



# SUBMISSION TO SENATE INQUIRY IN TO THE ADEQUACY OF NEWSTART AND RELATED PAYMENTS

**VICTORIAN PUBLIC  
TENANTS  
ASSOCIATION**

*September 2019*

## About the Victorian Public Tenants Association

The Victorian Public Tenants' Association (VPTA) is the voice of public housing in Victoria.

As the peak body representing existing public housing tenants and those on the waitlist, our goal is to provide advice to tenants, and to improve and expand the public housing system in Victoria. Although not formally part of our role, we also assist community housing tenants where possible.

While our work is in Victoria – we are the only peak body in Australia which exclusively represents public housing tenants.

We undertake systemic advocacy and provide policy advice to the Department, undertake community engagement work and operate a free and confidential telephone advice service.

In the 2018-19 financial year, we processed more than 8,000 calls through our advice line. It is not unusual for staff members to spend an hour speaking with a tenant. Most calls generate follow up work.

Our conversations with tenants generally reflect a high level of stress and anxiety in the caller. It is clear that these are people who are struggling with an inability to cope with the day to day challenges of everyday life – and they're difficulties are exacerbated by being on very low incomes.

## Executive Summary

The level of Newstart and other allowance payments is unacceptably low. The fortnightly payments are now so low that they are a significant contributor to skyrocketing homelessness figures around Australia.

Analysis by Homelessness Australia shows that in just six years, the number of Newstart recipients seeking assistance from homelessness services increased by a massive 75 per cent, when the number of people receiving the payment only increased by 28 per cent over the same period.<sup>1</sup>

This ought to be a source of deep shame for the Federal Government, which, by keeping Newstart and related payments below the poverty line for

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<sup>1</sup> Homelessness Australia, Clear connection between homelessness and inadequate Newstart payments, says Homelessness Australia, <https://chp.org.au/media-releases/clear-connection-between-homelessness-and-inadequate-newstart-payments-says-homelessness-australia/>, 29 August 2019

decades, has been grossly negligent in its primary duty to care for all Australians.

The VPTA speaks for and represents public housing tenants and those on the social housing waitlist in Victoria.

Public housing is the line between homelessness and housed. For many people, it is their last and only option.

Research by RMIT Emeritus Professor Gavin Wood and others found:

“...public housing to be a very strong protective factor reducing risks of homelessness. Public housing is particularly effective because it is affordable. It has also traditionally offered a long-term, secure housing option for those at the bottom of the housing market. This is because public housing leases provide the benefits of security of tenure commonly associated with home ownership.”<sup>2</sup>

Many that we represent rely on allowance payments as their only source of income.

For existing tenants, the low rate of the payment forces them to make terrible choice every day. Turning the lights on, or filling a script. Eating, or affording transport to a Centrelink appointment.

The demographics of existing public housing tenants show that they have been comprehensively ensnared in the poverty trap that is Newstart, with a number of different characteristics leaving them either ineligible or unable to access a higher payment such as the Disability Support Pension or the Age Pension, and also locked out of the workforce.

For those that are on the waiting list, their chances of being housed are close to non-existent unless they are in crisis. Victoria’s waiting list for social housing is now so long that not even being classed in a Priority Access Category is any form of comfort – just over half of all applicants are in this category.

Despite this, there is little to no affordable housing options for people on the minimum wage or lower incomes, and many on the waitlist that we assist tell us that they are experiencing homelessness, or are at the precipice.

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<sup>2</sup> Guy Johnson, Rosanna Scutella, Yi-Ping Tseng and Gavin Wood, How do housing and labour markets affect individual homelessness? *Housing Studies*, 2018, <https://www.tandfonline.com/doi/full/10.1080/02673037.2018.1520819>, 18.

Access to safe and secure housing is an inalienable human need. It is an essential for health and community participation. And right now, it is beyond the reach of far too many Australians. A key reason is the inadequate and stagnated rate of payments in our safety net.

Increasing Newstart and other allowance payments will go a long way to addressing the current crisis, but it will not adequately address the persistent, wicked social issues that are challenging Australia’s policymakers unless it is accompanied by an investment in housing.

## Newstart and the Demographics of Public Housing

The majority (at least 85 per cent) of public housing tenants Australia-wide rely on an income support payment as their main source of income. As a result, public housing tenants are particularly impacted by the low rate of Newstart and other allowance payments.

