



Submission to Productivity Commission Inquiry

Human Services: Identifying sectors for reform

From: National Shelter

Introduction

Access to safe, secure, affordable housing underpins the economic and social well-being of Australian households and their communities. Housing provides physical shelter as well as stability and security, from which people can participate in education and employment and actively engage in civic and economic life. The high cost of housing in recent years has led to significant levels of housing stress among low and moderate income households, and a significant rise in the numbers of people seeking assistance from homelessness service providers due to financial hardship.

National Shelter welcomes the opportunity to provide this submission to PC discussion paper, Human Services: Identifying sectors for reform. Our submission is based upon National Shelter's role as Australia's peak housing advocacy organisation, our Policy Platform, [Meeting Australia's Housing Challenges](#),ⁱ developed over a number of years in consultation with our members across the country, as well as more recent consultations National Shelter conducted around the National Affordable Housing Agreement and participation in numerous reform discussions including with the private business sector, community sector and cross sectoral roundtables and workshops.

We also promoted a 5 point plan to reform housing and homelessness service provision as part of our [#votefhome](#) election campaign.

National Shelter has worked closely with Australian Council of Social Services (ACOSS), Homelessness Australia, the National Association for Tenants' Organisations (NATO), and the Community Housing Industry Association (CHIA) to develop [An Affordable Housing Reform Agenda](#), which provides extensive goals and recommendations to reform our housing system. The Reform Agenda, published in March 2015, recommended adopting clear targets to increase the supply of affordable housing and reduce homelessness. One clear key within this is the increased transfer of homes from state public housing systems to community housing providers (CHPs) to enable growth of affordable housing and consumer choice as central to those reforms.

We therefore identify social and affordable housing as a key area for reform.

Homelessness is also increasing in Australia but we do not consider homelessness service provision as eligible for reform in terms of increased contestability, competition and consumer choice as there is insufficient service provision available for unmet need which we consider unlikely to be improved through increased competition and contestability.

Specialist Homelessness Services require certainty and continuity and often rely on a collaborative partnership at local levels to manage high demand. Where contestability, tendering and competitive procurement have taken place in NSW e.g., the process has resulted in the loss of local

niche providers replaced by larger centralised providers who lack local corporate knowledge often critical to tenant outcomes.

Tendering of crisis services may also lead to increased cost or lower quality if cost becomes a sole determinant of success instead of outcomes for households.

National Shelter does not support increased competition, contestability or tendering for specialist homelessness services.

Consumer choice is at the heart of National Shelter priorities but insufficient resource allocation makes it impossible in reality for either homelessness service provision or social and affordable housing consumers to enjoy choice.

Quality, equity, efficiency, responsiveness and accountability

National Shelter supports the principles of quality, equity, efficiency, responsiveness and accountability as appropriate measure but believes these become hollow measures without **sufficiency**.

The reality of social and affordable housing provision and homelessness service provision is one of insufficiency. In 2014 almost [200,000 householdsⁱ](#) were on waiting lists for social housing. On any given day 1,500 specialist homelessness agencies in Australia were supporting nearly [54,000 clients](#) [but also turning away 329ⁱⁱⁱ](#) requests for assistance.

Australia requires an additional 500,000 social and affordable housing properties to be available to low (lowest 2 deciles) income households to meet current estimates of demand^{iv}. Despite some improvement to housing supply between 2013-16 which may have decreased the general supply shortfall, virtually no housing has been produced which may reduce the shortfall available and affordable to low income households.

National Shelter recommends that sufficiency is not adequately covered which makes it difficult, as also identified in the PC's report around e.g. regional markets, to make a case for service delivery improvement through efficiency, contestability, responsiveness and accountability.

Competition, contestability and user choice

There is an absence of competition within social and affordable housing provision. In most jurisdictions state housing authorities maintain a monopoly control of social and affordable housing provision, whilst also being a regulator of community housing providers, with whom they could compete in a "market" with greater contestability and competition.

