



**St Vincent de Paul Society**  
NATIONAL COUNCIL *good works*

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Submission to the Senate Standing  
Committees on Community Affairs  
*Inquiry into the Social Services Legislation  
Amendment (Housing Affordability) Bill  
2017*

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## Introduction

The St Vincent de Paul Society (the Society) welcomes the opportunity to give feedback on the Social Services Legislation Amendment (Housing Affordability) Bill 2017.

Schedules 1 and 2 of this Bill will amend social security law and family assistance law to allow for the Automatic Rent Deduction Scheme (ARDS). The major impact of the amendments is to provide that lessors of social housing may request that payments for rent and other household utilities be deducted from the social security or family tax benefit payments of tenants or other agreed adult household members. The first object of these parts of the Bill is to “reduce homelessness” (124QA (a) and 67B (a)). The statement of compatibility with human rights in the explanatory memorandum to the Bill concludes that the limitations to human rights are “reasonable, necessary and proportionate to achieving the legitimate objective of preventing evictions due to arrears and debt which may force a person, and their children, into homelessness.”<sup>1</sup>

As a Society committed to standing with and supporting the most vulnerable in our community we are strongly supportive of measures that would reduce homelessness.

Unfortunately, there does not appear to be strong evidence that the measures in Schedules 1 and 2 will be effective in reducing homelessness. Furthermore, as this measure is likely to impact many people who are not at risk of eviction there is a danger that these measures will adversely affect them.

We therefore recommend that these two schedules are not passed until the Government can provide evidence that they will be effective in reducing homelessness, and that any gains in reducing homelessness are not offset by other adverse consequences to other recipients of social security and family assistance.

## Who we are

The St Vincent de Paul Society is a respected lay Catholic charitable organisation operating in 149 countries around the world. Our work in Australia covers every state and territory, and is carried out by more than 64,000 members, volunteers, and employees. Our people are deeply committed to social assistance and social justice, and our mission is to provide help for those who are marginalised by structures of exclusion and injustice. Our programs assist millions of people each year, including people living with mental illness, people who are homeless and insecurely housed, migrants and refugees, women and children fleeing violence from men, and people experiencing poverty.

## Schedules 1 and 2 – Social security amendments and Family assistance amendments

### Lack of evidence that ARDS will reduce homelessness

The statement of compatibility with human rights in the explanatory memorandum to the Bill concludes that the limitations to human rights are “reasonable, necessary and proportionate to achieving the legitimate objective of preventing evictions due to arrears and debt which may force a person, and their children, into homelessness.”<sup>2</sup>

The strategy of encouraging people to voluntarily enter into arrangements whereby their rent is deducted automatically from payments has proved helpful in reducing the risk of eviction.<sup>3</sup> However, it is untested as to whether a compulsory system such as the ARDS would have the same beneficial results. There are several reasons why it may not. These include the fact that amassing rent arrears does not arise in isolation. Factors may include low levels of income, problems of mental or physical health, domestic violence, and drug or alcohol addiction. Persons who enter voluntary arrangements are motivated and have energy at that time to deal with underlying problems. Compulsory arrangements are independent of an individual’s motivation for change. Without motivation, it may be that the underlying problems will still lead to the person being evicted even if the rent is not in arrears.

Consequently, it is difficult to see how the limitations on human rights can be justified based on preventing eviction when the evidence is weak that it will be effective in doing so. Furthermore, the evidence to date is that the number of people evicted from social housing because of rent arrears compared to the total population in social housing is quite small. Minister Porter in his second reading speech reported that in 2013-14 there were 2,300 people evicted from social housing due to rental arrears.<sup>4</sup> In 2015-16 according to an Australian Institute of Health and Welfare (AIHW) report there were 845,000 tenants in 394,300 households living in social housing programs across Australia.<sup>5</sup> That is a rate of less than 3 tenants in every 1,000 who are evicted. People evicted from public housing are also a small number when compared to all those in Australia assisted with problems of homelessness. In 2015-16 some 279,196 people were assisted by specialist homelessness agencies.<sup>6</sup>

It would therefore seem that the measures in these Schedules, which are not proven to be effective, can have at best only a minor impact on the problem of homelessness in Australia.

### Adverse effects on those not at risk of eviction

The measures in Schedules 1 and 2 are likely to be popular with many social housing providers because they will make the operation of their programs smoother and contribute to a more even income stream. Therefore, though the ARDS is unlikely to have much impact on homelessness as such, there is likely to be a high utilization of the scheme by lessors. This means that a large number of people who would never be at risk of eviction will be forced to have automatic rent deductions.

Automatic rent deduction schemes are often useful for the more affluent as it simplifies the bill paying process. However, if income is below the poverty line or if a person has no savings, they present problems. Many families use the rent payment from time to time to pay for emergencies, for example to pay for car repairs, electricity bills, or for medical bills. This may mean a short-term delay in paying rent, but enables the person on a very low income to manage their budget without having to resort to charity. This is important for the respect of the person and their ability to maintain some control of their lives in difficult situations.

Were payments such as Newstart Allowance, Youth Allowance, Austudy and Abstudy paid at above the poverty line, this would be less of a problem. Currently Newstart Allowance for a single person is just 66% of the Pension rate, with Youth Allowance and Austudy set at an even lower rate. Such low rates of payments force people into an invidious juggling act. If this group is forced into the ARDS then they will have less control of their budgets when crises arise and more people will have to resort to applying to charities such as the St Vincent de Paul Society for help.

## **Conclusion**

It seems likely on the available evidence that the Automatic Rent Deduction Scheme envisaged in Schedules 1 and 2 of this Bill will not contribute to a reduction in homelessness in any meaningful way. It will, however, affect many people on low income who will lose choice and control over how they use their limited budgets. Were the payments for income support higher and above the poverty line Automatic Rent Deduction Schemes would not be so problematic. Indeed, raising income support to above the poverty line would be a better way to assist people from falling into homelessness due to rent arrears.

## REFERENCES

- <sup>1</sup> The Parliament of the Commonwealth of Australia, House of Representatives. (2017). *Explanatory Memorandum, Social Services Legislation Amendment (Housing Affordability) Bill 2017*.
- <sup>2</sup> The Parliament of the Commonwealth of Australia, House of Representatives. (2017). *Explanatory Memorandum, Social Services Legislation Amendment (Housing Affordability) Bill 2017*.
- <sup>3</sup> Merrie Outreach Support Services. (2005). *What factors impact on people's capacity to maintain long-term tenancies? Did the SAAP experience help them out?* <http://merri.org.au/site/wp-content/uploads/2013/10/What-factors-impactor-on-peoples-capacity-to-maintain-long-term-tenancies.-Did-the-SAAP-experience-help-them.pdf>
- <sup>4</sup> The Hon Christian Porter MP, Minister for Social Services, (2017). Second Reading Speech: Social Services Legislation Amendment (Housing Affordability) Bill 2017. House of Representatives Hansard, 14 September 2017.
- <sup>5</sup> Australian Institute of Health and Welfare. (2017). *Housing Assistance in Australia 2017*. Web report. <https://www.aihw.gov.au/reports/housing-assistance/housing-assistance-in-australia-2017/contents/social-housing-dwellings>
- <sup>6</sup> Australian Institute of Health and Welfare. (2017). *Specialist homelessness services 2015-16*. Web report. <https://www.aihw.gov.au/reports/homelessness-services/specialist-homelessness-services/contents/clients-services-and-outcomes>