

**Submission to the**

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**State Budget  
Consultative Process  
2003/04**

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**Anglicare Tasmania  
October 2002**

**ANGLICARE**  
TASMANIA

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## **1. EXECUTIVE SUMMARY AND RECOMMENDATIONS**

### **1.1 Executive Summary**

Anglicare Tasmania warmly welcomed the 2002/03 State Budget, particularly the Putting People First initiatives including the abolition of discretionary levies for STAS students and the injection of funds into the state hospital and dental systems. Anglicare believes the State Government has the opportunity to build on last year's achievements by tackling some of the major issues continuing to confront the Tasmanian community - unemployment, affordable housing and the cost of electricity for low income earners.

Anglicare was very pleased to see the announcement of a partial electricity concession for Health Care Card Holders during the State Election campaign. This initiative was an important step towards a fair and equitable concessions system. Anglicare encourages the State Government to make that step into a leap by extending the concession from the two winter quarters to the whole year.

Tasmania, like the rest of Australia, is facing a housing crisis for people living on low incomes. The combined effect of increased numbers of low income earners, the reduction in social housing stock and the booming property market has resulted in a critical decline in low cost housing in both social housing and the private rental market. Notwithstanding the outcomes of current negotiations around the Commonwealth State Housing Agreement, Anglicare argues that there is an urgent need for the State Government to inject additional revenue to increase the availability of affordable housing.

Anglicare's final budget priority focuses on unemployment. This issue, particularly long-term unemployment is one of the major economic and social challenges facing Tasmania. It is a challenge which must be addressed directly. While the predicted jobs growth will be a welcome boost to the employment figures the issue of making real improvements in the long-term unemployment numbers will need to be addressed directly by government, at least in the short term. Anglicare urges a major investment in a job creation program for long term unemployed people.

### **1.2 Recommendations**

1. That the State Government allocate \$2.4 million recurrent expenditure to extend the Aurora Concession for Health Care Card Holders to a full year program.
2. That the State Government provide recurrent funds for full indexation of the Electricity Concession.

3. That the State Government establishes a Rental Bond Board based on a full evaluation of interstate models.
4. That the State Government allocate \$20 million to the Social Infrastructure Fund for Affordable Housing targeted to increase the amount of housing available for low income earners in Tasmania
5. That the State Government fund a three year program to employ up to 2000 long unemployed people in the public and community sector.

## **2. PROFILE OF ANGLICARE TASMANIA**

Anglicare Tasmania, the largest statewide community service organisation in Tasmania, operates under the auspices of the Anglican Church and is part of Anglicare Australia. Anglicare has offices in Hobart, Glenorchy, Launceston, Devonport and Burnie and provides a range of community services throughout Tasmania including many outreach services to rural areas.

In operation since 1983, Anglicare employs over 300 staff and has developed strong networks and relationships with peak bodies, ministerial advisory committees, local inter-agency networks, other community service agencies, Commonwealth and State governments and the broader community.

Anglicare provides a range of services across the state. These include financial counselling, family and relationships counselling, marriage and relationships education, problem gambling counselling, domestic violence services, services to homeless youth and people at risk of homelessness, group homes for people with disabilities, employment services, "Work for the Dole" projects, a Child Care Centre, a needle exchange and emergency relief services.

In 1995 Anglicare established a Social Action and Research Centre (SARC) which engages in research and policy development. SARC's role is to engage in social action, policy development, advocacy and public debate based on appropriate research. Its focus is Tasmanians living in poverty. SARC exists to support Anglicare's mission to achieve social justice and provide the opportunity for people in need to reach fullness of life. SARC's work is informed by the direct experience and involvement Anglicare has developed through its community service work.

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### 3. Low income earners in Tasmania

Almost 40 per cent of Tasmanians rely on Commonwealth Government pensions and benefits as their main source of income. This figure vastly exceeds the national average of 28 per cent and even the second most reliant state, South Australia at 30.8 per cent (ABS, 2001). The widespread nature of low income status in Tasmania means that many low income families live in communities and networks with very restricted access to financial resources.

The Department of Health and Human Services last year released a detailed study of economic wellbeing in Tasmania based on data from the Healthy Communities Survey. The report identified a range of indicators which made a contribution to the economic wellbeing of individuals and households, for example income levels, food affordability, the ability to raise \$2000 in a week for an emergency, debt levels and access to transport.

Findings about the ability to raise \$2000 in a week for an emergency provide a clear illustration of the impacts of Tasmania's pervasively low incomes. Just over 40% of survey respondents (representing almost 129,000 adult Tasmanians) indicated that they would not be able to raise this amount of cash in a week. People in these households experience a constant underlying insecurity about what they will do if they need to meet a major financial responsibility. Major car repairs, the breakdown of a fridge or funeral expenses are the types of expenses which have the potential to cause a severe financial crisis for such households. This anxiety about financial capacity is reinforced by the finding that 23.6% of Tasmanians felt that they often lacked control over their financial situation and 31% experienced difficulty meeting their financial needs particularly in the payment of utility bills.

The Australian Bureau of Statistics has measured similar indicators on a national level, consistently finding that Tasmanians experienced greater degrees of financial stress than the national average.

**Table 3.1 Financial Stress**

Question	Tasmania	Australia
Went without meals due to shortage of money	4.7	2.7
Unable to heat home due to shortage of money	3.1	2.2
Could not pay utility bill due to shortage of money	17.3	16.1
Sought assistance from welfare/community organizations due to shortage of money	5.4	3.5
Pawned or sold something due to shortage of money	7.2	4.2
Household couldn't have a special meal (at home) at least once a week due to shortage of money	12.9	11.7

*(Source: ABS, HES unpublished)*

### **3.1 Which groups are experiencing the greatest hardship?**

Researchers from the Department of Health and Human Services have used the Healthy Communities Survey to combine a range of important financial indicators into a single measure - the Index of Economic Wellbeing. There are clear trends from this analysis which show particular groups of Tasmanians are especially vulnerable economically. These groups include those people who are generally considered to be financially disadvantaged such as the unemployed, those permanently unable to work and people of Aboriginal and Torres Strait Islander descent. Other groups which tended to experience poor ratings on the Index of Economic Wellbeing included single person households, people who are separated or divorced and younger people (DHHS, 2002). These local findings reinforce national research which suggests that the demography of poverty has shifted enormously over the past 30 years. When Professor Ronald Henderson did his ground-breaking work examining poverty in Australia in the early 1970s the major groups of concern were aged pensions and people receiving the single parent's pension. NATSEM has estimated that the aged accounted for only about 6% of households living in after-housing poverty, single parents still accounted for 14% of households living in poverty but the major groups presently living in poverty in Australia were the working poor (24%), unemployed (23%) and other recipients of government benefits (15%) (NATSEM, 2000).

The economic disadvantage faced by so many Tasmanians impacts on the provision of State Government services with high rates of reliance on the publicly funded services across a range of Departments. The widespread nature of disadvantage also bestows special responsibilities on the government of this state to ensure the needs of low income earners are considered as a high priority in assessing priorities for government spending.

## 4. STATE CONCESSIONS

### 4.1 Introduction

The present State concessions system includes more than 40 concessions across six departments. The most important concessions, residential rates concessions, vehicle registration concessions and electricity concessions have traditionally only been available to people holding Pension Concession Cards. This arrangement was a reflection of the historical assumption that pensioners would be on income support for long periods while people who were unemployed would only face a short period of reliance on benefits before re-entering the workforce. This year Anglicare was pleased to welcome the announcement of electricity concessions for Health Care Card holders as part of the State election campaign.

