



INQUIRY INTO THE COST OF LIVING

**Select Committee on Cost of Living
– May 2023**



SACRED HEART MISSION

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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.

CONTENTS

1. Introduction	4
1.1 Our evidence	5
2. Recommendations	6
3. About Sacred Heart Mission	7
4. The Mission's client base	8
4.1 We work with a diverse range of people	9
4.2 A majority of our clients receive income from Centrelink.....	10
4.3 Many people are in unstable housing.....	10
5. Drivers of the cost-of-living crisis	11
6. Australia's social security system is outdated and not working.....	12
6.1 Raising the Rate of income support payments.....	13
6.2 Forty per cent of Commonwealth Rent Assistance recipients experience housing stress.....	14
7. Impacts of the cost-of-living crisis on our clients.....	15
8. Casualisation of the workforce and its impacts	17
9. The importance of social housing and support	18
9.1 Funding sustainability for community housing providers	20
9.2 Scale up Housing First programs	21
10. Conclusion	23
11. References.....	24

1. INTRODUCTION

Sacred Heart Mission (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 appreciate the opportunity to contribute to this inquiry on the Cost of Living, an issue that is profoundly challenging our community in 2023. The Mission has recently contributed to the *Inquiry into the Extent and Nature of poverty in Australia* conducted by the Senate Standing Committee on Community Affairs. We urge this committee to recognise the findings of and submissions to the above inquiry when examining the cost of living in Australia. These matters are intertwined and there is already too much duplication across government. There is not a lack of evidence but rather, a lack of coordinated effort.

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 and gloomy economic outlook. 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.

It is particularly concerning that despite one in five Victorians accessing specialist homelessness services in the last financial year having a job, they are still at risk of homelessness. Being employed is no longer enough to prevent homelessness in the current environment.

For people already experiencing poverty, the impacts of the rising cost of living broadly occurring in the Australian community are insurmountable. While most Australians are experiencing cost of living related challenges at present, people who are already experiencing poverty, persistent disadvantage and homelessness are becoming further marginalised.

A series of Government inquiries conducted in the last five years have found that a lack of social and affordable housing, homelessness and inadequate income support payments are all directly linked to disadvantage and poverty in Australia. Private renters, low-income earners and receiving income support payments are becoming increasingly vulnerable to homelessness, especially in light of rising costs of living.

There is an overwhelming amount of evidence and research available that indicates poverty in Australia is increasing, and the same solutions are being shared with the government repeatedly.

We urge the Select Committee to stop wasting public resources by synthesising and enacting the plethora of evidence-informed recommendations regarding the improving our social security system and building social and affordable housing.

We believe that adequate income support is the single greatest factor in reducing poverty and disadvantage in Australia. This will reduce the vulnerability of our most marginalised people to cost of living pressures and ensure everyone has a safe place to call home.

Our recommendations for this inquiry focus primarily on macro issues and how we see the cost-of-living crisis manifesting in our own community and exacerbating poverty and persistent disadvantage.

Alleviating cost of living issues requires whole of government multi-sector approaches, and a willingness for the Australian public to think of those less fortunate than themselves and recognise that a more equitable society is beneficial to everyone. Broadly, we must invest in education, social and affordable housing, health, keeping people out of prisons, supporting people into employment, and strengthen the social safety net. These changes will improve our society as a whole, alleviate poverty and improve our resilience as a society against future pandemics and cost of living crises we may face.

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: To raise the rate of all income support payments, especially JobSeeker, the Disability Support Pension (DSP) and the Aged Pension.

- JobSeeker must be at least \$76 per day
- The DSP and the Aged Pensions must be raised by at least \$100 per fortnight.
- A Disability and Illness Supplement of at least \$55 per week must be introduced.

This is in line with ACOSS' current recommendations (as of March 2023).

Recommendation 2: Increase Commonwealth Rent Assistance by 50%.

Recommendation 3: That income support payments should be reviewed and increased every six months to reflect the fluctuations in the current market and economic drivers once these payments have been raised above the poverty line.

Recommendation 4: The Government should pay superannuation to all parents receiving paid parental leave.

