



Introducing Competition and Informed User Choice in Human Services: Identifying Sectors for Reform.

Aboriginal Housing Victoria's response to the Productivity Commission preliminary findings report

October 2016

1. Introduction

Aboriginal Housing Victoria (AHV) welcomes the opportunity to respond to the Productivity Commission's preliminary findings report, *Introducing competition and informed user choice in human services: identifying sectors for reform*. The information provided largely focuses on Chapter 3 of the report, *Social housing* and reflects the key issues from our perspective as an Aboriginal¹ community housing organisation.

2. Background

The Victorian Aboriginal population

In 2016 Victoria's Aboriginal population is estimated to be 53,663², slightly less than 1 percent of the State's total population. Forty-six percent of Aboriginal Victorians reside in Melbourne.

It is a young and fast growing population. Three factors drive this population growth:

- a far higher than average birth rate;
- interstate immigration, and
- more people identifying as Aboriginal.

Aboriginal Victorians tend to partner and parent earlier than the broader Victorian community, and also experience higher rates of family breakdown, partly through the disproportionate impact of family violence.

The Aboriginal population is significantly more disadvantaged than the broader Victorian population. Education and economic outcomes for Aboriginal people are far lower than for the general population. On average, Aboriginal people have lower levels of formal education attainment, higher rates of unemployment, lower rates of economic participation and proportionally lower incomes. Aboriginal people are 6 times more likely to live in social housing³. Victorian Aboriginal households have much lower rates of home ownership than those of the broader Victorian population, and as a result have less opportunity to enjoy the wealth creation benefits that home ownership can provide. Rates of contact with the child protection and the criminal justice systems are much higher all the way through both

¹ Throughout this paper "Aboriginal" is used to refer to both Aboriginal and Torres Strait Islander people.

² ABS Aboriginal and Torres Strait Islander Population projections

³ Australian Institute of Health and Welfare, Indigenous Observatory

systems for Aboriginal children and adults, from first contact to child removal and incarceration respectively.

Aboriginal Housing Victoria

AHV was the first Aboriginal housing agency to be registered as a Housing Provider and Association in Victoria and it is also the largest in Australia. As an Aboriginal community controlled organisation, our tenants are assured of access to an Aboriginal landlord and personalised and culturally sensitive services for Aboriginal people.

AHV provides housing to approximately 4,000 low income Aboriginal and Torres Strait Islander Victorians in 1,525 properties, representing approximately 8% of the Victorian Aboriginal population. AHV manages tenancies across metropolitan and regional Victoria with the largest number in the Loddon Mallee (302), Gippsland (219), Hume (198) and the northern (187) and southern (167) Melbourne metropolitan areas.

In September 2016, the Victorian Government formally announced the transfer of title of 1,448 properties that were previously managed by AHV, on behalf of the Director of Housing. The first tranche of 511 properties in the metropolitan Melbourne has occurred, with the balance of properties to be transferred over the next 2 years. The transfer of these properties to AHV, valued at approximately \$500 million is the largest to any community agency in Victoria. As the single largest financial commitment to Aboriginal Affairs in Victoria's history, it represents one of the most significant acts of self determination in this State.

3. Issues

3.1 AHV client profile

AHV's tenancy services are largely provided to women and their children. Almost 90% of tenants in single parent households are women (585 women, compared to 52 men). After women in single parent households, the next largest AHV tenancy group is single women (314), including female Elders. These two groups alone make up 62% of total AHV tenancies.

The predominance of women in AHV housing is generally consistent with the demographics of the broader social housing sector, as noted by the Productivity Commission (PC) in its *Preliminary findings* report. It reflects the socioeconomic disadvantage experienced by many women who have sole responsibility for the care of children, and older women who have formerly undertaken the primary care of children, at the expense of access to paid work and superannuation to support them in retirement. In the case of Aboriginal women, primary care of children often extends to care of grandchildren and children within the broader kinship/community network, as a result of family breakdown and violence and/or alcohol and substance misuse.

3.2 Improving user choice

It is no accident that low-income, predominantly female-headed households are over represented in AHV tenancies. The PC's report notes that "user choice and competition is already a feature of CRA". This may be true for households who are able to access private rental. However, low-income disadvantaged households have very few choices with regard to affordable private rental.

