



Settlement  
Council  
of Australia

28 March 2024

## **Select Committee on the Cost of Living: Australian Settlement Sector submission**

Dear Committee,

The Settlement Council of Australia (SCOA) welcomes the opportunity to make a submission to the Senate Select Committee on the Cost of Living.

SCOA is the peak body representing Australia's migrant and refugee services and allied organisations. SCOA provides leadership to the settlement sector and broader society to enable people of migrant and refugee backgrounds to experience positive settlement outcomes. SCOA represents over 120 member organisations nationally, all working towards a shared vision for an Australia where all people of migrant and refugee backgrounds belong, thrive and experience fulfilling lives.

### **Cost of living pressures facing Australians**

In recent years, Australians have faced significant pressures due to the rising cost of living, manifesting across various sectors of their daily lives. Housing affordability remains a paramount concern, with housing prices soaring in major cities. The average earnings have not kept pace with the increase in property prices, making it increasingly challenging for many Australians to enter the housing market. Additionally, groceries, utility bills and healthcare expenses have steadily risen, further squeezing household budgets. Low-income households are particularly vulnerable to these cost pressures, often having to sacrifice essentials to make ends meet. The cumulative effect of these cost of living pressures underscores the need for comprehensive policy measures to alleviate financial strain and ensure economic security for all Australians.

Between August 2022 and February 2023, when inflation hit its highest levels in 33 years, over half (53%) of surveyed Australians reported struggling to afford their basic needs.<sup>1</sup> According to the Foodbank, 3.7 million households in Australia experienced moderate- to severe-level food insecurity in the last 12 months. The report also finds that the cost of living was the most common reason for food insecurity in 2023.<sup>2</sup> The following chart shows the price change of selected products from March 2021 to March 2023.

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<sup>1</sup> Melbourne Institute & Roy Morgan partnership (May 2023), *Taking the Pulse of the Nation: Informing Australian economic & social policy*, <https://melbourneinstitute.unimelb.edu.au/data/taking-the-pulse-of-the-nation-2022/2023/australians-face-challenging-budgetary-constraints>

<sup>2</sup> Foodbank (2023), *Foodbank Hunger Report 2023*, [https://reports.foodbank.org.au/wp-content/uploads/2023/10/2023\\_Foodbank\\_Hunger\\_Report\\_IPSOS-Report.pdf](https://reports.foodbank.org.au/wp-content/uploads/2023/10/2023_Foodbank_Hunger_Report_IPSOS-Report.pdf)