The extension of the 44c per day electricity concession to Health Care Card holders during the two winter quarters is an important step towards a fairer concessions system but the full year concession is desperately needed by the state's lowest income earners. Anglicare continues to pursue a concession system which provides the greatest assistance to those with the greatest need. This budget provides the opportunity to achieve full equity on electricity concessions in Tasmania.

### 4.2 Background to Concession Cards

The Commonwealth social security system is set up with two main concession cards the Pension Concession Card and the Health Care Card. As shown by table 4.1 income support payments by the Commonwealth to people holding Pension Concession Cards are higher than for comparable individuals holding Health Care Cards. All pensioners, including part-pensioners (who may be receiving only a very small pension to supplement their retirement income) are eligible for Pension Concession Cards. Health Care Cards have much tighter income qualification criteria. It is Health Care Card holders who have the greatest need for assistance through the state concession system.

**Table 4.1 Comparison of Pensions and Concessions**

	<b>Pension Concession Card</b>	<b>Health Care Card</b>
Major groups holding card	Aged Pensioners; Disability Support Pensioners; Single Parents	Newstart Allowees; Youth Allowees Sickness Benefit recipients
Annual income for a single adult (no kids) with no other income as at October 2002	\$11,165 (pension)	\$9,750 (Newstart)
Percentage increase in payment since October 2001	4.6% (pension)	2.8% (Newstart)
Annual maximum allowable income to qualify for card (single adult no kids)	\$31,300	\$17,050

Source: Centrelink



The Federal Government has been pushing for the extension of State Government concessions to a third group of card holders - retirees holding Commonwealth Seniors Health Care Cards (CSHC). These cards are provided to people who do not qualify for the Aged Pension due to their income and assets but who earn \$50,000 or less (singles) or \$80,000 or less for couples. Anglicare strongly opposes any extension of State concessions to CSHC holders on the basis that government concession funds must be concentrated on people who are on low incomes.

### 4.3 The Major Concessions

Anglicare believes the electricity concession is the state's most effective tool for delivering financial relief to low income earners. The council rates remission and the vehicle registration concessions rely on home ownership and vehicle ownership as pre-requisites for assistance. Those who have been unable to afford to buy a home or car miss out on this State Government assistance. The electricity concession by contrast has the potential to assist almost all low income families as very few households are without electricity.

Electricity bills are also a key cause of financial difficulties for low income families. An Anglicare survey of Emergency Relief (ER) providers found that after food costs, electricity bills were ranked as the issue of greatest concern for people accessing ER services (Anglicare, 1999). Most ER providers give the majority of their assistance in the form of food parcels which accounts for the high ranking of food costs but also indicates that electricity bills are a major cause of food crisis for low income Tasmanians. Almost 35% of those seeking ER were on New Start Allowance. The average amount of time people seeking ER had been receiving a benefit was 30 months.

The difficulties faced by Tasmanians in paying for electricity are not surprising. A combination of cool climate and high costs mean that Tasmanians in the lowest two income quintiles pay around 15% more for household fuel and power than the national average for this income group (ABS, 2000a, 2000b). Many low income families report trying to reduce electricity costs by turning off heating and other rationing strategies, stories supported by Household Expenditure Survey findings (ABS, 2000b). However, the high fixed costs for residential electricity consumers mean that such attempts are not very effective (see Table 4.2). The relief provided by Electricity Concession (approx \$160 per annum) is very significant in this context as the reduction in consumption which would be required to make similar financial savings is very large.

**Table 4.2 Electricity in Prices in Tasmania (Standard Domestic Tariff)**

Consumption (kWh per year)	600	1200	2500	5000	7500	10000
Annual Cost (inc GST)	\$303.90	\$370.56	\$515.00	\$779.50	\$1023.75	\$1286

Source ESSA, 2002

#### **4.4 *Tasmania Together***

The *Tasmania Together* process clearly states as its first goal: "Ensure all Tasmanians have a reasonable standard of living with regard to food, shelter, transport, justice, education, communication, health and community services."

##### **4.4.1 *Tasmania Together Standard 1 Indicator 1.1***

This indicator states that the 2005 target for indicator 1.1 is that: The cost of food, electricity, housing, transport and health as a percentage of income for low income earners should be 65%. For this standard low income earners were defined as households in the two lowest income quintiles.

A Cost of Essentials Benchmark was established using two low income family types. A couple and a couple with two children, both relying on Newstart Allowance, are used as case studies to set the benchmarks. Their full income is calculated at the present level of Newstart Allowance (and Family Tax Benefits for the couple with children). A basket of goods and services covering housing, electricity, a basket of groceries, transport and health and medication costs have been calculated for specific items which can be re-priced again in five years. Expenditure areas have been checked against the Household Expenditure Survey averages to ensure that the costs are broadly representative.

Housing costs and electricity costs are two areas where the State Government can clearly work towards reducing the present cost benchmark (presently 70% for an unemployed couple) towards the goal benchmark (65% of income by 2005). The winter-time extension of the 44c per day Aurora Concession to Health Care Card Holders will assist towards the reduction of the cost of essentials as a proportion of income, clearly the full year concession would mean even greater progress towards this benchmark.

##### **4.4.2 *Tasmania Together Standard 1 Indicator 1.5***

This indicator states that the proportion of households who report that they are unable to buy enough food for the household is presently 10% and that this should drop to 0% by 2005. The extension of the Aurora Concession would be expected to have a significant impact on this indicator, particularly considering the link which has already been noted between electricity costs and seeking of food parcels from Emergency Relief providers (Anglicare 1999).

#### **4.5 *Cost of Full Year Extension of Electricity Concession***

The cost of extending the full-year electricity concession to Health Care Card holders depends on the proportion of card holders who take-up the concession. The take-up rate is affected by several factors, particularly the number of people living in households where more than one person has a concession card (for example many households claiming the electricity concession

have both the husband and the wife holding concession cards). Government estimates on the cost of the winter-time concession suggest indicate the take-up rate for Health Care Card holders is expected to be similar to the 65% take-up rate for Pension Concession Card holders. The actual take-up could be somewhat lower considering that some Health Care Card holders will be living with Pension Concession Card holders who are already claiming the concession and the much lower take-up rate on the 5% Aurora levy when this was extended to Health Care Card holders. Based on Government estimates, the cost of extending the electricity concession to Health Care Card holders for the full year would be around \$2.4 million (on top of the \$2.4 million already promised for the winter-time concession). However, if the take up rate is slightly lower, perhaps 55% of Health Care Card holders, the additional cost to extend the concession for the full year would be less than \$1.6 million.

**Recommendation: That the State Government allocate up to \$2.4 million recurrent expenditure to extend the electricity concession for Health Care Card Holders to a full year program.**

#### **4.6 Indexation**

The 2002-2003 State Budget allocated funds to cover full indexation of Pensioner Rates Remissions. As discussed previously, the electricity concession is far more equitable concession than the rates remission as it is available to almost all low income earners rather than restricted to pensioners who have been able to afford to purchase a home. The 2003-2004 Budget should ensure that the real value of the electricity concession is not eroded by price increases by providing for full indexation of this concession. Such indexation should, however, be seen as a secondary step to the provision of the full year concession to Health Care Card holders.

