problems, and liver disease caused by long-term drug and alcohol misuse). In addition, prolonged social and financial exclusion and isolation create barriers to service engagement, a phenomenon that undermines access to, and trust in health and social services.

CASE STUDY: DAVE*, GREENLIGHT PARTICIPANT

Dave was a heroin user who was estranged from his family, at risk of suicide and in significant rental arrears. He was at risk of losing his public housing tenancy when the Mission's GreenLight program stepped in.

The team referred Dave to rehabilitation services, and he underwent a detox. With two years of the right support from GreenLight, Dave was able to access the NDIS and the DSP and maintain his tenancy.

He has now reconnected with his family and has proudly been sober for over a year.

Poverty is a vicious cycle – it is important that Australian society works to end it by listening to experts in how best to prevent these problems before they start, and to provide straightforward solutions – especially housing with wrap-around support to ensure that people can get back on their feet.

8.1 Casualisation of the workforce and poverty

We have seen significant changes in recent years in the nature of work, including increasing casualisation of the workforce, changes in technology and its importance in work, moves towards a knowledge economy and away from core industries, increasing educational requirements for 'entry level' positions and a move towards a 'gig economy'. All of these changes contribute to widening inequality and make it more difficult for those experiencing long-term unemployment to re-gain entry into the workforce.

Our clients also report that they experience discrimination at work, related to their experiences of homelessness. Such discrimination only exacerbates poverty.

CLIENT QUOTE:

"[I was] fired from full-time job at [small technology business] recently as employer stated it is inappropriate for someone who is homeless to be working."

Jennifer*, the Mission client

For our client cohort, the moves towards casualisation and the 'gig economy' are significant factors in being able to access sustainable employment. Overall, casualisation means unstable work schedules, no paid leave, reduced promotion possibilities and generally lower financial stability. Labour market data from August 2020 showed that approximately half (48.6%) of all jobs in retail, accommodation and food services and health care and social assistance are casual jobs (Gilfillan 2021). These are also the industries with the lowest hourly wages, contributing to these challenges. Though casual employment can be beneficial for some people, job instability is the highest in part-time casual workers, with 68.7% reporting they were not guaranteed a minimum number of hours per week and 43.8% reporting that they worked variable hours each week (Gilfillan 2021). Partnered women and dependent students accounted for 43.9% of all casual employees, and the industries with the highest rates of casualisation are also female dominated, particularly in health care and social assistance (also known as 'caring professions' (Gilfillan 2021, Good Shepherd 2022)). As there are severe staff shortages within this workforce already, we must increase wages and job security within caring professions to meet current and future demand, make these roles more attractive to workers and ensure that these essential workers are not faced with ongoing job insecurity and inadequate wages in the medium-to-long term.

CASE STUDY 3: ELLA*, J2SI PARTICIPANT

Ella is a qualified and experienced beauty therapist, whose employment was a casualty of Covid-19 lockdowns. Going in and out of lockdown was extremely stressful for her, and she developed significant mental health issues as a result of the experience and could no longer work. She suddenly went from having a wage to being reliant on Centrelink, which was still not enough to pay her rent and bills. She found herself experiencing homelessness – bouncing around different types of temporary and crisis accommodation over a six-month period, just trying to find somewhere safe to sleep.

Ella was eventually referred to Homefront, Sacred Heart Mission's women-only crisis accommodation service, which made her feel safe and provided her with services to get back on her feet. She's since been referred to J2SI, who have helped her move into a new home, and she's been able to get her cats back who she refers to as her 'babies'.

J2SI have helped Ella address a range of things that were going on for her, and she is looking forward to her future.

Unstable work can make it more difficult to access stable housing, particularly in a competitive housing market and many people work multiple casual jobs to make ends meet. In these circumstances, people are also more likely to rely on accessing forms of credit, such as payday loans and BNPL services as a form of 'income smoothing' to pay for essentials when their wages are insecure or inadequate (Good Shepherd 2022). The often leads to increasing debt and financial insecurity over time and contributes to poverty in our community.

Recommendation 17: The Government should look to restrict the use of casual employment arrangements, to boost job security, and improve wages and job security in caring professions.

8.2 Long-term unemployment and poverty

Many of our ageing clients have worked in manual labour jobs for many years without qualifications and as such become at risk of unemployment due to redundancy and moving manufacturing offshore, as well as workplace injuries. The ability to earn an income, in a sustainable job that provides sufficient income for a basic standard of living is a key protective factor against homelessness.

The Mission's J2SI includes roles for Workforce Participation Workers, who support clients to access training and employment. This role is highly beneficial as it provides intensive and tailored support for people to build skills, gain employment and be involved in the community.

