



8 November 2019

Committee Secretary
Senate Standing Committees on Community Affairs
PO Box 6100
Parliament House
Canberra ACT 2600

via email: community.affairs.sen@aph.gov.au

To the Secretary,
Inquiry into adequacy of Newstart and related matters

The Tenants' Union of Tasmania welcomes the opportunity to respond to the Senate Standing Committees on Community Affairs *Inquiry into the adequacy of Newstart and related matters*. Our submission focuses primarily on Commonwealth Rent Assistance but we are broadly supportive of the Australian Council of Social Service submission and its recommendations that Newstart Allowance must also be increased.¹

The Tenants' Union of Tasmania is a not for profit community organisation offering information, advice and representation to residential tenants. We also offer community legal education and training and advocate for the improvement of residential tenants' rights. We are an incorporated body run by members through an elected Management Committee, and staffed by employees and volunteers.

We strongly endorse the Tenants' Union of New South Wales submission and its recommendations on Commonwealth Rent Assistance.² In our opinion, the Tasmanian data which forms the bulk of our submission provides further evidence of the need for an increase in commonwealth rent assistance that also takes into account local housing market conditions.

In summary, we note the following:

- Commonwealth Rent Assistance (CRA) does not provide adequate assistance to renters on Newstart Allowance and other related payments to meet their housing costs;
- There are no affordable rental properties in Tasmania for persons in receipt of Youth Allowance and only eight affordable rental properties for people in receipt of Newstart or the Family Tax Benefit - all located in Tasmania's North-West.
- Whilst Commonwealth Rent Assistance is indexed to the Consumer Price Index (CPI), rents have increased at a much higher rate than CPI. For example, between

¹ Australian Council of Social Service, Submission 74.

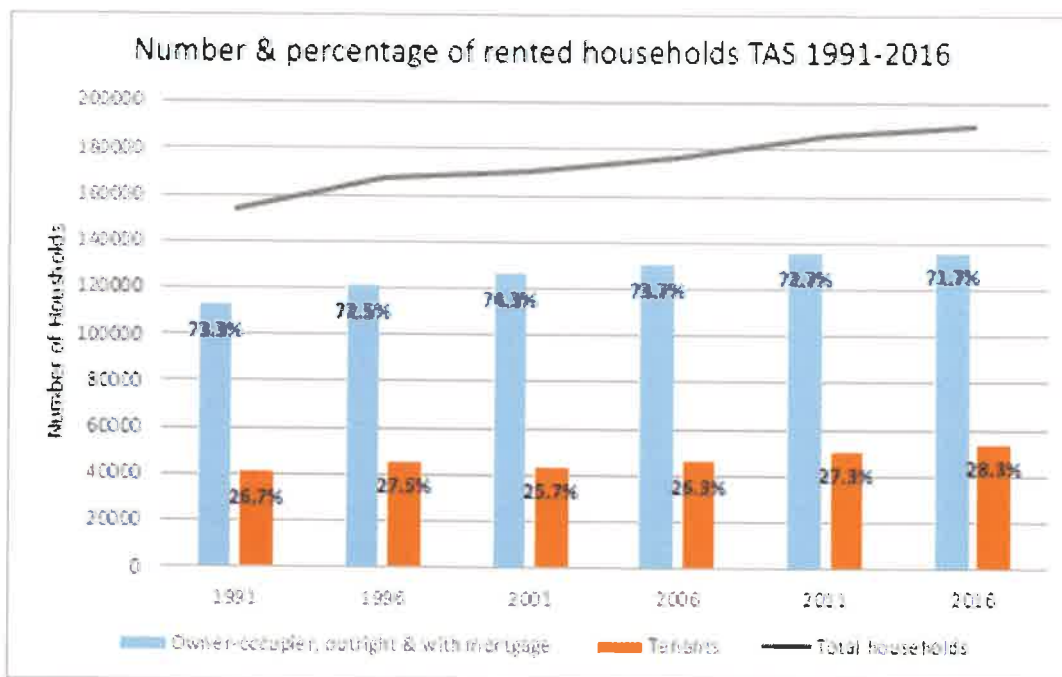
² Tenants' Union of New South Wales, Submission 59.

