



**Submission on the
Public Housing Tenants' Support Bill 2013
(Housing Payment Deduction Scheme)**

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Introduction

National Shelter welcomes the opportunity from the Australian Government to provide comment on the exposure draft of the Social Security Legislation Amendment (Public Housing Tenants' Support) Bill 2013.

National Shelter is a peak non-government organisation that aims to improve housing access, affordability, appropriateness, safety and security for people who are on low-incomes, or who face disadvantage in the housing system. National Shelter works towards this goal by influencing government policy and action, and by raising public awareness about housing issues. It has been in operation since 1976.

National Shelter advocates the development of a national housing policy based around the following principles:

1. Housing is affordable. People on low and moderate incomes should not have to pay more than 30% of their income on housing costs.
2. Housing is adequate. Everybody is entitled to housing that meets acceptable community standards of decency and their own needs.
3. Housing is secure. People should not live under threat of loss of home and shelter. A secure base enables people to form constructive relationships, grow families and seek employment and community engagement.
4. Housing is accessible. People should be informed about available housing options and access to these should be free from discrimination. Most housing should be built to Universal Design principles.
5. Housing is in the right place. It should be located close to services and support networks, to job opportunities, to transport networks and to social and leisure activities.
6. Housing meets people's life-cycle needs. People have different housing needs at different stages of their lives, and housing should be available to match these changing needs.

Proposed Legislation

The Australian Government is proposing legislation that is 'aimed at assisting in the prevention of evictions and possible homelessness of public housing tenants (including tenants of state owned and managed Indigenous housing) due to unpaid rent'.

The purpose of the legislation is to give effect to recommendations and strategies under the The Road Home – The Australian Government White Paper on Homelessness ('the White Paper'). This includes 'Turning off the Tap', which focuses on 'tackling the structural drivers of homelessness...and targeting groups who are at risk of homelessness...'. To achieve this strategies focus on early intervention and prevention, including increasing support for people in public and private rental housing to maintain their tenancies. One of the strategies to achieve this outcome is the use of compulsory rent payment for Centrelink customers in public and community housing.

According to FaHCSIA around 600 public housing tenants are evicted because of arrears or abandoning properties leaving arrears. The result of this can be short or long term homelessness, as well as the need for direct support from specialist homelessness services.

To bring the scheme into effect the Commonwealth is proposing to amend the Social Security (Administration) Act 1999 and A New Tax System (Family Assistance) (Administration) Act 1999.

Key points of the scheme are:

- Housing costs include rental arrears, water, repairs and maintenance, and arrears from a former tenancy.
- Those considered to be 'at risk' of arrears are tenants that have a history of non-payment including those who have been evicted or vacated a dwelling leaving arrears/debt, or those tenants who have paid their rent more than a week late, or not paid the full amount at least three times in the previous twelve months.
- The minimum level of arrears for an individual tenant is at least four weeks and a minimum of \$100 is owing, or arrears or debt of \$400 or more.
- The income support payments covered by the scheme include social security benefits, social security pensions, ABSTUDY (living allowance), Family Tax Benefit, and Double Orphan pension.
- A cap of 35 per cent on the amount of tenant's income support or family payment.
- Exclusion of some specific purpose payments to ensure that tenants receive the full value of those payments. Veteran's payments and those benefits paid by the Department of Veterans Affairs are not covered by the scheme.
- Deductions to cease once arrears are paid off.
- A reassessment of the tenants' circumstances at least every 12 months.
- Appeals to be dealt with under the existing processes of the relevant public housing authority, as well as Centrelink's appeal processes.

Comments

National Shelter has significant concerns about the introduction of this scheme and legislation. While it was proposed in the White Paper in 2008, National Shelter questions the need for such an action and believes alternative approaches would be more beneficial.

According to the White Paper *'each year around 2,000 tenants in public housing are evicted...[o]nce evicted, many end up sleeping rough, accessing specialist homelessness services, or staying with family and friends'*. National Shelter agrees that this is 2,000 too many, and that could be prevented.

However, the approach of using mandatory rent deductions is viewed by National Shelter as unnecessarily punitive and disproportionate to the need. The White Paper itself states *'that up to 70 per cent or more of public housing tenants use voluntary mechanisms such as the Rent Deduction Scheme to pay their fortnightly rent...'*. This is a significant proportion of tenants that are already paying their rent voluntarily.

