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Submission in Response to Reforms to Human Services

Response to Draft Report
Productivity Commission Inquiry into Human Services

July 2017

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About Anglicare Australia

Anglicare Australia is a network of 36 independent local, state, national and international organisations that are linked to the Anglican Church and are joined by values of service, innovation, leadership and the Christian faith that every individual has intrinsic value. Our services are delivered to one in 26 Australians, in partnership with them, the communities in which they live, and other like-minded organisations in those areas. In all, over 13,000 staff and 9,000 volunteers work with over 940,000 vulnerable Australians every year delivering diverse services, in every region of Australia.

Anglicare Australia has as its Mission “to engage with all Australians to create communities of resilience, hope and justice”. Our first strategic goal charges us with reaching this by “influencing social and economic policy across Australia...informed by research and the practical experience of the Anglicare Australia network”.

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Introductory Remarks

Anglicare Australia appreciates this opportunity to respond to the next stage of the Productivity Commission's Inquiry into Human Services, the Draft Report into Reforms to Human Services.

We refer to our previous responses, *Submission to the Productivity Commission Public Inquiry into the Increased Application of Competition, Contestability and Informed User Choice to Human Services* (July 2016); *Beyond the Individual: Exploring the Context of Improved Outcomes in Human Services* (November 2016); and *The Best Results: Response to the Productivity Commission Inquiry into Human Services* (February 2017).

Anglicare Australia believes that the creation of a fairer society depends on human services. Our response to the Draft Report is based on our belief that human services are both a universal entitlement and a safety net, ensuring that everybody has a stake and everybody counts. From the beginning, our view has been that this Inquiry should be about better enabling governments to do what markets cannot, ensuring that opportunities are shared and that everyone has enough to live a decent life. In that sense, this is a long overdue Inquiry – inequality is the worst it has been in seventy-five-years, in spite of two decades of uninterrupted economic growth.¹

On that basis alone, it is pertinent that governments review the policy settings surrounding the design and delivery of human services. However, while Anglicare Australia welcomes debate on how human services are funded and delivered, we remain concerned about some of the assumptions that underlie the Draft Report. As we've previously noted, the Inquiry is based on the premise human services are in need of more competition and contestability. As ours and multiple other submissions have argued, human services exist to deliver a social good. Their responsibilities extend beyond service provision to community, civic and moral spheres. These public goods can't be captured in the impoverished language of contestability and competition.

We have serious concerns regarding the Draft Report's recommendations pertaining to social housing. Contrary to all evidence, the Commission has ignored the failure of the market to provide housing that is affordable for people on low incomes. Our modelling of the impact of the Commission's recommendation to increase the CRA shows that the proposal would have a negligible effect on affordability, and would not offer prospective tenants a greater real choice. Coupled with proposals to charge market rent to social housing tenants, we can only see increased housing stress, greater geographic dislocation, and increased insecurity for the hundreds of thousands of people who live in social housing, and a loss of cultural diversity and richness in our cities. We call on the Commission to abandon this proposal and instead recommend a greater investment in public and community housing options.

We note that the Commission has recognised the undersupply of palliative care services as one of the key factors limiting user choice and equity. We can see no reason this inquiry couldn't also recommend that the overarching problem of the inadequate supply be addressed before any wide ranging actions be taken to reshape the social housing system.

¹ Sheil, C., and Stilwell, F. (2016) *The wealth of the nation: Current data on the distribution of wealth in Australia*. The Evatt Foundation: Sydney, found [here](#).

Given the important place the Productivity Commission has in public policy discourse, we have no doubt many champions of an unmediated market would leap at recommendations to dismantle the housing security available to hundreds of thousands of poor and vulnerable Australians if the report does not correctly identify inadequate supply and lack of public investment in housing infrastructure as the causes of inequity in our housing systems.

In contrast, the Commission's focus has broadened beyond efficiency to explore how other key human services might be delivered better. We support the Draft Report's recommendations relating to palliative care, and we agree that end-of-life care should be seen as core business for residential aged care. As the Draft Report notes, this will unavoidably require additional funding from the Australian Government, and Anglicare Australia encourages consideration of this during the current Aged Care Legislated Review looking at the impact of the *Aged Care (Living Longer Living Better) Act 2013* to date. We also hope this will inform other work underway to investigate alternative approaches to determining residential care funding that delivers more stable funding arrangements.

Our submission supports the thrust and most content in the recommendations relating to family and community services, and we believe that the Commission has made a valuable contribution on the delivery of services in remote Indigenous communities. We note that the Draft Report does not offer recommendations on greater Indigenous community input, and would welcome the opportunity for relevant Anglicare staff to participate in hearings and roundtables to assist the Commission in this area.

Finally, we are encouraged by the Draft Report's discussion of the responsibility of government to work with communities in the design and delivery of human services. Our submission explores the evidence in this area. This includes research on intelligent commissioning from the UK, which documents case studies utilising the Social Return on Investment methodology to demonstrate their value beyond individual outcomes. Anglicare Australia commends this research to the Commission and calls for the creation of a government institutional framework to support intelligent commissioning in human services, including social housing.

Family and Community Services

Anglicare Australia is heartened by the direction of the Commission's recommendations and their content. They are a substantial contribution towards holistic positive reform of human services, and while we suggest improvements and further steps here, we want to clearly acknowledge the value of the Commission's work.

The Commission states:

"The characteristics of family and community services do not lend themselves to the introduction of greater user choice at this time. Instead, governments need to focus on practical reforms to improve the way they select providers on behalf of users, and to plan and contract services in a way that puts users at the centre of service provision."

Anglicare Australia agrees, but we emphasise that there is eminent scope for improving social return and increasing user agency and empowerment.

We welcome the Commission's recognition that government involvement in human services is essential not least because such services deliver benefits that go beyond the individual; and therefore government stewardship principles and their implementation is the key to their adequate and equitable provision.

