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10 November 2017

Committee Secretary
Senate Standing Committees on Community Affairs
PO Box 6100
Parliament House
Canberra ACT 2600

Dear Sir/Madam,

Thank you for the opportunity to make a submission to the Inquiry into the **Social Services Legislation Amendment (Housing Affordability) Bill 2017** (the Bill). In our submission Catholic Social Services Australia (CSSA) is focussing on our opposition **to Schedules 1 and 2 of the Bill – Social security amendments and Family assistance amendments.**

These schedules seek to legislate mandatory deductions of payments of rent and specified other costs from the social security or family tax benefit payments of social housing tenants and certain other adult household members. Currently rent is generally only deducted on a voluntary basis and these schedules intend, that where State/Territory Governments have agreed, rental payments will be taken mandatorily out of income payments. We note that the Victorian and Tasmanian Governments have not yet supported this proposal.

Catholic Social Services Australia (CSSA) is the Catholic Church's peak national body for social services. Our vision is for a fairer, more inclusive Australian society that reflects and supports the dignity, equality and participation of all people. Our 52 member agencies are frontline service providers caring for and directly assisting some 450,000 people across 650 sites nationally.

CSSA recognises that having a place to call home not only provides a physical structure but supports families and individuals to participate in their community, education, the job market and social networks.¹ The experience of many of our members is that having a safe and affordable place to live is fundamental to an individual and family's well-being. This is often the first issue that needs to be addressed when working with vulnerable people - a "home first" policy.²

The high costs of rental housing in the private sector³ coupled with inadequate income payments⁴ mean that public and community housing (social housing) plays an important role in providing secure and affordable housing for low income and vulnerable people. In 2015, 817,300 people resided in social housing whilst a further 200,000 people were on the waiting list.⁵ Increasingly, social housing has focused on people who have difficulty finding and maintaining a tenancy for reasons other than affordability.⁶ Research indicates that tenants in social housing access mental health services, drug and alcohol counselling and may need support with day to day living.⁷

Large proportions of social housing tenants include children aged under 15 years and older persons aged 55 years and over with 25% of tenants receiving an aged pension.⁸

In justifying the need for mandatory rent deduction, the media statement from The Hon Allan Tudge MP and The Hon Christian Porter MP stated that:

“In 2013-14, more than 8,900 social housing tenants, including families with children, were in serious rental arrears, with more than 2,300 people evicted by local housing authorities due to rent defaults.”⁹

Using the Government’s provided data, CSSA has calculated that in 2013-14 approximately 1% of social housing tenants were in serious rental arrears and .3% were evicted from properties (by comparison, 2017 analysis indicates that 29.2% of households in the private market are in mortgage stress, a much more serious concern).¹⁰ It is also not clear whether the rental pressures for social housing tenants were a result of budget management or other related issues such as mental health illness. However the 99% of tenants who did pay their rent accord with CSSA members experience, that people on low income generally manage their budgets well despite the pressures on household budgets. So this Bill proposes to punish the most vulnerable tenants when in the words of the Productivity Commission, *“the social housing system is broken”*.¹¹

CSSA also contests the Government’s assertion that underfunding and the unattractiveness of private sector investment in social housing is linked to non- payment of rents:

“State and territory governments tell us that the social housing system is losing more than \$30 million annually from unpaid rent and related administrative costs. This is money that could be re-invested into social housing and further, such losses make social housing less attractive to private investment.”¹²

A simple distribution of these anecdotal quoted losses shared equally across the State/Territory Governments equates to approximately \$3.75M for each jurisdiction. Whilst there are approximately 400,000 households living in social housing, the Productivity Commission estimates that there are 1.3 million households receiving Commonwealth Rent Assistance¹³, indicating that the overwhelming majority of welfare recipients reside in private sector housing.

As with the recent proposed legislative changes to introduce mandatory drug testing trials and extension of the cashless debit card, we see a pattern of government control and a risk of stigmatisation emerging for the most vulnerable members of our community. Our research into the impacts of the cashless debit card in trial communities¹⁴ found that while there some benefits for individuals, overall there were unintended consequences of the card including disruption to established family budgeting, and a sense of disempowerment and frustration that everyone receiving welfare had been “painted with the same brush”. These impacts would also be likely under compulsory income management of automatic rent deduction.