**Recommendation: That the State Government provide recurrent funds for full indexation of the Electricity Concession.**

## 5. ACCESS TO AFFORDABLE HOUSING

“The main thing is, I feel like I’ve got some self-esteem because I’ve got my own place. I feel better about myself. If it’s your own place you can come home to it. I’ve got my own facilities which is a **huge** advantage. And I think the main thing though is feeling like you’re a human being. You’re not just an animal that’s put somewhere and they don’t give a stuff about you. You just feel better about yourself. The 3 main things are self-esteem, cleanliness and having a place you can call your own.” (Bill, Launceston aged 37 private renter)

### 5.1 Introduction

Access to appropriate, affordable housing with security of tenure is a critical factor in ensuring health and social well-being. Stable and secure housing in an appropriate location increases educational opportunities for children, creates greater potential for social participation and reduces the health effects associated with homelessness or the threat of homelessness. Appropriate, affordable housing with security of tenure enables people to create a home for themselves and their families (Mullins & Western 2001, National Shelter 2001; Waters 2001). For most of us, a home is the most essential component of our emotional, psychological, physical and material well being. The Tasmanian Healthy Communities Survey 1999 found a strong correlation between housing adequacy and subjective quality of life. Across 11 housing measures, including living space, privacy, number of bedrooms, health issues, distances from work and services and location, as the sense of housing adequacy declines so too does the subjective quality of life (DHHS 1999:72).

There is a housing crisis for people living on low incomes Australia wide. The result of increasing numbers of people on low incomes combined with an increase in the number of renters and a reduction of low cost housing stock means that people on low incomes are finding it increasingly difficult to access rental properties in both the public and private housing sectors. There is a combination of factors which contribute to this crisis, some of which are outlined below. These factors exist in a political context in which the current Commonwealth State Housing Agreement (CSHA) will conclude on 30 June 2003. The negotiations around that agreement are in process and the outcomes will have a significant impact on the housing opportunities for low income Tasmanians.

Some of the key factors affecting the housing system around Australia include:

- 1) A significant policy shift at the Federal government level from government subsidised social housing schemes through the Commonwealth State Housing Agreement to a scheme of individual subsidies in the form of Commonwealth Rent Assistance to those in receipt of government pensions or benefits. This funding shift to individual rental assistance subsidies is based on the premise of ‘individual choice’. The fundamental assumption of this policy is that the problem in accessing housing for low income people is one of lack of income, not lack of

houses. This assumption is partial at best. Lack of income is increasingly a problem as prices in the private rental market soar. But the corresponding loss of funding to the social housing sector combined with the increased pressure in the private rental market has resulted in a lack of available houses;

2) The shift of funding away from social housing has resulted in a reduction of social housing stock, both sales of stock and insufficient resources to maintain current stock to required standards. Consequently, social housing is increasingly targeted to accommodating those with special needs and therefore most at risk of homelessness;

3) The current boom in the housing market has resulted in rapidly rising house prices in capital cities throughout Australia creating a market which is tight and extremely competitive;

4) The introduction of the Federal Government's First Home Owners Scheme in July 2000 has encouraged people previously excluded from purchasing to home ownership. As a consequence there has been a dramatic reduction in the low cost housing, which would have been available for the rental market, as rental property investors capitalise on their investments;

5) Changes over the past decade in the patterns of home ownership (Yates 2001), which has seen a growth in the number of long term renters. Recent research indicates that renting is now becoming a permanent housing tenure for an increasing proportion of the population. (Yates & Wulff 2000). This can be explained by increased numbers of Australians living on low incomes and unable to afford to purchase and lifestyle choices by younger people 25 – 35.

The ABS Australian Housing Survey 1999 identified some significant characteristics about households renting privately. They are:

- more likely to move frequently with almost half having moved at least three times in the previous five years;
- more likely to spend a higher proportion of their income on housing, with private renters spending an average of 19% or \$163
- significantly more likely to experience 'housing stress' (see 5.6.2).

5) Additionally, changes in the crisis accommodation schemes and the reduction of social housing stock results in limited 'exit points' exist for people with special and complex needs who are at risk of homelessness.

## **5.2 Access to Housing and *Tasmania Together***

Goal 1 aims to ensure that Tasmanians have a reasonable standard of living with regard to food, **shelter**, transport, justice, education, communication, health and community services. This is the

only reference to housing in the document. The standard to meet this goal addresses the economic capacity of Tasmanians to enjoy a reasonable standard of living and access to basic services. The associated indicator focuses on keeping the cost of essentials, including housing, to a reducing percentage of income for low-earners. Availability of affordable housing options for low income earners is critical and in the context of the current housing market in Tasmania, availability should refer not only to keeping rental prices at an affordable level but also increasing the number of appropriate low cost dwellings in both the public and private sector.

### **5.3 Anglicare's research into how low income earners are faring in the private rental market**

Anglicare has recently completed a statewide qualitative research project which investigated the issues for people living on low incomes when seeking housing in the private rental market. Because many of the participants in this research were in the private rental market by necessity and not by choice, the submission addresses issues in the social housing sector and in home purchasing for this group. It does not cover other components of the housing system such as hostels, boarding houses, caravan parks or crisis accommodation.

Participants interviewed in this research reported a number of significant issues confronting them in the process of accessing and maintaining affordable, appropriate housing with security of tenure. A powerfully recurring theme emerging from the interviews was the experience of being discriminated against in the private rental market on the basis of: employment status, age, family size and sole parenthood status. The costs and charges associated with finding rental properties were raised consistently as a major barrier to successfully competing the rental market. Almost every participant aspired to owning their own home. A number of the participants were registered on the waiting list for social housing, but all recognised their limited chances of acquiring social housing in the current climate.

### **5.4 The housing situation in Tasmania**

Tasmania replicates the trend identified nationally, in that there is a significant decline in low rent housing stock which is accompanied by an increasing number of low income households. In Tasmania, the capacity for low income earners to purchase a home, access social housing or rent in the private housing market is diminishing. In a state where 40% of the population are dependent on government pensions and benefits as their main source of income, and the unemployment rate is currently 8.9%, this vulnerability in securing adequate long term housing is impacting on a significant proportion of the community. The increasing reliance on the private rental market means that low income Tasmanians are further disadvantaged when it comes to finding a home.

### 5.4.1 Invisible Homelessness

The most recent published figures on homelessness in Tasmania show that number of clients accessing the Supported Accommodation Assistance Program (SAAP) in 2000 –1 is 3,450. (AIHW, 2001b) However many people who lose their tenancy and are unable to find suitable accommodation immediately may draw on a range of other options to find shelter. A number of research participants described extended periods of living with family or friends while they waited for social housing or access to the private rental market. As indicated by following comments, although these people had a roof over their heads, the accommodation was far from suitable for themselves and their families and a very long way from the secure and appropriate housing essential for health and wellbeing.

“ I just moved into a public housing place yesterday and it took me 12 months and I ended up having to go back into public housing. I was living with my mother with my three children for 12 months, that was a private rental place that my mum was renting and she has my sister and my brother as well as me and my three kids so there were seven us living in a three-bedroom place. I couldn't get anything through the real estate agents because I'd come out of Housing and I have no references, I could have got personal references from plenty of people but I don't have any housing references. For 12 months the kids were top and tailing, on floors, wherever we could fit. I put my name down with the Housing Department as soon as I moved up here from Hobart and then I was 12 months waiting for house, every day I went into the real estate agents”. (Mara, St Helens aged 23)

“I went to Housing and I had no where to live, I was staying at a friend's place on their floor for four weeks with my son, and they wouldn't help me out at all, the two of us were sleeping on a single mattress. Housing said I was Category 2. I drove around and I saw how many empty places there were”. (Kelly, Launceston aged 17)

“Now we are living with a friend of my mother and father's. He's a bachelor in his late sixties and he had a spare room so that's where we are. My son is at the Christian Fellowship because he knows the pastor and everyone there. But he's still away from us. My aunty and I are in the one room in single beds. My aunty is incontinent sometimes and we've got to walk through this guy's bedroom to get to the bathroom. And you are just supposed to put up with all this and cope with it. And I've got my son who is suffering from depression because he's got no home and he's a teenager. It just worries the hell out of me, thinking about what will he do? My furniture is in three different places and you just feel like you've got nothing”. (Natalie, St Helen, aged 44)

## 5.5 Access to Social Housing

According to Berry (2001: 6) “The progressive reduction in Commonwealth real funding of social housing through the CSHA, the increasing ‘welfarisation’ of the social housing sector and the rising maintenance and up-grade liabilities on the existing public stock place severe constraints on the extent to which this sector can expand the supply of affordable housing to meet rising needs”.