2001 and 2016 rents increased in Tasmania by 121 per cent, while general inflation was 46 per cent; and

- Over the last three years (2016-2019), median rents have increased by more than 30 per cent in Tasmania’s South and by over 15 per cent in Tasmania’s North; and
- Rents are impacted by region with median rents in Southern Tasmania 33 per cent higher than in Northern Tasmania, which are in turn 18 per cent higher than in North West Tasmania;
- We strongly recommend that the maximum rate of CRA be increased by a minimum of 30 per cent for all recipients, with variation in increase above this minimum to take account of family or household type, as well as local housing market conditions and current rents.
- Index arrangements for Commonwealth Rent Assistance to take account of local market housing conditions and fluctuations in rents, rather than the current arrangement of CPI indexation.

An Overview of Renting in Tasmania

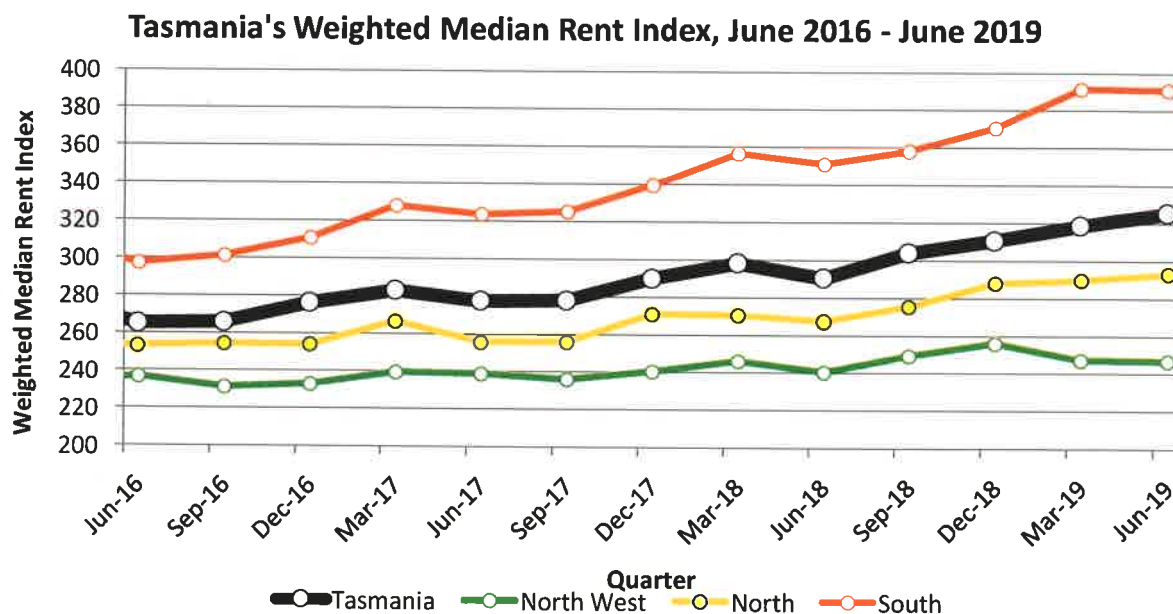
According to the Australian Bureau of Statistics, there are a growing number of households renting, rising from 25.7 per cent of the Australian population in 1994-95 to 30 per cent in 2015-16.³ Whilst Tasmania has historically had a high rate of home ownership, there has been a similar upwards trajectory in households renting, particularly over the last decade.



³ Australian Bureau of Statistics (2017), '4130.0 – Housing Occupancy and Costs, Australia 2015-16', Table 1.

In raw numbers, the Productivity Commission *Report on Government Services 2019* found that over the last decade the number of households renting in Tasmania has increased by 18 per cent from 45,600 in 2006 to over 54,000 in 2016.⁴ In the period 2008-18 public housing stock dropped from 11,618 to 7,005.⁵ While that has been offset by the growth of the community housing sector, resulting in a net increase of social housing stock,⁶ it has not been proportionate to the growth of the rental market overall.

Rents have skyrocketed in the same period. For example, according to the most recent data published by the Tenants' Union of Tasmania, based on data provided by the Rental Deposit Authority (see graph below), median rents increased by more than 30 per cent in Tasmania's South and by over 15 per cent in Tasmania's North between June 2016 and March 2019.⁷ As well, the data demonstrates that median rents in Southern Tasmania are 33 per cent higher than in Northern Tasmania, which are in turn 18 per cent higher than in North West Tasmania.



