



# The Salvation Army

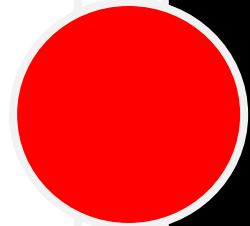
## THE SALVATION ARMY SUBMISSION TO SOCIAL SERVICES LEGISLATION AMENDMENT (HOUSING AFFORDABILITY) BILL 2017

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### 1. INTRODUCTION

The Salvation Army welcomes the opportunity to make this submission on the Social Services Legislation Amendment (Housing Affordability) Bill 2017.

The Salvation Army is one of Australia's largest providers of social services and programs for the most marginalised and socially excluded individuals. This submission is informed by these experiences and The Salvation Army's collective knowledge and expertise about the causes, impacts and possible solutions to poverty and disadvantage.

### 2. THE BILL

The Salvation Army welcomes practical and legislative initiatives that seek to reduce homelessness and is cautiously supportive of the bill in so far as it may prevent some individuals from needlessly exiting social housing through eviction and being subject to the consequent rotation through homelessness services. However, The Salvation Army also has a number of concerns about the impact of the bill on already vulnerable individuals, and provides a number of comments and recommendations below.

The Salvation Army prefaces these comments by observing that the current failings of social housing are not the result of the inability of a small number of social housing tenants to maintain their rental payments. Rather, many of the more serious issues and failings of social housing are the historic consequences of the lack of investment and planning across taxation, population and housing policy. These have coalesced with the ongoing shifting of funding responsibility between the Commonwealth and the states and territories.

As one of the country's largest providers of homelessness and housing services, The Salvation Army relies on social housing as a critical exit point for many clients, with public housing remaining the option of last resort for many highly disadvantaged members of the community. Where private rental markets and in many cases community housing providers are unable to accommodate the most complex and vulnerable clients, public housing is often the only housing available to the most disadvantaged.

### 3. CONCERNS WITH THE BILL

#### Poverty and housing stress

The bill proposes that the social housing lessor may request the Secretary to deduct an ongoing or outstanding obligation to pay rent, household utilities or both. Additionally, the social housing lessor may also request the Secretary to deduct an amount for loss or damage to the property as a result of their occupancy of the premises.

While the bill requires that the Secretary must not request a deduction of more than that required to satisfy current and outstanding obligations, there is no upper limit of the deduction specified. Furthermore, there is no requirement to negotiate any such payment or amount with the social housing tenant, thus alienating and disempowering the tenant from managing their own affairs.

As 30 per cent or more of household income has historically provided the benchmark against which households are considered to be in housing stress, collection of amounts that may exceed this creates significant risk.

Indeed, in view of the very low threshold criteria against which tenants will be subject to the Scheme, compounded by the extremely low base incomes of tenants, The Salvation Army urges a total waiving of arrears as part of being signed onto the Scheme.

#### Utility of punitive measures

The Salvation Army supports voluntary, 'opt-in' streams of income management such as Centrepay, particularly where these measures are supported by case management (intensive counselling and support including financial counselling and supported by locally coordinated services).

Punitive measures have not been demonstrated to build the capacities and capabilities of clients to manage their finances in an ongoing manner. Instead, such interventions reinforce the harmful portrayal of social housing tenants as passive service recipients who are otherwise financially irresponsible.

It is also not clear what, if any tenant support services are to be initiated before compulsory deductions commence. Many clients with complex needs require a range of supports to help them sustain tenancies. This will compound the residualisation that has occurred in public housing to the point that it creates more disadvantage than ever before; it does not appear to offer improved social outcomes.

The Salvation Army seeks assurance that compulsory deductions are only used as a last resort, with clients receiving the support services that they need in order to sustain their tenancy.

#### Inadequacy of Newstart

The Salvation Army, along with many other charities, NGOs and business peaks have been calling on the government for an increase of \$50 per week in the rate of payment of the Newstart Allowance for individuals. Not only would this significantly reduce the discrepancy between payment types, but it would ease both financial hardship and disadvantage for recipients. While 25 per cent of this increase would go straight back into the rental costs for tenants, this critical increase would have a significant impact on the fragile personal economies of those who are at risk of eviction, through sheer lack of money to pay the rent.

Each year, The Salvation Army explores the challenges, barriers and levels of disadvantage experienced by those who access our Emergency Relief services through our national economic and social impact survey (ESIS). Due to the sample size (N = 1,380) and cross tabulation with other national emergency relief data, these results can be considered representative.

Significantly, in 2017, 86 per cent of clients accessing emergency relief identified being recipient of government income support payments (40% Newstart) and 31 per cent of clients identified that they lived in social housing. Together, these results indicate not only the substantially inadequate rate of the allowance (where so many people on income support payments need to access material aid to get by), but that high numbers of social housing tenants are clearly not insulated against material deprivation and are still struggling to meet their daily living expenses.

In addition to the vast over-representation of the income support and social housing status of Emergency Relief recipients, ESIS results also provide an alarming profile of the financial hardship and consequent social exclusion experienced by this cohort, where:

- 56% went without basic necessities
- 90% do not have savings (\$500) for an emergency
- 54% borrowed money from friends/family
- 32% requested an advance payment from Centrelink
- 18% delayed or didn't pay rent or mortgage

- 66% went without an internet connection.

These data highlight the inadequacy of income support payments, but also demonstrates the need for flexibility for income support recipients to juggle payments, as there is no buffer for emergency costs when they arise.

#### **4. RECOMMENDATIONS**

- The rate of compulsory deductions needs to be capped below 30 per cent of income. Compulsory deduction of an uncapped amount of household income is onerous and unfair, and will likely place households in housing stress.
- Consideration should be given to waiving arrears and focussing on the future maintenance of the tenancy, given the very low threshold at which compulsory deductions may be activated.
- Tenancy support services should be adequately available and provided before compulsory deductions are activated.

While beyond the scope of this bill, the inadequacy of the Newstart allowance is a significant driver of poverty and disadvantage in Australia. In consideration of this, some of the more punitive and rigid aspects of the Scheme could be reviewed in recognition that there are many people at high risk of arrears simply due to the inadequacy of their allowance.

The Salvation Army remains concerned about the capacity of disadvantaged Australians to reach their full potential and would therefore; welcome further discussion of these important matters.