The demand for social housing in Tasmania is increasing. According to the 2002 –2003 Budget Paper No 2, there has been a 70% increase in demand in the past two years. While the increasing numbers of applicants with higher or complex housing needs largely determines this

trend, the net result is increased numbers on the waiting lists for households in Category Two and higher. Tasmania has 6% of households in social housing compared to South Australia, which has 10.7%, and the ACT which has 10.1%(AIHW 2001a:70).

Housing Tasmania currently houses 30,000 individuals. In the past two years the waiting lists for social housing have increased by 74% with 2241 households waiting for social housing assistance in June 2002. In October 2002, 519 people are on Housing Tasmania's Category One waiting list (The Mercury 5/10/02). Of the total social housing allocations 82% are classified as Category One, which is those in 'greatest need', which means, for example they may be suffering from ill health, have experienced domestic violence, homelessness or be inappropriately housed. Or they may be aged over 70 years. Tasmania has the highest proportion of social housing tenants are aged over 70 years at 16%. The percentage of all households in social housing have a particular special need such as mental illness or disability is 42% and 47% of social housing has sole occupancy (DHHS 2002).

### **5.5.1 Making social housing available to low income earners**

Research participants discussed the problems they perceived or had experienced in living on broad acre housing estates, the general view of those interviewed was that access to social housing was a desirable outcome. The relatively low rental costs and the repair and home maintenance programme were considered to be advantages of the system. However equally highly valued was the security of tenure and the stability that provided for themselves and their families.

"It was more secure in the public system, its just the area you are in, clumped together. It's heaps cheaper though, everything get repaired when it needs it. You can treat it like your own, you don't feel like you're going to be kicked out or have it sold from under you, there is that security. I spent a fortune on mine too, I put carpet in it and everything and just left it because of the area, the type of people the kids were hanging round with as soon as we moved that was sorted out. I tried to get them to move me but that was like pulling teeth". (Beth, Devonport aged 39)

The frustrations experienced by many of the participants in accessing social housing are reflected in the following comment:

"When I first came down here, the first thing I did was make an appointment with the Housing Department. Well I had three weeks accommodation and they gave me the first appointment they had which was for six weeks time and then they told me the waiting list was at least six months. I mean that was no good for me when I only had three weeks to find a place – that's why I starting looking for the private." (Robert, Launceston, aged 26)

### **5.5.2 Empty Houses**

The financially sound strategy employed by Housing Tasmania to sell social housing properties "which do not meet future portfolio requirements" is a source of great frustration to many low



income earners waiting for social housing and those living in inappropriate or unsuitable housing arrangements. It is something of a paradox that the waiting lists for social housing are growing as the housing stock is being reduced. Because the social housing stock in Tasmania is older, substantial funds are required for maintenance and improvement. In many cases, the older stock deemed too expensive to restore to adequate standards or inappropriate for public housing clients is being sold. The poor quality of this stock means that it tends to be slow to sell. People see empty houses everywhere while they are desperate for accommodation. This frustration is expressed in the comments of research participants:

“Trying my best to get onto Housing, but Lord, ain’t that hard? Sure, that’s not a nice place, but once you’re there, you can stay there. Me and her have put in for one, and we’re finding it very hard to get in the door, and we’ve got to be out by next Thursday. And they say they’ve got no houses, they’ve got no houses... they’ve got about twenty in Shorewell I reckon, and every time you go in you say, what about this one, what about this one? And they say, for sale, for sale, for sale. What was the whole idea about having public housing if they’re just going to sell them? This is a desperate thing now. Stuff the selling. People got to have places to live. We’ve got kids, they’ve got empty houses, let us move into them. Let them say **this** is the priority - move in”. (Trevor, Burnie, aged 43)

“I’ve been to Gagebrook and Bridgewater, Clarendon Vale all those places and I drove around and I counted 187 vacant homes. And you’ve got these people living in their cars with their babies. Where’s is the humanity in all of this? Where is the humanity? And it’s all directed at women, single women”. (Kathleen, St Helens aged 44)

“And they tell you they have nothing available but you can see them selling off houses everywhere. There are empty houses all over the place. In Burnie, you can walk around the place and there were about 40 or 50 houses for sale. I mean when you have people who need housing, why are they selling their houses off?”(Kevin, Launceston aged 20)

## **5.6 Low income earners in the Private Rental Market**

Recent research indicates that 28% of household (34,600 households) of Tasmanians live in private rental accommodation, compared to a national average of 34% (Jacobs 2002). The occupancy rate in the private rental market in Tasmania has increased steadily since October 1999, when it was approximately 91%. The occupancy rate in the private rental market in Hobart in August 2002 was 97.5%, which is the highest rate in Australia. The rate has continued to climb throughout the year, with a 0.5% increase recorded between July and August (REIT, August 2002). The Real Estate Institute of Tasmania argues that this current extremely low vacancy rate could be closer to zero if the number of properties that are difficult to rent due to expense or the poor standard of the dwellings is taken in to account.

Data from the Real Estate Institute of Tasmania’s assessment of the statewide property market in August 2002 indicates that approximately 90% of private rental accommodation in Hobart and Launceston is let within two weeks and on the North West Coast 73% of dwellings are let with in the same period. The average weekly rental of houses around the State has also shown an increase ranging from a 15% increase in a three bedroom house in Hobart (\$150 per week in

January 2001 to \$180 per week in 2002) to a 27% for a three bedroom housing on the North West Coast (\$95 per week in January 2000 to \$130 in 2002).

### **5.6.1 Commonwealth Rent Assistance**

Commonwealth Rent assistance is the major form of government housing assistance for low income earners in Australia. In June 2001, 976,333 households in Australia were receiving rent assistance and the expenditure on rent assistance in 2000-2001 exceeded \$1.7 billion according to the Department of Family and Community Services (cited in Hulse 2002: 13). Hulse notes that this amount exceeded the combined gross expenditures by all governments under the Commonwealth State Housing Agreement, which was just over \$1.4 billion in the same period.

The Commonwealth Rent Assistance Programme (CRA) is a subsidy to assist private renters administered through Centrelink. It is a non-taxable income supplement paid to individuals and families to offset the costs incurred in the private rental market. All pensioners, allowees and beneficiaries and people receiving more than the base rate of Family Tax Benefit Part A are eligible for Rent Assistance. It is notable, and something of an anomaly, that Austudy recipients are not eligible. It is paid at the rate of 75 cents per \$1 rent paid above the rent threshold, subject to maximum rates (AIHW 2001a). For example, the rent threshold for a single person with no children is \$75. These rates are set on a national basis, with no adjustment for state variances in housing costs and standards.