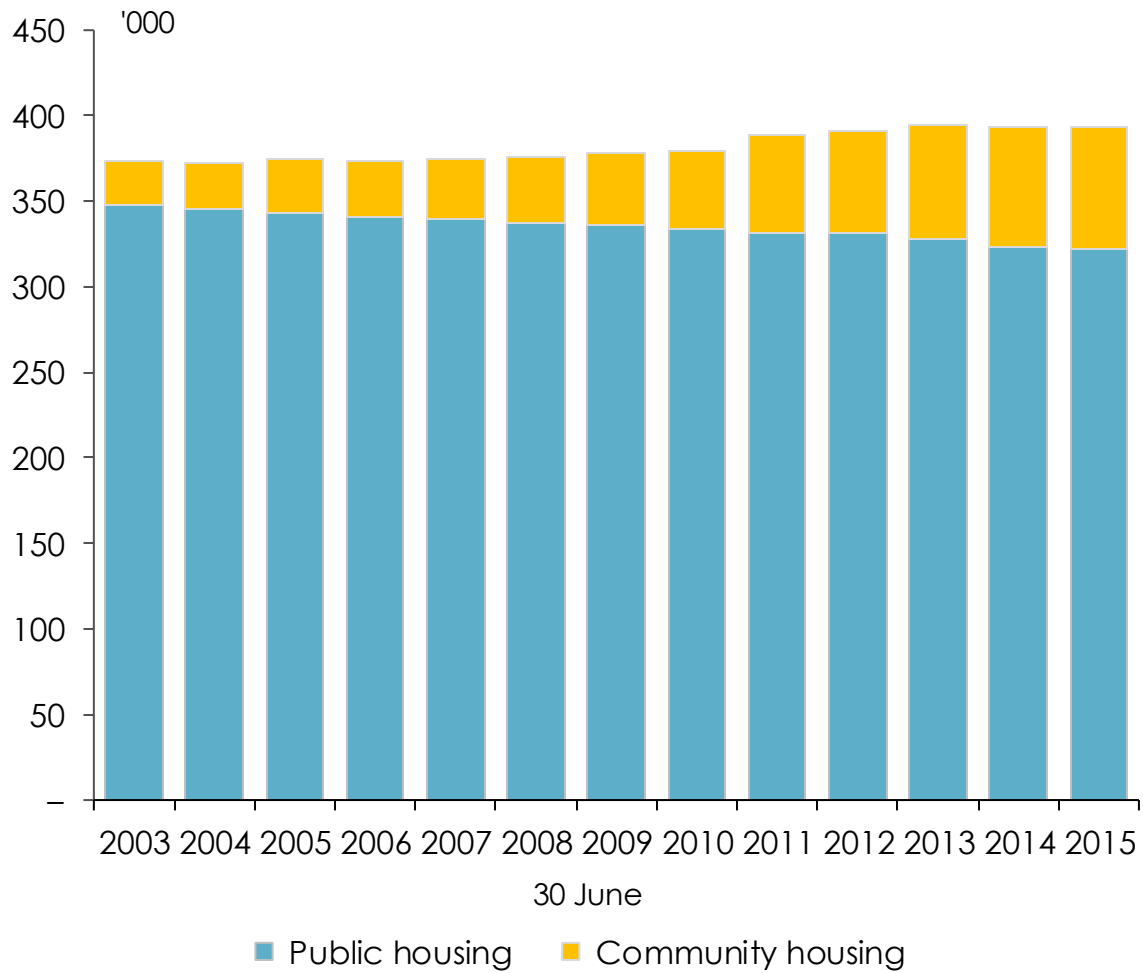
The absence of choice in public housing allocation and increasingly in allocations to community housing providers, is a function of a rationed resource where there are fewer resources available compared to current demand.

The provision of social and affordable housing requires a major growth boost to enable competition and contestability which might in time lead to consumer choice.