However we remain puzzled that the Commission seems not to join the dots between these two ideas, and recognise that government commissioning needs to explicitly aim to capture benefits beyond the individual that are sector and society-wide. Anglicare Australia is not the only organisation to point to the social value of effective human services delivery out to the Commission, and the importance of incorporating this understanding into government stewardship principles. We urge the Commission to go beyond its welcome positive comments in this draft report in support of greater collaboration between government, users and providers, and support intelligent commissioning.

While the Commission draws on examples from overseas in other areas, it is seemingly still seemingly resistant to the strong body of evidence relating to intelligent commissioning and the benefits it provides in contracting human services in a way that explicitly capture social values – that is their full public benefit - as well as delivering high quality user-centred services for individuals.

We once again commend the considerable body of work on intelligent commissioning from the UK to the Commission. A good place to start is the work of the former Cabinet Office of the Third Sector. An example is their 2009 report *A Better Return: Setting the Foundations for Intelligent Commissioning to Achieve Value for Money*². This report documents numerous case studies that utilise the Social Return on Investment methodology to demonstrate their value beyond excellent individual outcomes; and then details recommendations for creating the government institutional framework to support intelligent commissioning.

Directly pertinent to this inquiry, *A Better Return* notes:

When public bodies think about value for money it is important that they take account, not just of service-level outcomes, but outcomes across wider social, environmental and economic objectives...Wider benefits are not just nice to have. They carry financial implications for the commissioning body, and in many cases...feed directly back into public resources.

And:

The case studies were not selected because they are examples of effective commissioning. In many cases, value was created by these organisations because of a strong commitment to mission or local community, which saw them deliver beyond contract terms. With increased pressure on public resources, capturing this value needs to become a systematic part of the commissioning process.

Anglicare Australia has demonstrated this exact latter phenomenon to the Commission in our previous submission, where the example of integrated service delivery by Anglicare Sydney arose not from good commissioning but an organisational desire to do better for individuals and the community.

We also point out that our own examples and numerous examples in the literature and in Australia disproving the Commission's contention (Figure 2.2) that block funding offers no

²The report *A Better Return* can be found [here](#).

incentives to improve services. As Anglicare has consistently argued, the model of funding including the introduction of competition is not the central determinant of the best possible outcomes for people and society from human services.

The Commission is to be commended for identifying and elaborating on the impacts of short-term contracting, poorly understood and scoped outcomes and outputs sought by governments, the lack of coordination and focus on tenders as opposed to supporting skilled and diverse delivery of family and community services.

Taking all of the above into account, the challenge we put to the Commission is to reflect further on domestic and overseas experiences, and be more explicit in recommending intelligent commissioning frameworks. These capture the value of human services beyond the individual, and utilise co-design and co-production as central processes that foster genuine agency and empowerment for the individuals using them by directly involving them in the design and delivery of those services. This would better encapsulate the Commission's own thinking and recognition of the value of collaborative and relational commissioning, and the central focus on achieving user-centric human services. It is from this context that we respond to the particular recommendations below.

Specific responses to the recommendations

We welcome Recommendation 7.1, but believe that Catholic Social Services Australia's point regarding government sensitivity towards releasing data, and the need to work with the service providers in their submission, is well made. We therefore suggest the recommendation is amended to reflect this.

We support Recommendation 7.2 but believe that the contention that governments remain blind to the organisational type delivering services is an unhelpful distraction from the key purpose of this recommendation, and should be removed. It is self-evident that organisations of different types will continue to apply to deliver human services. As the Commission itself notes, there are significant risks from for-profit delivery of human services because the central objective of financial return can undermine the public good, and Anglicare believes that the best way to manage that risk is to ensure governments are clear and evidence-based in identifying and commissioning the service outcomes they are seeking at the individual, sector-wide and social level. We believe this recommendation would be improved by keeping it focused on the necessity for and scope of government on outcomes for family and community services, and avoiding the distraction of making a contestable point about organisational structures and functions.

While we understand the logic of the Recommendation 7.3 that governments identify outputs as proxy measures for desired outcomes, we believe there are inherent risks that need to be more clearly identified and managed. Without a clear institutional framework to support outcomes-based design and delivery of services, there is a risk that outputs cease to be proxies but instead become the measure. Practical experience has demonstrated this in not just human services but other challenging areas to measure outcomes in, such as natural resource management. Intelligent commissioning would explicitly support co-design of effective outcomes and output measures.

We support Recommendations 7.4 – 7.7, and believe they could be tightened by encouraging governments to look at examples from overseas, such as the Social Investment on Return

methodology developed in the UK, and the considerable body of work on effective commissioning and the third sector, which explicitly address many of the Commission's points. Recommendation 7.5 is particularly welcome and long-overdue recognition of the harm done by short contracting, and if implemented in combination with the other recommendations, would also greatly assist with alleviating the financial pressure on, and allowing proper evaluation and support for smaller specialised services.

Services in remote Indigenous communities

The Commission's recommendations to improve the design and delivery of services in remote Indigenous communities are a thoughtful and helpful contribution, and Anglicare supports them, while noting that our comments above on Family and Community Services are also relevant.

With regard to the Commission's intention to seek further information on community planning processes, we feel we have provided considerable evidence in previous submissions as have other agencies, and would be pleased to provide relevant staff to assist with further feedback through roundtables and public hearings, subject to capacity.

Social Housing

User choice and contestability in social housing

Anglicare Australia's member organisations have given consistent feedback to the Commission's draft proposal for social housing. The key point they raise again is that the supply of housing that is – by any stretch of the imagination – affordable for households living on low incomes is patently inadequate. We are at a crisis point.³

Nothing in this draft report acknowledges, let alone addresses, this failure of the housing market for people without assets and on low incomes. So it is ironic that while it can offer such a sharp view of the inequity of the social housing system *per se*, the report never reflects on the inequity of the poverty, employment and wealth management in Australia which drives up the unmet need for social housing, nor investigates strategies to address it.