Overall, we believe it is the Government's role to support disadvantaged jobseekers in particular into sustainable employment, providing holistic training and support to those who need it, particularly boosting digital literacy skills. This will build resilience into the workforce

and provide a pathway out of poverty, disadvantage, and homelessness. Though some targeted programs exist at present, our experience is that older people and long-term unemployed people are not well supported to access employment at present, and this must change.

Recommendation 18: Boost programs and targeted support for disadvantage jobseekers, particularly older people and those experiencing long-term unemployment to re-enter the workforce.

9. AFFORDABLE AND SUSTAINED HOUSING – KEY MECHANISMS TO ADDRESS POVERTY

In addition to the mechanisms discussed above, particularly raising rates of income support payments and changing or suspending mutual obligation requirements, the Mission highlights two significant reforms to addressing poverty in Australia. Primarily, these are:

1. Scaled investment in Housing First programs, such as the Mission's J2SI program.
2. Scaled investment in social and affordable housing nation-wide, prioritising people with disabilities, mental health issues and for specific communities such as older people and Aboriginal and Torres Strait Islander communities.

9.1 Scale up Housing First programs

The Mission's J2SI program is a Housing First approach coupled with three years of intensive support that wraps services around each client. With a strengths-based lens, J2SI places people's needs at the centre of service delivery. It works to end homelessness, rather than simply manage it.

The Mission has taken key learnings and failures from two randomised control trials (RCTs) in 2009-2012 and 2016-20 to build J2SI into an effective Housing First program in Australia. In 2018, the Mission commenced delivering J2SI under Victoria's first Social Impact Investment (SII) with the Victorian Government. Results of the J2SI SII have been outstanding (90% of clients in stable housing and 60% reduction in use of hospital beds) leading the Victorian Government to expand the program in 2021 under a Payment by Results (PbR) structure, again, the first of its kind in Victoria. The Victorian Government is estimated to save \$45.3 million in avoided costs for these 300 clients if the program results continue at the same level.

In Victoria, the average public housing tenancy for people experiencing homelessness is 18 months. The J2SI SII has over 90% of clients in stable housing after two, three or four years depending on the cohort J2SI reduces a person's use of government funded health, homelessness and justice services by empowering them to be economically and personally self-reliant and contributes to better health outcomes.

J2SI achieves these results by taking a sustaining tenancies approach as part of Housing First; a tripartite arrangement between the client, J2SI and the housing provider with support and housing tailored to the clients' requirements. Once their housing is stable, clients are supported to improve their health and wellbeing, and to build the skills, independence and social connections required to experience and maintain a better quality of life.

Intensive support and case management is provided to improve people's lives, including support to:

- get and stay in housing
- improve mental health and wellbeing
- resolve drug and alcohol issues
- build skills
- increase connection with the community
- contribute to society through economic participation and social inclusion activities

This enables people to sustain their housing and get on with their lives – even after a lifetime on the streets. J2SI is a proven program that breaks the cycle of homelessness and has been verified by independent evaluations over 14 years, including “gold standard” RCTs for the Pilot and Phase 2 (Johnson et al. 2014; Seivwright et al. 2020).

Our vision is to have the J2SI program delivered by local partner service providers, under license, across Australia. To support homelessness agencies to replicate J2SI with other State and Territory Governments, in 2018 the Mission established a subsidiary, the J2SI Evaluation & Learning Centre (J2SI ELC), to provide homelessness service providers with tools, training and consultancy to obtain funding for and to deliver a J2SI program in their region.

We know that J2SI works and has the ability to support other target groups of people at risk of and experiencing homelessness and poverty. We have identified modifications to extend service delivery from single adults in capital cities to:

- families with young children
- young adults
- regional Australia
- First Nations Australians

The funding of the Mission's J2SI program by the Victorian Government as a SII and a PbR is solid evidence this is a program guaranteed to deliver strong social outcomes and economic value.

Recommendation 19: A commitment to support homelessness agencies to replicate J2SI nationally for priority cohorts of people experiencing poverty and at significant risk of chronic homelessness, via State/Territory governments and the J2SI ELC.

9.2 Housing supply – social and affordable housing

Though Housing First programs such as J2SI are extremely effective at ending chronic homelessness, sufficient social housing supply is crucial to ensure people can break the cycle of homelessness. Poverty and homelessness are increasing, and this problem will continue to escalate without significant investment in social and affordable housing nationwide to stop the flow into homelessness and to get people out of homelessness.

The government must invest in social housing, alongside other solutions such as co-investment approaches that bring together State Government subsidies, low-cost debt

through the Commonwealth Government, investors and philanthropy to work in partnership with the community housing and homelessness providers.

Prior to COVID-19, the housing market, both for purchasers and renters was becoming increasingly unaffordable, with increasing proportions of over-indebted households; as well as slow wage growth (ABS 2019; Department of Treasury 2017). In these types of circumstances, there is greater risk of people experiencing financial difficulty, and more potential for homelessness to occur – such as via rental evictions or being unable to meet mortgage repayments.