Racial discrimination within the private rental market can present a significant barrier for Aboriginal people, even those in regular, well-paid employment. Aboriginal people on low or statutory incomes are perceived as "high risk" tenants and the private rental market is effectively inaccessible to them,

particularly in tight markets when vacancy rates are low⁴. The relatively high proportion of CRA recipients within the Aboriginal population is consistent with their over-representation in social housing (community housing tenants are eligible for CRA), rather than evidence of “user choice” within the private rental market.

The PC report also focuses on user choice within social housing, through “choice based letting” and provides international examples where this approach has improved the “responsiveness, efficiency and quality of social housing”.

While AHV considers that the concept of choice based letting has merit, the examples provided in the report, the Netherlands and the United Kingdom, have significantly higher proportions of social housing than Australia, which consists largely of private sector housing (ownership and rental). In the Netherlands, approximately 75% of housing is owned by housing associations. While the proportion of social housing in the United Kingdom has reduced over the last three decades, it still represents 17% of the total housing sector. In contrast, the social housing in Australia represents less than 5% of the total housing sector, so options for greater choice for social housing tenants in Australia remain relatively limited.

An initiative by the Victorian Government to introduce the Victorian Housing Register has the capacity to increase social tenant choice and efficiency of allocations in this State. The Register is currently in its early stages of implementation and when fully operational will bring together all public and community housing applications so that social housing applicants only need to apply once.

3.3 Stock mismatch

The PC report notes the mismatch in social housing stock and tenant needs, and that this mismatch is resulting in underutilisation of housing stock. As a housing association with a portfolio largely consisting of former public housing stock, this mismatch is an issue for AHV. Most of our properties are 3 bedroom houses which does not match the current demand. While there remains a demand for larger housing due to the kinship nature of the Aboriginal community, there is an increasing demand for 1 bedroom properties for single people, including Elders.

As noted in the PC report, the stock profile of public housing largely reflects its original purpose, as housing for low-income workers and their families. The changed demographics of social housing tenants and the population more broadly, including higher proportions of single person households, single parent households and an ageing population has created this stock/demand mismatch. Also, much of this social housing stock is now nearing the end of its economic life, due to prolonged under-investment in the maintenance and replacement of public housing by successive federal and state governments.

AHV recognises that in accepting title transfer of former Director of Housing properties, we have become responsible for an ageing housing portfolio, with a potentially significant maintenance and upgrading liability. However, title transfer provides the basis upon which AHV can increase and diversify its housing portfolio. AHV has developed a 15-year Asset Management Plan that is framed by the strategic approach which can be summarised as:

- low but continuous growth, with low risk and low gearing;
- asset recycling to promote rejuvenation of an ageing and deteriorating stock and its realignment to meet demand; and,

⁴ Hulse, K. et al. (2012) The Australian private rental sector: changes and challenges, *AHURI Positioning Paper No.149*. Melbourne: Australian Housing and Urban Research Institute.

- a focus on building asset management and development capability over time, to position AHV to take advantage of more complex and greater scale development opportunities as they arise.

3.4 *Tenant satisfaction*

The PC report notes that “households in state owned and managed Indigenous housing have lower levels of satisfaction with their housing than for the public housing cohort as a whole”.

AHV conducted an independent tenant satisfaction survey in 2015 (delivered and conducted by the NSW Federation of Housing Associations). The survey confirmed that AHV tenants had a high level of satisfaction with the overall services provided by AHV (87%) as well as its helpful and attentive staff (86%). These results compare favourably with tenant satisfaction results for public housing and state owned managed Indigenous housing, as tabled in Figure 3.3 of the PC report. Our high rates of tenant satisfaction are indicative of the strong preference of many Aboriginal people for Aboriginal community controlled services.

3.5 *Sustaining tenancies*

AHV strongly agrees with the PC’s reference that “for many tenants, support to find a home will not be sufficient unless support is also provided to meet the other needs of the tenant ...”