And so, in responding to the Commission's plan to give people more choice in the private rental market, we consider:

- the specific shortage of appropriate rental housing across Australia
- the way the proposed increase in Commonwealth Rent Assistance along with a shift to market rents is likely to play out for people eligible for social housing
- the impact of locational disadvantage on the wellbeing of people in insecure and inadequate housing and
- the lack of rights across Australia that tenants would require if private rental were to be a reasonable option for people eligible for social housing.

³ AHURI *Increasing the supply of affordable housing for low income tenants*, found [here](#).

We also look more closely at:

- the costs and benefits of an integrated approach to housing management and tenant support
- tracking or measuring the kind of outcomes that would be meaningful to tenants, and
- the place in our social housing system for those key ideas of co-design, collaboration and co-production which the Commission explores in other sections of the report.

We draw on a number of case studies, project proposals, reports and evaluations provided by Anglicare Australia' member organisations; a number of which are attached as Appendices to this response.

Market Failure and the shortage of appropriate housing

The lack of affordable options for people and families on low incomes trying to find a home in the private rental market is highlighted each year in Anglicare Australia's Rental Affordability Snapshot. In April this year we surveyed over 67,000 properties in both rural and metropolitan areas and found that only 21 of those 67,000 properties were suitable for a single person on Newstart. In metropolitan areas, only 3 of 52,000 properties (0.01%) were suitable for a person living on Newstart, 44 (0.1%) for a person living on the Disability Support Pension and 29 (0.05%) were suitable for a single parent household.⁴

Our 2012 State of Family Report – *When there's not enough to eat*⁵– showed the strong link between private rental housing, severe housing stress, and food insecurity. Some of the findings of this study are detailed in Anglicare Sydney's contribution found in Appendix 1, including the impact of housing insecurity and rental stress on parents with young children and single older women with financial vulnerabilities in their retirement. Anglicare Sydney's analysis draws strong links between ongoing rental insecurity and complex disadvantages later in life.

Our 2012 analysis of household expenditure for those living on low incomes *Going without*⁶ shows how housing stress, poverty and entrenched disadvantage feed each other. The report we commissioned in 2015 on growing disparity in this country – *Living Standard Trends in Australia*⁷– shows that people on low incomes face falling living standards over the next five years, and those paying market rent most acutely.

There is no shortage of evidence that people on low incomes living in the private rental market are profoundly disadvantaged in comparison to home owners, people on higher incomes, as well as people in social housing. Growing the proportion of our population who are excluded from participation, security and belonging is not a strategy to build a more equitable society.

The acute lack of appropriate and affordable housing is the social policy area of most concern identified by Anglicare agencies each year. It compromises the wellbeing, and limits the opportunities, of almost everyone who uses the network's services, whatever their age or

⁴ The 2017 Anglicare Australia Rental Affordability Snapshot can be found [here](#).

⁵ Anglicare Australia 2012, *When there's not enough to eat*, found [here](#).

⁶ Anglicare Australia 2012, *Going without*, found [here](#).

⁷ Anglicare Australia 2015, *Living standard trends*, found [here](#).

circumstance. And while we share with the Commission a vision of service users enjoying more choice and agency, with better outcomes for themselves and their families, we are concerned that this evident failure of the housing market has not been addressed.

As you will find in Appendix 1, Anglicare Sydney discussed how a lack of available housing was a major barrier to African refugees trying to secure a home. Some respondents said they were “forced” to live in overcrowded and unsatisfactory conditions due to the lack of available housing. Decisions about where to move were perceived as outside of the individual refugees’ control. While the report identifies areas in which improvements to communication and support services could address some of the barriers the refugees experienced, the impact this would have on housing outcomes is limited unless the shortage of appropriate and affordable housing is first addressed.

And so the concept here of reshaping the social housing system and looking to private rental housing to give prospective tenants greater choice (and indeed agency) in where and how they live, without fundamental change to this failed housing market, is fanciful at best.

It is important to acknowledge that market failure to provide low cost housing is not an accident but the outcome of government decision making at a state and national level. The Commission would be aware that changes to Australia’s tax and transfer system from the 1990s (and particularly under Howard and Costello) such as the amendments to the negative gearing, capital gains tax concession, and superannuation taxation rules have accentuated the privilege of those who own property and driven further investment and speculation into the top end of the market. Along with the increasing sophistication of wealth management industry, we’ve seen a growing reliance on private debt funding for people across the community, and so the interests of home owners and property investors on the one hand and renters and many first home buyers on the other have diverged. It may have been politically savvy to ensure ongoing growth in property values, but that’s certainly played a significant role in cutting the supply of low cost rental housing, especially (but not only) in the cities.

At the same time we have seen a disinvestment in public housing from the states and territories, for cultural as well as financial reasons, with the well identified consequence of greater residualisation of public housing, higher tenancy and maintenance costs, lower rental returns, poorer quality assets, and it appears increased social division.

This loss of public housing stock has put greater pressure on a private market which is already crowded by those prospective first home buyers who are finding it increasingly difficult to enter the property market, as the recently released 11th HILDA report shows⁸. Rents for even poor quality and poorly maintained housing are too high. The community housing sector, while growing, does not yet have the scale to fill that gap.

In this report the Commission develops the concept of government stewardship, making it clear that whatever the drivers of competition and contestability in human services, responsibility rests with government to ensure people’s wellbeing will not be sacrificed to a business model and market that serves other interests. We would like to see that concept of stewardship applied to *all* government policy as it affects the housing market.

⁸ HILDA Statistical Report 2016, found [here](#).

