
14 Housing

Government housing assistance improves access to secure, adequate and appropriate housing at an affordable price for people whose needs are not likely to be met in the private rental market. The Commonwealth and State and Territory Governments share responsibility for housing assistance, and such assistance plays an important role in reducing poverty.

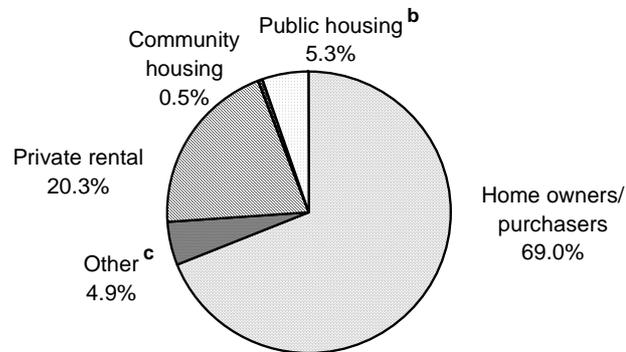
Government plays a large role in housing, both indirectly through capital gains tax, land taxes and depreciation for investment purposes, and through direct housing assistance. This direct assistance includes public and community housing, home purchase assistance, Aboriginal housing, home ownership assistance and rental assistance. This Report focuses on the performance of government in providing public and community housing under the Commonwealth State Housing Agreement (CSHA).

This year the Report also provides information on performance reporting for the other major form of housing assistance — Commonwealth Rent Assistance. This should not be confused with the Private Rental Assistance program funded under the CSHA, which includes bond loans, assistance with rent payments and advance rent payments, relocation expenses and other one-off grants.

14.1 Profile of housing in Australia

There were 6.5 million private households in Australia in 1996, where ‘household’ is classified by the Australian Bureau of Statistics as ‘a person living alone or a group of related or unrelated people who usually reside and eat together’. Of these 6.5 million households, 69.0 per cent owned their own home, 20.3 per cent rented in the private sector, 5.3 per cent were in public rental accommodation and 0.5 per cent lived in community housing (figure 14.1).

Figure 14.2 Housing composition, by tenure type, 1996^a



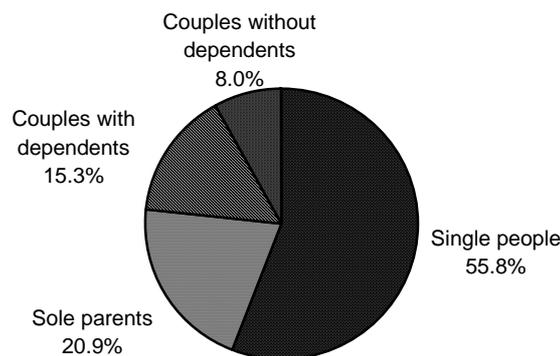
^a These tenure percentages exclude 'not stated' responses. ^b Includes all households renting from a State or Territory housing authority. ^c Includes rent free, life tenant, shared equity and other tenures.

Data source: table 14A.32.

Public and community housing (section 14.2) is available to people on low incomes and those with special needs. Commonwealth Rent Assistance (section 14.2) is available to income support recipients and low income families who are renting privately. Those receiving housing assistance belong to a variety of groups in the community, including single people, sole parents, older people and people with disabilities.

The majority of people receiving Commonwealth Rent Assistance at March 1998 were single people (figure 14.3).

Figure 14.4 Commonwealth Rent Assistance, by income unit, 1998^a

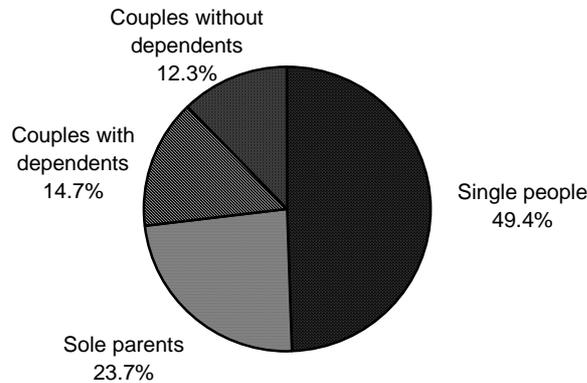


^a As at March.