AHV has a key focus on sustaining tenancies, because we recognise that safe, affordable, long term housing provides a foundation for closing the gap on socioeconomic outcomes for Aboriginal people in relation to education, training, employment, health and financial independence. To this end, AHV has developed a *Life Skills* program in the Melbourne metropolitan area to provide practical assistance with tenancy establishment (eg “starter packs” and assistance to source furniture), together with case management services for new and existing tenants, to facilitate access to supports they may require to establish and sustain their AHV tenancies.

Because AHV funds all of its operations from tenant rents, we cannot extend the *Life Skills* program to cover all of Victoria. Governments at all levels need to recognise the importance of funding ancillary support services to maximise successful Aboriginal tenancies, as a basis for improving other health and socioeconomic outcomes.

Government funding models in other services areas such as education and health may include specific “loadings” that recognise Aboriginal disadvantage. Similar consideration should also be given to housing-related services for vulnerable Aboriginal households. In addition to the significant personal, social and economic costs associated with failed tenancies, provision of crisis services, including homelessness services is expensive to deliver and limited in its capacity to support clients beyond the crisis period. In contrast, provision of coordinated, culturally appropriate services that support Aboriginal people to maintain housing and improve their life outcomes, represents a good financial and ethical investment, and a productive use of public funds.

AHV recognises that the development of government, community sector and corporate partnerships can be particularly effective in improving Aboriginal employment outcomes. AHV has formed a partnership with *AFL SportsReady* and a small group of corporate companies to provide job opportunities for Aboriginal job seekers in Victoria. *AFL SportsReady* has already provided over 1,500 Aboriginal people with education and employment opportunities, and provides an access point for younger Aboriginal people to participate in on the job training across a range of diverse industries.

Our corporate partners recognise that without secure housing, a person's capacity to maintain ongoing employment is severely compromised. AHV tenants and residents are therefore suitable candidates for the project and *AFL SportsReady* provides training, support and mentoring for prospective employees.

AHV currently has three *AFL SportsReady* trainees (two female and one male) working in our head office, who are gaining access to on the job training and mentoring in a culturally appropriate workplace.

3.6 Accountability and contestability

AHV notes and supports the PC report's premise that there are potential benefits to transferring the management of public housing stock to community housing providers. In fact there are additional potential benefits in transferring title for the reasons outlined in 3.3 and 3.4 above. Housing associations such as AHV have the potential to enter into partnerships with other community and corporate organisations and to attract government, corporate and philanthropic funds to build and redevelop housing and improve the quality and range of services to support sustainability of tenancies.

With regard to accountability of the social housing sector, AHV considers that community housing agencies in Victoria are highly accountable. Achievement of registration as a housing provider or a housing association is subject to an exacting submission process and capability assessment by the Victorian Housing Register. Following registration, housing agencies are subject to ongoing monitoring and assessment by the Victorian Housing Registrar against key performance measures. The Housing Registrar's website confirms that:

All registered agencies must comply with Performance Standards and demonstrate skills, expertise and resources to manage a viable social housing business.

The Housing Registrar's performance standards include tenant and housing services, housing assets, community engagement, governance, probity, management and viability. A link to the Housing Registrar's performance standards is provided below.⁵ To maintain registration, housing providers and associations must submit annual reports to the Housing Registrar identifying achievements against key performance measures.

Title transfer to AHV was conditional upon the organisation meeting the comprehensive and challenging requirements of preparing a successful application to achieve Housing Association registration (AHV was formerly registered as a housing provider). As part of the submission to the Housing Registrar, AHV was required to provide detailed evidence to demonstrate:

- capacity to deliver best practice housing services and asset management policies and processes,
- financial management capability; and
- the intellectual and professional capacity required to own and manage a large, diverse property portfolio.

3.7 Aboriginal disadvantage is not limited to remote Aboriginal communities

AHV recognises that Aboriginal people living in remote communities experience particular disadvantage and that provision of health and human services presents a major challenge in isolated parts of Australia. However, the Industry Commission's focus on delivery of human services to remote Aboriginal communities, on the basis that people living in these communities "are more likely to experience poor outcomes" compared to other Aboriginal people (demonstrated by Figure 5 on page 25 of the overview),

⁵ <http://www.housingregistrar.vic.gov.au/Publications-and-guides/Performance-standards>

misses one critical factor. That is, that Aboriginal people regardless of whether they live in remote, regional or urban communities fare poorly on a whole range of health and socioeconomic measures, compared to the non-Aboriginal community.

