

19 May 2023

Committee Secretariat
Select Committee on the Cost of Living
PO Box 6100
Parliament House
Canberra ACT 2600

via email: costofliving.sen@aph.gov.au

To the Committee Secretariat,

Re: *Select Committee on the Cost of Living*

The Tenants' Union of Tasmania welcomes the opportunity to provide a response to the *Select Committee on the Cost of Living*. Our submission focuses on cost-of-living pressures facing long-term residential tenants in Australia with a particular emphasis on Tasmania.

The Tenants' Union of Tasmania is a not-for-profit community legal centre providing information, advice and representation to more than 57,000 residential tenants living throughout Tasmania. We also offer community legal education and training and advocate for the improvement of residential tenants' rights.

An overview of the rental market in Tasmania

According to data collated by the Real Estate Institute of Tasmania, house prices in Tasmania have increased by 115 per cent over the last decade. Ten years ago, the median house in Tasmania sold for \$290,000. Today, the same house will sell for \$626,000.¹

With home ownership becoming increasingly unattainable particularly for first home buyers, it is unsurprising that residential tenants are increasingly diverse in terms of age, income and stage in life as the Australian Housing and Urban Research Institute has observed:²

Once seen as a transitional housing tenure for young people between leaving the family home and becoming home owners, there are more private renters at mid-life and more private renters with children (40% of private rental sector households). Importantly, there has been an increase in both lower and middle/higher income households in the private rental sector. Australians are renting for longer periods — a third of private renters have been renting for 10 or more years.

¹ Homes Tasmania, *Tasmanian Housing Strategy, Discussion Paper* (September 2022) at 13.

² Kath Hulse, Sharon Parkinson and Chris Martin, *Inquiry into the future of the private rental sector* (Australian Housing and Urban Research Institute, Final Report No. 303: August 2018) at 8-9.

- ***Skyrocketing rents***

Over the last five years median rents across Tasmania have increased by 45 per cent as the following table demonstrates.

Weighted median rent for 3-bedroom properties in Tasmanian regions

Region	Rent December 2017	Rent December 2022	% Increase
Greater Burnie	\$250.00	\$380.00	52%
Central Coast	\$270.00	\$410.00	52%
Greater Devonport	\$270.00	\$390.00	44%
Rural North West	\$280.00	\$385.00	37%
West Coast	\$160.00	\$280.00	75%
Inner Launceston	\$350.00	\$495.00	41%
Outer Launceston	\$280.00	\$450.00	61%
North East	\$245.00	\$370.00	51%
Central North	\$300.00	\$440.00	47%
Central South	\$290.00	\$440.00	52%
South East	\$350.00	\$483.00	38%
Eastern Shore	\$370.00	\$545.00	47%
Hobart City	\$470.00	\$620.00	32%
Kingston Area	\$400.00	\$550.00	37%
Glenorchy City	\$350.00	\$520.00	48%
Far South	\$330.00	\$450.00	36%
Tas. Average	\$310.00	\$450.00	45%

Source: *Tasmanian Rents* December 2017; *Tasmanian Rents* December 2022. As found at <https://tutas.org.au/publications/tasmanian-rents/> (accessed 14 May 2023).

According to the *Rental Affordability Index* (RAI), a study published bi-annually by National Shelter and SGS Economics & Planning, Greater Hobart is Australia's least affordable metropolitan area relative to income.³ The RAI found that tenants in Greater Hobart spend around 29 per cent of their income on rent, with the authors noting that "although household incomes in Tasmania are significantly lower than the national average, rents are only marginally lower than mainland averages... [and] the gap between income and rent has been widening over the past five years, with little sign of abating".⁴ Outside Greater Hobart, the report noted that whilst tenants spend around 28 per cent of their income on rent it was "at its most unaffordable" since reporting on the RAI had commenced.⁵

- ***Housing stress***

Since 2007, Anglicare Tasmania has published an annual snapshot of the Tasmanian private rental market to assess whether it is possible for people living on low incomes to afford to rent a home. As part of the research, all properties listed for rent are reviewed on one weekend each year and then assessed as to whether each property is affordable and appropriate for 14 types of households on

³ National Shelter and SGS Economics & Planning, *Rental Affordability Index* (November 2022) at 51.