[Table 1: Source of Income](#)

Source of income	Number	Percentage (%)
Employee cash income	22,251	7.2
Youth allowance	1,576	0.5
Newstart allowance	37,712	12.4
Other allowances for students and the unemployed	866	0.3
Age pension	76,383	25.1
Disability pension	85,249	28.0
Other government payment	57,320	18.8
Other cash income	1,780	0.6
Not stated	21,595	7.1
<b>Total</b>	<b>304,532</b>	<b>100.00</b>

*Source: Australian Institute of Health and Welfare, Housing Assistance in Australia 2019*

Tenants in public housing are ineligible to receive Commonwealth Rent Assistance, additionally, less than half of public housing tenant households include children. The majority of public housing tenants are therefore not in receipt of Family Tax Benefit payments, meaning the only supplementary payment that many receive would be the Energy Supplement.

The Government’s argument that Newstart recipients receive a much higher fortnightly payment due to eligibility for supplementary payments does not

hold true in the case of public housing tenants. Table 2 demonstrates the household compositions of public housing tenants nationwide.

[Table 2: Household composition of public housing tenants](#)

Household composition	Number	Percentage (%)
Single adult	169,215	55.6
Sole parent with dependent children	37,670	12.4
Couple only	22,129	7.3
Couple with dependent children	9,123	3.0
Group and mixed composition	55,161	18.1
Not stated	11,234	3.7
<b>Total</b>	<b>304,532</b>	<b>100.00</b>

*Source: Australian Institute of Health and Welfare, Housing Assistance in Australia 2019*

Further, people with disability are overrepresented in the public housing population. While almost half of all public housing tenants identify as living with disability, only 28 per cent receive the Disability Support Pension as their main source of income (see tables 1 and 3).

Many public housing tenants are locked out of the workforce. A significant proportion of public housing tenants cannot work due to ill health or disability, however they are not receiving the Disability Support Pension and are therefore locked in to an income that is below the poverty line, with little to no ability to improve their situation until they become eligible for the Age Pension.

[Table 3: Public Housing Tenants with disability](#)

Disability Status	Number	Percentage (%)
With disability	125,015	41.1
Without disability	152,107	49.9
Not stated	27,410	9.0
<b>Total</b>	<b>304,532</b>	<b>100.00</b>

*Source: Australian Institute of Health and Welfare, Housing Assistance in Australia 2019*

The main tenant in the majority of public housing households is below the pension age, and more than a quarter are between 45 and 64 years of age (see table 4), and in addition to facing serious challenges in many areas of their lives, are also likely to face age discrimination when trying to enter the workforce.

Like those tenants with disability, this cohort faces a cruel situation where they are kept below the poverty line until becoming eligible for the Age Pension.

[Table 4: Age of main tenant](#)

Age	Number	Percentage (%)
15 – 24	7,559	2.5
25 – 34	25,611	8.4
35 – 44	40,544	13.3
45 – 54	60,670	19.9
55 – 64	68,145	22.4
65+	101,852	33.4
Not stated	151	0.0
<b>Total</b>	<b>304,532</b>	<b>100.00</b>

*Source: Australian Institute of Health and Welfare, Housing Assistance in Australia 2019*

As such, the adequacy of Allowance payments are a key concern for the people we represent, which includes those on the Victorian Housing Register (Victoria’s social housing waitlist).

## Affording the basics

Housing is a fundamental need. It is the platform for a productive and healthy life.

Without appropriate, affordable, safe, and secure housing, investments in other areas cannot be effective. It is impossible for someone to learn a new skill, re-enter the workforce, address a health issue or for children to concentrate at school if housing is unsafe or insecure, or if the person or family targeted by that intervention is experiencing homelessness.

Despite this, many Victorians (and Australians) are unable to achieve housing security in the current climate. This leads to deterioration in the mental health of those affected, and places significant pressure on health systems and the community sector to assist an increasing number of people facing chronic instability.

Anglicare has been conducting an annual Rental Affordability Snapshot for a number of years.

Considering the household types in receipt of allowance payments over the course of the research, at no time has more than 2.1 per cent of private rental properties in Melbourne been affordable or appropriate for

households reliant on allowance payments. For the majority of household categories in the majority of snapshots from 2012 to 2019, there were no appropriate and affordable properties.

