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A New System for Better Employment and Social Outcomes: Interim Report of the Reference Group on Welfare Reform to the Minister of Social Services June 2014

The Tenants Union of Victoria (TUV) welcomes the opportunity to comment on the Interim Report of the Reference Group on Welfare Reform June 2014.

The TUV was established in 1975 as an advocacy organisation and specialist community legal centre, providing information and advice to residential tenants, rooming house and caravan park residents across the state. We assist about 16,000 private and public renters in Victoria each year. Our mission is to inform and educate tenants and residents about their rights, and improving the conditions in which they live. The TUV's social change agenda is based on four broad areas in the rental sector:

- *legitimacy*: to address the often negative portrayal of issues affecting tenants and the rental sector in the public domain;
- *accessibility*: to address non-financial barriers to housing in the rental sector including discrimination;
- *affordability*: to address the poor financial situation of many tenants, particularly in the private rental sector; and
- *appropriateness*: to address the poor standard and location of rental housing, poor management practices and the limited legislative protections for tenants.

This submission will focus on Rent Assistance for both private and public rental housing whilst also providing comments on income support more generally.

Firstly, given the painfully long queues for public and community housing, low-income households are forced in greater numbers to seek housing in the private rental market. Accessing and maintaining suitable housing and living standards is fundamental to participating in society and the provision of support for low-income households is an important tool to help achieve this. A critical aspect in this is changing Rent Assistance payments to reflect the dramatic increase in private rents.

In ensuring effective Rent Assistance the TUV supports the following recommendations set out in the Harmer Review (*Pension Review Report*) and the Henry Review (*Australia's Future Tax System Review*), and referred to in the Interim Report, as follows:

1. The TUV believes that the maximum rate of Rent Assistance must be significantly increased to reflect the rents actually paid by households receiving income support. The indexation of Rent Assistance to the Consumer Price Index is woefully inadequate as median rents in the private housing market have increased at a much faster rate. It is the TUV's contention that this disparity can be mitigated by indexing Rent Assistance increases to a national index of actual rents paid by income support recipients.

2. The TUV agrees that Rent Assistance should form part of the income support system. Eligibility should be based on rent paid and the income support means test, rather than on eligibility for other payments

More broadly, the TUV cautions against measures that reduce income support payments as households receiving income support are already experiencing significant housing stress. This is most acute in the private rental market where TUV research has consistently shown that a typical income support recipient paying median rent in all Australian capital cities is highly likely to exist well below the After Housing Poverty Line.¹ This is particularly the case in inner city areas and middle ring suburbs where rents are critically unaffordable.

National Rental affordability data for March 2014 illustrates the precarious situation faced by low income households – the median weekly rent for a one bedroom flat ranges from \$180 in Hobart to \$430 in Sydney, while three bedroom houses cost between \$320 in Hobart and \$594 in Darwin.² When income support recipients are able to access affordable and appropriate housing, they are often likely to be consigned to outer suburban areas, with poorer access to employment, services and transport options. This emerging trend is already creating spatially segregated cities and any measure to reduce income support payments will only exacerbate this situation.

For further information or comment please contact Liam Cooper, Research Worker (03) 9411 1407 or lcooper@tuv.org.au

Yours sincerely



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¹ Tenants Union of Victoria 2013, "Private Rental Affordability Bulletin: Capital Cities", December Quarter 2013, found at <http://www.tuv.org.au/wp-content/uploads/2014/06/PRAB2013-Q4December-National.pdf>

² Tenants Union of Victoria 2014, "Private Rental Affordability Bulletin: Capital Cities", March Quarter 2014.