⁴ Ibid at 51.

⁵ Ibid at 55-56.

low incomes. The *Rental Affordability Snapshot Tasmania 2023* found that “rent in Tasmania is rising up to 10 times faster than income support payments”⁶ leading the authors to conclude that “people on income support cannot afford to rent in the private rental market”.⁷

- ***Waitlist for social housing leading to overcrowding***

Unaffordable rents and the concomitant increase in housing stress has in turn placed a significant strain on Tasmania’s social housing system. Over the last decade the waitlist for social housing has increased by 84 per cent from 2465 applicants in 2013/14 to 4603 applicants in March 2023.⁸ Over the same timeframe, the average wait time for social housing has doubled from 35 weeks to 90 weeks.⁹

Unsurprisingly, the lack of social housing has put further strain on social housing households with the most recent Commonwealth Government data reporting that overcrowding in Tasmanian public housing is higher than the national average,¹⁰ and the rate of overcrowding in community housing is the highest of any State or Territory in Australia with the largest increase over the last five years.¹¹

- ***Homelessness***

The lack of affordable rental properties in the private rental market and inadequate social housing has resulted in increased homelessness, with the most recent Census estimating that 2350 people in Tasmania were homeless in 2021, a 45 per cent increase since the 2016 Census and the largest increase in the country.¹²

In summary, as we have sought to outline above and has been acknowledged by the Tasmanian Government “there are more Tasmanians than ever experiencing housing stress, growing demand for social housing and increasing rates of homelessness”.¹³

Lack of affordable housing in Australia

The lack of affordable housing is not limited to Tasmania. Decades of chronic underinvestment in social housing has led to a critical shortage of affordable housing, with a recent report entitled *Quantifying Australia’s unmet housing need – A national snapshot*, finding that there are currently 640,000 Australian

⁶ Anglicare Tasmania, *Rental Affordability Snapshot Tasmania 2023* (April 2023) at 4.

⁷ *Ibid* at 26.

⁸ Department of Health and Human Services, *Annual Report 2013/14* at 21; Department of Communities Tasmania, *Housing Dashboard March 2023* at 14.

⁹ *Ibid* at 15.

¹⁰ According to the Productivity Commission, overcrowding in public housing was 5.2 per cent whilst the national average was 4.5 per cent in 2022. As found at Productivity Commission, *Report on Government Services 2022*, Table 18A.30.

¹¹ According to the Productivity Commission, overcrowding in community housing increased from 3.3 per cent in 2018 to 4.5 per cent in 2022. As found at Productivity Commission, *Report on Government Services 2022*, Table 18A.32.

¹² Australian Bureau of Statistics, *Estimating Homelessness: Census*. As found at <https://www.abs.gov.au/statistics/people/housing/estimating-homelessness-census/2021> (accessed 14 May 2023).

¹³ Tasmanian Housing Strategy, *Discussion Paper* (September 2022) at 5.

households whose housing needs are not being met and this was projected to increase to 940,000 households in 2041.¹⁴

Recent research from the Grattan Institute has found that Australia's stock of social housing has barely grown in almost twenty-five years, even though the country's population had increased by around 39 per cent from 18.5M in 1997 to 25.7M in 2021.¹⁵ In 1991, about 6 per cent of housing in Australia was social housing, but now it is less than 4 per cent.¹⁶ And in the five years leading up to COVID-19, the total stock of social housing increased by just 1600 homes.¹⁷

We urgently need more social housing. We strongly support *Everybody's Home* recommendation that 25,000 social housing properties are built each year for 20 years to address current and projected affordable housing need.¹⁸

Recommendation: That all levels of Government commit to building 25,000 social housing properties each year for the next twenty years to address current and projected affordable housing need.

Increase in Income Support

Income support payments are well-below the poverty line with single persons in receipt of Jobseeker receiving a paltry \$49.50 per day and Youth Allowance is \$40.20 per day.¹⁹ The \$40.00 per fortnight increase in Jobseeker and Youth Allowance that was announced in the 2023-24 Federal Budget²⁰ is welcome and will relieve cost of living pressures but it is not enough. We strongly support the Australian Council of Social Services recommendation that at a minimum the rate of Jobseeker, Youth Allowance and other income support payments should be the same level as the pension and pension supplement.²¹

¹⁴ Community Housing Industry Association, UNSW City Futures Research Centre, University of Sydney Quantifying Australia's unmet housing need – A national snapshot (November 2022).