Response to recommendation draft 5.1– increasing the CRA

Anglicare Australia has long argued that the inadequacy of income support payments contributes to the lack of affordability for tenants in the private rental market, and we see that this is reflected in the Commission’s draft recommendation (5.1) to increase the maximum Commonwealth Rent Assistance (CRA) payment by 15 per cent. However, the Commission must also take into account the inequitable structure of the CRA payments themselves and the lack of affordable properties (as addressed above) if it’s to find an equitable way of giving people meaningful choice of social housing.

We modelled the impact of the Commission’s recommendation to increase the CRA on overall affordability for 10 household types that would be eligible for the Allowance, using our Rental Affordability Snapshot data from Victoria to illustrate the point.

The Rental Affordability Snapshot assesses how many properties would be affordable for 14 different household types. For the purposes of this analysis we have focused on the first ten households whose base income comes exclusively from government income support payments, as these are consistently the most vulnerable in terms of rental affordability.

The Snapshot establishes the maximum affordable rent for each household which is defined as 30% of the household’s net income. Given how widely used and accepted this measure is in economic and social policy analysis, we are surprised that its relevance was so readily dismissed in the Commission’s Draft report. It is used frequently in academic work (AHURI 2016, Vu 2007, HIA 2007, Yates and Gabriel 2006), and is an accepted definition for government reporting (see ABS glossary), including in the annual Report on Government Services produced by the Commission. While we note the Commission’s criticism that this benchmark does not provide a consistent measure of rental stress and consumption patterns for households on different incomes, we believe that it is a very reasonable measure of rental stress for the purposes of our work, which is focused on low income households. As an effective and well-accepted measure for rental stress we are confident that it fulfils a useful purpose in this analysis.

We chose to use the Victorian data for this comparative analysis, firstly as it is a large sample of over 14,000 properties that covers both regional and metropolitan areas, and secondly, it is consistent with what the Commission studied in Box 5.3. We modelled two scenarios based on the Commission’s recommendation:

- In **Scenario 1**, we increased the maximum CRA payment and Minimum Rent (cut-in point) and Maximum Rent (cut-out point) by 15 per cent.
- In **Scenario 2**, we increased the maximum CRA payment by 15% but left the cut-in and cut-out values at their original value

Our analysis shows that simply raising the CRA by 15% as proposed would have a negligible effect on affordability, and would not offer prospective tenants more real choice.

In **Scenario 1**, only two extra properties state wide, out of 14,200 tested, would become affordable for any of those household types.

In the more generous **Scenario 2**, 34 extra properties out of 14,200 across regional and metropolitan Victoria would have been affordable to couples on Newstart Allowance, but there would be no extra properties for the other household types.

We have attached the analysis as Appendix 2 of this paper.

The key to understanding the disappointing effect of a 15 % increase in CRA lies in its structure, particularly the minimum rent (cut-in) and maximum rent (cut-out) thresholds. People on the lowest incomes such as Youth Allowance, Austudy and Newstart do not become eligible for rental assistance until their rents exceed 27 per cent of their total income. This means that at the point they become eligible for CRA they are already very close to the unaffordable rental threshold of 30 per cent of their income.

Furthermore, the proportion of income paid on rent to be eligible for rent assistance has remained consistent for each household over the last five years, indicating that these unequitable differences in rent assistance are maintained by the structure of the thresholds and their indexation to the CPI (see Appendix 2).

When looking at these thresholds as a proportion of household income we can see why increasing the CRA by 15 per cent has such little impact on affordability.

In the first scenario we modelled the minimum rent was increased by 15% (along with the maximum CRA). The result was that households had to pay a higher proportion of their income to rent before they became eligible for assistance, thus negating any improvement to affordability that comes from an increased maximum payment.

In the second scenario we modelled we increased the maximum CRA but left the minimum at its original value. Because the minimum didn't change, households paid the same proportion of their income before becoming eligible for assistance and so the benefit was once again marginal. The widening of the minimum-maximum band only helped the household with the highest base income – the couple on Newstart with two children – who have the most room to move before they are hit the 30 per cent threshold.

The second scenario also clearly illustrates the inequities in the payment's design. When run with our Victorian data, it was only the household with the highest income, the couple on Newstart allowance, who saw any increase in the number of affordable houses. Without a complete restructure, the CRA will remain a regressive and inequitable payment that has limited impact on affordability.

For these reasons, we urge the Commission to reconsider its assessment of CRA as the best model for financial support, and to abandon the proposition that any conceivable increase in CRA will create greater equity and choice in social housing.

Response to recommendation draft 5.2 - Market rents for social housing

We are also deeply concerned about the Commission's recommendation to charge market rents for social housing. At the heart of this is the notion that social housing tenants should be charged the market rents that others on low incomes may have to pay, in order to make the system more equitable. As discussed above there are many other, greater, inequities that see people in need of social housing. And the catastrophic human impact of casting hundreds of thousands more Australians⁹ into severe housing stress – whether immediately or over time – is self-evident.

⁹ AIHW Housing Assistance in Australia 2017, found [here](#).

Invoking a level playing field – which this argument does – rather gives the game away. A level playing field is a useful goal for sport, where the competing teams or individuals are more or less fairly matched, and are indeed competing with each other. However, when the issues of access and outcomes are so inequitable across society, simply ensuring that no one disadvantaged person is less disadvantaged than others (yet ignoring the disadvantage) and assuming there's a value in them competing for a home, if it is a sport is a cruel one.

The Rental Affordability Snapshot data once again gives us an indication of the financial pressure that social housing tenants would face if they were charged market prices for housing in metropolitan areas.

In metropolitan Victoria, the median price for a one bedroom unit was \$380 per week, which is 57 per cent of the income of a couple living on the Age Pension; 86 per cent of the income of a single person on the Disability Support Payment or Age Pension; and 142 per cent of the income of a single person living on Newstart Allowance. For a single parent, the median price for a two-bedroom unit is \$425, which is 39 per cent of their weekly income or 48 per cent of their income if their child is over the age of 8.