Data source: table 14A.41.

Those households in public rental housing in 1997-98 primarily comprised single people and sole parents (figure 14.5).

Figure 14.6 **Public housing, by household, 1997-98^a**



^a For year ending 30 June.

Data source: table 14A.34.

The combined effect of Commonwealth Rent Assistance and CSHA assistance is to enable low income households to access more appropriate and affordable housing than they could otherwise obtain, thereby providing choice and helping reduce poverty levels.

14.2 Profile of housing assistance

Roles and responsibilities

There are distinct differences in the respective roles and responsibilities of various levels of government with respect to housing and housing assistance:

- the Commonwealth Government provides the majority of funding for public and community housing and other CSHA programs, provides Commonwealth Rent Assistance, and also influences the housing market through direct and indirect means including taxation;
- State and Territory Governments deliver, manage and partly fund public housing; fund and oversee community housing; and are responsible for land taxes and residential tenancy legislation. State Governments also deliver other CSHA programs such as Home Purchase Assistance and Private Rental Assistance, and provide additional funds from their own resources to 'match' part of the CSHA

funds. Some States and Territories further contribute to the delivery of housing assistance within their jurisdictions through mechanisms such as home lending programs and joint ventures with the private sector; and

- local governments are sometimes involved in providing community housing.

Forms of assistance

The two major forms of government housing assistance are Commonwealth Rent Assistance and CSHA assistance. A range of housing programs are delivered through the CSHA, including public and community housing (box 14.1).

Box 14.2 Commonwealth State Housing Agreement (CSHA)

The CSHA is an agreement between the Commonwealth and the States and Territories for the provision of housing assistance to low income individuals and families and to those who are unable to access the private rental market for reasons such as discrimination or special needs.

In addition to the provision of public and community housing, the CSHA consists of a number of other housing assistance programs, including:

- Aboriginal housing (acquisition and maintenance of housing for Aboriginal tenants and Aboriginal housing organisations, giving priority to non-urban areas);
- crisis accommodation (funding for accommodation for people who are homeless or in crisis);
- Home Purchase Assistance (funding to assist low to moderate income households to purchase their first home or assist with mortgage repayments); and
- Private Rental Assistance (funding for bond assistance, rent relief and relocation assistance).

The current CSHA builds on previous agreements and continues to focus on the provision of adequate and appropriate housing. The agreement expires on 30 June 1999, and negotiations for a new agreement are proceeding.

Source: DSS (1998).

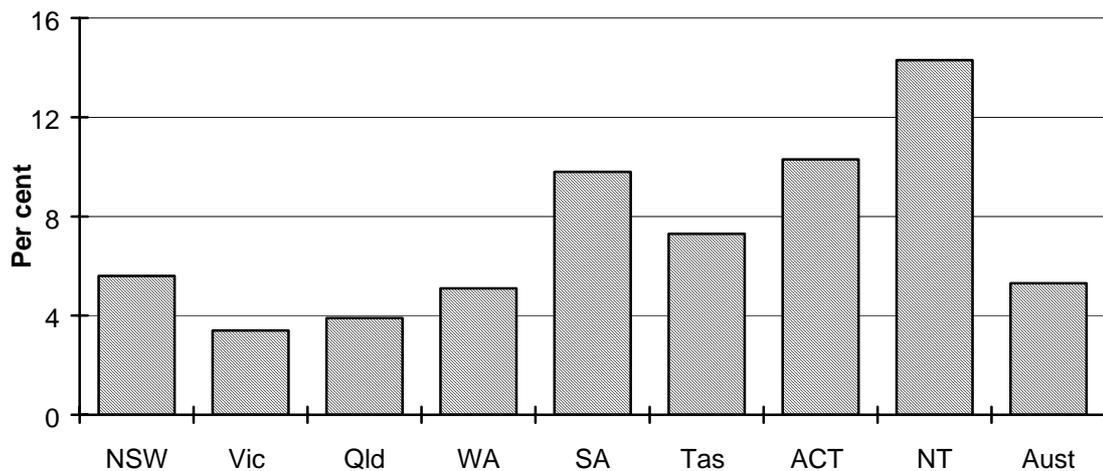
Public housing

Public housing comprises those dwellings owned (or leased) and managed by State and Territory housing authorities. Rents are generally set at a maximum of 25 per cent of income, thereby providing affordable housing to people on low incomes.