[Table 5: Anglicare Rental Affordability Snapshot results: 2012-2019](#)

	2012 (Metro Melbourne)	2013	2014 (Metro Melbourne)	2015 (Metro Melbourne)	2016 (Metro Melbourne)	2017 (Metro Melbourne)	2018 (Nation wide)	2019 (Nation wide)
Single people living on Newstart, Youth Allowance and Austudy	0%	0%	<1%	<0.1%	<1%	<0.1%	<0.1%	0%
Single parent on Newstart	2.1%	No data	<1%	<0.1%	<1%	<0.1%	0.27%	0.1%
Couples with two children on Newstart	0%	0%	1%	0.1%	<1%	1%	1.63%	1.1%

*Source: Anglicare Rental Affordability Snapshots. Note: In 2018, Anglicare changed their reporting format and no longer provided localised snapshots. The data shown for 2018 and 2019 refers to nationwide rental availability.*

The Newstart payment has, as its fundamental goal, to assist people enter or re-enter the workforce.

If recipients of the payment can't afford simple, everyday expenses, such as food or housing costs, how can they be expected to find employment?



The Government must recognise that the Newstart payment, in its current form, has failed to achieve its goal.

The low level of Newstart and other allowance payments has, if not created, then at least exacerbated, housing insecurity and significantly increased the risks of homelessness for hundreds of thousands of Australians.

Eligibility for social housing in Victoria is income tested, with Public Housing allocations made on the basis of urgency of need.

Eligibility thresholds are listed in Table 6.

[Table 6: Social Housing eligibility income and assets limits, Victoria](#)

	Weekly income – Register of Interest	Asset limits – Register of Interest	Weekly income – Priority Access Category	Asset limits – Priority Access Category
Single person	\$1,014	\$33,051	\$567	\$13,064
Couple, no dependants	\$1,552	\$33,051	\$981	\$13,064
Family (one or two parent) with up to 2 dependent children	\$2,092	\$33,051	\$1,017	\$13,064
Each additional dependent	+\$339	\$33,051	+\$36	\$13,064

*Source: Victorian Department of Health and Human Services. Note: Assets limits for Register of Interest applications increases to \$110,170 for households who require major or full disability modifications.*



Table 7: Newstart payment rates

	Maximum fortnightly rate of Newstart	Fortnightly rate of Energy Supplement	Maximum fortnightly total payment	Maximum annual rate of Newstart	Annual rate of Energy Supplement	Maximum annual payment
Single, no children	\$555.70	\$8.80	\$564.50	\$14,448.20	\$228.80	\$14,677.00
Single, with dependent child or children, or single and 60+	\$601.10	\$9.50	\$610.60	\$15,628.60	\$247	\$15,875.60
Partnered (each)	\$501.70	\$7.90	\$509.60	\$13,044.20	\$205.40	\$13,249.60
Single principal carer in certain circumstances	\$776.10	\$12.00	\$788.10	\$20,178.60	\$312.00	\$20,490.60

Source: Department of Human Services (Federal)

As at the end of the June 2019 quarter, there were 50,145 applications for social housing on the Victorian Housing Register (the joint public and community housing wait list for Victoria). More than half of the applications fall within the Priority Access category.<sup>3</sup>

To qualify for housing under the Priority Access category, you must also fall within one of the following groups:

- Homeless and receiving support.
- Supported housing is required.
- Special Housing need exists (for people who are living in housing that has become unsuitable and who have no alternative housing options, for example, due to a need to escape family violence).

<sup>3</sup> Department of Health and Human Services, Victorian housing Register, <https://www.housing.vic.gov.au/victorian-housing-register>, 29 August 2019.

- Over 55 year olds who are eligible for social housing, and do not fall within one of the other Priority Access categories.<sup>4</sup>

Given the disparity between the level of need and the availability of stock, only those with the most urgent of circumstances have a realistic expectation of being housed in social housing in Victoria.

This, combined with the dearth of available and affordable private rental properties, means that recipients of Newstart and other allowance payments have little to no capacity to avoid homelessness.

Even for those who are already public housing tenants, the low level of Newstart is still having a significant and negative impact on their ability to make ends meet.

The Salvation Army's National Economic and Social Impact Survey collates the experiences of clients of their emergency relief services. In 2018, 37 per cent of respondents were living in public housing.<sup>5</sup>

This shows us that even when securely housed, and (usually) paying below market rent, the current level of income support payments is inadequate to meet a person's basic needs or to cover essentials, such as food.