The Commission's recommendation that the States resolve the issue by offering a "high rent" supplement seems like an arbitrary notion that would presumably need to be made available to everyone eligible for social housing, key workers who are otherwise destined to rent in more distant suburbs, shift workers, and perhaps family carers who need – reasonably – to be close to their family members.

It appears to be a recipe to maintain rents at high levels, even for low quality inner city housing, but it doesn't seem to point towards a longer term solution to the problems of an over-valued property market.

Anglicare Australia suggests that maintaining or growing public investment in public and appropriate community housing in central areas would act as a buffer to the market, and provide a better chance for people on limited means to live in or near the city – with all the social and cultural benefits for everyone that come with that.

We would like to reiterate that Anglicare Australia does understand the focus of this report is on re-designing the delivery of human services so that they can deliver more finely tuned, responsive services that are person centred and offer more choice. But merely increasing a range of unsatisfactory choices (which is the likelihood of this approach) is unsatisfactory itself. It is not a renters' market, and that's not going to change until all levels of government can agree to a plan of action that is much more profound than simply changing the rules of social housing.

And given the important place the Productivity Commission has in public policy discourse, the writers will know that there are many champions of an unmediated market who would leap at recommendations to dismantle the housing security available to hundreds of thousands of poor and vulnerable Australians with little regard for any counter-balancing initiatives and investment. There is a very real risk that the commission's contribution to the housing debate will be used as leverage for some very destructive policy measures.

We also make the point here that people eligible for social housing

- are likely to need access to health, disability, and employment and education and legal services,

- are not likely to have the resources for long distance travel,
- may have complex family responsibilities or
- need to remain connected to their ethnic or cultural communities.

So the notion of exercising choice in terms of where and how they live is moot at best.

There are also a number of key differences between social housing in the community and public sector and private rental which could not be changed in the short term. We do address basic issues of maintenance and repairs, energy efficiency, respect for tenants housing standards more generally, in our later discussion of tenant rights; but the Commission's approach of blurring the distinction between social housing and housing support raises bigger problems.

For older people and those living with disability, who make up a very high proportion of social housing tenants, home modifications and accessibility are continuing but changing needs. The private rental market has not shown itself committed to ongoing investment of this kind.

Similarly long term security of tenure underpins the capacity of people to remain independent and keep socially connected, and it can feed directly into their capacity to contribute to their community. In regard to children and families, Anglicare services have ongoing evidence of the incredible disruption to schooling that comes with the frequent moves that low cost private rental entails, which is both unpleasant for everyone and compromises school outcomes.

Finally, the Commission hasn't acknowledged the discrimination that is attached to people who are likely to receive income and housing support. It may well have been that such division was less pervasive when Australia's public housing sector was larger, or the divisions were shaped in different ways. But Anglicare Australia's 2015 State of the Family Report - *Who is being left behind?*¹⁰ – is our evidence that the private rental market is not an inclusive environment, and – as we discuss further under tenants' rights (below) – the chances of people living with ill health, in single parent households, coming from a minority cultural or ethnic group, or as an older person out of work are not good in the competitive rental market.

Locational disadvantage

The shift towards an open market for social housing runs a number of risks. One very clearly is accentuating locational disadvantage. Australia has a culture of economic and urban development that is ceaselessly entrenching a locational disadvantage (spatial inequity) which harms the health, housing, employment and educational opportunities of Australians across the country.

The multifaceted nature of locational disadvantage has been recently illustrated in the Queensland Rental Vulnerability Index produced by Tenants Union Queensland and UNSW¹¹. This piece of work maps inequities of access and outcomes, showing how high housing costs have been pushing out, and shutting out, the people who are in need of the most support, including those on low incomes, people with disability, single parents and

¹⁰ Anglicare Australia 2015, *Who is being left behind?* Found [here](#).

¹¹ Queensland Rental Vulnerability Index, UNSW and Tenants Qld, June 2017, found [here](#).

young people, from the areas with the social infrastructure to best support them. It found that these people are further marginalised, literally, with *no choice* but to move to areas where they have fewer opportunities and supports to improve their circumstances over time.

The report also showed that even in lower cost areas these households were still experiencing rental stress, highlighting the absolute dearth of affordable and appropriate dwellings available for those living on lower incomes.

An Anglicare WA client is living with her child on the relatively affordable outskirts of Perth is in housing stress nonetheless paying more than a 1/3 of her income in rent. The additional cost of travel to her part time job and weekly counselling in the city takes a significant proportion of her disposable income. However, she is loath to move closer town as her son is now doing well in school, but there are no cheaper properties in the region.

The stark realities of a tight and unaffordable rental market leave some families with choices so hard that they feel like no choice at all. Earlier this year, a member agency operating on the North Coast of NSW reported that a client's children had to be placed in foster care after their rent had been substantially increased and they were unable to quickly secure affordable and appropriate accommodation in a rapidly tightening rental market.

Experiences like these prove that the rental market doesn't necessarily provide choice, and therefore improve equity, for the most disadvantaged. In fact, they highlight how many markets entrench inequity, compounding the disadvantages of low incomes with further losses in access to support, employment, education, and in this case, even family. The locational disadvantage here is not, in fact, about the higher cost of city living, it is another facet of the same problem - a shortage of available housing in areas which are (or appear to be) affordable.

How we develop our cities is, however, a key part of the problem in Australia and worldwide. People are no longer moving to cities for existing work or opportunities, but because there are even fewer options in the country, and services and support are so city centered. And of course within cities the best serviced areas – closer to facilities, including public transport, health, education and recreation - are the most expensive to rent and to buy.

Consequently, those without the advantage of wealth or income find themselves living in pockets of development with lower amenity, poorer public safety, harder to get into and out of, with – as a consequence – generally poorer schools and health services. In the context of this division, they certainly find themselves with *less* choice.