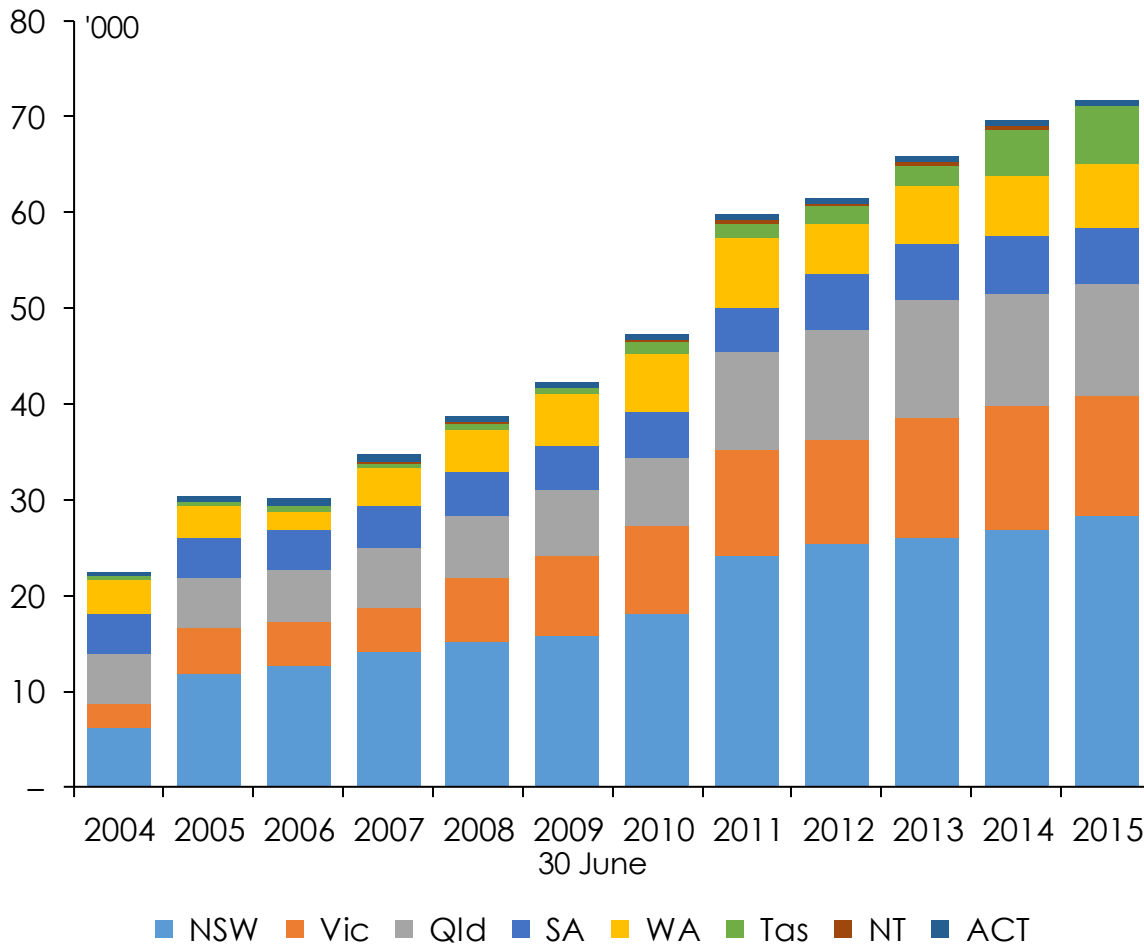
State provided public housing has been a diminishing provision for decades, especially compared to general population growth. The only growth in social and affordable housing has occurred through the growth of community housing, mostly from the transfer of state owned housing to management by CHPs, much of it as a result of the injection of funding through the Rudd Government Nation Building stimulus program combined with the creation of the National Rental Affordability Scheme. Additional housing has been provided through leveraging Commonwealth Rent Assistance, available to tenants of CHPs but not public housing.

'MAINSTREAM' SOCIAL HOUSING STOCK

v



COMMUNITY HOUSING STOCK, BY STATE



vi

Where processes have been undertaken to attempt improvement based on “contestability” and “competition” with an anticipation of improved quality, equity, efficiency, accountability and responsiveness, state housing and community services departments have used competitive tendering.

Tendering can be an effective technique and has been used in the development and delivery of successful programs in the social housing area, especially by CHPs e.g.:

- The National Rental Affordability Scheme (NRAS)
- Nation Building Stimulus social housing package

However despite these programs being delivered on time, within budgets and with outcomes exceeding expectation, tendering of NRAS incentives was slowed and compromised by double checking at both state and national levels instead of a single approval regime, requirements to be site specific, small tranches of incentives instead of larger ones to attract institutional investors, insufficient coordinated explanation and engagement of financial markets, and insufficient emphasis on utilisation of NRAS incentives along side other incentives (increased state

contributions, Capital, land, planning measures e.g.) to achieve other outcomes (lower rent, accessible design, sustainability, housing for specific groups.

