



Thank you for the opportunity to provide input into the Economic Reform Roundtable.

The Salvation Army operates nationally, delivering services aimed at alleviating hardship and injustice. Our frontline experience demonstrates that addressing entrenched disadvantage — particularly poverty and homelessness — presents a significant opportunity for long-term economic and social gains. We urge the Roundtable to consider not just the direct benefits of addressing disadvantage, but also how enhancing wellbeing for all Australians strengthens the effectiveness of other measures being contemplated.

Investment in reducing hardship yields dividends through reduced pressure on public systems, increased productivity in the social services sector, and enhanced social and economic participation in the community.<sup>1</sup> Measures to address disadvantage, such as increased funding for social housing and reform of income support payments, are unlikely to be budget-neutral in the short-term but are critical to the ongoing success of other economic measures.

### Reducing Costs Across Public Service Systems

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Poverty in Australia is both widespread and deeply interconnected with other forms of disadvantage, including homelessness, family and domestic violence, and substance use. These intersections amplify the burdens of poverty on individuals, communities, and the economy.

Addressing disadvantage can reduce downstream costs in key service systems, as well as free up those service systems to better achieve other productivity goals. The experience of growing up in poverty is associated with poorer health outcomes,<sup>2</sup> poorer educational outcomes,<sup>3</sup> and future involvement with the legal system.<sup>4</sup> This has cost implications for governments through the health, education and criminal justice systems.

A lack of secure housing is associated with greater hospitalisation,<sup>5</sup> worsened mental wellbeing,<sup>6</sup> and increased transmission of disease.<sup>7</sup> Mental ill-health alone costs the Australian economy \$200-220 billion per year.<sup>8</sup> The Salvation Army's practical experience demonstrates that financial disadvantage and housing stress are huge contributors to mental ill-health<sup>9</sup> and that targeted support has a positive impact on mental health (and other life outcomes).<sup>10</sup>

Disadvantage also affects the resilience of an individual, family or community to significant and sudden economic changes, relationship breakdowns or natural disasters.<sup>11</sup> These shocks can occur regardless of a person's socioeconomic standing, but financial hardship affects a person's capacity to respond and recover, which can have intergenerational impacts. People experiencing the trauma of financial hardship are more likely to also experience homelessness, unemployment, and ill-health,<sup>12</sup> or to remain in unsafe environments.<sup>13</sup>

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<sup>1</sup> The Salvation Army. (2023). *The Extent and Nature of Poverty In Australia*. Submission to the Senate Community Affairs References Committee Inquiry into The extent and nature of poverty in Australia. <https://www.aph.gov.au/DocumentStore.ashx?id=eab360b9-9c77-4692-bd19-ce2c4ac88486&subId=732471>

<sup>2</sup> Impact Economics and Policy. (2024). *The economic costs of child poverty in New South Wales*. Report prepared for NCOSS. 32. <https://www.ncoss.org.au/policy-advocacy/policy-research-publications/lasting-impacts-child-poverty-in-nsw/>.

<sup>3</sup> Ibid. 28.

<sup>4</sup> Ibid 42.

<sup>5</sup> Australian Institute of Health and Welfare. (2025). *Health of people experiencing homelessness*. <https://www.aihw.gov.au/reports/australias-health/health-of-people-experiencing-homelessness>.

<sup>6</sup> Ibid.

<sup>7</sup> Ibid.

<sup>8</sup> Productivity Commission 2020, Mental Health, Report no. 95, Canberra. 9. <https://www.pc.gov.au/inquiries/completed/mental-health/report>.

<sup>9</sup> Russell, C., Verrelli, S., & Taylor, E. (2025). *The Red Shield Report 2025: Struggling to survive*. The Salvation Army: unpublished. 11. <https://www.salvationarmy.org.au/the-red-shield-report-2025/>.

<sup>10</sup> Xu, H., and Scott, E. 2025. *Doorways Emergency Relief Outcomes Measurement Report* (FY2024). The Salvation Army Australia: Sydney.