This is not a new or surprising problem. Australia has signed onto the New Urban Agenda of the United Nations' Sustainable Development Goals which articulates a number of diagnoses and development responses to this precise challenge. The failure of this draft report to acknowledge the need for renewed investment in public and other social housing, and the invocation of choice in a largely unmediated private rental market suggests suggest the Productivity Commission doesn't appreciate, or doesn't see the relevance of this phenomena.

But that points us to one of the weaknesses of the whole individual choice paradigm within which this inquiry is set. It doesn't account for the wider social impact of a reshaped social housing system. In focusing only on the presumed benefits of greater individual choice it

might be simply accelerating the social exclusion that our inequitable urban development and economy create.

Tenants' rights

The Commission identified long wait times, lack of choice in properties, dissatisfaction over the quality and maintenance of a property, and inequities through the system as a whole as characteristics of a 'broken' social housing system. Anglicare Australia agrees that risks, uncertainty, lack of choice, and the declining quality of social housing are serious problems that require a whole-of-system fix.

By these measures, we believe that the private rental market is indeed broken too. It is a market that is so heavily skewed in the interests of landlords and investors that the notion that tenants' needs and preferences are responded to is more of an exception than a rule. The private rental market is dismally failing people on very low incomes, those with disability, single parents, and people with multiple or complex disadvantages. We believe that significant reforms to tenancy laws are required to better support the interests and rights of tenants who are seeking to make a home.

As acknowledged by the Commission, the lack of stability provided for tenants in the private rental market is a major issue, especially given the growing number of people who will be renting into the long term. This issue was highlighted recently in a report produced jointly by National Shelter and CHOICE called *Unsettled: Life in Australia's private rental market*¹². The report found that long term fixed leases are very uncommon with only 6% of respondents on a fixed term lease for five years or longer. It found that 20% of renters are on a rolling or month-by-month lease.

We support the Commission's statement that current tenancy laws don't do enough to provide people who are renting with the stability they need to make a home. The findings of this report, however, highlight why stability of tenure is only one part of the problem faced by people trying to make a home in the private rental market. The findings of *Unsettled* also indicate that these systemic problems particularly affect and disadvantage those who already have the most significant barriers to making a home, such as those who are on low incomes or have a disability.

One of the major findings of CHOICE and National Shelter's report was that fierce competition between applicants in the private rental market is driving higher costs and lower standards. 62% of tenants reported that upon applying for a home they felt they couldn't ask for changes and needed to simply take what was on offer; and 55% were concerned they would have to offer extra money to secure the property. The emergence of rent-bidding apps, in which applicants must outbid each other on offers of weekly rents, is another illustration of the competitiveness of this market and also points to the access and equity issues this heated competition creates¹³.

Issues of access and equity are also brought to light in the report's findings on experiences of discrimination. The report found that experiences of discrimination when applying for properties are widely experienced, most commonly by people on a low income, single

¹² CHOICE and National Shelter 2017, *Unsettled: Life in Australia's private rental market*, found [here](#).

¹³ See for example [this report](#).

parents, people with disabilities, and those who need to use a bond loan. It is clear from these findings that the market is failing to adequately meet the needs of people from different backgrounds and with different needs.

The standard of properties is also a major issue in the private rental market, with a high proportion of renters experiencing major issues with their landlord's responsiveness to requests for maintenance or repair. *Unsettled* also found that 11% of renters had had their rents hiked, and 10% said their landlord became angry, after requesting a repair; 21% of renters had to wait over a week to get a response about an urgent repair, and 23% had to wait longer than a month for a response to a non-urgent repair.

The report shows that poor quality and poorly maintained properties is certainly not an issue that is confined to social housing. The Commission must also consider how this hostile culture of the private rental market especially disadvantages ageing and disabled renters who require modifications for accessibility, a problem that will just become more critical as the population of older renters and people with disability living independently continues to grow.

It seems that somewhere along the line our standards were lowered. Whether they are looking in social housing or in the private rental market, people can no longer be confident that they can find a place that meets their needs, is in decent condition, will be well maintained, and is close enough to family, community and economic networks that it would be able to be considered a long-term home.

It's time to take a serious look at our standards and renew our commitment to providing adequate housing, and a home, for everyone. A national regime of tenants' rights would be needed for the Commission's proposition of expanding housing support to the private rental market is to have any real potential.

Choice-based letting

While we agree in principle to the introduction of choice-based letting for social housing properties, we cannot accept that this reform must go hand in hand with setting social housing properties at market rents.

The evaluations of choice based letting schemes in the UK, as cited by the Commission, highlight the value that comes from people being able to stay in the same area and invest in the local community (p.168). As we discussed in the previous section, charging tenants market rates for social housing will risk much of this value as higher rents force people to move away from their networks. Relying on the market to provide choice for tenants on low incomes ignores the reality that the market has failed to provide affordable housing options (see section on market rent).

We do, however, believe that the introduction of choice-based letting should be explored in the context of a coordinated national expansion of social housing stock.

Social housing: tenancy support services and stewardship

Increasing the contestability of tenancy management (

We are particularly concerned about the implications of this recommendation, especially in its support of for-profit providers and in the context of draft recommendation 5.2 to charge social housing tenants market rents. This proposal risks the quality and accessibility of social housing, as it could see the costs for tenants escalated, or services diminished, in order to reduce costs for providers. That's particularly a concern in regard to tenants with high needs.

In our response to the Issues Paper we discussed the community development role taken on by not-for-profit providers, and argued that in the context of contestability, the challenge is to commission for, and to measure, the broader social outcomes that not-for-profits create.

We are not convinced that a for-profit provider entering into the market will have the same social capital needed to deliver community development, though they may be effective partners in projects that are owned and delivered by communities.

We believe that a collaborative process of intelligent commissioning, as for other vital human services, is a far more appropriate approach to properly identifying the public good outcomes that are the priority for social housing provision, and providing institutional support for government to work with not for profit providers and users to co-design and deliver the diversity of social housing models needed.

