



10 November 2017

Committee Secretary
Senate Standing Committees on Community Affairs
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Parliament House
Canberra ACT 2600

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Dear Committee Secretary

**Shelter NSW submission - Inquiry into the Social Services Legislation Amendment
(Housing Affordability) Bill**

Shelter NSW welcomes the opportunity to provide a submission to The Senate's Community Affairs Legislation Committee inquiry into the Social Services Legislation Amendment (Housing Affordability) Bill 2017.

We are deeply concerned about the provisions of the Bill that seek to introduce an Automatic Reduction Deduction Scheme (ARDS) as we believe such a scheme will cause significant hardship to many vulnerable households within our community. Shelter NSW also believes that there is no evidence to support a punitive approach and that there are alternative approaches available to manage and reduce rental arrears which can deliver better outcomes for tenants.

About Shelter NSW

Shelter NSW was established in 1975 and is the State's peak body with a vision to see a fair and just housing system in NSW and Australia, where everyone, including people on low incomes has access to secure, affordable and good quality housing, and there is no more homelessness.

Shelter NSW works towards turning its vision into reality by:

- Researching the causes of failures and injustice in the housing system;
- Developing solutions to improve the fairness and effectiveness of the housing system;
- Advocating for changes in policies, legislation and programs that can improve housing justice;
- Collaborating with Government, the private and not for profit sectors on initiatives that strive towards Shelter NSW's vision;
- Consulting and working in partnership with people on low incomes and organisations to find out what is happening "on the ground"; and
- Educating the community on housing issues.

Shelter NSW is part of a national network of organisations. A national body, National Shelter brings together all the state and territory organisations as members. Shelter NSW is a not-for-profit, non-government organisation and is not aligned to any political party or commercial organisation.

Shelter NSW

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ARDS will hit the most vulnerable the hardest

Shelter NSW is fundamentally opposed to a system of rent deduction that is mandatory because it removes the basic right we have as individuals to have agency over our own affairs. We believe that the Automatic Rent Deduction Scheme proposed in the Bill is contrary to the purpose of the legislation governing social housing in NSW. The Objects of the *NSW Housing Act 2001*, Part 2, section 5 (1) (e) recognises the right of tenants to be able to make decisions within the housing system;

To maximise the opportunities for tenants of public and community housing programs to participate in the management of their housing and in the development of public and community housing policies.

The importance of the ability of tenants living in social housing to make decisions about how they manage their income can't be underestimated. Most social housing tenants are reliant on Government payments and for many the daily reality of managing a household budget is a precarious juggling act. The income they receive is often a subsistence-level income, barely enough to cover the cost of essentials such as food, housing, utilities, daily transport costs, education and health costs.

And when unexpected costs arise, low income households are often forced to make a choice between going without or going into debt. Social housing tenants have told us that at these times, they need the ability to control their finances to pay what needs to be paid first depending on the needs of their family on that particular day or week. As one tenant told Shelter NSW;

"I remember the time I had to pay \$400 for a specialist appointment. I had to pay that \$400 first. My rent had to wait until I went to Medicare to get my rebate. Of course I want to pay my rent but sometimes I'm having a bad week or month with my health, I need to pay for that first and then I pay the rent."

With the rising costs of living, a mandatory ARDS could push many social housing tenants into further financial hardship. The latest consumer price index released by the ABS show that in the last 12 months there has been a significant increase in a number of essential household costs, rises that are over and above the CPI. In the 12 months to September 2017, health costs rose by 3.9 per cent, more than double the CPI of 1.8 per cent; education rose by 3.1 per cent; and transport costs rose 2.7 per cent.ⁱ

To remove the ability of tenants to manage their cash-flow, to enable them to respond to the needs of their household and family, will only impose more financial hardship for many social housing tenants who are already very vulnerable.

Alternative approaches that focus on tenant outcomes

Shelter NSW believes that there is insufficient evidence to support the need for a punitive approach to rental recovery and that alternative approaches are available to address rental arrears which are focused on improving tenant outcomes.

The Government indicated in the Second Reading Speech for *the Social Services Legislation Amendment (Housing Affordability) Bill 2017* that in 2013-2014 there were 8,900 social housing households who are 3 weeks or more in rental arrears and 2,300 people evicted due to rental arrears. While we share the Government's desire to reduce rental arrears and evictions, the response should be measured and proportionate to the problem. On the figures provided by the Government, the number of households in rental arrears represents 2.6 per cent of the 394,300ⁱⁱ households in Australia's social housing

programs. The 2,300 people evicted for rental arrears represent less than a third of one percent (0.27 per cent) of the 845,400 social housing tenants in Australiaⁱⁱⁱ.

Shelter NSW believes that the size of the problem does not warrant a punitive approach and recommends the Commonwealth work with State and Territory Governments on alternative approaches to addressing rental arrears that also aim to provide opportunities to improve tenant outcomes.

In NSW Community Housing Providers such as SGCH and Bridge take an early intervention approach that aims to provide tenants with the skills to improve their lives and supporting tenants to sustain their tenancy.

Bridge Housing's 'Hand Up' program sits alongside traditional arrears management approaches that involve tenants repaying arrears under a repayment plan or action in the NSW Civil and Administrative Tribunal. Tenants are offered alternative, non-monetary ways of "repaying" their rental arrears, including mandatory financial counselling and a range of other activities such as enrolling in study, volunteering in the community, or undertaking a treatment program. These additional activities aim to assist tenants to address underlying issues that have led to their debt.

SGCH has a dedicated sustainable tenancies team with the remit to identify vulnerable tenants and coordinate links to support services to ensure tenants receive any additional assistance they need. The approach is to prevent at-risk tenancies from escalating to rental arrears or evictions.

Recommendation

Shelter NSW thanks the Senate Community Affairs Legislation Committee for the opportunity to make a submission. We ask the Committee to recommend the Government not to proceed with the ARDS proposed in the Bill and that the Commonwealth Government pursue discussions with State and Territory Governments on ways to implement alternative approaches to rental arrears and evictions. We recommend that the principle purpose of any approach to addressing rental arrears must always be to improve tenant outcomes.

If you require further information please don't hesitate to contact me

Yours sincerely

Karen Walsh
Chief Executive Officer

ⁱ Consumer Price Index, Australia, September 2017, ABS

ⁱⁱ 'Housing Assistance in Australia 2017' Report, Australian Institute of Health and Welfare

ⁱⁱⁱ 'Housing Assistance in Australia 2017' Report, Australian Institute of Health and Welfare