<sup>11</sup> Boon, H. (2013). *Preparedness and vulnerability: an issue of equity in Australian disaster situations*. Australian Journal of Emergency Management Volume 28, No. 3, July 2013. <https://knowledge.aidr.org.au/resources/ajem-jul-2013-preparedness-and-vulnerability-an-issue-of-equity-in-australian-disaster-situations/> ;

Summers, A. (2022). *The Choice: Violence or Poverty*. University of Technology Sydney. <https://doi.org/10.26195/3s1r-4977>. 15.

<sup>12</sup> Productivity Commission 2020, Mental Health, Report no. 95, Canberra. 48.

<sup>13</sup> Summers, A. (2022). *The Choice: Violence or Poverty*. University of Technology Sydney. <https://doi.org/10.26195/3s1r-4977>. 15.



## Enhancing Social Services Sector Productivity

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The social services sector is under immense pressure,<sup>14</sup> with demand for services and complexity of need increasing year on year. Investment in prevention and early intervention lowers the personal cost for individuals experiencing hardship but it also lowers the cost of providing support overall. For example, the cost of providing crisis accommodation to one person for one night is approximately \$125<sup>15</sup>, while the Commonwealth Rental Assistance for a single person costs approximately \$15 per night. Where financial hardship is the sole barrier to stability, pushing a person into the social services system does not make sense.

As cost of living pressures have mounted, the value of emergency relief assistance has not kept pace; a \$100 voucher now does not do as much good as a \$100 voucher did two years ago. Because demand for emergency and food relief has also increased, there is no ability to increase the value of vouchers despite frontline knowledge that a larger intervention will have a greater impact and is more likely to lead to better outcomes.<sup>16</sup>

## Increasing Social and Economic Participation

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The Salvation Army's in-depth and extensive experience working with people on income support demonstrates that the low level of JobSeeker, Youth Allowance and related payments operates as a barrier to people achieving employment.<sup>17</sup> People reliant on these payments find it harder to maintain mental and physical health, and social connection, and are more likely to be experiencing extreme housing stress, all of which reduce a person's ability to attain or maintain employment.<sup>18</sup>

Long-term unemployment is demonstrably bad for economic resilience both at an individual and community level.<sup>19</sup> Crucially, the many impacts of disadvantage negatively affect a person's ability to participate in all aspects of society and, by extension, impacts their contribution to the economy.

## Specific Recommendations

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By investing in people and communities, Australia can reduce long-term costs, improve the efficiency of social services, and unlock the full potential of individuals to contribute to society. Addressing disadvantage will underpin and enhance the effectiveness of other efficiency and productivity measures. The Salvation Army recommends the Commonwealth Government:

- Commit to the development of social housing to represent 10% of all housing stock; and
- Reform welfare payments to enable all recipients to live with dignity (including increasing JobSeeker and Youth Allowance to 90% of the Aged Pension).

**It is critical that addressing disadvantage is at the centre of discussions about Australia's economic future.**

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<sup>14</sup> Department of Social Services (27 November 2024). *Not-for-profit Sector Development Blueprint*. <https://www.dss.gov.au/panels-and-other-groups/resource/not-profit-sector-development-blueprint>

<sup>15</sup> Link the fundraising material

<sup>16</sup> The Salvation Army. (2023). *Select Committee on Cost of Living*. Submission to the Select Committee on the Cost of Living. <https://www.aph.gov.au/DocumentStore.ashx?id=95cba7bc-bf90-4ddc-b741-cfbd3a15f8da&subId=734819>

<sup>17</sup> Economic Inclusion Advisory Committee (2025) *2025 Report to Government*, Department of Social Services, Australia.

<sup>14</sup>. <https://www.dss.gov.au/system/files/documents/2025-04/economic-inclusion-advisory-committee-2025-report.pdf>.

<sup>18</sup> The Salvation Army. (2023). *The Extent and Nature of Poverty In Australia*. Submission to the Senate Community Affairs References Committee Inquiry into The extent and nature of poverty in Australia. <https://www.aph.gov.au/DocumentStore.ashx?id=eab360b9-9c77-4692-bd19-ce2c4ac88486&subId=732471>

<sup>19</sup> Ibid.