Title transfer

Our member agencies disagree with the Commission's assessment of title transfer, arguing that title transfer is an important mechanism through which community housing providers can leverage more assets and create more affordable housing.

The Commission argues that title transfer is not the best way to support CHPs to increase housing stock because capacity to get finance is often determined by the income a provider has available to pay back interest, rather than their assets.

Anglicare SA provided the following response:

While it is correct that cash flow is required to service debt, our member agencies emphasised that leveraging assets helps to secure cash flow and develop the significant debt facilities that enable responsive, innovative and flexible development of community housing.

Management transfer assists CHPs to increase the level of customer services and support services, and also help to address back log maintenance incurred by State management of assets, however, without title transfer they do not help to generate urban renewal, increased density and innovative new housing products to meet diverse needs.

The wide-ranging benefits of title transfer are highlighted in an AHURI study released in March 2017, Transformative transfers: Growing capacities in UK Social Housing. The report demonstrates that the stock transfer from municipalities to CHP's "radically

transformed the British housing system and their outcomes” and created additional social, economic and sustainability capabilities more broadly.

Housing and land assets enable CHPs to truly work closely on long term sustainable outcomes for clients. This includes reconfiguring housing portfolios to provide a range of different housing options, undertaking development to meet the needs of specific cohorts and create innovative products that facilitate a path to independence and home ownership in a supportive manner (e.g. rent to buy, shared equity).

A 20 year management transfer does not enable these outcomes and leaves the CHP maintaining out dated, inappropriate poorly located housing stock which ultimately restricts client choice.

It is our view that in the context of this inquiry, title transfer needs to be linked with the continuing provision of social housing; and protection put in place to ensure it doesn't become the path to de facto gentrification of (for example) more centrally located housing.

Commissioning tenancy support services

Anglicare Australia networks members were pleased to see that the importance of tenancy support services was emphasised in the Draft Report.

Anglicare SA talked about the types of supports that are commonly needed by people in the private rental market, including financial counselling, tenant advice and appeals, information the application process, and the expectations of real estate agents and landlords:

In our experience people renting in the private rental market are often experiencing financial stress to manage rent, utility and other cost of living requirements. As people enter into rental difficulties additional support is required to assist them achieve positive outcomes through tribunals and appeal processes. Private rental tenants lack knowledge regarding processes open to them to resolve tenancy matters prior to escalation of issues to eviction. The South Australian Government funds a small scale service targeting private rental tenants whose matter is progressed to the South Australian Civil and Administrative Tribunal with matters regarding financial difficulties to maintain rental payments. AnglicareSA provides a free financial counselling service targeting this cohort as well as a conciliator to provide information and education to tenants at the SACAT premises on their options. Measures such as these can and do prevent people exiting the private rental market.

AnglicareSA also provides private rental groups to people who present as homeless or at risk of homelessness. These forums enable individuals and families to gain knowledge on how to apply for a private rental appropriately (applications are primarily on-line), how to present themselves to gain success in the competitive private rental market, and to further understand the expectations of real estate agents and landlords. Initiatives such as this enable people currently excluded from the private rental market to gain access.

Anglicare Sydney's report on finding housing for African refugees in Western Sydney (See Appendix 1) found that limited literacy and English skills combined with a lack of rental history were also major barriers to obtaining housing. They emphasised the need to develop services that are culturally appropriate, including providing education for real estates and landlords on cross-cultural communication.

While we recognise that it makes sense to keep tenancy management separate from tenancy support, our members made some points that could be used to refine this recommendation in the final report.

The first concern related to the effects of separating tenancy support and tenancy management services in thin or failed markets, which occur both geospatially and for particular cohorts of participants and needs. In the case of failed markets it is likely that a single provider would have to provide both tenancy management and tenancy support. It would be beneficial for the Commission to take this issue into consideration in its final recommendations.

Members were also unclear about how this recommendation would impact on homelessness services that may coordinate both tenancy management and support.

Comprehensive intake and assessment services

The Anglicare Australia Housing and Homelessness Strategic Collaboration Group discussed this recommendation at its meeting in June.

The group noted that there have been issues with centralised assessment processes in other areas of human services, such as the NDIS, and that it is important to evaluate and learn lessons from these before establishing a new process for social housing.

Further to this, it was also argued that these assessments are all too often built on a deficit rather than strengths based model of support.

One idea the group discussed was whether a single, comprehensive assessment for all human services would better capture a person's needs and lead to more integrated support. On the other hand, members also emphasised the importance of maintaining a range of access options and pathways to engage with services.

Anglicare SA discussed how informal engagement points helped them to build-up integrated support for clients across multiple areas of service:

Access for populations experiencing multi-dimensional barriers to social inclusion require a range of access options to capture and engage appropriately. Australia's human service access pathways have moved to formalised technology based methodologies through the use new telephone and computer based platforms. These methodologies are viewed improvements in cost, quality, equity and enable more sophisticated data capture and records management. However, there are many people who are not responding to these methods and are experiencing further social isolation. Across SA the intake and assessment processes for homelessness services is conducted primarily through a telephone based methodology. There is an increasing loss of informal service access pathways, as organisations struggle to fund informal community access points. A mix of engagement pathways must be maintained to enable inclusion of families and individuals who are not able to engage in these formalised technology based engagement methods.

For example at AnglicareSA's Elizabeth Mission based in an area with a SEIFA index of 871, the 5th lowest in SA after remote and regional areas. AnglicareSA provides a hot lunch to an average of 100 people a day. As part of the sites integrated service mix, a

financial capability worker attends the lunch and engages with patrons regarding their financial circumstances. Through this informal engagement strategy the organisation has been able to provide housing and homelessness support, financial counselling and microfinance support, family relationship and youth service supports. The patrons report that they were unaware of the availability of these services, or would not have used them without support and encouragement.