Governments would be very aware that the groups 'at risk' of eviction include single people living alone, sole parents, shared households and those on very low incomes, particularly those non in the labour force and reliant on government support. Government would also be aware that in the public housing system tenants are much more likely to have complex needs. As such, the scheme does not appear to take into account the factors that may lead to an individual or household having rental arrears. The majority of public housing tenants are on very low statutory incomes and find it

very difficult to manage unexpected costs (such as medical bills, higher utilities, or repairs). Very low incomes also mean that public housing tenants face a greater sense of social exclusion.

National Shelter does appreciate the intent of the legislation to reduce households risking homelessness due to rental arrears, and that the amounts proposed are considered by government to be deliberately set low so as not to have a detrimental impact. However, the imposition of this scheme without taking into account the circumstances for rental arrears is likely to result in further financial hardship. Additionally, households are considered to be in housing stress when more than 30 per cent of their income is paid on housing. This scheme, with a cap at 35 per cent, is likely to result in households living in housing stress for a period of time. It could be that other mechanisms (such as the use of Centrepay, financial counselling, household support) may be more appropriate.

National Shelter is concerned that the deduction scheme only applies to the person with their name on the lease. However, rents in public housing are calculated on all members of the household. Making one person responsible for the unpaid rent of others in the household is needlessly unfair. If rents are calculated on household income then the rental arrears should be shared by all members of the household not just the person whose name is on the lease. Housing authorities may then need to consider how they capture the details other household members who reside at premises but are not on the lease.

The Commonwealth Government and FaHCSIA would be aware that a number of services and programs offered by State and Territory governments are either having their funding significantly reduced or are being cut altogether. This includes:

- De-funding of the Tenancy Advice and Advocacy Service (TAAS) in Queensland
- De-funding of the Homeless Persons Legal Clinic in Queensland
- De-funding of the Public Tenant Participation Program in Queensland
- Funding cuts to the Social Housing Advocacy and Support Program in Victoria and
- De-funding the Welfare Rights Centre in New South Wales.

The White paper itself states that homelessness can often be prevented and that prevention and early intervention are the most effective and efficient ways to reduce homelessness. National Shelter strongly believes that the approach of the State, Territory and Commonwealth Government should be further investment into preventative and capacity building measures.

Additionally, if the Commonwealth is using its head of power to recoup rental arrears for State and Territory governments, National Shelter argues that State and Territory governments *must* provide tenancy advice services, as well as other preventative programs, so that tenants are much less likely to end up in rental arrears, and to empower individuals and households to take control of their finances.

National Shelter feels that this approach disproportionately places 'blame' on very vulnerable members of society. There are about 4 per cent of households nationally in social housing, compared with 24 per cent in the private rental sector. This is almost 325,000 households in social housing.

National Shelter feels that this group is being unfairly subjected to a paternalistic 'income management' approach that will restrict discretionary spending decisions available to these households. The proposed scheme targets those in social housing in receipt of Centrelink incomes, and not those who may be receiving a private income or how rental arrears may be recouped.

The only research available on evictions in public and private housing (AHURI, 2006) found that evictions, due to non-payment of rent, is much more likely in the private sector (49 per cent) than the public sector (36 per cent).

This further discriminates against public tenants and those in receipt of statutory incomes.

It also needs to be noted that this scheme is being considered at a time when public housing tenants in a range of jurisdictions are facing considerable uncertainty and stress due to other policy changes that may impact on their tenancy or income. These include the introduction of strategies and policies for 'anti-social behaviour' (also known as a 'three strikes' policy). In some jurisdictions the media reporting and public reaction on this approach entrenches negative stereotyping of public tenants. Additionally, a significant number of public housing tenants will also be grappling with the shift from Single Parenting Payment to Newstart resulting in a loss of income. It is imperative that, should this scheme be introduced, all levels of government are mindful of placing additional stress on vulnerable public housing tenants. While the scheme may only realistically impact on a small proportion of tenants, all tenants of public housing are vulnerable to mandatory rent deductions.

Conclusion

Members of National Shelter have made individual submissions to the Department on the proposed scheme. These submissions reflect their individual jurisdictions and agency focus. National Shelter agrees with the concerns raised in their submissions, particularly;

- Clarification of the rights and means of appeal for affected tenants
- Lack of consideration for tenancy history
- Existence of debt recovery mechanisms under the Social Security Act (2013)
- Clarification of the term 'risk of arrears'
- The cost of implementing the policy being disproportionate to its benefits, and
- How this scheme may apply and impact on Indigenous households.

National Shelter does not support the introduction to the Housing Payment Deduction Scheme. While the scheme is a recommendation of the White Paper, National Shelter considers that it unnecessarily and unfairly targets a very small proportion of the population. Additionally, National Shelter recommends that all levels of government fund further preventative and capacity building measures so that households are much less likely to have rental arrears.