In October 2002, the total number of individuals in Tasmania receiving rent assistance is 20,274 (Centrelink, Tasmania 2002). Rent assistance certainly does make a difference to the capacity of low income households to purchase housing in the private rental market. However, there is evidence that the targeting of rent assistance to a large numbers of low income households may have resulted in an increase in weekly rents at the lower end of the private rental market. Hulse (2002: 22) cites ABS statistics to show between 1986 and 1996 weekly rents in the lowest quartile increased by 14.3% compared to an increase of only 1.6% in the highest quartile.

“My landlord put the rent up a little bit so that he would get more rent assistance. And the rent assistance went up that extra \$10 – it didn’t cost my friend anything but the landlord made money out of it”. (Rebecca, Glenorchy, aged 18).

Importantly, a significant number of Tasmanian households on low incomes are not eligible for Rent Assistance, because they do not receive a Government pension or benefit. The relatively high rental costs in the private market is a huge impost on the limited income for “working poor” households which do not have any form of assistance or concessions, greatly increasing the likelihood for ‘housing stress’.

### 5.6.2 Housing Stress

Housing stress is a concept developed by the National Housing Strategy 1991 to determine the housing affordability benchmark. The definition refers to households in the lowest 40% of the income range who pay more than 25% of income in housing costs. Households in this category were deemed to have insufficient income left to purchase the other necessities of life like clothing, food, transport, domestic power and health services. Most research adopts the more conservative measure of 30% of income to measure housing stress (Berry 2001:8).

Analysis of the percentage of private tenants experiencing housing stress between 1986 and 1996 saw an increase in the number of households in Hobart from 57.7% to 62.4% (Berry 2001). Figures released in the current budget papers state that more than 60% of private renters pay in excess of the 25% affordability benchmark in rent (Budget Paper No 2 Vol 1:103). Given the combination of the pressures on the private rental market and the increase of low income earners in the State, it is reasonable to argue that the percentage of households currently experiencing 'housing stress' will continue to increase significantly in the present housing climate.

Housing stress has highly adverse effects on low-income families in addition to causing severe financial hardship and difficulties in meeting non-housing costs. Research indicates that it is a major predictor of homelessness, overcrowding, family instability and breakdown, health problems, lower effective access to the labour market because of the geographic concentration of lower cost housing in low employment areas, low levels of educational attainment and increased crime (AHURI & Allen Consulting Group 2001). The effects of widespread housing stress on the broader community are described by AHURI & Allen Consulting Group (2001: 9 – 10) as a loss of social capital and social cohesion and adverse economic consequences in cities increasingly reliant on investment and tourism.

Most of the participants interviewed in the Anglicare research are experiencing housing stress. Having been in the position of being forced to move and unable to find suitable accommodation in a short time frame, they are acutely aware of the value of keeping accommodation once they have found it. This sense of vulnerability combined with a knowledge of the housing crisis facing low income earners in Tasmania means that the participants in this research were particularly vigilant about making rent payments, usually by direct debit. This often placed them in a situation where there was little income remaining to pay for other necessities.

The following statements from research participants are illustrative of some of the financial hardship experienced on a daily basis for those trying to live on after-housing incomes:

"With me, poorness is the reason why I haven't been able to get into anything [*ie housing*]. Lack of money. It's a shocking life. You just can't do anything. You've got to really plan – if you want to go out you've got to plan it a month ahead and put it away. A packet of tobacco

is a luxury. Poorness, for me, is terrible. When I was working, before I got sick, I was alright but now it's terrible." (Ben, Launceston aged 30)

Specifically, participants talked about the cost of heating houses which were often lacking insulation, fitted only with electric heating or had old or faulty wood heaters.

"Rent is taking more than half of my pay cheque at the moment and that is a real kick in the pants. And the cost of electric heating – it's just not worth it. It's just going to turn round and kick you in the teeth when the bill comes around. I put two or three jumpers on and a doona and I sit on the couch and that's how I watch telly. The only time the heater does go on is when my girlfriend comes around with the kids and it stays on until they go. But as soon as they leave I turn it off and all the time it is on I'm thinking 'Oh My God what's the bill going to like'". (Ron, Glenorchy, aged 29)

"And when the kids turn the heater on, I have a heart attack. When they are at school it doesn't matter, I don't have any heating. But they are on school holidays now and so they are there with the heater on and I'm saying 'look the sun's out, it's a lovely day outside'. Because it's the worry of it." (Melissa, Glenorchy aged 42).

### **5.6.3 Making private rental equitable: Bonds and Charges**

Low income earners are further disadvantaged in the private rental market through the range of costs and charges associated with finding accommodation. The imposition of 'services charges' for the processing of application forms by real estate agents represents a considerable financial outlay of people on low incomes. The services charge fees set by the real estate agents range from \$40 - \$80, and are charged for each application made. In some cases, these fees are not returned if the applicant is unsuccessful. For low income earners who have no financial reserves to draw on, these costs are prohibitive, particularly if they need to apply for several properties in the one day.

" I think the thing is that when you are on a low income, how many \$50 and \$20 can you come up with, when you are trying to live as well in the process. Trying to pay rent, food and hydro and look for a job and pay for transport and you have to come up \$50 for this one and \$20 for this one and you still have to have a little bit of entertainment. You can't go home and stop eating and turn the power off and sit in the dark." (Tom, Glenorchy aged 36)

Anglicare is aware that the issue of upfront fees to tenants was raised in submissions to the review of the Residential Tenancy Act 1997. The review has recommended that section 17 of the Act is amended to make it illegal for fees to be charged for making an application to rent premises or view premises. However our research clearly indicates that until the Act is changed, real estate agents are continuing to charge fees which create financial hardship for low income earners and effectively exclude them from the private rental market.

A further financial hardship for low income earners in securing housing in the private rental market is the issues of rental bonds. The equivalent of four weeks rent for a bond or security deposit is often beyond the means of low income earners, when it is associated with the costs of moving, and in many cases, when the bond from the previous tenancy has not been returned to

them. There are opportunities for financial assistance to cover some of the costs of bond and moving available through the Private Rental Assistance Programs administered by Anglicare in the North and North West and Colony 47 in the South. However, there are a number of issues which limit the effectiveness of these programs for low income earners:

- Lack of awareness of these programs: a number of participants in this research did not know about the scheme or their eligibility to access it;
- Assistance is restricted to once in a twelve month period: indications from this research is consistent with national data showing that low income earners in the private rental market move more than once a year (average 5.3 moves in previous 5 years)
- Discrimination from landlords because the tenant has Private Rental Assistance: a number of participants described being rejected by landlords once they informed them that they had assistance from Anglicare.

Another issue raised in relation to the barriers experienced by low income earners is the use of credit checks, which had a cost associated and which were invariably problematic for this group. As Belinda points out:

“Even a credit check can be a barrier. We are just an average family who happen to be on a pension, because my husband is injured. So its not like we are in the situation by choice, this is just how it has happened. But the thing is, I don't know anybody in a similar position or even working families, when they are both working on low incomes, who pay all their bills on time. I do not know anybody. Everybody I know whether they are working or not working, has trouble paying their bills on time. That's just the way it is now. People don't earn enough and things are costing too much. So guaranteed, at least eight out every ten families in Launceston would have had a bill go through Tasmanian Collection, right? Now, if you have had a bill go through Tasmanian Collection, that's it, that's it. Four years and you're on their books.”

