



IT'S TIME TO END  
HOMELESSNESS

30 September 2019


Senator Rachel Siewert  
Chair  
Senate Standing Committees on Community Affairs  
C/ - Committee Secretary  
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Parliament House  
Canberra ACT 2600

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Dear Senator Siewert,

### **Adequacy of Newstart and related payments and alternative mechanisms to determine the level of income support payments in Australia**

On behalf of Launch Housing, I wish to provide comments to the Senate Standing Committees on Community Affairs about the adequacy of Newstart and related payments for people who are either at risk of or experiencing homelessness.

In particular, I would like to address the following matters from the Terms of Reference:

- the adequacy of income support payments in Australia and whether they allow people to maintain an acceptable standard of living in line with community expectations;
- the impact of the current approach to setting income support payments; and
- the relative merits of alternative investments in health, education, housing and other programs to improve outcomes.

Our submission draws heavily on Launch Housing's inaugural [Australian Homelessness Monitor](#), which provides insight into the influence of socio-economic and housing market trends on the changing levels of homelessness. This submission also identifies the investment required to scale up specific programs that demonstrably improve education, employment and housing outcomes. These programs are already provided by Launch Housing, many without the assistance of government funding.

### **About Launch Housing**

Launch Housing is an independent Melbourne-based community organisation working with people at risk of or experiencing homelessness. We are one of Victoria's largest providers of housing and homelessness support services. We provide flexible, specialist services that directly assist thousands of individuals, couples and families every year. Last financial year we supported almost 17,000 people at risk of or experiencing homelessness across Melbourne.

Launch Housing is Victoria's strongest advocate for affordable housing and is a national leader of research into homelessness that produces better outcomes for our clients and lasting positive change for our community. We believe housing is a basic human right that affords people dignity, and this is reflected throughout every aspect of our work. Everyone has a right to a home, and it is our job to make this happen. Our mission is to end homelessness.

### **Homelessness is not just a lack of shelter**

The 2016 ABS Census estimated that more than 116,400 people, including children and young people, experience homelessness on any given night across Australia. In Victoria, that figure is close to 25,000 people.

A common misconception is that everyone experiencing homelessness is sleeping rough. This is certainly one aspect of homelessness, but it is the minority experience. Homelessness also includes people using supported accommodation such as crisis accommodation provided by agencies like Launch Housing; people staying temporarily with other households; people living in boarding houses and other temporary lodgings; and, people living in 'severely' crowded dwellings.

Importantly, homelessness is not just about a lack of shelter. At Launch Housing we believe strongly that homelessness is about the loss of *home* and all the elements that are central to what a home provides: privacy, security, warmth, connection and belonging. Access to safe, secure and appropriate housing is a basic precondition for participation in society. Without housing, life is severely diminished and one's health and wellbeing are adversely affected. But with the ever-increasing cost of buying or renting a home, and a stagnant Newstart support payment, more and more Australians are struggling to make ends meet.

### **Issues for consideration by the Standing Committee**

The majority of Launch Housing clients receive a Centrelink payment with Newstart being a key income source for many people. We conducted a review of our client records for the past three years and found that 42% of people presenting at our three entry points (which provide Initial Assistance and Planning for people in a housing crisis) were receiving Newstart. This highlights the high level of housing stress and the heightened risk of homelessness faced by recipients of income support.

#### **1. The adequacy of income support payments in Australia**

Poverty underpins the risk of homelessness for lower income households. This risk is especially elevated for Newstart recipients whose payments fall well below the poverty line and have failed to keep pace with the rising cost of living including private rents. The past decade has seen growing pressure on lower income renters. For example, the incidence of poverty (after housing costs) is particularly high among recipients of Newstart (55%), a rate four times the national rate (13%).<sup>i</sup>

The recent report by the Australian Institute of Health and Welfare (AIHW)<sup>ii</sup> confirms this trend finding that people are spending a higher proportion of their incomes on housing than in the past. For example, more than one million low-income households were in housing stress in 2017–18; many of these households are reliant on the vagaries of the private rental market.