The COVID-19 pandemic added a further layer of complexity to Australia's housing affordability crisis, and it is clear that much of the population have not yet recovered from its impacts. Despite endeavours that have been made over several years by all Commonwealth, State and Territory governments, as well as private businesses, to assist people to prevent financial difficulties as a result of COVID-19, there will inevitably be those for whom that assistance is unable to prevent a financial crisis. The solution is a supply of accessible and appropriate social housing for those who need it.

At the Mission, it is clear that a lack of investment in social housing for many decades, and complex pathways for people to navigate between various systems – such as mental health, justice, hospitals and income support - mean that people are falling through the gaps into homelessness. This problem will be exacerbated by the financial difficulties brought on by COVID-19 and rising inflation, with the investment in, and supply of social housing already severely lacking.

Much of the existing public housing stock is poorly maintained and in disrepair, poorly ventilated and insulated, often unsafe and no longer fit for purpose.

The Mission's staff highlight that in some cases they are required to visit clients who live in social housing in pairs due to safety concerns, including those related to the interactions between other residents, or in the vicinity of buildings.

Not all areas are unsafe; some residents of public and community housing mention the positive sense of communities that are formed in their neighbourhoods. However, for others they can be extremely unsafe places to live, and everyone deserves to feel safe in their own home.

Australia has a severe shortfall of 433,000 social housing properties, which is only expected to grow unless there is a concerted strategy to invest in social housing supply. We consider that public housing is a form of social infrastructure that should be viewed as essential in the same way that public transport, roads, schools, hospitals and other forms of infrastructure are considered essential and worthy of long-term and considered investment.

The Australian Government needs to support all states and territories in investing in varied types of social housing that are appropriate for people with different needs – singles, couples, families with children, older people, people with disabilities, people with mental health issues, Aboriginal and Torres Strait Islander peoples and so on. This social housing must be targeted and priorities for specific groups, as it is essential to reducing homelessness and inequality generally, and in these marginalised populations.

As an interim measure, the Mission has had a positive experience with using head leased properties as part of the J2SI Social Impact Investment (SII), providing access to rapid housing alongside support.

Whilst head leasing is an effective solution for providing immediate access to ‘social’ housing, it is not a long-term solution, as the rental will return to market at the end of the contracted period. Despite this, head leasing is a useful tool while other approaches are undertaken to increase the supply of permanent social housing, as the housing itself already exists, and the building of new properties or redeveloping existing public housing has a long lead time. Given the current shortfall in social housing, it is evident that a variety of options must be considered to boost the housing supply in Australia and meet projected demand and reduce homelessness and poverty.

We also acknowledge the initiatives developed by individual states and territories to increase the supply of social housing, such as the Social Housing Growth Fund (SHGF), the Public Housing Renewal Program, the Rough Sleeper Action Plan, and the Ground Lease Model as part of the Big Housing Build in Victoria.

However, these initiatives will not be sufficient to meet the current demand for social housing, let alone the projected demand. We also note that many of these initiatives provide for both social and affordable housing. While it is important to increase the supply of both social and affordable housing, for the Mission and our clients’ experiencing homelessness, the need is for increased supply of social housing. It is vital that the Australian Government funds social housing developments in each state and territory to address the severe affordable housing shortfall that exists nationally.

This investment will ultimately save the government money in the long term. Constructing 25,000 new social housing properties per year across Australia, will generate an economic output of \$12.7 billion, create 15,700 jobs and add \$4.7 billion to GDP. Not making this investment is costing \$676.5 million per year. Providing social housing for everyone who needs it would dramatically reduce poverty in Australia.

Recommendation 20: A commitment to build 25,000 new social housing properties per year across Australia, using a range of funding mechanisms to boost social housing growth as quickly as possible to meet current and future demand.

10. CONCLUSION

Poverty is a major social and economic challenge facing the Australian community. We have been researching and discussing the drivers and impacts of poverty on a national scale in some form since the Henderson Poverty Inquiry in 1975 almost fifty years ago, yet poverty in Australia is worsening.

The solutions to poverty are clear and available – raising income support payments to a liveable level above the poverty line would be the single greatest factor in poverty reduction in Australia. From there, we can begin to reframe our social consciousness around the purpose of income support, reducing stigma and discrimination for those who access it. By doing this, we can address inequality more widely – address the other structural issues that contribute to poverty and disadvantage and focus our energy on becoming more equitable society where the concept of a ‘fair go’ is truly realised.

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A NOTE ON CLIENT CASE STUDIES

In order to protect the safety and privacy of our clients, all case studies and quotes have been de-identified and names changed.



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