Recommendation 5: 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 6: 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.

Recommendation 7: That the government provide funding for homelessness service providers to head-lease properties for clients, to support them to exit homelessness as a temporary solution until enough social housing can be built.

Recommendation 8: The Government should adequately fund community housing providers so that they can accept tenancy applications from all people on low incomes, including JobSeeker, as is the goal and purpose of social housing.

Recommendation 9: 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.

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 to recognise that while everyone is impacted by the cost-of-living crisis, people already experiencing homelessness, poverty, persistent disadvantage are the most vulnerable to economic shocks, as they are the least financially resilient when crises occur. It is also important that we consider these issues from an intersectional lens. We recognise that diverse communities around Australia are impacted by this crisis 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 and disadvantage and contribute to their economic vulnerability. None of these factors occur in isolation, and the intersectional nature of life experiences within the Australian community contribute to how people are experiencing the cost-of-living crisis.

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 clients 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%

5. DRIVERS OF THE COST-OF-LIVING CRISIS

There is no doubt that Australia is experiencing a cost-of-living crisis, and inequality, poverty and disadvantage are growing as a result. 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 challenges as significantly contributing to the cost-of-living crisis in the wake of the Covid-19 pandemic:

- An income support system that is not fit for purpose, and traps people in a 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.
- A lack of investment in renewable energy, meaning Australia is heavily reliant on coal and importing energy from overseas, leaving us vulnerable to global shock events such as the war in Ukraine and driving up energy prices.

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 and distressed that in 2023, as the world moves on from the pandemic, the cost of living is skyrocketing and people already disadvantaged are being further left behind.

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

6. 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. Whilst intended to support minimum living standards the current rates fail dismally.

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 March 2023:

Payment	Fortnightly payment
Jobseeker Payment	\$693.10
Disability Support Pension (DSP)	\$1064
Age Pension	\$1064

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.

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. Once people are in the poverty cycle, it is very difficult to escape. Therefore, it is those receiving income support payments who are the most impacted by the cost-of living crisis we are experiencing. For people already experiencing poverty and disadvantage, it is impossible to adjust their lives to help weather the storm, and they are therefore the least financially resilient in our community and the hardest hit by this crisis.

Though we know inflation is rising, income support payments have not been raised in real terms for in almost 30 years. This means that the meagre income people had before is buying even less than it was 12 months earlier and is causing significant negative impacts on our clients. Therefore, we believe it is vital for the Government to increase the rates of income support payments, to reduce poverty and disadvantage in our community.

6.1 Raising the Rate of income support payments

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, which has continued to escalate since then and payments have remained stagnant. The current rate of \$49.50 per day is nowhere near enough for someone to survive and is well under half the minimum wage.

People receiving the DSP and the Age Pension had a brief reprieve with two additional \$750 payments in 2020. Like those on JobSeeker, they are back to going without, faced with a vexed issue of whether to buy medicine and other essential items or paying their rent.

Secondly, we believe that the Aged and Disability Support Pensions (DSP) are too low, and trap people in poverty. These pensions are intended to provide a minimum standard of living for people who are either elderly, or who are unable to access or sustain employment as a result of a disability or health condition. Both payments should provide a basic level of income and quality of life for these groups, and at a base level we do not believe the either Aged Pension or the DSP achieves this and places many people at significant risk of homelessness and disadvantage.

Furthermore, 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.

In a wealthy country like Australia, it is completely unacceptable that people need to make choices between basic essentials and keeping a roof over their heads. The decision to keep income support payments below the poverty line is a cruel one and is exacerbating our current social problems and pushing more Australians into the cycle of poverty and homelessness. We believe strongly that all income support payments are grossly inadequate and must be increased.

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, alongside other payments will lift people out of poverty.

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 the Government must increase all income support payments must be increased, and the additional costs of disability and illness should be recognised through a specific supplement.

Recommendation 1: To raise the rate of all income support payments, especially JobSeeker, the Disability Support Pension (DSP) and the Aged Pension.