There is a limited supply of housing within the means of Australia's lowest income households with the demand for affordable and social rental properties outstripping supply. The Anglicare Rental Affordability Report (2019) found there were no properties in any capital city affordable for a single person on Newstart or Youth Allowance. In fact, there were only two properties across the entire country that were affordable for people on these payments. This lack of housing places many at risk of homelessness and erodes the capacity of people already experiencing homelessness to recover from their situation<sup>iii</sup>.

It is necessary to increase the supply of affordable housing alongside targeted investment in social housing. It has been estimated that Australia will need an additional 500,000 social and affordable rental homes by 2026. This figure<sup>iv</sup> is derived from waitlists for social housing in states and territories around Australia, as well as the number of households in the bottom 40% of income brackets experiencing rental stress (where households pay more than 30% of their income in rent).

We welcome some of the current Commonwealth initiatives such as the National Housing Finance & Investment Corporation (NHFIC)<sup>v</sup>. However, such measures to grow housing supply will not provide housing at the very low end of the market without a significant housing subsidy. For example, a

report by the Australian Government's Council on Federal Financial Relations<sup>vi</sup> acknowledges the need for significant additional subsidies if housing projects built from funds through mechanisms like the NHFIC are to target people on very low incomes.

Current income support payments like Newstart are grossly insufficient to afford access to safe and secure housing, especially in a system where the supply of affordable housing has outstripped demand for those on low incomes.

## 2. The impact of the current approach to setting income support payments

It is unconscionable that Newstart has not been appropriately increased over the past 26 years to meet an adequate standard of living. Launch Housing supports the 'Raise the Rate' campaign by ACOSS<sup>vii</sup> that recommends Newstart be increased by \$75 per week and indexed to movement in wages, rather than the general Consumer Price Index (CPI).

Likewise, Commonwealth Rent Assistance (CRA) payments have fallen behind real increases in private rents. The 2017 Productivity Commission's Reforms to Human Services Inquiry<sup>viii</sup> recommended significant reforms to CRA and the financial assistance model currently in place for social housing. The Commission recommended that CRA be increased and indexed to rental prices nationally. Launch Housing supports the recommendation of the Everybody's Home campaign<sup>ix</sup> that the maximum rate of CRA be increased by 30% or about \$20 a week for those in the highest rental stress, and to review how CRA is calculated to make eligibility and payments fairer.

A further pressing issue is current practices in suspending Centrelink payments including Newstart. Between 2011 and 2016 there was a fivefold increase in the number of benefit sanctions recorded.<sup>x</sup> These can involve complete cessation of payments when a claimant breaches Centrelink conditions. It is our understanding that this pattern of breaching and income sanctions continues. The suspension or cancellation of income support payments make it impossible to pay rent and heightens the risk of eviction, thereby placing someone at risk of, or worsening their experience of, homelessness. We strongly recommend that there are urgent changes to Centrelink compliance practices so that no-one is breached into homelessness, or while they are experiencing homelessness.

## 3. Alternative investments in health, education, housing and other programs to improve outcomes

Raising the rate of Newstart and related payments, such as Commonwealth Rent Assistance, is necessary to increase housing affordability and reduce the risk and experience of homelessness. However, there are other measures that should also be considered by the Committee.

I have already indicated the need to grow the supply of social and affordable housing for lower-income households across Australia. The NHFIC, for example, has contributed to an increase in housing supply. But more needs to be done, including direct investment in social housing provided through State Housing Authorities and community housing providers.

Investment is also required into programs that demonstrably improve education and employment outcomes for people receiving income support payments.

In respect to education, Launch Housing successfully runs two Education First Youth (EFY) Foyers in metropolitan Melbourne. Youth foyers provide an integrated approach to tackling youth homelessness, combining affordable accommodation with education, training and employment opportunities and other support services.