# Price changes over the past 2 years of selected products from the CPI basket

Based on data from March 2021 to March 2023

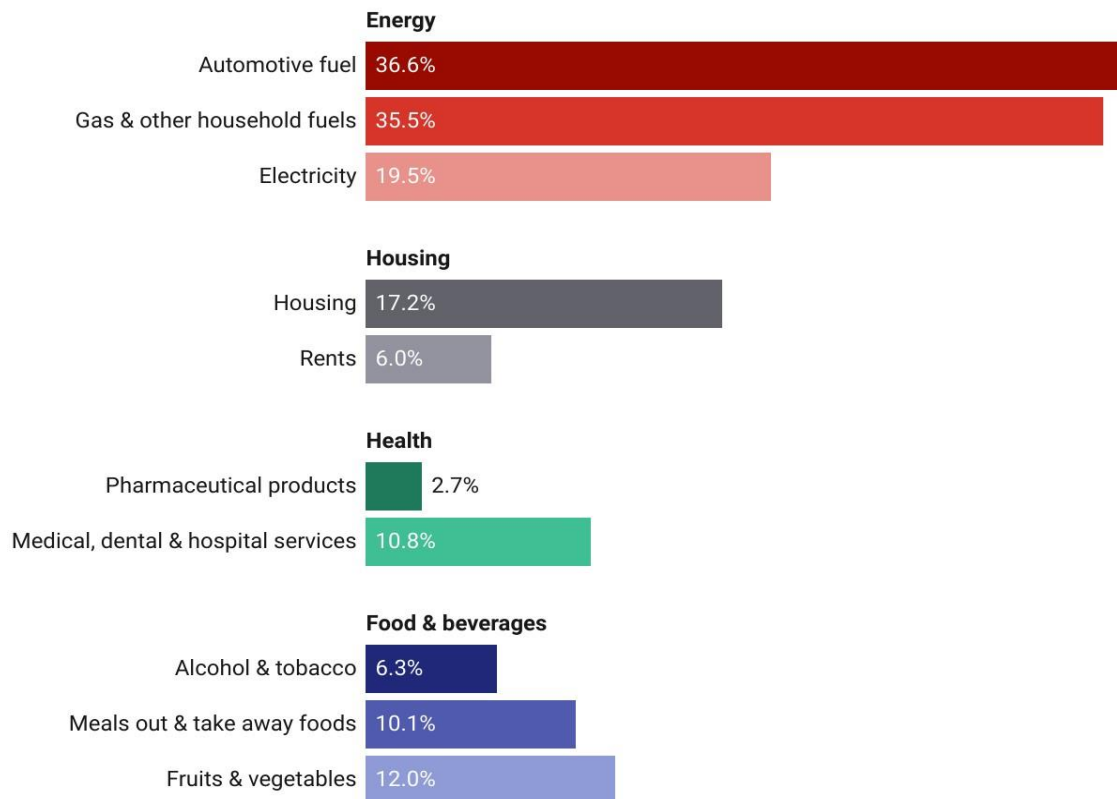


Chart: The Conversation • Source: ABS • Created with Datawrapper

## Exacerbated pressures faced by migrants and refugees

Australia is primarily a nation of migrants; in June 2022, 7.7 million people or 29.5% of Australia's population were born overseas.<sup>3</sup> Moreover, there were 1.6 million temporary residents in Australia as of August 2021.<sup>4</sup>

For many newcomers, the cost of living in Australia presents a formidable barrier to achieving stability and prosperity. **Housing**, in particular, emerges as a daunting challenge, with skyrocketing rents in major cities consuming a significant portion of their income. Migrants and refugees often find themselves grappling with the dilemma of sacrificing basic necessities in order to afford a roof over their heads. The dream of a comfortable home, once a beacon of hope, becomes a distant mirage in the face of exorbitant rental prices. The housing crisis pushes people to seek affordable housing options in growth areas, where there is less infrastructure and fewer public transport options; the cost of commuting to and from services or work opportunities is often prohibitive. It is not only the prohibitive cost but the time needed to commute doubly impoverishes people.

<sup>3</sup> Australian Bureau of Statistics (2023), *Australia's Population by Country of Birth*, <https://www.abs.gov.au/statistics/people/population/australias-population-country-birth/latest-release#:~:text=At%2030%20June%202022%2C%20Australia's,7.7%20million%20residents%20born%20overseas>

<sup>4</sup> Australian Bureau of Statistics (2023), *Temporary visa holders in Australia*, <https://www.abs.gov.au/statistics/people/people-and-communities/temporary-visa-holders-australia/latest-release>

In many refugee and migrant communities, housing pressures and costs have forced families to live together in crowded living conditions, and there are not enough properties available to accommodate larger families. An increasing number of aged pensioners are experiencing financial hardship and housing distress – and are being asked to move from their children’s homes due to overcrowding. There is a soaring demand for social housing; however, the number of properties available cannot meet the demand.

Moreover, **healthcare expenses** add another layer of financial strain, with migrants and refugees often facing steep fees for essential medical services. Access to quality healthcare becomes a luxury rather than a fundamental right, leaving many individuals vulnerable to health disparities and inequalities. The burden of medical costs weighs heavily on their shoulders, further exacerbating their economic precarity.

Among the migrants Australia welcomes, humanitarian entrants or refugees and asylum seekers with limited education, English skills, work rights and income support, often accompanied by systematic discrimination, struggle most to make ends meet.

Over 70,000 **people seeking asylum** in Australia, who are waiting for outcomes on their protection visa applications, are excluded from mainstream social support designed to help people get back on their feet in tough times. Currently, 98% of people seeking asylum waiting for their visa application to be processed have no access to integral social support systems, including income, housing, educational assistance and legal aid.<sup>5</sup> Of the people seeking asylum who accessed Asylum Seeker Resource Centre (ASRC) programs in 2021-22, 82% had no income, 57% were without work rights and 66% were without study rights and 80-90% of people accessing the ASRC’s GP clinic do not have access to Medicare.<sup>6</sup> Asylum seekers are also not able to access aged care services provided by My Aged Care, which means they carry the costs of supporting their older, ageing family members. This is another cost that exacerbates the cost of living for asylum seekers. The conditions applied to asylum seekers create systematic poverty which needs to be addressed by effective policy changes supported by sufficient funding.

Many international migrants come from regions where supporting immediate and extended family is a cultural norm. A hidden cost many migrants bear is their ongoing obligation to send **remittances** to dependent family members. This is more prominent for refugees on lower incomes and Centrelink support, as they usually have dependent families and relatives living in extreme situations, such as refugee camps and conflict zones. All of these additional expenses mean they need to sacrifice many of their daily necessities, such as having a healthy meal or buying essential medicine.