¹⁵ Grattan Institute, 'A place to call home: it's time for a Social Housing Future Fund'. Also see Australian Government Centre for Population, 'National, state and territory population - June 2021'. As found at <https://population.gov.au/data-and-forecasts/key-data-releases/national-state-and-territory-population-june-2021> (accessed 19 May 2023).

¹⁶ Grattan Institute, 'A place to call home: it's time for a Social Housing Future Fund'. As found at <https://grattan.edu.au/news/a-place-to-call-home-its-time-for-a-social-housing-future-fund/> (accessed 19 May 2023).

¹⁷ Ibid.

¹⁸ Everybody's Home, 'Pre-Budget Submission 2023/24'. As found at <https://everybodyshome.com.au/resources/pre-budget-submission-2023/> (accessed 18 May 2023).

¹⁹ Australian Council of Social Service, 'Politicians, advocates and prominent Australians call for JobSeeker increase in Federal Budget'. As found at https://www.acoss.org.au/media_release/politicians-advocates-and-prominent-australians-call-for-jobseeker-increase-in-federal-budget/ (accessed 19 May 2023).

²⁰ Services Australia, 'Increase to Working Age and Student Payments'. As found at <https://www.servicesaustralia.gov.au/sites/default/files/2023-05/budget-2023-24-may-services-australia-2.pdf> (accessed 18 May 2023).

²¹ Australian Council of Social Services, 'Budget Priorities Statement 2022-23'. As found at <https://www.acoss.org.au/wp-content/uploads/2022/02/ACOSS-BPS-2022-23-FINAL-220228.pdf> (accessed 19 May 2023).

Recommendation: That at a minimum, all income support payments are paid at the same rate as pension and pension supplements

Improving the efficacy of Commonwealth Rent Assistance

As well, Commonwealth Rent Assistance (CRA) needs to be increased. In a 2020 Australian Housing and Urban Research Institute report, the authors found that whilst CRA “plays an important role in reducing housing stress among those eligible to receive it... CRA simply does not extend far enough in reducing housing stress for significant numbers of low-income tenants”.²²

Currently, CRA is indexed to the Consumer Price Index meaning that in a jurisdiction like Tasmania where rents have increased by 45 per cent over the last five years, the real value of CRA is decreasing. Last year, the Productivity Commission found that many persons in receipt of rent assistance are struggling with “little income left to afford other essentials after paying the rent”.²³ The Productivity Commission recommended that CRA should be reviewed “as a priority” and that there “is a strong case for changes to improve its adequacy”.²⁴

Whilst the announcement in the 2023-24 Federal Budget that the maximum rate of CRA will be raised by \$30.00 per fortnight is welcome,²⁵ median rents in Hobart have increased over the last two years by \$74.00 per week.²⁶ At the end of this submission we have attached a map of Tasmania’s regions which highlights that over the last two years rents have increased by between \$50.00 - \$100 per week.

As well as its current inadequacy, we also note that CRA could be better targeted as the Australian Housing and Urban Research Institute has found:²⁷

around 246,000 or 18 per cent of low-income private renter income units pay rents that exceed 30 per cent of their income, but yet they do not receive CRA. Another 330,000 or 23 per cent receive CRA while not in housing stress.

The ineligibility of many persons on low incomes to access CRA has also been observed by Anglicare Australia:²⁸

Only one in three people on JobSeeker are eligible for the payment (38 per cent). Young people out of work fare even worse, with only one in ten on Youth

²² Australian Housing and Urban Research Institute, *Demand-side assistance in Australia’s rental housing market: exploring reform options* (October 2020) at 43.

²³ Productivity Commission, *In need of repair: The National Housing and Homelessness Agreement Overview* (August 2022) at 37.

²⁴ *Ibid* at 2 and 18.

²⁵ Services Australia, ‘Additional Support for people getting Rent Assistance’. As found at <https://www.servicesaustralia.gov.au/sites/default/files/2023-05/budget-2023-24-may-living-arrangements-4.pdf> (accessed 18 May 2023).