Public housing is the largest program under the CSHA; 393 716 households lived in public housing in 1997-98. Government pensions and benefits are the main source of income for the great majority of households in public housing.

In 1996, the proportion of households residing in public housing was above the national average (5.3 per cent) in the NT (14.3 per cent), the ACT (10.3 per cent), SA (9.8 per cent), Tasmania (7.3 per cent) and NSW (5.6 per cent) (figure 14.7).

Figure 14.8 Households residing in public housing, 1996^a



^a Includes all State and Territory Housing Authority dwellings.

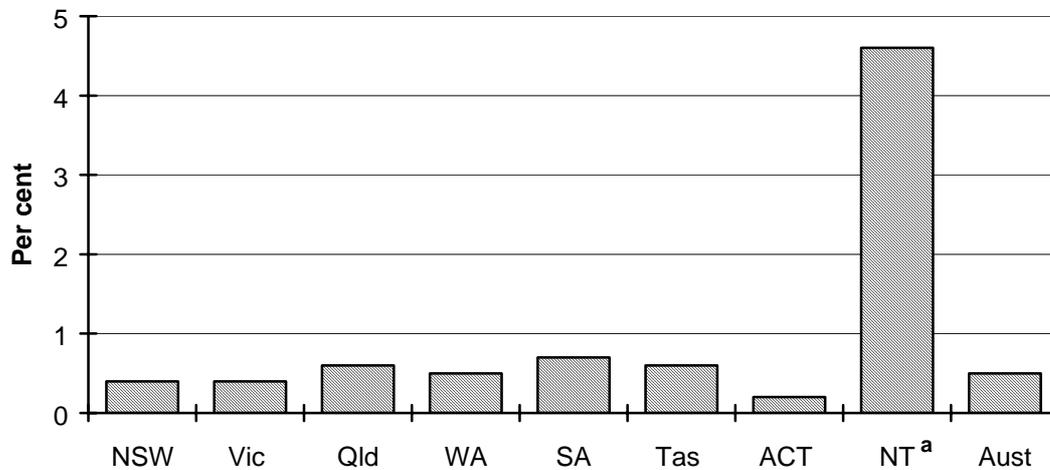
Data source: table 14A.35.

Community housing

Community housing comprises assistance where funding is fully or partly provided under the CSHA, and not-for-profit organisations or local government typically undertake tenancy management functions (although the NT government is involved in managing community housing).

The community sector has played a small but increasingly important role in the provision of housing assistance within most jurisdictions. Less than 1 per cent of all households in each State and Territory in 1996 lived in community housing, except in the NT (4.6 per cent) (figure 14.9).

Figure 14.10 Households residing in community housing, 1996



^a The higher proportion reflects the delivery of housing services through indigenous community housing organisations, for which data are not included in this Report.

Data source: table 14A.39.

At June 1998, there were 24 172 community housing dwellings in Australia, or about 1 per cent of the total housing stock supported under the CSHA (NCHF 1998). Commonwealth funding for community housing amounted to 4.3 per cent (or \$64 million) of total Commonwealth CSHA funding in 1996-97.

The primary objective of the community housing program is to develop a viable community based sector to provide appropriate, affordable and long term rental accommodation. Another objective is to provide choice of housing location, physical type and management arrangement, with security of tenure and an opportunity for people to participate in the management of their housing in a responsive environment. Community housing also aims to achieve links between housing and services which are best managed at the community level, including disability services and home and community care.

Although they have common objectives, community housing programs vary within and between jurisdictions in their administration and types of accommodation (box 14.3).

Box 14.4 Models of community housing

Different community housing models are used by jurisdictions, and these vary according to financing arrangements and the extent to which community or government has management responsibility and ownership of the housing stock. It should be noted that the specific characteristics of community housing models in each State and Territory vary in terms of scale, organisational structure and relationship with government. Appendix 14A provides a list of the relevant community housing programs in each jurisdiction.