Data on tenant outcomes

We support the Commission's recommendation that the data on the efficiency of social housing and outcomes for social housing tenants and tenants renting in the private rental market be improved, though we maintain our objection to the recommendations as they relate to bringing social housing tenants onto CRA, as detailed in previous sections of this response.

In response to the recommendation on improving data on tenant outcomes, Anglicare Australia member agency St Bartholomew's House have provided a copy of their draft community housing measurement and evaluations framework (Appendix 3).

St Bart's framework for outcomes measurement and evaluation supports the active engagement of the client. It is based on the Outcomes Star, a suite of tools which are designed to "simultaneously measure and support change" (MacKeith, 2011). This participatory approach to assessment and measurement sits in contrast to traditional approaches in which monitoring and evaluation are understood as separate from the treatment process and may be experienced as intrusive to clients and staff. The principles that underpin the design of the Outcomes Star are described in more detail by MacKeith:

"When using the Outcomes Star, the process of assessing the individual and measuring change is an integral part of the process of working with the service user and is intended to support as well as measure change. As highlighted above, the process of participating in the assessment, engaging with the model of change and reflecting on the data as presented in the Star can, in and of itself, result in change for the service user" (2011, np).

There are many outcomes frameworks now being applied across a wide range of services Australia. The most useful include, as St Bart's does, personal wellbeing, family and community outcomes as well as the more obvious trackers such as cost, tenancy status (in housing support) job interviews attended (for employment services), or physical health (in aged care).

Regulation of providers

Anglicare SA, a tier 1 housing provider, has provided the following responses to the Commission's requests for information about the National Regulatory System for Community Housing:

INFORMATION REQUEST

The Commission supports the principle of consistent regulation across different types of social housing providers. The Commission is seeking information and evidence on whether changes to the National Regulatory System for Community Housing (NRSCH) are needed to accommodate different types of providers. This includes information and evidence on:

- whether the NRSCH is flexible enough to regulate different types of providers and, if not, the changes that are necessary

National regulation needs to be enforced more broadly. It is not applied in some states and is not provided to all providers of social and affordable housing, for example public sector housing, which creates significant inequity in the market. The system itself is a robust but does need to consider location impacts and could potentially provide concession. An example of this is that some regional areas cannot meet vacancy turnaround times that due to distance and shortage of trades.

- the costs and benefits of extending the NRSCH to include different types of providers of tenancy management services

NRSCH provides benchmarks and KPI that reflect sustainable best practice for social and affordable housing. Any cost should be seen as an investment in the sector and business improvement process. The benefits would enable learnings, provide an equitable sector, valuable benchmarking and facilitate consistent and clear policy settings and deliverables. It would create a more collaborate approach and achieve improved outcomes for the consumer providing increased choice.

- the extent to which inconsistencies between jurisdictions add to administration costs and create barriers to entry (the Commission would welcome quantitative evidence on the costs incurred by providers)

AnglicareSA is an SA based CHP seeking strong growth. The inconsistencies in jurisdictions has deterred interstate tendering to date as it requires changes to systems, processes, procedures and reporting. This is seen as increasing the risk profile of a move to expand interstate.

- what changes to the regulatory system should be made to provide incentives for providers to improve outcomes for tenants, improve provider responsiveness to the needs of tenants and improve provider accountability to governments.

CHP's have a strong focus on customer outcomes. Being able to report on a simple and standardised customer well-being KPI would assist measuring and identifying areas of improvement.

Conclusion

Anglicare Australia's submission has focused on areas where our agencies and staff can best offer expertise and insight – end-of-life care; social housing; family and community services; and services in remote Indigenous communities.

Our submission supports the Commission's recommendations relating to palliative care. As the Draft Report states, "without significant policy reform, tens of thousands of Australians will die in a way and in a place that does not reflect their values or their choices."¹⁴ We agree that end-of-life care should be seen as core business for residential aged care, and hope this will inform other work underway to investigate alternative approaches to determining residential care funding that delivers more stable funding arrangements.

Anglicare Australia also supports many of the recommendations relating to Indigenous services. We hope to work with the Commission to develop further proposals on greater community input.

We appreciate the Draft Report's recognition that government involvement in family and community services is essential, and the critical need to reform government stewardship and commissioning approached. We call on the Commission to build on this notion and recognise in its Final Report that government commissioning needs to explicitly aim to capture benefits beyond the individual that are sector and society-wide. We urge the Commission to support greater collaboration between government, users and providers, and call for the creation of a government institutional framework to support more intelligent and thoughtful commissioning.

Our key concerns lie in the Commission's recommendations to reshape the funding of social housing system in the hope of increasing supply and choice through a greater subsidy of, and reliance on, private rental housing.

Our analysis of a market rent charge shows this to be a scenario that maintains rents at high levels, even for low-quality housing, and – at the cost of greater insecurity and hardship - offer tenants who are in social housing no extra real choice. At the same time, it will not result in any longer-term solution to the problems of an over-valued property market. We call on the Commission to abandon this proposal and instead recommend a greater investment in public and community housing options.

In the draft report the Commission has not acknowledged the housing market has absolutely failed people on low incomes across Australia. Until there are changes to the drivers of the market at all levels of government, level and an increased supply of public and community housing, any move to market rents and privatised supply will be a backward and destructive step.

Ultimately, the best recommendations made by the Draft Report are those based on an understanding of the broader societal benefits of human services and a full consideration of the complexities and evidence. The more simplistic are those based on a narrow approach that entrenches outsourcing and contestability as a foregone conclusion.

¹⁴ Productivity Commission (2017) *Introducing Competition and Informed User Choice into Human Services: Reforms to Human Services. Draft Report*. Productivity Commission: Canberra. p11.

Anglicare Australia looks forward to the release of the Inquiry's Final Report, which we hope will continue to build on the notion of government responsibility to invest in social value.