²⁶ CoreLogic, *Quarterly Rental Review April 2022 and Quarterly Rental Review April 2023*.

²⁷ Australian Housing and Urban Research Institute, *Demand-side assistance in Australia’s rental housing market: exploring reform options* (October 2020) at 46.

²⁸ Anglicare Australia, *Reforming Rent Assistance: Ending rental stress across Australia* (January 2023) at 8.

Allowance eligible (12 per cent). In total, only one in four income support recipients receive the payment at all (27 per cent).

Recommendation:

That the eligibility and adequacy of Commonwealth Rent Assistance is reviewed.

As well as significantly increasing the Federal Commonwealth's investment in public housing, increasing income support and improving the efficacy of CRA, we also need to strengthen residential tenancy legislation so that residential tenants have the right to safe, secure and affordable housing.

Strengthen residential tenancy legislation across Australia

Much of Australia's residential tenancy legislation has not kept pace with its changing role. As the Australian Housing and Urban Research Institute has recently observed "it is increasingly recognised that Australia's private rental sector is not "fit for purpose" for a changing and expanding role, being grounded in its historical role as a transitional sector where people move on from rental housing to home ownership".²⁹

Three areas of residential tenancy reform that is urgently required is around security of tenure, rent increases and strengthening minimum standards including energy efficiency standards.

1. Security of Tenure

➤ ***Repeal no reason end of lease evictions***

With one-third of Australian residential tenants having rented for ten years or more,³⁰ it is important that they are provided with stability and certainty. Tenants with security of tenure are able to remain embedded in their local area and provides continuity in work, schooling and community engagement as well as ensuring that disadvantaged groups avoid further social exclusion. Tenants with security of tenure are also able to assert their rights without fear of eviction. Currently, this is not the case, with a number of reports published by CHOICE finding:³¹

- around half of all tenants worry they will be blacklisted from future tenancies; and

²⁹ Australian Housing and Urban Research Institute, *AHURI submission to the Productivity Commission Review of the National Housing and Homelessness Agreement* (NHHA) (March 2022) at 25.

³⁰ Kath Hulse, Sharon Parkinson and Chris Martin, *Inquiry into the future of the private rental sector* (Australian Housing and Urban Research Institute, Final Report No. 303: August 2018) at 8-9.

³¹ CHOICE, National Shelter and the National Association of Tenant Organisations, *Unsettled: Life in Australia's private rental market* (February 2017). See also CHOICE, National Shelter and the National Association of Tenant Organisations, *Disrupted: The consumer experience of renting in Australia* (December 2018).

- 44 percent of tenants are concerned that a request for repairs could result in eviction; and
- 14 per cent of tenants refuse to stand up for their rights because of the possibility of landlord recrimination.

Evictions also significantly impact tenant well-being.³² Residential tenants are more likely to report poor mental³³ and physical³⁴ health than non-tenants. Children subject to regular forced moves often have disrupted schooling, and as a result are more likely to exhibit anti-social behaviour in later life.³⁵ Finally, it is expensive, with each move costing a residential tenant on average \$4,000.00.³⁶

The ability of landlords to evict residential tenants for no other reason than 'end of lease' does not mean that they do not have a reason for terminating the agreement. It simply means that the landlord does not need to disclose the reasons to the tenant. It opens up tenants to the threat of retaliatory eviction (whether actual or implied), it potentially facilitates unlawful discrimination, and it operates to dissuade tenants from enforcing their ostensible rights under the Act.

We strongly believe that if there is no change to the use of the property, residential tenants should be able to maintain their tenure unless the landlord can prove that they have breached their residential tenancy agreement. Of Australian jurisdictions, Victoria and the ACT have recently moved towards this position.³⁷ Elsewhere, among many other examples from similar countries, in Japan all residential tenants can exercise a unilateral option to renew their fixed term lease, and it can be very difficult for a landlord to evict a tenant.³⁸ And in the United Kingdom, the Conservative government has announced plans to abolish 'no grounds' evictions.³⁹ In justifying those changes, the government's report states:⁴⁰

[No grounds evictions] causes tenants to feel insecure, unable to plan for the future or call where they live a home. Many tenants are reluctant to challenge poor standards because they worry that their landlord will evict them rather than deal with their complaints. After eviction, tenants cannot always find suitable housing nearby, interrupting their employment and children's education. Unexpected moves are expensive meaning tenants have less money available for

³² Rachel Ong Vifor], Ranjodh Singh, Emma Baker, Rebecca Bentley and Jack Hewton, *Precarious housing and wellbeing: a multi-dimensional investigation* (Australian Housing and Urban Research Institute, Final Report No. 373: February 2022).