Community housing models typically differ by funding source and delivery mechanism. Some models are:

- regional housing associations — associations provide property management services and community groups provide support services to tenants;
- headleasing — housing stock is owned by housing authorities but managed by community groups;
- housing partnerships — a range of church, welfare and local government agencies can operate in joint venture equity arrangements with government;
- housing cooperatives — cooperatives are responsible for tenant management and maintenance, while government, a central finance company or individual cooperatives own the housing stock;
- joint ventures — two or more government or non-government organisations form partnerships to provide housing;
- community management and ownership — not-for-profit or community housing associations both own and manage housing;
- local government housing associations — associations provide low-cost housing within a particular municipality and are closely involved in policy, planning, funding and/or monitoring roles, but do not directly manage the housing stock; and
- equity share rental housing — housing cooperatives wholly own the housing stock and lease it to tenants (who are shareholders in the cooperative and therefore have the rights and responsibilities of cooperative management).

Sources: DHRD (1995); IC (1993).

Commonwealth Rent Assistance

Commonwealth Rent Assistance is a non-taxable income supplement paid to individuals and families in recognition of the housing costs they face in the private rental market. All pensioners, allowees (that is, recipients of allowances such as Newstart Allowance), beneficiaries and those receiving more than the minimum rate of Family Allowance may be eligible for this assistance. It is paid at the rate of

75 cents for each dollar of rent paid above the rent threshold, subject to maximum rates (box 14.5).

Box 14.6 Eligibility and payment scales for Commonwealth Rent Assistance

Rent thresholds and maximum rates of Commonwealth Rent Assistance vary depending on the customer's family circumstances — that is, whether they are single or partnered, and how many dependent children are involved (see table). For singles without children, the maximum rate also varies according to whether accommodation is shared with others.

Rent thresholds and maximum rates are indexed on 20 March and 20 September each year to reflect changes in the consumer price index.

Maximum Rent Assistance rates and thresholds payable, 1998 (\$/fortnight)^a

<i>Personal circumstances</i>	<i>Maximum Rent Assistance</i>	<i>Rent threshold at which entitlement to Rent Assistance commences</i>
Single, no children	74.80	71.60
Single, no children, sharer	49.80	71.60
Single, 1–2 children	87.40	94.20
Single, 3 or more children	98.80	94.20
Partnered, no children	70.60	116.60
Partnered, 1–2 children	87.40	139.20
Partnered, 3 or more children	98.80	139.20
Partnered, illness separated, no children	74.80	71.60
Partnered, temporarily separated, no children	70.60	71.60

^a At 20 March.

Source: DSS (1998).

Commonwealth Government expenditure on Commonwealth Rent Assistance was \$1.5 billion in 1997-98. As at March 1998, there were 910 560 income units — where an income unit is defined as either a single person or couple with or without dependents — receiving this assistance. The average payment in Australia was \$29.73 per week. The range between the highest and lowest average payments by location was relatively narrow, from \$30.73 per week in Sydney to \$28.39 in nonmetropolitan SA. The range was wider by income unit, from \$43.06 per week for couples with three or more children to \$19.94 per week for single sharers aged under 25 years.

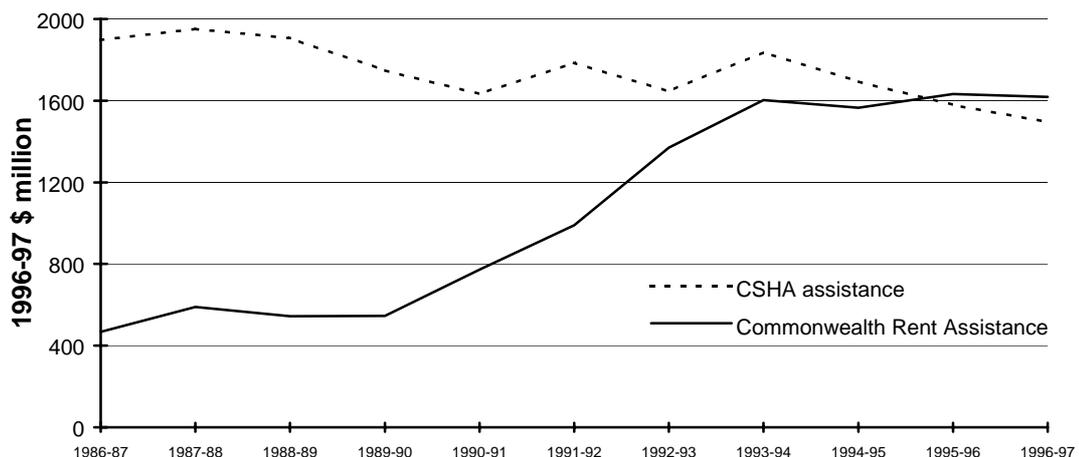
Of those receiving Commonwealth Rent Assistance in 1998, 30.8 per cent were pensioners, 33.0 per cent were allowees and 36.2 per cent were recipients of family payments (DSS 1998). Pensioners and allowees with dependent children receive Commonwealth Rent Assistance as part of their family payments and therefore are included in this latter group.