To put this into perspective, the Rental Affordability Index, a study published bi-annually by National Shelter and SGS Economics & Planning, concludes in its most recent report that Hobart is now Australia's least affordable city. The report finds that tenants in Hobart have to spend around 30 per cent of their income on rent – placing the median tenant in rental stress.⁸ Outside Hobart, regional Tasmania is the most expensive region relative to income in the country.⁹

⁴ Productivity Commission, *Report on Government Services 2019*, Tables 2A.25, 2A.27.

⁵ Productivity Commission, *Report on Government Services 2019*, Table 18A.3 & Productivity Commission, *Report on Government Services 2016*, Table 17A.3.

⁶ *Ibid.*

⁷ Rental Deposit Authority and Tenants' Union of Tasmania, *Tasmanian Rents* (June Quarter 2019). As found at <http://tutas.org.au/publications/tasmanian-rents/> (Accessed 6 November 2019).

⁸ National Shelter and SGS Economics & Planning, *Rental Affordability Index* (November 2018). As found at <https://www.shelertas.org.au/wp-content/uploads/2018/11/RAI-Nov-2018-high-quality.pdf> (Accessed 6 November 2019).

⁹ *Ibid.*

Further, Anglicare Tasmania's annual *Rental Affordability Snapshot Tasmania 2019* found that there were no affordable rental properties in Tasmania for persons in receipt of Youth Allowance, only eight affordable rental properties for people in receipt of Newstart or the Family Tax Benefit (located exclusively in Queenstown and Rosebery), and only thirty affordable properties for recipients of a Disability Support Pension - all located in the North and North-West.¹⁰

Newstart Allowance and other forms of Government assistance

According to the most recent data released by the Productivity Commission there are 36,215 Tasmanian households in receipt of Commonwealth Rent Assistance of which 25.2 per cent are in receipt of a Disability Support Pension, 21.6 per cent are in receipt of Newstart Allowance, 19.4 per cent are in receipt of an Age Pension and 12.7 per cent are in receipt of Parenting Payment (Single and Partnered).¹¹

CRA and Tasmania

With skyrocketing rents and a lack of affordability, it is imperative that CRA is increased. Whilst CRA is indexed to the Consumer Price Index (CPI), rents have increased at a much higher rate than CPI. For example, between 2001 and 2016 rents increased in Tasmania by 121 per cent, while general inflation was 46 per cent.¹² In other words, CRA has not kept up with the significant increases in rent that tenants in the private market have had to pay. As a result, many tenants are finding it increasingly difficult to pay the rent and other essential services such as electricity and food.

We strongly endorse the Tenants' Union of New South Wales submission and the analysis that the "maximum rates of CRA must adequately take into account housing costs as they are borne by different household types, as well as local housing market conditions and current rents".¹³ As we have previously noted, there are significant differences in the rent paid by tenants in different parts of Tasmania with the data demonstrating that median rents in Southern Tasmania are 33 per cent higher than in Northern Tasmania, which are in turn 18 per cent higher than in North West Tasmania.

In summary, we urge the Inquiry to adopt the TUNSW recommendations that:¹⁴

Recommendations

- Increase the maximum rate of Commonwealth Rent Assistance by a minimum of 30 per cent for all recipients, with variation in increase above this minimum to take account of family or household type, as well as local housing market conditions and current rents.

¹⁰ Anglicare Tasmania, *Rental Affordability Snapshot Tasmania 2019* (April 2019). As found at <https://www.socialactionresearchcentre.org.au/research/rental-affordability-snapshot-tasmania-2019/> (Accessed 6 November 2019).

¹¹ Productivity Commission, *Report on Government Services 2019 – Housing and Homelessness*, Table GA.9.

¹² Shelter Tasmania, *Renting in Tas*. As found at <https://www.shelbertas.org.au/renting-in-tasmania/> (Accessed 6 November 2019).

¹³ Tenants' Union of New South Wales, Submission 59 at 4.

¹⁴ Tenants' Union of New South Wales, Submission 59 at 4-5.

- Index arrangements for Commonwealth Rent Assistance to take account of local market housing conditions and fluctuations in rents, rather than the current arrangement of CPI indexation.

For more information, please contact Benedict Bartl, Senior Solicitor with the Tenants' Union of Tasmania.