Most migrants arrive in Australia as adults and start working here relatively later than average Australians. Lacking any intergenerational wealth, they often start from zero. Therefore, many struggle to build a sufficient **superannuation** fund for a secure retirement. Given the increasing number of ageing migrants who would not be cared for by family members, this is likely to be a critical growing issue for the migrant population in Australia.

According to the Australian Super Fund Association, average Australian men have a median superannuation balance of about \$178,800 at age 60–64, and for women, that amount is about \$137,000. However, there are large disparities in the super balances of Australians from non-English speaking countries, compared to the population as a whole. For that demographic, the Household, Income and Labour Dynamics in Australia (HILDA) survey

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<sup>5</sup> Asylum Seeker Resource Centre (2023), *Poverty through Policy: The impact of excluding people seeking asylum from mainstream social support*, [https://asrc.org.au/wp-content/uploads/2023/04/ASRC\\_Policy\\_Through\\_Poverty\\_Finalv1.pdf](https://asrc.org.au/wp-content/uploads/2023/04/ASRC_Policy_Through_Poverty_Finalv1.pdf)

<sup>6</sup> Ibid.

shows the median super balance for men aged over 55 is \$50,000, and for women it is about \$28,500.<sup>7</sup> Such a stark disparity will likely create financial and social inequality based on linguistic and ethnic origin.

### **Precarious conditions for the non-profit sector and settlement service providers**

While the increased living costs have forced many to seek help from charities and non-profit organisations, the amount of donations to charity and volunteer contributions has not increased accordingly. After a steep fall, donations have slowly recovered to pre-pandemic levels; however, this period represents approximately \$3 billion in lost donations compared to long-term giving trends.<sup>8</sup> The number of volunteers has been declining consistently in recent years, decreasing by 180,000 since 2020, according to the Australian Charities and Not-for-profits Commission.

Funded for-purpose organisations also continue to suffer from various issues including short-term contract, insufficient indexation, increased indirect costs (such as IT, finance, human resources, learning and development, measurement and evaluation) not sufficiently funded by government or donors and lack of transparency in grant evaluation.<sup>9</sup>

As the peak body of the settlement sector, SCOA currently has 129 member organisations that support migrants and refugees. Most SCOA members are not-for-profit organisations, and roughly 70% are funded organisations. Our members also include small, grassroots community organisations comprising volunteers that have come together to service a local or specialised need. Their services range from greeting new arrivals at the airport, through to assisting them to secure housing, learn English, make social connections, access services and find their first job.

Our member organisations report **increasing service demand** due to increased living costs. While they are equipped to provide certain services, in times of crisis and increased client demand, they often have to go above and beyond their capacity. They report that many refugee and migrant families continually require financial wellbeing support such as emergency relief, food parcels, hygiene products, support with school fees and school uniforms, and budgetary support. Settlement organisations continue to provide such services as much as possible; however, it often leads to staff burnout and affects the sustainability of the sector.

### **Measures to ease the cost of living for financially vulnerable people**

SCOA recommends the following measures to alleviate the costs of living pressures of vulnerable Australians, particularly recently arrived refugees, asylum seekers and migrants.

1. Provide people seeking asylum access to mainstream social support services, work and study rights, access to Medicare and concession cards for the duration of their protection visa application process.
2. Increase the supply of low-cost housing and prioritise first-time home buyers for allocation.
3. Increase the amount of social security payments for all vulnerable Australians and index the rate regularly to reflect the rate of inflation.

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<sup>7</sup> Annika Burgess and Benay Ozdemir, 'Cost of living and superannuation gap leaves many migrants in Australia struggling to retire', *ABC News*, 10 June 2022, <https://amp.abc.net.au/article/101061206>

<sup>8</sup> John Mcleod and Brien McDonald, *JBWere NAB Charitable Giving Index – August 2023*, <https://business.nab.com.au/jbwere-nab-charitable-giving-index-august-2023/>

<sup>9</sup> SCOA (2023), *A stronger, more diverse and independent community sector*, <https://scoa.org.au/scoa-submission-a-stronger-more-diverse-and-independent-community-sector/>

4. Increase Commonwealth Rent Assistance and index the rate regularly to reflect the rate of inflation.
5. Increase the coverage hours of childcare subsidy, especially for disadvantaged migrant and refugee women, who might need additional support to join the Australian workforce.
6. Maintain adequate funding for non-profit and community sector organisations.

I hope the above assists the Committee in its inquiry. Should you wish to discuss these matters further, you can contact me at [sandra.elhelw@scoa.org.au](mailto:sandra.elhelw@scoa.org.au) or on (02) 6282 8515.

Your sincerely,

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