Government expenditure

In 1996-97, the Commonwealth Government provided \$1.6 billion for Commonwealth Rent Assistance for low income tenants in the private rental market, and Commonwealth, State and Territory Governments provided \$1.5 billion for housing programs under the CSHA. Public and community housing accounted for the majority of CSHA funding in 1996-97. The Commonwealth Government contributed about 71 per cent of total CSHA funding, and State and Territory Governments contributed the remainder (DSS unpublished).

Commonwealth Rent Assistance expenditure has more than trebled in real terms since 1990, while expenditure on CSHA assistance has declined by almost 15 per cent over the same period (figure 14.11). However, funding for public housing is also provided through the use of the \$34 billion of housing stock owned by housing authorities.

Figure 14.12 **Government expenditure on CSHA assistance and Commonwealth Rent Assistance — time series^a**

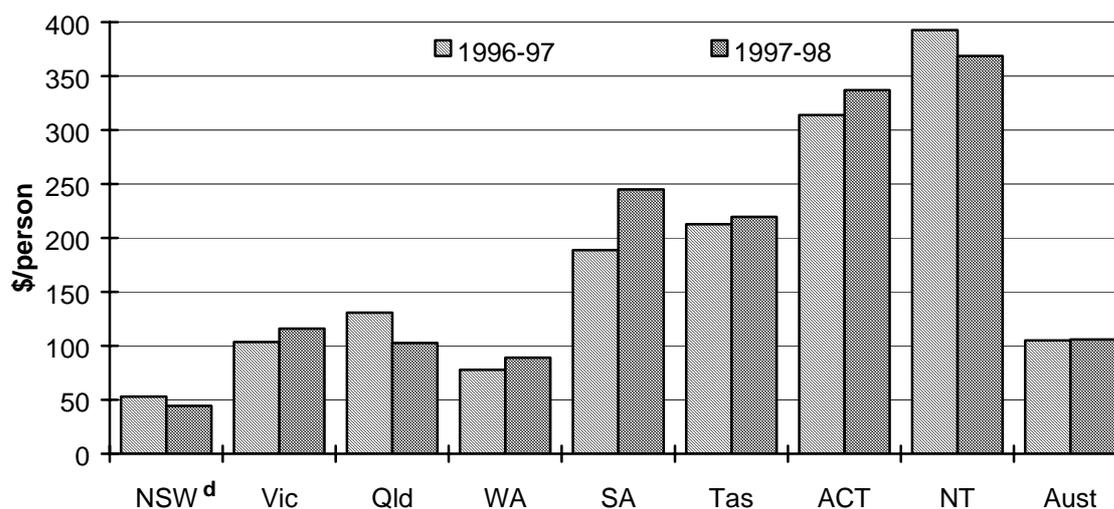


^a Care should be taken in interpreting data because Commonwealth Rent Assistance is a demand driven recurrent expenditure program, whereas CSHA expenditure includes a component for capital investment that has resulted in around \$34 billion of public housing assets that are continually used for housing assistance.

Data source: table 14A.42.

In 1997-98, State and Territory expenditure per capita on public housing was highest in the NT (\$369) and lowest in NSW (\$44). Nationally, total government expenditure per capita on public housing remained steady between 1996-97 and 1997-98 at approximately \$105 (figure 14.13).