- JobSeeker must be at least \$76 per day
- The DSP and the Aged Pensions must be raised by at least \$100 per fortnight.
- A Disability and Illness Supplement of at least \$55 per week must be introduced.

This is in line with ACOSS' recommendations (as of March 2023).

6.2 Forty per cent of Commonwealth Rent Assistance 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 \$140.40 per fortnight for a single person; and the maximum payment of CRA is \$157.20 per fortnight for those pay rent more than \$350 per fortnight.

Using the current rate of Jobseeker of \$693.10 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 \$157.20 per fortnight. In this scenario, someone on Jobseeker and paying \$350 per week in rent would be left with \$75.15 per week 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, \$283.43 per fortnight, including CRA, 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. It is also quite worrying that an increasing number of elderly people are finding themselves in housing stress, with over 250,000 pensioners not owning their own home, and on average only receiving one-third of what is needed to pay their rent (National Seniors Australia 2022).

The Mission supports the recommendation by ACOSS to increase the rate of Commonwealth Rent Assistance by 50 per cent. The Women’s Economic Equality Taskforce (WEET) also recommends an immediate increase, specifically to improve women’s immediate housing security stemming from the lack of affordable, appropriate, and safe housing options (WEET 2023). Broadly, 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 2: Increase Commonwealth Rent Assistance by 50%.

7. IMPACTS OF THE COST-OF-LIVING CRISIS ON OUR CLIENTS

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, and people are finding it is increasingly more challenging to cope.

Though these problems are not new, we have seen changing trends among 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.

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. It is devastating that people on low incomes are driven 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. We also believe that the government should intervene to address the wage growth issue that we have and improve standards of living.

Recommendation 3: 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. CASUALISATION OF THE WORKFORCE AND ITS IMPACTS

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 in our society and make it difficult for workers to manage on fluctuating incomes in the context of rising living costs. 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). 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).

Furthermore, casualisation and low-paid work disproportionately impact women in our community, and this perpetuates poverty of women, as well as dependent children. 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). The low wages and lower value placed on these caring professions significantly disadvantages women and perpetuates the devaluation of what has been and continues to be traditionally "women's work" within society.

Sacred Heart Mission identifies our service users, as well as our staff and the organisation more broadly as being a victim of these systemic issues associated with the caring sector. We struggle to recruit and retain staff, particularly within our aged care workforces, both residential and in-home care. Without adequate funding, we cannot offer the job security and wages to ensure workforce retention, yet we must ensure our community is well looked after. We therefore battle the ethical considerations of organisational sustainability, staff wellbeing and continuity of care for service users every day. The solution is to provide adequate funding for the caring sector, ensuring that those who use our services receive high quality care, the workforce is sustainable, and our employees can achieve a good standard of living. Without this, these problems will continue to escalate into the future.

It is well-known that women retire with less superannuation than men, and that a lack of financial independence places women more at risk of family violence, as well as homelessness and poverty. Even well into the 21st century, more women are primary caregivers than men, and often also need to engage in employment to support their families in addition to these responsibilities. A recommendation from the Women's Economic Equality Taskforce (WEET), an advisory body to the Federal Government, is to pay superannuation to primary carers while they are on paid parental leave (WEET 2023). This

would recognise that having and caring for children is valuable work and reduce the superannuation disparities between men and women.

We see this devaluation within the caring professions, especially childhood education and care and aged care workforces clearly, highlighted by the severe staffing shortages within these roles, which are also female dominated. The WEET recommends investing in an interim pay-rise for all early childhood educators and aged care workers in recognition of the historical undervaluation of their work and the urgent need to retain and attract workers to the sector (WEET 2023). We must also increase job security within these 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.

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). This often leads to increasing debt and financial insecurity over time and contributes to poverty and disadvantage in our community.

Recommendation 4: The Government should pay superannuation to all parents receiving paid parental leave.

Recommendation 5: 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.

9. THE IMPORTANCE OF SOCIAL HOUSING AND SUPPORT

In addition to increasing income support payments, we believe that scaled investment in social and affordable housing nation-wide will help address the cost-of-living crisis and ensure everyone has a safe place to call home. Simultaneously, people need access to support programs that can support them to sustain their tenancies and make a permanent change in their lives. Being able to sustain tenancies is a significant challenge for Sacred Heart Mission's clients, as discussed in Section 9.2.