Issues with competitive tendering

While tendering has advantages for government to procure service it also has some significant limitations and drawbacks:

- Tendering often adds enormous cost to CHPs and Specialist Homelessness Services (SHSs) to undertake tendering processes.
- Has not often resulted in improvements and has arguably lowered the available competition to the few organisations with the capacity to commit financially to completing tenders.
- The experience of the homelessness sector in recent NSW government competitive tendering for SHSs has arguably not resulted in service improvements, caused disruption to service delivery and generated perverse outcomes (like centralised rather than localized management, loss of niche provision) .
- Decisions about success may be reduced to low cost winning bids which can compromise quality

We support suggestions in the NSW federation of Housing Associations et al submission to this inquiry "As noted by KPMG in their 2015 post-implementation review:

'New thinking on alternative procurement approaches is needed so that the benefits of co-design are not lost while still meeting probity concerns (Scotland and the UK's experience with Public Social Partnerships [PSP] provide a useful reference point on this regard).'

In Scotland a PSP is a strategic partnering arrangement which involves the not-for-profit sector earlier and more deeply in the design and commissioning of public services. PSPs differ from commissioning approaches as they start from the need to be addressed, not the services available."

Increasingly the community services sector is proposing the notion of co-design to enable the deep knowledge of the community services sector (this is particularly true for providers in long term services like housing, but also homelessness where service may be provided long after the initial "crisis response") to be utilized much earlier in the design phase of service delivery, program response and decisions around cost and scope of service provision.

Competitive tendering effectively rules out capturing that knowledge base or utilising collaborative approaches to service delivery often essential to success in housing for low income, high need households, where housing and a range of supports may be required to improve the value of service provision and to ensure consumer choice.

An agenda for reform

The degree of service improvement which may be gained through increased competition, contestability and user choice will be minimal without reform to improve sufficiency of housing provision and provision of services to people experiencing homelessness.

A positive reform agenda would attract new private sector institutional finance to renew existing portfolios of public housing owned by state governments via transfers to and working with CHPs to renew, redevelop and grow affordable housing supply. Potentially but not necessarily along lines suggested by economist Jessica Irvine^{vii}

This would ideally be a process driven by a National Housing Minister at Cabinet level working with a Cities and Built Environment Ministry, Treasury, States and the NfP Housing Associations and peak bodies like National Shelter, CHIA and ACOSS.

It would re-task current tax expenditures (particularly the current capital gains tax discount and negative gearing) to a beneficial social outcome to create incentives for scale private investment.

Such a reform could move Australia away from a narrowly targeted welfare housing system to a broader national affordable housing strategy using a combination of private finance for scale investment to grow community housing to renew and increase the low base of social and affordable housing, currently mainly provided by State governments.

This would also impact the overall housing market keeping pressure off house prices and making house purchase more affordable over time. Significant percentages of such a program would target key worker populations struggling to rent close to employment and other opportunities as well as addressing the low supply of housing for high needs households, disability housing and other specific targeted households.

If this reform took place it would also be complimented by a strategy to apply the principles identified in the paper, but without it the provision of social and affordable housing may continue along largely geographic considerations and not lend itself to increased contestability.

Transfers of social housing to CHPs have occurred particularly in Tasmania and NSW but also in Victoria, Qld and other jurisdictions. They have tended to be transferred in blocks and geographically specific which precludes applying competition principles between providers within a geographic market.

This would also be consistent with the goals of the national regulatory system (NRS) to encourage CHPs to operate in multiple state jurisdictions.^{viii}

User Choice and Participation

User choice is effectively non-existent in the provision of social and affordable housing. This is due to the rationing through, mainly, priority waiting lists of available housing based on need.

National Shelter supports the proposal contained in the Federation of NSW et al submission around consumer choice letting which cites the Choice Based letting system in operation in England:

"Case study 5: Choice based letting (CBL) in England

In many council areas social housing applicants can approach the Council who will decide if the person is eligible. If so, they will receive a user name and password for the local CBL website, and can 'bid' (without cost) for local properties advertised by housing associations (not-for-profits) or Councils.