Return of bonds is another problem experienced by low income earners who are private renters and this was substantiated in our research. Almost every participant in this research had experienced difficulties in getting their bonds back when they left a residence. While undoubtedly there are many cases where there is just cause to retain bond money, a strong theme in the narratives of those interviewed was their sense of vulnerability and powerlessness. Many faced difficulties in finding new accommodation, many were being forced to leave because the property was being sold and many faced real financial hardship as a result of leaving their current residence. The following comments from focus group participants highlight the barriers they faced in securing their bond money on departure:

“Basically getting bonds back is very difficult. I've never got a bond back. The only people down here who have actually got their bond back is when they have moved to another house, they have moved with that same real estate agent. Then they seem to get their bond back. I paid \$600 up front for bond. That's four weeks rent. I paid all that straight upfront. I got the loan from the unemployment so I was able to do it. Then you worry because it's very difficult to get that back. And we've got to be out in three months time and you worry that you

won't get it back. You know, what if they say that you're not going to get the bond back because of that roof collapsing?" (Warren, Dodges Ferry, aged 33)

" There is always this stigma about asking for your money back. And you shouldn't have to. And bond is a big thing, you know, it's a lump sum. It's a lot of money that's your's that you are asking for it back. It's almost like you are not really sure that it is yours, but it is and there is this really strange, you know. It gets a bit thingy." (Tessa, Dodges Ferry, aged 43)

"I've had a lot of trouble getting bond back in the past. I've walked away from three or four bonds in the end because of the headaches I was getting in trying to get the money back. You know, with landlords complaining that this crack in the corner wasn't there when you move in when you know too well that it was. They are a law unto themselves. I did condition reports and everything." (Ron, Glenorchy, aged 29)

All other Australian states have established Bond Boards, government controlled repositories for all security deposits. The Bond Board transfers security deposits from one tenancy to the next and acts as a neutral arbiter in dispute resolution around issues emerging under the jurisdiction of the Residential Tenancy Act. This system provides security for both the landlords and the tenants. Participants in the Anglicare research did not take their grievances to the Residential Tenancy Commissioner. This is not necessarily because their claims were not justified, but rather due to a sense of frustration and powerlessness. The resources required to make a formal complaint through a system perceived as complex in which they already felt disadvantaged, were often beyond the means of those interviewed. There is a strong argument that the Rental Bond Board model provides the fairest and most accessible mechanism for dispute resolution in residential tenancy issues.

The smaller population size of Tasmania means that a Bond Board in this State would not have access to the substantial resources available to the larger States such as New South Wales and Queensland. However in 2000, it was estimated that a pool of \$9 million could be collected in Tasmania, from which administrative costs would have to be deducted (Report on the Impact of the Residential Tenancy Act 1997). The increase in the number of private renters and rental prices since then suggests there would be a corresponding increase in this pool in the current period. Auctioneers and Real Estates' Guarantee Fund, which currently pays for the administration of the Act, funding the position of the Residential Tenancy Commissioner and the costs associated with the functions of the Small Claims Court could be an additional source of revenue.

**Recommendation: That the State Government establishes a Rental Bond Board based on a full evaluation of interstate models.**

## **5.7 Home ownership**

Home ownership has long been recognised as one of the most effective means to reduce the likelihood of poverty. But as Burke (1998) notes the effectiveness of this strategy is dependent

upon outright ownership when combined with a strong social housing system. It is private rental cost and home purchasing which tend to push people into poverty (Burke 1998:168).

Housing Tasmania has two schemes to assist low income Tasmanians to purchase their own home: The Streets Ahead Program and the Home Ownership Assistance Program (HOAP). There are many benefits associated with these schemes, but there remain some significant barriers for low income earners even within these schemes, which are discussed below. In general in the current market context, the opportunities for home ownership for low income Tasmanians are diminishing. As has been noted previously, the First Home Owners Scheme has resulted in an upsurge in home purchasing. Investors who experienced low returns in the rental markets in the mid-nineties are now realising their investments by selling to first home buyers. An average of 386 grants per month have been made in Tasmania since July 2000 when the scheme was introduced. This competitive market has resulted in a housing market in which prices are escalating. In Hobart the annual median sale price for houses has risen by 10% in the last year, with prices for flats and units and townhouses increasing by 13%. In Launceston the annual median house sale price rose by 7.6% and in the North West there was a smaller increase (REIT August 2002).

This situation has multiple consequences for low income earners. It reduces the amount of low cost housing in the private rental market and it pushes rental prices up, further reducing the capacity of low income earners to raise sufficient funds to make them eligible for home buyers schemes. For example evidence of a savings history is an eligibility criterion for home buyers schemes. Low income earners are therefore increasingly vulnerable in a tight and competitive rental market.

### **5.7.1 Making home ownership affordable: Streets Ahead and HOAP**

The majority of participants interviewed in Anglicare's research expressed a strong preference for home ownership. They identified a range of reasons for this including, most significantly, security of tenure, stability for themselves and their families and a frustration that the money they were paying in rent could have equally and more usefully been paying off a mortgage. The desire to 'have something to give the kids' was also commonly expressed. However, many of those people also felt that the dream of owning their own home would always be beyond their means. One participant who was purchasing her own home summarised some of the advantages and the difficulties facing low income earners trying to get out of the rental market:

"Yes, for us personally it was just through the generosity of friends and family that enabled us to get out of that market and the difference in health and well being in us and our family is incredible. You have security, you have identity, you know its your home, you know where you are going. You don't have to worry about someone knocking on the door and we are better off financially since we have been in our own home....[the problem is that] to qualify for a bank or a building society loan you have to have savings. Well I mean who, who has been renting for 15 – 20 years, is going to have any savings. For goodness sake, nobody, I mean you cant save". (Belinda, Launceston aged 40)

The Streets Ahead Program offers incentives and assistance for sitting tenants to purchase their social housing residence and for others who are eligible for social housing to purchase other Housing Tasmania stock. Both schemes enable eligible buyers to access the First Home Buyers Scheme. The evidence of savings history requirement is more flexible with the Streets Ahead Program than the HOAP scheme.

The HOAP scheme provides opportunities for low income earners who are unable to access loans from mainstream financial institutions. HOAP loans repayments start at 25% of income and are indexed to the CPI. The interest rate is variable. Applicants for this scheme must have sufficient savings to make the required deposit to secure the loan, which is \$3,000 or 5% of the purchase price. Additional monies for associated costs such as legal fees, rates and insurance are also required. If eligible, applicants can utilise the First Home Owners Grant for the deposit, however is still a requirement that applicants demonstrate a successful savings history, ie that they are able to sustain savings of \$1,000 in their own account consistently for three consecutive months. This requirement is often beyond the reach of many low income earners who are dependent on government pensions and benefits, have been living in long term rental accommodation and may have had to pay the high costs of frequent moves in a relatively short period of time. For example, participants in the Anglicare research had moved an average of 5.3 times over the previous five year period.

“I would like to own my home too but I've rung the Tassie Home Loans but you know a single person on a pension and it's just too hard. They only lend you like \$39,000 or \$40,000 and unless you want to live in Rosebery or somewhere like that you are not going to be able to get a very nice house with that anyway”. (Mary, Devonport aged 34)

“I rang the Tassie Home Loan Scheme but they said you have to have \$3000 up front to be part of it. I've got no hope of saving up that amount of money. Not a hope in hell”. (Kathleen, St Helens aged 44)

## **5.8 Budget expenditure**

The Commonwealth State Housing Agreement 1999 – 2003 is currently under negotiation. Until the recent increase in Commonwealth Rent Assistance expenditure, the CSHA has traditionally been the major national housing specific government program. Its purpose is to provide appropriate, affordable and secure housing for those on low incomes who would have difficulties obtaining housing without assistance. Commonwealth funding comes in the form of base funding for general housing needs which includes social housing, private rental assistance and home purchase assistance, and identified program grants for community housing, crisis accommodation, Aboriginal rental housing. These are tied grants with the states contributing \$1 for every \$2 from the Commonwealth.