Additionally, public housing tenants are disproportionately impacted by increasing energy and utility bills.

Much of Victoria's public housing stock was built in the years following the end of World War II. As a result, properties tend to be inefficient to heat and cool. As energy prices have steadily increased, this has led to a situation where some of the most vulnerable people in our community are paying the highest power bills, and are particularly prone to bill shock.

Currently, the low level of Newstart and other allowance payments creates a situation where people are forced to choose one of a number of basic essentials, as not all can be afforded.

This is inconsistent with the Australian expectation of adequate living standards. It is a situation which denies members of our communities with the comfort and dignity that others take for granted.

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<sup>4</sup> Department of Health and Human Services, Social Housing Eligibility, <https://www.housing.vic.gov.au/social-housing-eligibility>, 29 August 2019.

<sup>5</sup> The Salvation Army, National Economic and Social Impact Survey report, [https://www.salvationarmy.org.au/subscribe/sites/auessalvos/files/ESIS\\_2018\\_Main\\_Report.pdf](https://www.salvationarmy.org.au/subscribe/sites/auessalvos/files/ESIS_2018_Main_Report.pdf), 69.

## Calculation of Public Housing rents in Australia

In Victoria, and in many Australian states and territories, public housing rent is calculated and charged at 25 per cent of household income or market rent, whichever is lower.

The New South Wales Government uses a sliding scale based on income limits to determine whether tenants are eligible for rebated rent. Rebated rents are charged at either 25 per cent of household income, 30 per cent of household income, depending on the thresholds. Households with income above the threshold levels are charged market rent.<sup>6</sup>

The Australian Capital Territory Government charges a minimum of \$5 rent per week, and otherwise calculates rents as a combined percentage of tenant's and residents' individual incomes. If this figure is more than market rent, market rent is charged instead.<sup>7</sup>

The Northern Territory Government is in the process of transitioning between two rental calculation methods.

New urban public housing tenants are charged 25 per cent of household income. Existing urban public housing tenants will transition over five years (beginning in October 2018) to a rebated rent set at 23 per cent of assessable income.

Public housing rents in remote areas of the Northern Territory are charged based on the size and type of house. Tenants living in older houses that are not refurbished do not pay weekly rent, but instead pay a lower weekly levy to cover maintenance costs.<sup>8</sup>

The close link between the income of public housing tenants and the amount of rent charged is important.

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<sup>6</sup> FACS Housing 2019, *Chapter 6b: Public Housing*, State Library New South Wales, <https://legalanswers.sl.nsw.gov.au/tenants-rights-manual-practical-guide-renting-nsw/public-housing-nsw-facs-housing>, 29 August 2019.

<sup>7</sup> Australian Capital Territory Government, Community Services 2019, *Rental Rebate Policy*, [https://www.communityservices.act.gov.au/hcs/policies/rental\\_rebate\\_policy#Minimum](https://www.communityservices.act.gov.au/hcs/policies/rental_rebate_policy#Minimum), 29 August 2019.

<sup>8</sup> Northern Territory Government 2019, *Paying Your Rent in Public Housing*, Northern Territory Government, <https://nt.gov.au/property/public-housing/paying-your-rent-in-public-housing/maximum-rent-for-houses-in-remote-communities>, 29 August 2019.

Public housing stock in most states runs at a loss each year. This impacts Government's ability to maintain properties, train and pay housing staff, add to stock and fund community organisations which assist tenants.

Although some increase in Newstart and other allowance payments would likely be accompanied by a corresponding increase in rents for public housing tenants, this has the potential to lead to increased quality and responsiveness of other services, which would still result in an overall improvement for public housing tenants.

This is particularly the case if the Federal Government required State and Territory Government's to reinvest increased rental takings in the public housing system.

A National Housing Strategy to address housing insecurity and homelessness through the shared funding of construction of more public housing would greatly improve the quality of life of thousands of Australians. There is added opportunity for a Council of Australian Government's agreement to require State and Territory housing authorities to reinvest any increased rents gained from an increase in allowance payments into existing public housing stock.

## **A matter of survival**

We have undertaken a survey of the people we represent to understand how the current level of Newstart and other allowance payments affect them.

Respondents were overwhelmingly people in receipt of an allowance payment, though a very small number of responses (four) from people who are not currently receiving an allowance payment have been included as their commentary and answers are reflective of a time when they were receiving such a payment, or reflected on a related experience.