EFY Foyers expand upon the original Youth Foyer concept by prioritising education as key to a sustainable livelihood. A recent comprehensive evaluation<sup>xi</sup> highlighted improvements in a young person's education, employment, housing, health and wellbeing outcomes. Importantly, these improvements were largely sustained a year after young people exited an EFY Foyer. Accordingly, we recommend the Committee closely examine the benefits of Education First Youth Foyers as an innovative model that provides an alternative approach to supporting young people at risk of homelessness.

Launch Housing also runs an Employment Program that develops and implements sustainable employment pathways for people with a lived experience of homelessness who are not in the labour market. A key function is to support job seekers, many reliant upon Newstart payments, and to broker real employment opportunities and partnerships with industry and employers. Unlike mainstream employment programs, our Employment Program successfully provides a targeted response to disadvantaged job seekers with an experience of homelessness. The program is fully funded by philanthropy.

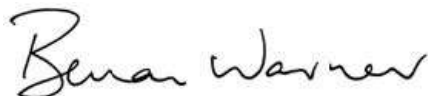
## Summary

There are three clear actions that the Commonwealth Government, in conjunction with state and territory governments, can take to improve outcomes for people on income support:

1. **Increase the rate of Newstart and related income support payments** (including Commonwealth Rent Assistance) to reduce housing-related poverty and reduce the risk of homelessness for many Australians – Launch Housing concurs with the Raise the Rate campaign by the Australian Council of Social Services (ACOSS)<sup>xii</sup> and supports an increase to the rate of the Newstart payment.
2. **Urgently invest in growing the supply of social and affordable housing** to help remedy the lack of appropriate housing at the lower end of the rental market – Launch Housing supports the Everyone's Home campaign and urges the Committee to consider the recommendations.
3. **Fund the expansion of nationally demonstrable approaches**, such as the Education First Youth Foyers, that successfully assist young people into further education and employment.

On behalf of Launch Housing, I look forward to the deliberations of the Senate Standing Committees on Community Affairs and trust that the Committee's deliberations include a focus on the adequacy of Newstart and related payments for those living in precarious housing and experiencing homelessness.

Yours sincerely



**BEVAN WARNER**  
Chief Executive Officer

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- i <https://www.launchhousing.org.au/australianhomelessnessmonitor/>
- ii <https://www.aihw.gov.au/news-media/media-releases/2019/september/2019-report-card-on-the-welfare-of-australians-rel>
- iii Cited in: <https://www.anglicare.asn.au/docs/default-source/default-document-library/final---rental-affordability-snapshots302da309d6962baacc1ff0000899bca.pdf?sfvrsn=4>
- iv See: [http://everybodyshome.com.au/wp-content/uploads/2018/04/EH\\_researchreport\\_190418-1.pdf](http://everybodyshome.com.au/wp-content/uploads/2018/04/EH_researchreport_190418-1.pdf)
- v The National Housing Finance & Investment Corporation (NHFIC) works to raise money at lower rates from the wholesale bond market for not-for-profit community housing providers.
- vi <https://treasury.gov.au/consultation/council-on-federal-financial-relations-affordable-housing-working-group-innovative-financing-models/>
- vii <https://www.acoss.org.au/wp-content/uploads/2018/03/Raise-the-Rate-Explainer-1.pdf>
- viii See: <https://www.pc.gov.au/inquiries/completed/human-services/reforms/report>
- ix <https://everybodyshome.com.au/our-campaign/relief-for-chronic-rental-stress/>
- x See: <https://www.launchhousing.org.au/australianhomelessnessmonitor/>
- xi [http://library.bsl.org.au/jspui/bitstream/1/11369/1/Coddou\\_etal\\_Starting\\_a\\_future\\_Education\\_First\\_Youth\\_Foyers\\_outcomes\\_2019.pdf](http://library.bsl.org.au/jspui/bitstream/1/11369/1/Coddou_etal_Starting_a_future_Education_First_Youth_Foyers_outcomes_2019.pdf)
- xii See: <https://raisetherate.org.au/>.