A review of State budget expenditure on Housing Services over the period from 1997-98 (CHSA 1996) to the present shows that it has remained static or even decreased slightly since last year. Indeed, according to Housing Tasmania Director, Malcolm Downie, the amount has reduced in real terms more than 1% per year for the past 10 years. The problem is further compounded for Tasmania when \$16.4 million of the \$22 million federal funds for social housing is spent paying off the \$273 million debt accrued when Commonwealth funding was allocated as loans between 1945 – 1989 (The Mercury 5 October 2002).

Anglicare argues that the current housing climate in Tasmania, in which the basic housing needs of a significant number of low income Tasmanians are not being met, an increase in expenditure in this area is essential. As more funding from the Commonwealth cannot be relied upon, the State Government must inject substantially more funds to begin to address the issue.

**Table 5.1: Budget Expenditure on Housing Services in \$'000**

	1997 – 1998	1998 - 1999	1999 - 2000	2000- 2001	2001 - 2002	2002 -2003
Public rental assistance	68 774	59 590	64 488	64 454	65 730	64 730
Private rental assistance	2 091	2 425	2529	2 400	3 251	3 075
Community Sector Housing	697	764	737	974	1 261	1 474
Home Ownership Assistance	4 075	4 489	4 524	4952	4 812	5 393
Service development; policy advice, ministerial servicing	1 984	2 119	935	288	680	780
<b>Total</b>	77 621	69 387	73 213	73 068	75 734	75 452

CHSA 1999 –2003; CHSA 1996

### 5.8.1 A New Social Infrastructure Fund for Affordable Housing

The crisis in housing experienced by low income Tasmanians is a situation which requires an injection of new funds from the State Government. While negotiations continue around the funding formula and model for a flexible and responsive housing system, increased funding to the states does not seem a likely outcome. The current boom in the housing market in Tasmania has reaped significant rewards for many. The benefits of this increased housing market activity could be extended to low income Tasmanians through the initiative of a Social Infrastructure Fund specifically targeted at increasing the amount of affordable housing.

The Budget papers indicate a steady increase in revenue from Conveyances over the period from 1998 – 2002. The Titles Office has recorded the highest ever lodgement of titles in the past

two years. The number of titles lodged at June 30 2002 was up 20% on the previous year. The continued activity in the housing market suggests that the revenue raised during the current financial year will continue to increase. In the period July to October 2002, there has been a 30% increase in the number of lodgements to the Titles Office on those lodged in the previous year. In the 2001 – 2002 financial year, the State Government expected to raise \$68,127 (Budget Paper No 1: 141) reflecting the upsurge in the housing market. This is almost \$20 million (\$19.4m) more than was expected in the 2001 –2001 Budget. Although the 2002 - 03 Budget predicts a decline in revenue in Conveyances duties, this exceptional increase in activity suggests that there will be considerably more revenue raised than indicated in the Budget Papers.

The Social Infrastructure Fund for Affordable Housing would inject much needed funds into a range of strategies aimed at increasing the amount of affordable housing in the State. The funds could be used to:

- build new dwellings in the social housing sector
- purchase existing dwellings
- carry out necessary repairs to make empty houses habitable
- provide incentives for private investors to provide low cost housing<sup>1</sup> and
- provide seed funding for community organisations and business partnerships to provide and manage low cost housing.

**Recommendation: That the State Government allocate \$20 million to the Social Infrastructure Fund for Affordable Housing targeted to increase the amount of housing available for low income earners in Tasmania.**

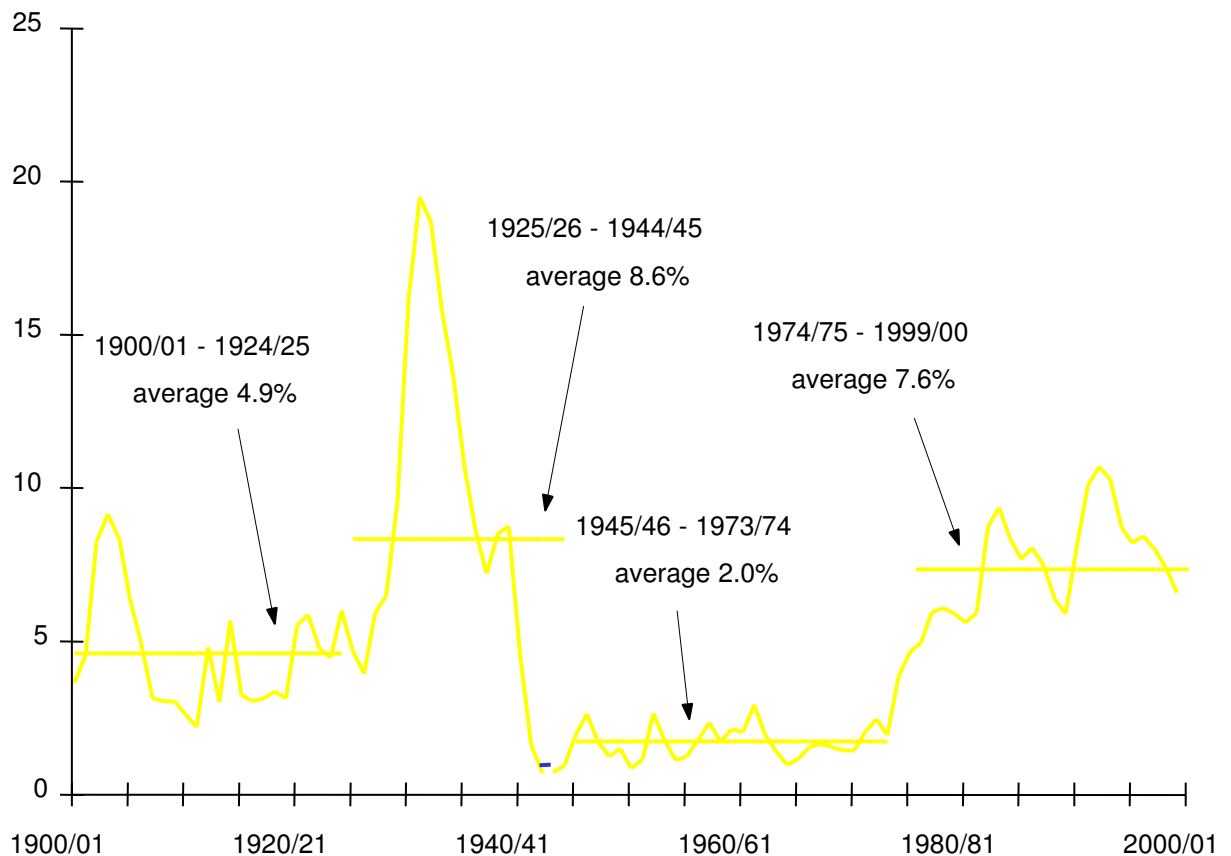
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<sup>1</sup> The Affordable Housing National Research Consortium have researched and analysed a variety of strategies to best stimulate private sector investment in affordable housing. The details of these policy options, including Consortium's preferred option: A direct government subsidy for private (debt) investment in affordable housing, are available on their website: <http://www.consortium.asn.au/>

## 6. Unemployment in Tasmania

It is more than 20 years since Tasmania's unemployment rate has been below 8% (ABS, 1996, 1997-2002). The seriousness of this statistic cannot be overstated – for example Figure 6.1 shows an estimate of Australia's average national rate of unemployment over the past century. The only sustained period where the national unemployment rate has averaged above 8% was during the period of the Great Depression.

