

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

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Economic Justice Australia submission to Inquiry into the worsening rental crisis in Australia

About Economic Justice Australia

Economic Justice Australia (EJA) is the peak organisation for community legal centres providing specialist advice to people on their social security issues and rights. Our members across Australia have provided people with free and independent information, advice, education and representation in the area of social security for over 30 years.

EJA provides expert advice to government on social security reform to make it more effective and accessible. Our law and policy reform work:

- Strengthens the effectiveness and integrity of our social security system;
- Educates the community; and
- Improves people's lives by reducing poverty and inequality.

The right to social security and a basic income is a fundamental building block of all human rights; other legal and human needs cannot be fulfilled without financial security. This right is also central to guaranteeing human dignity for all people.

Given Economic Justice Australia's expertise, this submission relates solely to item (h) of the inquiry's terms of reference – 'any other related matters'.

In this submission we highlight the poverty and risk of homelessness faced by private renters who are reliant on social security income support, particularly people among vulnerable cohorts. We call for a further boost to basic rates of JobSeeker Payment and other working age payments, along with a further increase in the rate of Commonwealth rent assistance payable to social security income support payment recipients.

Proposals

With maximum rent assistance rates currently capped at just \$78 per week for a single non-sharer, rent assistance bears no relation to the private rental market, particularly in capital cities and regional centres¹². The rising cost of living generally, combined with the lack of

¹ See SMH report 17 July 2023, Nigel Gladstone. 'Ten charts that explain the rental crisis in Australia' <https://www.smh.com.au/national/ten-charts-that-explain-the-rental-crisis-in-australia-20230517-p5d93l.html>

² 'Housing assistance in Australia'. Australian Institute of Health and Welfare. 14 Jul 2023 <https://www.aihw.gov.au/reports/housing-assistance/housing-assistance-in-australia/contents/financial-assistance>

affordable housing, mean that private renters reliant on social security income support are in a state of perpetual financial crisis³.

Whilst we welcome the increase to maximum JobSeeker Payment rates and Parenting Payment Single extension to take effect from September, and the 15% increase to the maximum rate of rent assistance payable to social security income support recipients, these increases will do little to ameliorate the hardship suffered by income support recipients in the private rental market.

The total amount payable by way of the person's income support payment, plus rent assistance, falls well short of what is required to meet essential living expenses - food, utilities, and travel, let alone rent commitments. For example, for a single person in receipt of JobSeeker Payment paying \$300 a week in private rent:

- The current maximum rate of Jobseeker Payment plus rent assistance is \$850.30 pf (\$693.10 Jobseeker Payment plus \$157.20 rent assistance). After paying \$600 for rent from their fortnightly payment, they are left with \$250.30 pf, or \$125 a week to pay for all essentials including food, medications and travel expenses, and budget for periodical payments such as utility bills and car registration/maintenance.
- Rate rises from September will mean that this person's total payment will increase by \$79.58 pf (Jobseeker increasing by \$56 pf; rent assistance increasing by 15%), taking the amount left after paying rent up to just \$164.94 a week.

Income support payment rates are certainly higher for pensioners and Parenting Payment Single recipients but this is in recognition, albeit inadequately, of costs and reduced capacity or opportunity to engage in paid work associated with disability, single parenting, care responsibilities and ageing. Total rates payable, income support plus rent assistance, are grossly inadequate for meeting rent commitments for all cohorts of income support recipients.

For discussion of how inadequate social security rates can plunge people into poverty and homelessness, please see the report [Homeward Bound – Social Security and Homelessness](#)⁴, a collaboration between the National Social Security Rights Network (since renamed Economic Justice Australia) and Canberra Community Law.

CASE STUDIES

- **Mick** was 43 and had been receiving JobSeeker payments since he was made redundant four years previously. As a single parent with a 14 year old son, he said he found it extremely difficult to cover his rent and all of his basic household expenses. This often meant Mick ran out of money in the second week of his fortnightly payment period, leaving him with no money for public transport, and unable to attend job interviews that weren't within walking distance of his home. He also often couldn't afford to top up the credit on his phone, which made it hard for him to engage with

³ *Poverty in Australia 2023: Who is affected?* ACOSS and UNSW. Sydney. <https://povertyandinequality.acoss.org.au/poverty-in-australia-2023-who-is-affected/>

⁴ *Homeward Bound – Social Security and Homelessness*. © December 2019 - National Social Security Rights Network and Canberra Community Law. The research report was completed by October 2019 and updated in December 2019.

employers and employment service providers – sometimes leading to his payments being suspended, increasing his hardship, and making it more difficult for him to pay for the costs associated with job hunting.