³³ John Cairney and Michael Boyle, Home ownership, mortgages and psychological distress, *Housing Studies* (2004) 19(2) 161-174.

³⁴ Australian Housing and Urban Research Institute, *Do housing conditions make a difference to our health?* (AHURI Research and Policy Bulletin, No. 6: April 2002).

³⁵ Roger Webb, Carsten Pedersen, Pearl Mok, Adverse outcomes to early middle age linked with childhood residential mobility, *American Journal of Preventive Medicine* (2016) 51(3) 291-300.

³⁶ Tenants' Union of NSW, *Eviction, Hardship and the Housing Crisis* (February 2022).

³⁷ Section 91ZZD of the *Residential Tenancies Act 1997* (Vic); sections 92-97 of Schedule 1 of the *Residential Tenancies Act 1997* (ACT).

³⁸ Japan Property Central, *Landlords: Ending a Lease is Not Easy* (8 November 2017).

³⁹ United Kingdom Government, *A new deal for renting: government response* (Consultation Outcome: 16 June 2022).

⁴⁰ Ibid.

a deposit when buying a home or to put towards other essentials such as food or heating.

These reasons apply equally to Australian residential tenants, and should result in similar changes.

2. Rent Controls

- ***Limit the amount of the rent increase to CPI and/or a fixed percentage.***

Tasmania's rent control laws are amongst the weakest in Australia. Currently, the Act provides that a landlord can increase the rent as long as the last increase was at least twelve months prior and the tenant has been provided with 60 days' notice. The only protection against excessive rent increases is that a tenant may apply to the Residential Tenancy Commissioner to determine whether the rent increase is 'unreasonable'. In assessing the reasonableness of the increase, the Residential Tenancy Commissioner must take into account "the general level of rents for comparable residential premises in the locality" and "any other relevant matter".⁴¹ With median rents across Tasmania having increased by 45 per cent over the last five years, a landlord can justify a rent increase of this amount for no other reason than that it is market rent. Recent media reports from other Australian jurisdictions strongly suggest that skyrocketing rents are not just a Tasmanian issue with the most recent *Domain Rental Report* observing that combined capital city rents have increased by 13 per cent and combined regional rents have increased by 7.5 per cent over the last twelve months.⁴²

It is clear that market mechanisms are not working efficiently in Australia's housing market. We strongly believe that rent increases occurring during a tenancy agreement should be subject to controls as is the case in the Australian Capital Territory. In the ACT rent increases are limited to a rate based on inflation. The onus on contesting the rent increase is dependent upon the quantum. If the proposed increase is above the proscribed rate the owner has the onus of establishing that the increase is justified, and if below, the tenant must demonstrate that the increase is excessive.⁴³

3. Sustainable Homes

- **Strengthen minimum standards and energy efficiency standards**

All residential tenants have a right to live in a safe, secure and healthy home with an affordable supply of energy. Sadly, many residential tenants do not live in

⁴¹ Section 23(2) of the *Residential Tenancy Act 1997* (Tas).

⁴² Domain, *Rent Report March 2023*. As found at <https://www.domain.com.au/research/rental-report/march-2023/> (accessed 18 May 2023).