One respondent disclosed that they were a recently widowed single parent who is limited to part time work so that they can continue to support their children through a process of grieving. Although this person would be eligible for a small portion of an allowance payment, the family have decided to forego claiming the payment due to serious concerns that interacting with Centrelink would have a further, negative impact on mental health and stress levels.

The social safety net that we, as a nation, are so rightly proud of is gaping with holes if the very people it should be there to protect cannot fathom navigating it's realities.

Of all respondents, 41 per cent were either existing public housing tenants or on the waiting list to be allocated a property.

Overall, responses indicate that the current levels of allowance payments are so low that not even public housing tenants, who generally have their rent capped at 25 per cent of their income and are therefore relatively insulated from severe housing stress, are able to maintain what the Australian community would consider to be the bare minimum standard of living – let alone an adequate one.

We found that:

- Rent was by far most respondents biggest weekly expense (72.7 per cent), followed by energy bills, transportation and costs associated with children;
- For most respondents, food was their second biggest weekly expense (63.6 per cent), energy bills and costs associated with children were also reflected significantly as key expenditure points (9 per cent of respondents for each stated that these were their second biggest weekly expense);
- An alarming number of people are skipping meals in order to make ends meet, 90.9 per cent of respondents said they skip more than one meal a month, while 54.5 per cent said they skip more than one meal a week;
- A similar proportion of respondents (86.3 per cent) avoid using essential services such as lights, the oven, heating or cooling to save on bills more than once a month, while 59 per cent of respondents said they avoid using these services more than once a week;
- A majority of respondents (77.2 per cent) said that they have often gone without something that is important to them in order to make ends meet; and
- No respondents said that they had more than \$150 left over in a fortnight once bills were paid, 77.2 per cent said that they had less than \$100 a fortnight after paying bills to live on.

When asked what an increase in allowance payments would mean for them, most respondents focussed on increased health, less stress, and basic survival.

Those that were parents specified an increase would allow them to feed their children healthier food, or meet more of their needs.

Many respondents emphasised that an increase in allowance payments would mean they could afford necessary medications and eat regular meals or alternatively stop needing to use emergency relief services for food.

We overwhelmingly heard that the current level of Newstart is demeaning our fellow Australians. Our Government is trapping people in a situation of poverty from which they have little hope of escape.

The basic desires and unmet needs of Newstart and allowance recipients are deeply human, and to ignore the situation is a stain on the moral fabric of our nation.

The impact of an increase to Newstart and other allowance payments, in the words of survey respondents, is over the page.

### What would an increase in Newstart mean to you?

“[I could] eat better, like all humans deserve.”

“It would mean being able to get an education and maintain my living standards.”

“A little more than just surviving from moment to moment, from fortnight to fortnight.”

“I could be a young person, free from the isolation that is caused by money as I do not live at home.”

“The increase of Newstart will...make me feel that the Government cares for the least fortunate and vulnerable people like me, it could help out with survival.”

“I’m on [another Centrelink payment] and I can barely make ends meet. I don’t know how people on Newstart or Youth Allowance survive.”

“Many of those on benefits are caught by not having enough money to get ourselves out of a perpetual rut.”

“I cannot afford to see a lung specialist. Don’t always buy my medication. Don’t buy new clothes or get my hair cut. Don’t go out. Isolated.”

“People can’t afford to live off Newstart. Newstart payments are literally used for rent only, whether that’s private rental or rooming houses. People can’t be expected to continuously live under the poverty line. If rent takes all of Newstart, how are people expected to pay bills or feed themselves? It’s a disgrace.”

“Living below the poverty line is extremely stressful, and it’s hard to get and keep a job when you have to starve yourself so you can pay for a bus ticket to get to the job.”



## Recommendations

1. Newstart and other allowance payments should be increased *at least* to a level which will allow recipients to pay social or affordable housing costs as well as cover food and essential services, taking in to account the recipients need to travel and use the internet to comply with their obligations as a Centrelink recipient. However, without a corresponding and coordinated public housing investment, Newstart and allowance payments would need to increase to a level which makes private rental an affordable and achievable option.
2. The Federal Government should work through the Council of Australian Governments to devise and implement a National Housing Strategy to ensure all Australians have access to housing that is affordable, appropriate, safe and secure. The strategy should include a target to increase the percentage of public housing to at least 5 per cent of all housing stock, in all States and Territories. In recognition of housing as a fundamental human need as well as infrastructure, the Federal Government should contribute funding towards the construction of properties build through the Strategy.
3. Payments should be indexed to wages or inflation, whichever is higher, to maintain equivalent value as the economy changes, in keeping with pension indexation arrangements.