- **Michaelia** was 59 years old and facing eviction from her Canberra home when she approached our member centre. She had been solely dependent on JobSeeker Payment since her husband left her 6 months previously, and this was not enough to cover the rent for her small apartment. For a time, she had managed by not paying her utility bills, but on contacting the centre she was in significant rental arrears and facing homelessness due to limited affordable housing options for people her age.
- **Christian** was in his early 60s and had been struggling with poorly controlled diabetes on JobSeeker Payment for 2 years when he approached our member centre. He regularly split his diabetes tablets in half to make them last longer, as he couldn't afford to buy them every few weeks. He advised that his doctor had told him not to do this, that he needed to take the full dose or risk having serious complications, but Christian was convinced that this was the only way he could ensure he had enough left over to pay his rent and buy his weekly groceries. He said he knew he should listen to his doctor but didn't see the point in taking medication if he was not going to have anything to eat.
- **Clodagh**⁵ is a single parent with three children over the age of eight. On contacting our member centre she and her children lived in a tiny 2 room apartment, where Clodagh shared a bedroom with her youngest daughter. The apartment was damaged but the landlord threatened to evict her if she requested repairs, and Clodagh could not afford to pay for them herself. Since transferring from Parenting Payment to JobSeeker when her youngest child turned eight, Clodagh had been struggling to meet the costs of basic essentials for her and her children. Clodagh advised that she was often forced to rely on emergency aid and food vouchers to ensure her kids were properly fed – regularly going without food herself to make sure her children had enough. Her children often missed out on social activities because she could not afford them. Her eldest daughter was beginning to feel socially isolated, complaining that she couldn't have friends over because their apartment was so badly damaged.
- **Chrissie**, a 50-year-old single woman on Jobseeker Payment was paying \$280 per week for a one-bedroom unfurnished unit in a capital city. The real estate agent told her that if she wants to stay, she needs to sign a new lease, with rent increased to \$380 per week, and that she also needs to pay an extra \$400 to top up the original bond she paid when she moved into the unit. Chrissie has no other accommodation options; all the similar units in the area where she is living, and nearby, are now all \$380 a week or more. She also does not have the money to pay for removal costs and has no one to help her move. She feels she has no option but to stay and rely on

⁵ This case study is from the report *Homeward Bound – Social Security and Homelessness*. © December 2019. National Social Security Rights Network and Canberra Community Law. The research report was completed by October 2019 and updated in December 2019.

welfare agencies for food and help with utilities, and hope that she can find a job or that her DSP application will be granted. She has serious health issues. Chrissie approached her local community legal centre in July 2023 for advice about where she could get the extra money for the Bond. The state housing department advised they do not assist with bond top-ups and that she would not qualify for bond assistance anyway as her rent will be more than 60% of her income. Chrissie is still trying to get the extra Bond money, and still relying on welfare agencies to assist with food and bill payments.

There is no disputing that the September rate increases will be helpful. However, the measures – the payment rate increases, the Parenting Payment Single eligibility extension, and the percentage increase to rent assistance – fail to adequately address the entrenched poverty and risk of homelessness experienced by private renters on low incomes who are reliant on social security income support, especially: single parents; Youth Allowance recipients; older JobSeeker recipients; people with disability; and long-term recipients of JobSeeker Payment.

Given the housing crisis, there is an urgent need to further increase Commonwealth rent assistance; and an ongoing need to further increase the base rates of social security income support payments.

- **Recommendation A** – increase rates of Commonwealth Rent Assistance by a further 35%, taking the percentage increase up to 50%, as recommended by ACOSS.
- **Recommendation B** – Permanently increase social security income support payment rates as per ACOSS’s proposal that base rates of working age social security payments rates be permanently lifted to that of pensions, and index increases to wages and the Consumer Price Index (whichever is higher).

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