**Figure 6.1 Australian Unemployment 1900-2001**

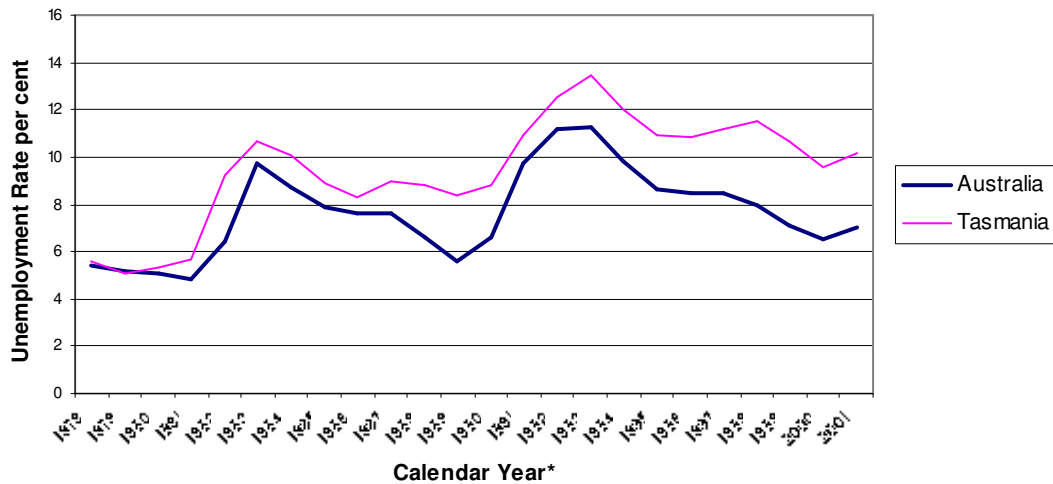


*Source:* Goodridge, Harding and Lloyd (1995). Data obtained from M.W. Butlin, A Preliminary Annual Database 1900/01 to 1973/74, Research Discussion Paper 7701, RBA; ABS, The Labour Force, Australia Cat. No. 6203.0.

Tasmanian unemployment and labour force participation trends reveal a huge pool underemployed and unemployed people. Underemployment continues to be above the national average with 27.5% of Tasmanian part-time workers preferring more hours (ABS, 2002). The standardised labour force participation rate continues to be the lowest in Australia (61.8% compared to a national average of 64.5%) (ABS 2002).

Unemployment trends particularly for males and the long-term unemployment are alarming. Figure 6.2 shows the growing gap between the proportion of men who are unemployed in Tasmania compared to the national average.

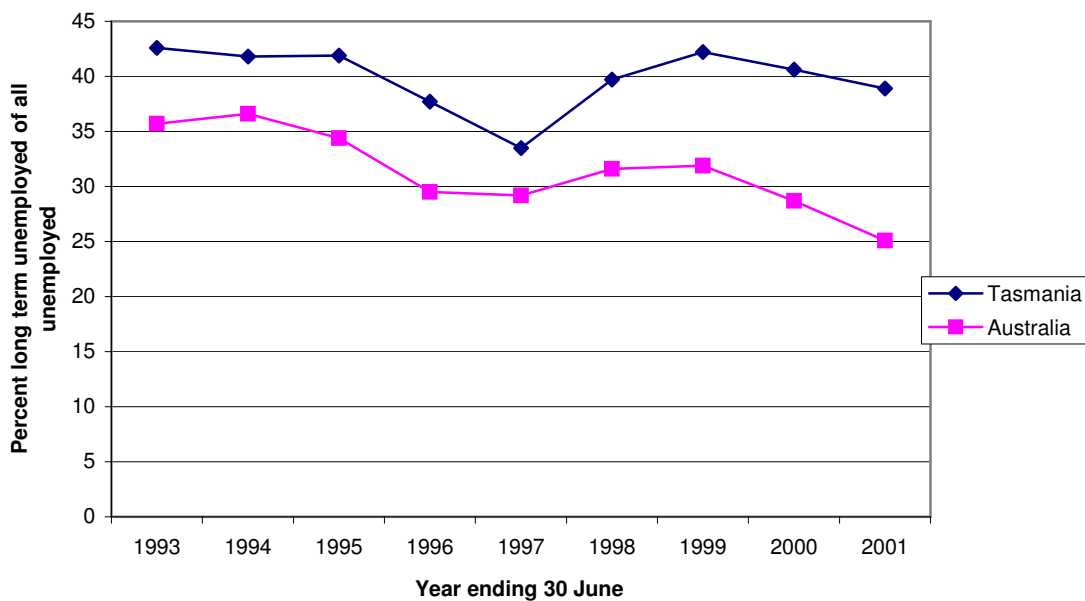
**Figure 6.2 Male Unemployment Rate – Australia and Tasmania**



Source: ABS Labour Force Australia 6203.0.

The rate of long-term unemployment in Tasmania continues to be vastly higher than the national average (see Figure 6.3) and the median duration of unemployment for males is more double the national average at 41 weeks (ABS, 2002).

**Figure 6.3 Long term unemployment - Australia and Tasmania**



Source ABS Australian Social Trends 2002

## 6.1 *Tasmania Together* and Unemployment

The importance that the Tasmanian community places on reducing unemployment in this state is clearly reflected in the *Tasmania Together* document. There are three indicators that focus specifically on unemployment and underemployment. These call for a reduction in the proportion of long-term unemployed to the national average, an increase in the participation rate towards the national average and a reduction in under-employment to 15% by 2005. There is also an indicator seeking to measure the proportion of government resources directed at new job creation.

Anglicare shares the community's deep concern about the impact of unemployment, particularly long-term unemployment on Tasmanian households. The Social Action and Research Centre is presently undertaking a detailed study of trends in the Tasmanian labour market and the impacts of these trends on households at the bottom end of the market - those with small amounts of casual work, the unemployed and the long term unemployed. However, preliminary research findings clearly indicate that the State Government must intervene directly to reduce long-term unemployment. Long-term unemployment is a much more significant issue in Tasmania than in any other part of the country and it is appropriate that the State Government takes a lead to directly create employment for a proportion of the most disadvantaged job-seekers. Even if the Treasury prediction of 4000 additional jobs Tasmanian jobs in the coming year is realized, the tendency for growth in part-time rather than full-time employment and the disadvantaged nature of people who are experiencing long-term unemployment make it unlikely that the long-term unemployment rate will fall significantly.

Long term-unemployment represents a huge burden on the Tasmanian community, it is a waste of productive potential and exacts a terrible cost on affected families and individuals, costs which are social, psychological and economic. Anglicare supports the call by TasCOSS for the creation of a three year program to employ up to 2000 long term unemployed people in the public and community sector. The potential work in local government, education, the aged care sector and community sector is substantial. Such employment could also bring Tasmania's long term employment rate down to almost the level of the national average. A publicly funded employment program providing training and work at minimum wage levels for long term unemployed people would require a major financial commitment. However, this State Government has shown itself willing to make major commitments in areas it considers to be important, for example, the purchase of the twin ferries and the \$44 million in tax relief over the past two budgets. Long-term unemployment must rank as one of Tasmania's most pressing economic concerns. This budget provides an opportunity to address this issue.

**Recommendation: That the State Government fund a three year program to employ up to 2000 long unemployed people in the public and community sector.**

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