Figure 14.14 **Government expenditure on public housing**^{a, b, c}



^a For year ending 30 June. ^b Included all recurrent and capital expenditure on public housing only. ^c Data differ from that presented in the *Report on Government Services 1998* and thus should not be compared. ^d Includes only CSHA funding; and excludes tenancy manager and operating expenditure funded from rent revenue.

Data source: table 14A.36.

Links among services

Close links exist between public and community housing services and other government programs and support services. These include:

- the Supported Accommodation Assistance Program which provides accommodation and services for homeless people (see chapter 13);
- the Crisis Accommodation Program which provides capital funding for accommodation for homeless people;
- disability services and aged care services (including the Home and Community Care program — see chapters 10 and 11);
- services delivered by States and Territories such as accommodation support services and community access services; and
- indigenous housing and infrastructure assistance provided by the Aboriginal and Torres Strait Islander Commission and State and Territory Governments.

Diversity of State and Territory housing assistance operations

Jurisdictions face different demographics, have a variety of relevant policy responses and associated assistance products, and interact with community sector providers in different ways.

Appendix A contains information on each State and Territory, which may assist in interpreting the performance indicators presented in this chapter. The information covers aspects such as age profile; geographic distribution of the population; income levels; education levels; tenure of dwellings; and cultural heritage (such as aboriginality and ethnicity). Additional information on public rental housing policies and practices can be found in appendix 5 of the *Housing Assistance Act Annual Report 1995-96* (DSS 1997). Data on the diversity of State and Territory housing assistance operations will be collected over the next 12 months and published for the first time in the 2000 Report. Standard data definitions and counting rules will be developed over time to ensure data are comparable across jurisdictions.

It is important to be aware of the totality of housing assistance operations in each State and Territory when analysing performance information. States and Territories have provided some data on the key operating parameters that characterise the provision of housing assistance across jurisdictions, for example:

- *priority allocations* — estimates suggest that the proportion of public rental allocations made on the basis of priority ranged from nearly half of all allocations in Victoria to approximately a quarter of allocations in SA and the NT. Priority allocations were lowest in Queensland (less than 5 per cent of all allocations). WA allocated approximately 10–15 per cent of eligible applicants on the basis of priority, and both the ACT and NSW allocated approximately 18 per cent. Tasmania operates only a priority allocation system, with around 10 per cent of eligible applicants being assessed as very high priority;
- *Home Purchase Assistance* — NSW, Queensland and Victoria issued no (or negligible numbers of) home ownership loans, whereas such assistance comprised more than 50 per cent of all housing assistance in WA;
- *reviews of tenant eligibility* — Queensland recently established progressive six month, 12 month and three year leases for new tenants. Tasmania has also implemented fixed term leases for new tenants. In NSW, Tasmania and the ACT, tenure is essentially secure for life (subject to review, for example, where continuing and sustained breaches of the tenant's lease has occurred, or where tenant behaviour may cause a nuisance or endanger others);
- *CSHA Private Rental Assistance* — in addition to rental bond schemes, CSHA Private Rental Assistance is provided to households experiencing housing related stress in NSW, Tasmania and SA;

-
- *remote area concentrations* — some public housing is in remote areas in WA, Queensland and the NT. There is no such housing in remote areas in Victoria, and approximately 15 per cent of all Victorian public dwellings are located within the inner city area;
 - *capital city private rental vacancies* — capital city vacancy rates may indicate the level of access to private rental housing. The tightest private rental markets at June 1998 were Sydney (2.2 per cent vacancy rate) and Adelaide (2.3 per cent), whereas vacancy rates were highest in Darwin (5.9 per cent) and Hobart (6.5 per cent) (table 14A.33); and
 - *community housing* — some jurisdictions such as SA and NSW have placed a greater emphasis on community housing as an alternative sector.

14.3 Policy developments in housing

Negotiating a new Commonwealth State Housing Agreement

The States, Territories and the Commonwealth are currently negotiating a new Commonwealth State Housing Agreement to replace the existing agreement which is due to expire on 30 June 1999. In March 1998, State and Territory Housing Ministers agreed to three principles for housing assistance which would form the basis of a framework for negotiating the next agreement. These principles are:

- that the purpose of funding should be to assist those whose needs for appropriate housing cannot be met by the private rental market. The duration of assistance provided should be based on these needs;
- that housing assistance arrangements should be sufficiently flexible to reflect the diversity of situations which currently exist in the States and Territories and to assist in microeconomic reform; and
- that funding arrangements should promote efficient and cost effective management, including longer term planning and alternative methods of housing provision.