When the advert closes, the bids are sorted and checked. Each property is usually offered to the bidder with the highest priority, based on their needs banding and the length of time registered. If they turn it down, it is offered to the next person on the list. If the bid is successful, the landlord sets up an interview and if all goes well they will offer the property.

If an applicant decides the property is unsuitable, they do not have to accept it. But some CBL schemes may lower the priority banding if several offers are turned down.

As an example, an applicant for social housing in Manchester visits www.homes.manchestermove.co.uk. A 1 bedroom flat in Ardwick was advertised by not-for-profit Your Housing Group with a closing date of 14 July 2016. By 13 July there were 91 bids. Applicants were provided with photos, a map, details of heating, pet policy, accessibility and nearby facilities."

However, we also point to the issue of sufficiency or insufficiency of available supply which would effectively mean no choice even if such a system were in place in Australia.

Participation and engagement in service delivery and development

National Shelter would also like to see much higher levels of tenant engagement and participation in service delivery and believes this would ideally be done independently of CHPs or organisations (peaks, training or support bodies) which are effectively controlled by providers.

The disability sector has promoted the idea of separation of housing and support^{ix} as a key principle which is now also embedded in the rollout of the National Disability Insurance Scheme by placing choice and control by people with disability at the centre of their design.

This approach should also be at the centre of housing and homelessness service provision currently impossible due to insufficient supply. There are limited examples of ways of involving service users in development and delivery of housing and homelessness services.

The Council to Homeless Persons Victoria (CHPV) has also developed a system for participation and engagement of people who have experienced homelessness in evaluating, providing feedback to and being continually involved in the development of and advocacy for specialist homelessness services.

The Peer Education Support Program (PESP) is a volunteer program that provides people who have experienced homelessness with the opportunity to improve the service system.

PESP team members play a key role in promoting the benefits and transformative power of consumer participation in service system and policy development.

PESP activities include:

- consumer participation training and advice
- group and individual presentation
- peer facilitation of focus groups, interviews or surveys
- peer support
- media activities
- consultation with all levels of government
- consultation with the specialist homelessness support services (SHSS) and related sectors
- participation on working / steering groups and committees.^x

The NSW Federation of Housing Associations offers a shared tenant tool and while it allows for organisations to compare levels of tenant satisfaction, there is no shared understanding amongst community housing organisations about their comparative performance on tenant engagement or about what an appropriate performance benchmark might be in this field.

National Shelter proposes a need to explore improved ways to engage tenants in the design, evaluation and delivery of housing services. Levels of participation are often described by means of a "ladder of participation", most famously articulated by Sherry Arnstein in 1969. Romanin^{xi} draws on a number of sources to revise this concept for a housing setting, dividing it into three levels and eight sub-levels. These are:

- Two degrees of Non-participation – providing information, and seeking information.
- Three degrees of Tokenism – listening, consultation and dialogue
- Three degrees of Tenant Power – joint management, choice and control.

National Shelter identifies a need for a feedback mechanism which would ultimately be owned and controlled by tenants themselves and has developed a project which we believe could contribute significantly to improving user choice. Government should provide resourcing to enable engagement and participation processes to form a central plank of service design and delivery.

Specific population groups

National Shelter would be concerned about the impact of increased tendering or competitive approaches to funding service delivery for specific population sub sets. Specifically:

- Aboriginal and Torres Strait Islanders
- Young people
- People with disability

The past decade has seen a decrease in the role of Indigenous Community Housing Organisations (ICHOs) due to Commonwealth transfer of responsibility to state governments overlain by the introduction of the National Regulatory Scheme for community housing.

Whilst there has been an increasing development of and expansion of CHPs in general, including through stock transfers, increased supply via stimulus and NRAS, there has been a deliberate strategy to increase government control over Indigenous Community Housing Providers against the national trend for non-Indigenous community housing providers in general.

In some jurisdictions this has led to ICHOs opting out of registration and has left many in a parlous state. The initial transfer of property portfolios and responsibility (from the C'wealth to states) involved maintenance and repair upgrades (but not to sufficient levels) on the basis of agreement to transfer from commonwealth to state registration. The subsequent introduction of a National Regulatory Scheme has meant very few ICHOs are now registered in Qld e.g. and leaves most ICHOs operating outside a regulatory framework.

