

Submission to Community Affairs Committee

Social Services Legislation Amendment (Affordable Housing) Bill 2017



10 November 2017

About ACOSS

The [Australian Council of Social Service \(ACOSS\)](#) is a national advocate for action to reduce poverty and inequality and the peak body for the community services sector in Australia. Our vision is for a fair, inclusive and sustainable Australia where all individuals and communities can participate in and benefit from social and economic life.

Summary

The Committee should reject schedules one and two of the Social Services Legislation Amendment (Affordable Housing) Bill 2017.

Schedules one and two of this Bill would allow social housing tenants' rent payments and costs relating to loss of or damage to property arising as a result of the occupancy of the premises, to be automatically deducted from their social security payment.

Schedules one and two of this Bill do not address housing affordability. Instead, they limit people's ability to manage their finite incomes and ironically, lead to some people incurring debts or running out of money because they no longer have control over paying their rent. This is despite almost 100% of social housing tenants paying their rent on time.¹

The Committee should reject this proposal to remove autonomy from tenants heading up the 394,300 social housing households² in Australia.

If schedules one and two are not rejected, we propose that rather than impose this policy on all social housing tenants, automatic rent deductions be restricted to tenants who have reached the point of eviction because of arrears and only by order of a state tenancy tribunal.

Recommendations

1. Schedules one and two should be rejected.
2. If schedules one and two are not rejected, the Bill should be amended to allow automatic rent deductions as a last resort option for social housing tenants who are facing immediate eviction because of arrears. Automatic rent deductions could only be ordered by a state tenancy tribunal.

Discussion

ACOSS restricts its comments to schedules one and two of the Bill.

¹ Productivity Commission (2017) 'Chapter 18 Housing - Report on Government Services 2017' <http://www.pc.gov.au/research/ongoing/report-on-government-services/2017/housing-and-homelessness/housing/rogs-2017-volume-g-chapter18.pdf> p.155-158

² Australian Institute of Health and Welfare (2017) 'Housing Assistance in Australia 2017' <https://www.aihw.gov.au/reports/housing-assistance/housing-assistance-in-australia-2017/contents/social-housing-tenants>

We oppose schedules one and two of this Bill because they are unnecessary and will not improve housing affordability for social housing tenants.

Almost 100% of social housing households pay their rent on time, demonstrating the lack of a problem to be solved, and begging the question as to why the government has proposed this change.

The fundamental problem with the Bill is that it removes the autonomy of social housing tenants over their financial affairs. People living on low incomes must have control over paying their rent so that they can manage their finite resources most effectively. Most social housing tenants live fortnight to fortnight and manage their budgets fastidiously. Tenants on fixed incomes through social security are on income levels that are inadequate to meet the most basic needs. For further analysis of the gap between social security payment levels, and the costs of living, see *New Minimum Income for Healthy Living Budget Standards for Low-Paid and Unemployed Australians*³. Removing control could lead to tenants running out of money, being unable to afford doctor's or specialist appointments and ironically, ending up in debt.

This scheme also fails to acknowledge that people's incomes and rents fluctuate. Automatic rent deductions could lead to people paying more rent than what they owe. Many social housing tenants are employed in casual or intermittent work, which means that their income and rent can be different week to week. Household structures change, which can then lead to changes in the households' rent liability. In other words, automatic deductions will have to change sometimes constantly to ensure that people are paying the correct amount of rent. Deducting too much rent from a tenant could lead to severe financial hardship, even if the tenant is paid back. It is unclear how long it would take to refund overpayments.

Housing affordability would be greatly improved for many social housing tenants as well as people receiving social security in the private rental market if unemployment and family payments were increased and indexed to wages. For policy directions required to improve housing affordability, see ACOSS and National Shelter, *Housing Australia's People, a Serious Plan*⁴.

A fairer alternative proposal would be to restrict automatic rent deductions to tenants who are at immediate risk of eviction because of arrears as a measure of last resort. This decision would only be made by a state tenancy tribunal.

³ Saunders P., and Bedford, M., (2017) *New Minimum Income for Healthy Living Budget Standards for Low-Paid and Unemployed Australians* UNSW, <http://unsworks.unsw.edu.au/fapi/datastream/unsworks:46140/bin17c2c332-a166-4fc0-931e-27943a930769?view=true>

⁴ ACOSS and National Shelter (2017), *Housing Australia's People – A Serious Plan* http://www.acoss.org.au/wp-content/uploads/2017/04/ACOSS_National-Shelter_housing-affordability-issues-paper_final.pdf