



SUBMISSION FROM SHELTER HOUSING ACTION CAIRNS:

Social Services Legislation Amendment (Strengthening Income Support) Bill 2021

Shelter Housing Action Cairns (SHAC)

Shelter Housing Action Cairns (SHAC) works to assist financially vulnerable and homeless families (singles or couples with children in their care) with services, products, and a supportive journey to safe and affordable housing.

SHAC's services include:

- the provision of temporary supported accommodation and mobile support to families in Cairns who are homeless or at risk of homelessness. Support is offered in the form of advocacy, information, education, and referral pathways—all of which aim to reduce barriers and increase housing access.
- financial counselling and support services which assist families and individuals to maintain and sustain their tenancy. This includes: budgeting; increasing income; reducing debt; assessing housing affordability and building financial safety nets.
- a No Interest Loans Scheme (NILS) that provides individuals and families on low incomes access to safe, fair and affordable credit. Loans are available for essential goods and services, up to the amount of \$1500.

Social Services Legislation Amendment (Strengthening Income Support) Bill 2021

Increases the maximum basic rates of working age social security payments by \$50 per fortnight

SHAC agrees with efforts to permanently increase working age social security payments, however, \$50 per fortnight is not enough. Currently, Jobseeker with full entitlements and maximum rent assistance for a single person with no dependents is \$705.30 per fortnight. The proposed increase brings this fortnightly amount to \$755.30 (\$377.65 per week) which is still **\$79.35 per week below the 2017/2018 poverty line** of \$457 p/w for a single person.

The Australian Council of Social Services (ACOSS) is calling for working age payments of at least \$65 per day, which aligns with median income poverty lines. SHAC supports ACOSS's proposal.

According to the Explanatory Memorandum the increase proposed in the Bill Amendment is compatible with Human Rights by engaging:

- "the right of everyone to social security in Article 9, and the right of everyone to an adequate standard of living for an individual and their family, including adequate food, clothing and housing, and the continuous improvement in living conditions in Article 11 of the International Covenant on Economic, Social and Cultural Rights;
- the rights of the child in Article 26 of the Convention on the Rights of the Child."¹

¹ https://parlinfo.aph.gov.au/parlInfo/download/legislation/ems/r6684_ems_d53107bb-5028-47bc-a43f-d2d30b50eccb/upload_word/21024EM.docx;fileType=application%2Fvnd.openxmlformats-officedocument.wordprocessingml.document



SHAC respectfully disputes this compatibility due to the large discrepancy between the proposed income and the poverty line.

SHAC witnessed first-hand the positive effects of higher income support to our clients and wider community during the first and second phases of the Coronavirus Supplement (\$550 and \$250 per fortnight respectively). Previously, we were providing clients with regular emergency food relief. In April (with the release of the Coronavirus Supplement) all requests for food relief ceased completely. Now the Supplement has lowered to \$150 we are again seeing an increase in clients needing support to feed their families. As this \$150 fortnightly supplement is not sufficient for meeting basic needs, it is evident a \$50 increase is drastically insufficient.

SHAC owns and manages a number of Crisis Accommodation Properties within the Cairns Region, whereby rents are calculated as a percentage of income. During the initial Coronavirus Supplement all rents were paid in full, which is contrary to our experience for the past 30 years.

From our experience it becomes evident that when families are living at, rather than below, the poverty line, they make good choices regarding the use of their money and prioritise rectifying the shortfall for rent and food with the additional income. SHAC also provides financial counselling services to various families and individuals in the Cairns community. We can testify firsthand that many people in Cairns, despite applying the best budgeting and money-wise tips to their situation, cannot afford to make ends meet on current payments. Furthermore, when families have affordable income they are less dependent on our relatively expensive specialist homelessness support service.

Cairns, like much of Australia, is currently facing a housing crisis with some estate agents reporting a rental vacancy rate of below 0.5%². Regional data shows a rental increase of nearly 5.0% for rental houses and units in Cairns³ since the same time last year, while anecdotal evidence suggests increases of up to 20%⁴. According to Real Estate Investar medium rental prices in Cairns are \$450 for a house, \$330 for a townhouse, and \$320 for a unit⁵. A single person with two children relying on social services has a maximum housing affordability of \$284.77 using Department of Housing affordability formula of 30% of income plus Rent Assistance. An increase of \$50 per fortnight would increase this affordability to \$292.26 per week. As this amount is well below median rental price, most of the families SHAC work with remain financially blocked from the private rental market even without the fierce competition they currently face.

The proposed increases to income support are not compatible with International Human Rights. To fully align with the International Covenant on Economic, Social and Cultural Rights and the Convention on the Rights of the Child, the permanent increase to income support must be in line with the cost of living in Australia and bring people above the 50% median income poverty line. SHAC supports ACOSS in the call to permanently increase the rate of working age social security payments to \$65 per day.

² <https://www.realestate.com.au/news/cairns-rental-stock-below-one-per-cent/>

³ <https://www.domain.com.au/research/rental-report/december-2020/>

⁴ <https://www.realestate.com.au/news/cairns-rental-stock-below-one-per-cent/>

⁵ <https://www.realestateinvestar.com.au/Property/queensland/cairns>