⁴³ Section 68(3) of the *Residential Tenancies Act 1997* (ACT) sets out the factors that are taken into account including: (a) the rental rate before the proposed increase; (b) outgoings or costs of the landlord in relation to the premises; (c) services provided by the landlord to the tenant; (d) the value of fixtures and goods supplied by the landlord as part of the tenancy; (e) the state of repair of the premises; (f) rental rates for comparable premises; (g) the value of any work performed or improvements carried out by the tenant with the lessor's consent; and (h) any other matter the ACT Civil and Administrative Tribunal considers relevant.

healthy homes. Every year cold weather in Australia kills at least 2,600 Australians.⁴⁴

Last year, a report entitled *Cold and Costly – Winter Researchers’ Experiences of Winter 2022* tracked temperatures and humidity in rental properties across Australia.⁴⁵ The report found that Australia’s housing stock “is not built to cope with winter cold... [contributing to] higher energy costs, poorer respiratory and cardiovascular health and adverse mental health impacts”.⁴⁶ The report noted that the World Health Organisation recommends 18°C as the minimum healthy indoor temperature and yet in Tasmania, the rental properties studied were below the WHO recommendation 21 hours of the day.⁴⁷ Finally, research undertaken by the Australian Council of Social Services and the Brotherhood of St Laurence indicates that low-income households spend 6.4 percent of their income on energy, compared to high income households paying an average of 1.5 percent.⁴⁸

We strongly believe that all rental properties should meet basic energy efficiency standards which minimises the amount of energy required to heat or cool a home. Minimum energy standards for rental homes will ensure that residential tenants across Australia benefit from healthier homes and lower power bills.

In Victoria, following recent reforms, all appliances, fittings or fixtures which supply water, electricity or gas must meet minimum efficiency ratings.⁴⁹ The ACT Government intends to implement a requirement that all rental properties be fitted with ceiling insulation.⁵⁰ In New Zealand, landlords must install floor, wall and ceiling insulation, where is it reasonably practical to do so.⁵¹

In summary, all Australians including residential tenants have the right to safe, secure and affordable housing. For residential tenant households who rent, the reforms noted above will modernise residential tenancy legislation and provide better protections.

⁴⁴ Antonio Gasparrini, Yuming Guo, Masahiro Hashizume, Eric Lavigne, Antonella Zanobetti, Joel Schwartz et al, Mortality risk attributable to high and low ambient temperature: a multicountry observational study, *The Lancet* Volume 386 Issue 9991.

⁴⁵ Joel Dignam and Bernadette Barrett, *Cold and costly: Renter Researchers’ Experiences of Winter 22* (Better Renting, Canberra: August 2022). As found at <https://www.betterrenting.org.au/renter-researchers-winter-22> (accessed 4 March 2023).

⁴⁶ Ibid at 1.

⁴⁷ Ibid at 2.

⁴⁸ Australian Council of Social Services, Brotherhood of St Laurence and the Australian National University, *Energy stressed in Australia* (October 2018). As found at <https://www.acoss.org.au/wp-content/uploads/2018/10/Energy-Stressed-in-Australia.pdf> (accessed 19 May 2023).

⁴⁹ Consumer Affairs Victoria, *Efficiency standards for replacement appliances and fixtures*. As found at <https://www.consumer.vic.gov.au/housing/renting/repairs-alterations-safety-and-pets/gas-electrical-and-water-safety-standards/efficiency-standards-for-replacement-appliances-and-fixtures> (accessed 19 May 2023).

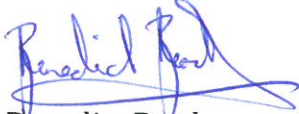
⁵⁰ ACT Government, *Minimum energy efficiency standards in rental homes*. As found at <https://yoursayconversations.act.gov.au/minimum-energy-standards> (accessed 19 May 2023).

⁵¹ New Zealand Government Tenancy Services, *Insulation in rental properties*. As found at <https://www.tenancy.govt.nz/maintenance-and-inspections/insulation-in-rental-properties/> (accessed 19 May 2023).

Recommendation: That all Australian residential tenancy legislation is modernised to better protect the right to safe, secure and affordable housing.

If you have any queries, or would like to discuss our submission further, please do not hesitate to contact us.

Yours faithfully,



Benedict Bartl
Principal Solicitor
Tenants' Union of Tasmania

enc: Tasmanian Rents Median Rent & 2-year change

Tasmanian Rents

March Quarter 2023

from data collected by

MyBond.
Rental Deposit Authority

statistics compiled by

 **Tenants' Union
of Tasmania**

MAP: March '23 Qtr 3-Bedroom Median Rent & 2-year change