## Conclusion

We thank the Committee for the opportunity to provide this Submission. We would welcome any further queries about the comments contained, and would be happy to provide evidence at an upcoming Hearing.

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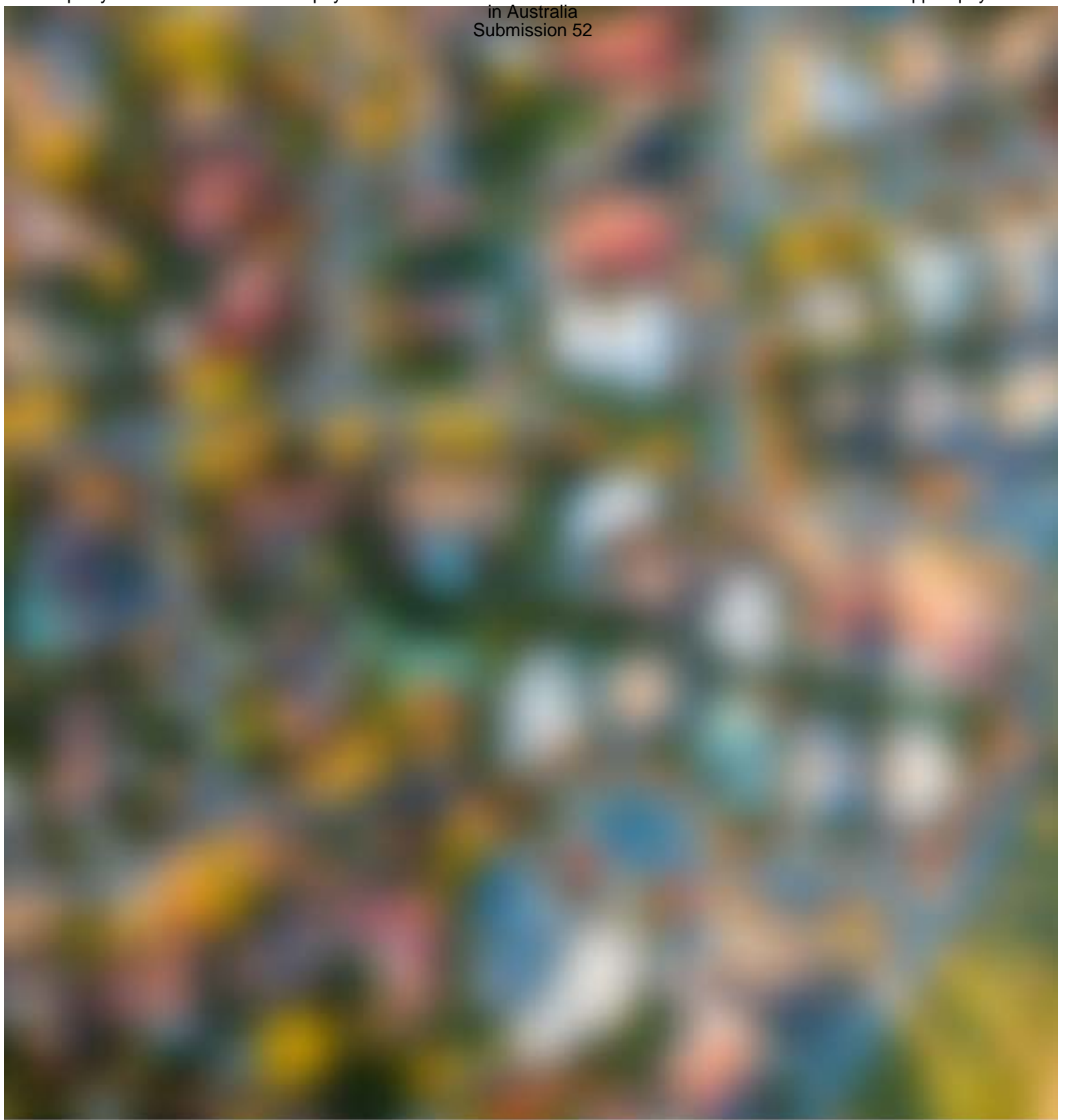
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