There has also been a loss of Aboriginal controlled service provision across the nation often caused by competitive tenders awarded to large national providers who have little track record in working in remote communities and often under-cost the provision of services in tenders.

National Shelter is concerned about the impacts on Aboriginal and Torres Strait Islander community controlled services caused by existing tendering of services. It demonstrates how regional and remote service provision may be adversely affected by tenders which do not properly recognize the importance of:

- Local knowledge
- Cultural understanding
- The cost of service in remote areas
- Over reliance on competitive outcomes assessed on cost
- The loss of community owned and controlled services

National Shelter supports the calls for a partnership centred approach to Aboriginal and Torres Strait Islander service provision as developed by ACOSS in conjunction with NT mainstream and Indigenous service providers and endorsed by multiple national organisations.^{xii}

National Shelter recommends the Productivity Commission examine the loss of Indigenous Community Controlled service provision especially in relation to housing provision.

Young people are one of the most poorly serviced populations in social and affordable housing. Public housing is often perceived as an inappropriate choice for young people and they seldom meet the income levels required by community housing providers.

Young people's incomes are lower both from wages and income support payments and even 25% of that low income is insufficient to meet viability requirements of CHPs, even including CRA if they are eligible for it.

Young people remain overrepresented in homelessness data and are often left with only the option of sharing in an increasingly unaffordable private rental market. This has led to an increase in the

numbers of young people who remain in the family home, despite the fact this may not be a safe place for those experiencing family violence or other forms of abuse.

The outcome for young people is too often exclusion from available housing due to their inability to demonstrate sufficient income, increased competition and contestability, especially based on price, would further entrench this disadvantage for young people,

National Shelter supports a specific examination of the adequacy of income support and supplementary payments (Commonwealth Rent Assistance CRA e.g.)

National Shelter would support a CRA supplement or provider payment to enable young people to compete with other households when housed by CHPs or in public housing.

Housing for people with with disability.

The National Disability Insurance Scheme and Insurance Agency has established a basis for many people with disability to improve their support and other needs. However, the NDIS does not provide for housing for people with disability.

People with disability experience discrimination and exclusion in private rental and home purchase and experience difficulty in finding appropriately designed homes with the amenity they require.

Whilst state housing authorities and CHPs are a major source of housing provision there may be positive outcomes from increased contestability and competition of service provision.

There is little prospect for improved consumer choice however, given the issues of sufficiency identified earlier.

A range of proposals to improve housing outcomes for people with disability may be found in the paper *A Place to Call Home*^{xiii}

i National Shelter, 2012, Meeting Australia's Housing Challenges

ii <http://aihw.gov.au/housing-assistance/haa/2016/>

iii <http://aihw.gov.au/homelessness/specialist-homelessness-services-2014-15/on-any-given-day/>

iv National Housing Supply Council, Housing Supply and Affordability - Key Indicators, 2012, p22-2, In 2009-10 there were 857,000 renter households in the bottom 40% of the income distribution, and 1,256,000 dwellings rented at an affordable price for these households. However, 937,000 of these dwellings were rented by households in higher income groups, leaving only 319,000 available for rent by low income households - a shortfall of 539,000.

v Eslake, Saul, Presentation to 'towards a national housing strategy: a housing symposium' Canberra - 17th may 2016, [Bettercallsaul.com.au](http://bettercallsaul.com.au)

vi Ibid, Eslake

vii <http://www.smh.com.au/comment/the-bold-plan-for-super-companies-to-become-landlords-and-tackle-the-housing-affordability-problem-20160727-gqfev7.html>

viii http://www.nrsch.gov.au/_data/assets/file/0004/288319/General_FS.pdf

ix https://www.ahuri.edu.au/_data/assets/pdf_file/0026/2798/AHURI_Positioning_Paper_No89_Supporting_the_tenancies_of_people_with_complex_needs.pdf

x <http://chp.org.au/services/pesp/>

xi Romanin, Andrew, Influencing renewal: an Australian case study of tenant participation's influence on public housing renewal projects, MSc. Public Policy & Human Development Thesis, Maastricht School of Governance, 20 August 2013

xii <http://www.acoss.org.au/principles-for-a-partnership-centred-approach/>

xiii A Place to Call Home, August 2016, National Shelter, Griffith University and Queenslanders with a Disability QDN