Safe, healthy and sustainable housing for indigenous people

The Aboriginal Rental Housing Program has moved to a more holistic approach for improving housing outcomes for indigenous people rather than solely focusing on the provision of new housing. The emphasis is on providing safe, healthy and sustainable housing for indigenous people, especially those living in remote and isolated communities.

Some of the program's funding helps provide essential health related infrastructure, maintain and upgrade housing stock, and implement strategies to enhance the housing management capacity of indigenous communities.

Achieving these outcomes has involved greater cooperation between Commonwealth and State agencies. Agencies have also worked together on other initiatives to improve indigenous housing, including a voluntary rent deduction facility, a national framework for housing design and construction, a national approach to data collection and reporting on indigenous housing performance, and a national training strategy for housing management.

Changes to targeting of Commonwealth Rent Assistance

Commonwealth Rent Assistance eligibility was both tightened and liberalised in 1997-98. First, those public housing tenants who were subtenants rather than renting directly from housing authorities (and had not notified their housing authority of the tenancy) were no longer eligible for Commonwealth Rent Assistance. Second, it was announced in the Commonwealth Budget that persons living in marginal boarding house-type accommodation would be eligible for the full rate of Commonwealth Rent Assistance.

Other developments

Other recent developments in the area of housing assistance include:

- greater coordination between service providers to deal with the complex needs of some tenants;
- examination of noncapital solutions in the face of decreasing government funds. One example is headleasing, where a housing authority rents a dwelling from a private provider and sublets the dwelling to a client instead of building a new dwelling;
- a move towards improving the provision of indigenous housing by pooling housing and related assistance funds within a single central agency in each State and Territory;
- funding of States and Territories through the Community Housing Innovations projects, to examine ways of promoting growth in the community housing sector (including the transfer of public housing stock to the community housing sector, as well as alternatives to public housing transfer); and

-
- an examination of possible efficiency reforms in rental policy, tenure policy, and waiting list management (through segmented waiting lists), and reviews of eligibility criteria.

14.4 Framework of performance indicators

Objectives

Performance can be defined as how well a service meets its objectives given external constraints. Performance indicators need to focus on outcomes and/or outputs aimed at meeting a comprehensive set of objectives.

The general objectives for public and community housing services are similar. Both aim to assure eligible people obtain housing that is affordable, secure and appropriate to their needs (box 14.7). However, the delivery method for community housing differs from public housing; community organisations and sometimes local government deliver community housing, while State and Territory Governments deliver public housing.

Box 14.8 Objectives for public and community housing

Public and community housing aims to achieve housing for consumers that is:

- affordable — that is, after accounting for housing assistance, housing costs for a household do not exceed agreed benchmarks related to income;
- secure — that is, housing assistance is maintained in accordance with need and, if changed, continues to meet needs and agreed outcomes for consumers; and
- appropriate — that is, housing assistance is provided in a range of forms to meet the different needs of consumers, so assistance is appropriate to household size, household type, special needs and cultural needs.

Assistance will be provided equitably in situations of housing need, including to those experiencing difficulty accessing the private rental market and other forms of housing.

Assistance will be provided so as to maximise value for money.

It is intended that public rental housing provided to consumers will:

- be located to give access to necessary services, facilities and employment opportunities in accordance with life cycle needs;
- be of an adequate size and amenity for the household;
- be coordinated with any support services that a household may require to live in the community; and
- provide for security of housing tenure subject to residential tenancies and other applicable legislation, yet provide an appropriate choice of dwellings and locations if a consumer is required to move from one dwelling to another.

Source: CSHA (1996).