For example, Aboriginal people are over-represented in Australia's homeless population. The Australian Institute of Health and Welfare's (AIHW) 2014 report analysed the ABS 2011 Census data and found that for Aboriginal people, the highest proportions of homeless people were in "Very remote" areas, followed by "Major cities"⁶. The AIHW analysis found that Aboriginal Victorians experienced homelessness at the rate of more than 2 in every 100, compared to only 0.38 per 100 for non-Aboriginal Victorians. Aboriginal people in Victoria are therefore 5 times more likely to experience homelessness than non-Aboriginal people.

The Productivity Commission report notes that for many people recurring homelessness is linked to multiple and complex needs. The report cites a 2016 AIHW report that identified a high correlation between users of homelessness services, and drug and alcohol services. The same report found that Aboriginal people were over-represented within the "matched" group.

The unacceptably high rate of homelessness and insecure housing experienced by Aboriginal Victorians is borne out in AHV's priority housing approvals. Currently there are 382 approved priority applicants awaiting AHV housing. Of these, 151 are experiencing insecure housing and 67 have been approved on the basis of recurring homelessness, representing nearly 60% of AHV's total priority housing applications.

Other statistics associated with Aboriginal disadvantage in Victoria, compared to non-Aboriginal Victorians include:

- higher rates of social housing tenancies (22% of Aboriginal households live in social housing in Victoria, compared to 0.9% of the total population)
- lower rates of home ownership;
- higher unemployment rates and lower average weekly earnings;
- higher perinatal mortality rates for babies of Aboriginal mothers;
- 4 times higher rate of self-harm;
- 7 times more likely to be an affected family member in a family violence incident;
- Higher rates of out of home care (average placement rates for Aboriginal children in out of home care in Victoria is 62.7 per 1,000, compared to only 5.1 per 1,000 for non-Aboriginal children);
- rates of adult justice supervision (community based and in custody) growing faster for Aboriginal adults compared to non-Aboriginal adults; and
- an increasing gap between rates for young Aboriginal and non-Aboriginal Victorians entering the justice system⁷.

⁶ AIHW Homelessness amongst Indigenous Australians Report 2014

⁷ Sources:

AIHW Homelessness amongst Indigenous Australians Report 2014

AIHW Housing assistance for Indigenous Australians, 2014

Victorian Government Aboriginal Affairs Report 2014-15

The assumption that the human service needs of Aboriginal people living in regional and urban communities can be met through mainstream services is based on a premise that these services are universally accessible and culturally safe for Aboriginal people. While there are some excellent mainstream services that can and do deliver culturally inclusive services to Aboriginal people, this is not always the case. For many Aboriginal people, the availability of services delivered by Aboriginal community controlled organisations (ACCO) remains an important factor in their decision to engage with service providers. It is also important to remember that Aboriginal organisations, including AHV emerged as a direct response to the abject “market” failure of government, community and private organisations to deliver accessible and meaningful services to Aboriginal people.

The 2016 Victorian Royal Commission into Family Violence report⁸ acknowledged the important role of Aboriginal community controlled organisations in tailoring service system responses that recognise the history and culture of Aboriginal people in Victoria. The report recognised the post-European settlement history of Aboriginal Victorians as one of dispossession of land, loss of language and culture, high incidence of child removal, economic exclusion and inherited grief and trauma. The report recommended increased investment of Aboriginal community controlled services, particularly those providing culturally sensitive services to Aboriginal families in crisis.

We note that the second stage of the Productivity Commission’s inquiry includes more extensive examination of ways to “introduce greater competition, contestability and user choice” in the provision of human services. One of the specific areas identified in the second stage is the “need to improve Indigenous outcomes”. Given the Productivity Commission’s focus in the preliminary report, we can only assume that this investigation will be limited to improving outcomes for Aboriginal people living in remote communities. If so, this should be clearly stated in the report, as to express an aim to “improve Indigenous outcomes” that only applies to remote communities, is to effectively ignore almost 80% of the Aboriginal population who live in regional and metropolitan Australia.

⁸ http://www.rcfv.com.au/MediaLibraries/RCFamilyViolence/Reports/RCFV_Full_Report_Interactive.pdf