Poverty and homelessness are increasing in our society, and this problem will continue to escalate without significant investment in social and affordable housing nation-wide 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.

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.

We 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 6: 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.

In addition, the Mission has had a positive experience with using head leased properties as part of the Journey to Social Inclusion (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.

Recommendation 7: That the government provide funding for homelessness service providers to head-lease properties for clients, to support them to exit homelessness as a temporary solution until enough social housing can be built.

9.1 Funding sustainability for community housing providers

Sacred Heart Mission is limited in its ability to support people to sustain housing, because of the systemic issues associated with funding for community housing providers. In part, this is due to the punishingly low rate of the JobSeeker payment, and in part because of the way community housing providers receive their income.

Community housing providers receive 30% of a residents’ income – most often, a form of income support payments - plus CRA. The most common payments for Sacred Heart Mission clients are the JobSeeker Payment and the DSP. While both of these payments represent low incomes compared to the wider population, the DSP is considerably higher – a difference of \$370 per fortnight or 53.5% higher than the JobSeeker Payment. In fact, for community housing providers, receiving 30% of the JobSeeker Payment plus CRA in rent does not cover their costs.

The Mission has collaborative relationships with community housing providers as part of our supportive case management programs through our Continuum of Care approach. In these cases, we work with housing providers and clients themselves to get them back on their feet,

learn skills that help them sustain their tenancies and ideally, gain employment. However, for the community housing providers there is a limit on the number of properties they can provide. If they were to support all of those on the lowest incomes out of homelessness, community housing providers would be compromising their own sustainability, and this is not a financially viable business model.

Secondly, the DSP also has far fewer requirements for demonstrating compliance (meaning it is less likely for recipients to be penalised or lose payments altogether), less restrictive asset testing and greater access to concessions for transport and utilities (Taylor & Johnson 2021). Once someone is accepted onto the DSP, it is far less likely for them to lose access than for someone on JobSeeker to have their payments cancelled.

Put simply, DSP recipients have both more income, and more security than JobSeeker recipients, which makes them more desirable tenants. Unison Housing internal research of their own community housing residents and tenancy sustainment rates found this to be accurate and highlight that the DSP is overall a 'surer bet' for community housing providers who need to be financially sustainable (Taylor & Johnson, 2021). Community housing providers, such as Unison, have identified this as an ethical challenge – while they are financially disincentivised to support prospective residents receiving JobSeeker, a decision not to do so is contrary to the purpose and goal of community housing in the first place and these businesses continue to grapple with these issues.

Broadly, we see the decision to financially disincentivise community housing providers from accepting JobSeeker recipients as tenants to be inherently problematic. This systemic issue further exacerbates homelessness and housing stress, as those on JobSeeker cannot find any sustainable housing options. An increase to JobSeeker itself is an immediate solution to this problem, but in addition, community housing providers should be funded adequately to achieve their goals of providing social housing to those who are most in need.

Secondly, we are concerned by the decision by governments to invest in more community housing than public housing. We believe that housing is a human right, and more public housing means that people cannot be discriminated against based on their income type.

Recommendation 8: The Government should adequately fund community housing providers so that they can accept tenancy applications from all people on low incomes, including JobSeeker, as is the goal and purpose of social housing.

9.2 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. Such support programs, alongside social housing provision, are essential to ensure people can sustain their tenancies and exit homelessness for good.

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 9: 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.

10. CONCLUSION

Australia's current cost of living crisis is affecting everyone, but it is those who are dependent on income support payments that are most impacted by this crisis. Poverty and disadvantage are worsening, with more people are reliant on homelessness services than ever before.

The solutions to alleviating this crisis 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 and would help people to cope with rising living costs.

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.

We also must focus on the future – how to invest our resources in being sustainable – particularly in relation to energy generation and focusing on renewables. All of these changes will help us to deal with the current cost of living crisis and ensure Australians are protected in years to come.

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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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