Rent debt "bomb" points to depth of social crisis in Australia

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Nearly one million tenants may be in rental debt and hundreds of thousands could face eviction as COVID-19 pandemic moratoriums on evictions end around Australia, according to a report released last week.

The report by Better Renting, a non-government advocacy group, sheds further light on the extent of the poverty and financial stress throughout the working class. This social crisis is intensifying even though limited lockdown measures have, for now, prevented the pandemic from resurging to the catastrophic levels being suffered in the US, Europe and many other parts of the world.

The prospect of widespread evictions has already developed in Queensland, where the state Labor Party government ended eviction protections for residential renters on September 30, and in the Northern Territory, where the Labor government refused to even mandate an eviction halt.

In other states and territories, the eviction moratoriums will end early next year, mostly in March, just as the federal government scraps the JobKeeper wage subsidies and JobSeeker payments in which millions of working-class households have depended to avoid destitution.

This rent debt "bomb" is also growing amid worsening unemployment and under-employment, regardless of the efforts of the corporate media and governments, Labor and Liberal-National alike, to paint a rosy picture of "economic recovery."

In its report, Better Renting analysed publicly available data on rent deferrals and negotiations. It estimated 5 percent to 15 percent of tenants Australia-wide may be in rental debt, which would equate to 324,000 to 973,000 people.

"These are people who could lose their current home if they remain in rental debt and landlords begin issuing termination notices as moratoriums are lifted," the report stated.

Citing research from the Consumer Policy Research Centre, the report said there were other tenants who had "debt in the mailbox." That meant they prioritised paying their rent but instead racked up debts to credit card or utilities companies. The Consumer Policy Centre found two in five renters have credit card debt or debt to a "buy now pay later" company.

The rental debt estimates drew on Better Renting's own surveys and others by the Australian National University, the Australian Housing and Urban Research Institute, the University of NSW, the Consumer Policy Research Centre and the property management platform MRI. Overall, Better Renting said it analysed survey data from 20,000 renters.

In March, the self-proclaimed "National Cabinet" of federal, state and territory leaders, agreed to limited and temporary protections against residential evictions. They feared a social explosion as kilometre-length queues—not seen since the 1930s Great Depression—formed outside government unemployment and welfare offices.

The moratoriums sought to prevent the eruption of struggles against evictions that would have produced widespread homelessness. Renters were among the worst affected sections of the working class as the pandemic hit. A previous Better Renting survey found that nearly two-thirds of tenants had lost income due to the economic crash triggered by the pandemic.

That survey found 16 percent of respondents reported skipping meals to save money, while 44 percent said they had "struggled to make ends meet with rent and bills." That was despite the JobKeeper scheme and the temporary doubling of the sub-poverty JobSeeker unemployment benefit.

However, the government measures gave no guarantee of protection from eviction—many landlords still tried to remove impoverished tenants—and they left renters liable for deferred rental payments and at risk of accruing huge debts. No government required landlords to reduce or even defer rents.

That is because residential rent is a lucrative source of revenue, mostly going to the largest corporate investors and wealthiest layers of society, not small landlords. There is an estimated annual transfer of over $40 billion from private renters to landlords.

Since March, the federal, state and territory governments have handed more than $400 billion to business via subsidies, tax cuts and cheap loans, but they have refused to protect tenants from the impact of the pandemic.

The previous Better Renting survey found that of the tenants who lost income, only 9 percent asked for and received a "satisfactory" rent reduction. It reported that 20 percent had their request for rental relief denied, while 7.5 percent had their rent deferred, meaning they would have to pay the reduced rent back as a debt at a later date. A further 4.5 percent received a "trivial reduction."

Even these results might be an underestimate of the housing crisis. An interim Victorian parliamentary report into the pandemic, released in August, found that Consumer Affairs Victoria had registered 17,852 rent reduction agreements by July 5, representing just 3 percent of all rental households in that state. The average weekly rental decrease was only 27 percent, or $155 per week.

The Labor government in Queensland has been the most blatant in exposing tenants to eviction. While ending the residential protection, it extended its eviction moratorium for commercial tenants until the end of the year. That state's legislation also allows for "no fault" evictions, meaning that in many cases, where leases have expired, landlords can act unilaterally.

In scrapping the residential moratorium, the then state housing minister, Mick de Brenni linked the move to the drive to fully reopen the economy. "Because of our strong health response, we've been able to keep the economy more open and we've already started delivering Queensland's plan for economic recovery," he stated.

The latest official jobs figures from the Australian Bureau of Statistics (ABS) dent such pro-business claims of "recovery." Unemployment is still intensifying. In seasonally adjusted terms, in October the jobless rate increased 0.1 points to 7.0 percent—1.7 points higher than a year earlier. That meant nearly one million jobless, and nearly a quarter of a million over the year.

These statistics are vast under-estimates, because they only count anyone not working more than an hour a week. Even so, the ABS unemployment rate among young workers, aged 15 to 24, increased 1.0 points to 15.6 percent, up by 3.1 points over the year.

The under-employment rate decreased by 1 point to 10.4 percent, but remained 1.9 points higher than a year earlier, leaving the total "underutilisation" (unemployment plus under-employment) at 17.4 percent, or almost 2.5 million workers.

Surveys conducted by the commercial polling agency, Roy Morgan, indicate that the real situation is much more severe. Its unemployment estimate is 12.8 percent, with under-employment at 9.4 percent, making a total of 22.2 percent, or 3.15 million workers.

As well as rushing to end its eviction restrictions, the Queensland government was also the first in the country to freeze the wages of public sector workers, including nurses and teachers. As this demonstrates, the union-backed Labor Party is spearheading the imposition of the burden of the pandemic onto working-class families.

Mass unemployment, outright wage cuts and rental evictions on a large scale last occurred in Australia during the 1930s, producing explosive social struggles. Such aconvulsions are again looming, making it essential to build a new socialist leadership in the working class.