



10 November 2017

Committee Secretary
Senate Standing Committees on Community Affairs
Via Email: community.affairs.sen@aph.gov.au

Dear Committee Secretary,

Social Services Legislation Amendment (Housing Affordability) Bill 2017

Homelessness Australia, Homelessness NSW and the Council to Homeless Persons (CHP) welcome the opportunity to provide comment to the Senate Standing Committees on Community Affairs inquiry into the *Social Services Legislation Amendment (Housing Affordability) Bill 2017* (the Bill).

Homelessness Australia is the national peak body for homelessness in Australia. It provides systemic advocacy for the homelessness sector. Homelessness NSW is a peak not for profit organisation that works with its members to prevent and address homelessness across New South Wales (NSW). Our members include small, locally based community organisations, multiservice agencies with a regional reach and large state-wide service providers all of which provide services and support to people at risk of or experiencing homelessness. CHP is the peak Victorian body representing organisations and individuals with a commitment to ending homelessness. CHP works to end homelessness through leadership in policy development, advocacy, capacity building and consumer participation.

As organisations, we are concerned about the Bill's proposed amendment to current social security legislation to enable lessors of social housing to request the mandatory deduction of rent and other charges and payments from social housing tenants (the Automatic Rent Deduction Scheme). In the Minister for Social Security Christian Porters' second reading speech he outlined that the Automatic Rent Deduction Scheme would "help reduce homelessness for social housing tenants who are in serious rental arrears that could, and in many cases does, lead to eviction or housing abandonment". However, we believe the operation of the current voluntary scheme has many limitations which we fear will be magnified by making the scheme mandatory.

Automatic Rent Deduction and Centrelink breach

In 2016, Homelessness NSW released the research report *Debt Set Unfair* (the Report) that examined the current social housing debt system in NSW and its impact on rates of homelessness. The report was produced after consultation with 35 people experiencing homelessness and 170 specialist homelessness service providers.

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Those experiencing homelessness consulted as part of the report were former social housing tenants that fallen into arrears and were evicted into homelessness. Many of these people had previously had their rent payments automatically deducted from their Centrelink payments through the currently voluntary Rent Deduction Scheme.

The Report found that any potential benefits of automatic rent deduction are nullified when a tenant has their social security payments breached by Centrelink. The net effect of a Centrelink breach for housing tenants whose rent is automatically deducted is that they are simply unable to pay rent and become at risk of losing their tenancy. As one current social housing tenant told Homelessness NSW:

“My rent comes directly out of my Centrelink payment. As I am on unemployment benefits so I have to look for 10 jobs per week which is a lot. I worry that I will be sick and unable to look for that amount of jobs and so I will get breached. If get breached, then I will have a debt which would be impossible for me to repay”.

Alternatively, many former social housing tenants who provided input into the Report went to extreme measures to ensure they could sustain their tenancy after a Centrelink breach had occurred:

“When I was breached, I had no choice. Food and my medication were luxuries that I could not afford. I barely ate for a few weeks so that I could keep paying my rent. I would rather be hungry than back on the street”.

The Report recommended that automatic rent deduction not be compulsorily introduced until procedures were established to ensure Centrelink and state housing authorities and community housing providers communicate when social housing tenants have their social security payments breached. In addition, these groups should work with peak community service agencies to develop mandate support measures which are to be provided to the tenant after Centrelink has breached them. Since the production of the Report, Homelessness NSW has unsuccessfully attempted to work with FACS Housing NSW and Centrelink on implementing these procedures.

We believe that in the absence of these protocols, the Bill will potentially have the opposite impact of its intent and lead to social housing tenants experiencing further hardship and potential evictions into homelessness.

Automatic deduction and damage

We also have considerable concerns about the proposed power under the Bill to enable social housing providers to request automatic deduction of payments to recover compensation for loss or damage to property. In Victoria, an Ombudsman’s report released in October 2017 revealed systemic problems in the way the Department of Human Services (DHHS) manages and pursues maintenance claims against former public housing tenants, that resulted in tenants being charged for maintenance claims for thousands of dollars in excess of what they were liable for.

The Bill appears to try and navigate this by only enabling automatic deduction after the tenant agrees, in writing, to pay the social housing provider an amount for loss of, or damage to, the property. However, given the disproportionate power relationship between tenants and social housing providers, we believe tenants may be pressured into agreeing to automatic debt reduction.

Additional Concerns

In addition, we endorse the concerns raised by the National Association of Tenants Organisations in relation to the operation of the Bill. These include:

- The Bill provides tenants with no right of review for either the decision of the landlord to request automatic deduction, nor the Secretary's decision to approve it. Nor does the Bill ensure a tenant is notified when an application has been made for automatic deduction or once a decision has been made to commence deduction of their payments;
- There is no definite mechanism contained within the Bill to limit the amount of money which is deducted from a tenant's payment (effectively creating a situation where the whole of a tenant's social security could be deducted)
- The ability under the Bill for household utility charges to be automatically deducted from tenant's social security payments. Such a measure is clearly unnecessarily given the purported intention of the Bill is to prevent evictions based on rental arrears;
- The automatic deduction of rent would also leave tenants unable to manage their money and leave them vulnerable to financial hardship. As detailed above, automatic deduction of rent from social security payments can have force tenants to go without food, medicine, and other essentials. This is particularly the case in times of medical or other emergencies where tenants require access to their finances.

Conclusion

Homelessness Australia, Homelessness NSW and CHP would be pleased to discuss any aspect of our submission. A copy of *Debt Set Unfair* has been provided with this submission. We would be pleased to discuss any aspect of our submission. Please free to contact Jenny Smith, CEO of Council to Homelessness Persons/Chair of Homelessness Australia on [REDACTED] [REDACTED] or Katherine McKernan, CEO of Homelessness NSW on [REDACTED].

Regards,

Jenny Smith
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Katherine McKernan
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