Furthermore, there is also a lack of proven need or evidence to support blanket introduction of mandatory income management that could take control of managing household incomes affecting up to 800,000 low income or vulnerable people (or over 400,000 households) who reside in social housing. Similar to the cashless debit card, compulsory rent deduction includes no “exit” options for recipients with a good track record. CSSA believes that the absence of an “exit” option even for a responsible welfare recipient with proven financial acumen is contrary to most fundamental philosophical beliefs. It’s the absence of an “exit” option which is likely to institute feelings of powerlessness embedding long term welfare dependence.

We therefore reiterate our opposition to mandatory blanket rent deduction as proposed in this Bill, based on CSSA policy principles for Income Management which apply in this situation:

1. Income management is not a substitute for measures that promote self-reliance

The overwhelming majority of social housing tenants according to the Government's own data, manage their low incomes prudently. There may be additional support required for managing other complex issues such as mental health illness or basic living skills. Taking financial control away from low income tenants does not respect the dignity of the individuals and families involved nor promote self-reliance.

2. Blanket application of income management to recipients who do not need it is wasteful and counterproductive

The Government has not published the cost of this measure but according to its own data, 99% of people in social housing do not have a demonstrated need to have income management imposed on their financial independence. Redirecting this expenditure into investment in more social housing would be a better use of public money. We note there are "no exit" provisions in the Bill.

3. The circumstances when income management could be justified are: as a bottom-up community initiative; as a voluntary measure; or on a case by case basis

We support the current regime that enables voluntary rent deduction or on a case by case basis for the 1% of social housing tenants that are falling behind in their rent payments. Alternatively there may be communities of social housing tenants that support compulsory rent deduction being applied to their housing complex.

4. CSSA opposes measures that discriminate against Indigenous people

Whilst data is not readily available for the percentage of social housing tenants who are Indigenous, CSSA understands that the percentage is likely to be significant.

CSSA also understands there are other areas of concern in the detail of this Bill for example including payment obligations that are not usually essential terms of the tenancy agreement or not specifying a period for which the amounts owing must be outstanding. We support other social service and housing organisations analysis in this regard but our concerns remain primarily on the mandatory and unjustified introduction of income management affecting 800,000 vulnerable people.

Please contact Liz de Chastel, Director Social Policy on [REDACTED] or [REDACTED] if you would like to discuss any of these issues further.

Sincerely,

Fr Frank Brennan sj AO
Chief Executive Officer

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- ¹ Catholic Social Justice Series 80 *The Human Face of Homelessness* Liz de Chastel and Fr Frank Brennan
- ² Sacred Heart Mission – *Journey to Social Inclusion* <https://www.sacredheartmission.org/services/longer-term-support-accommodation/journey-social-inclusion-project>
- ³ *Rental Affordability Index 2017* : National Shelter, Community Sector Banking and SGS Economics and Planning <https://www.sgsep.com.au/publications/rental-affordability-index-quarter-4-2016>
- ⁴ *New Budget Standards for Low-Paid and Unemployed Australians Report* <http://www.cssa.org.au/our-work/research/>
- ⁵ AIHW Housing Assistance in Australia 2016 <http://www.catholichousing.org.au/wp-content/uploads/2017/01/AIHW-infographics-on-housing-and-homelessness.pdf>
- ⁶ Productivity Commission's 2017 *Draft Report into Human Services (P149)* <https://www.pc.gov.au/inquiries/completed/human-services/reforms#report>
- ⁷ Research quoted in the Productivity Commission's 2017 (P179) *ibid*
- ⁸ AIHW 2016 op cit <https://www.aihw.gov.au/reports/housing-assistance/housing-assistance-in-australia-2017/contents/social-housing-tenants>
- ⁹ Media statement: <https://www.mhs.gov.au/media-releases/2017-09-14-social-housing-rent-reform-support-vulnerable-families>
- ¹⁰ <http://www.digitalfinanceanalytics.com/blog/october-mortgage-stress-higher-again-see-the-top-10-post-codes/>
- ¹¹ Productivity Commission 2017 P145 op cit
- ¹² Media statement: <https://www.mhs.gov.au/media-releases/2017-09-14-social-housing-rent-reform-support-vulnerable-families>
- ¹³ Productivity Commission 2017 P 145 op cit
- ¹⁴ *The Cashless Debit Card: Learnings from Trial Site Communities and Recommendations*, Catholic Social Services Australia report, 1 Nov 2017, <http://www.cssa.org.au/storage/cssa-report-cashless-debit-card-trial-nov17-final.pdf>