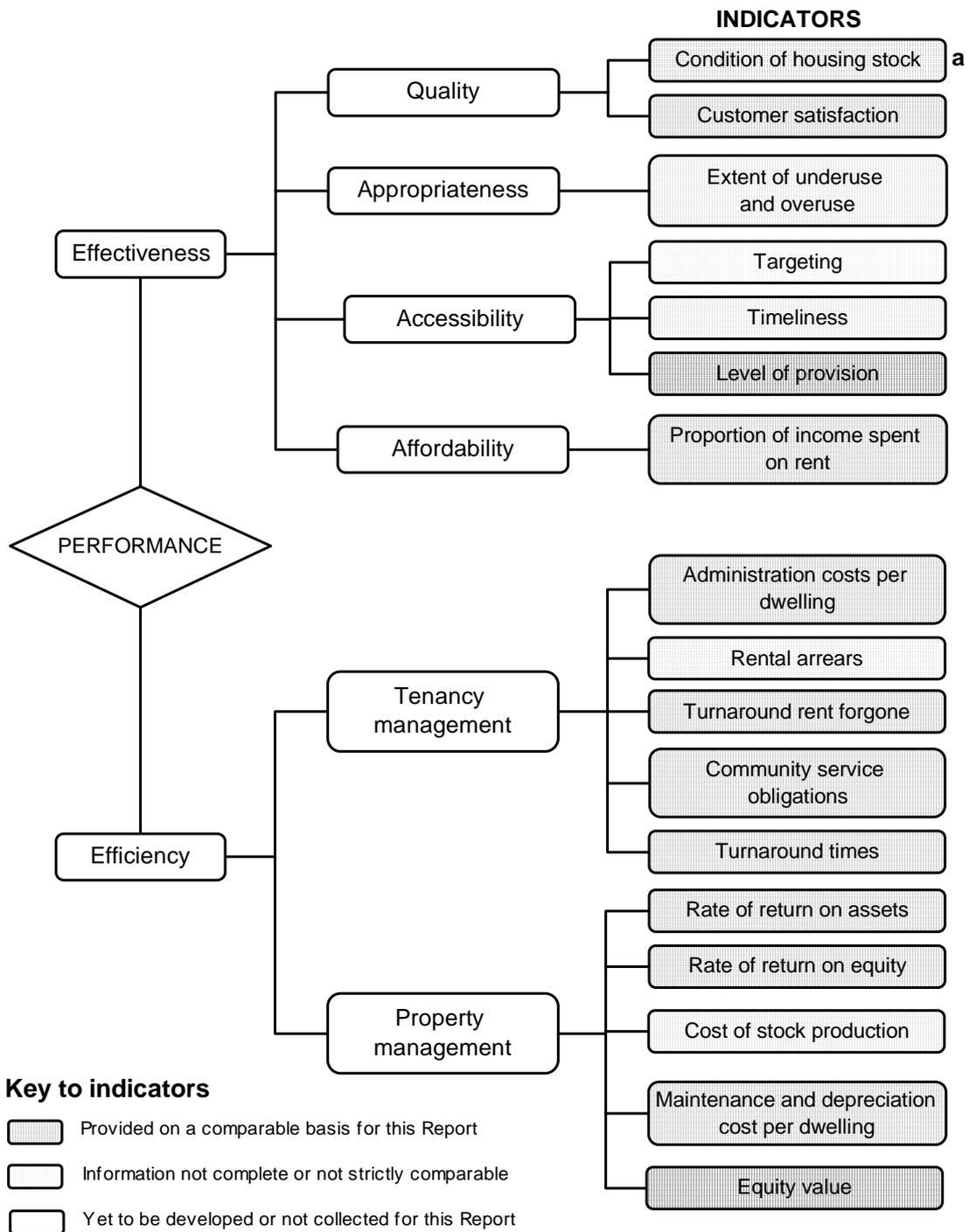
Public housing

Reporting on the framework of performance indicators for public housing has been expanded to include:

- equity value (which reports the extent to which equity target levels are achieved, where ‘equity’ is assets less liabilities); and
- an additional housing stock condition indicator, which is reported along with the proxy indicator included last year (figure **14.15**).

All indicators are described in attachment 14A.

Figure 14.16 Performance indicators for public housing



^a Information on tenant assessments is complete; information on the housing stock condition index is incomplete.

Improvements in reporting have occurred in two key areas. First, the quality of public housing services is now reported through two indicators — a housing stock condition index and tenant assessments of housing condition. Second, descriptive data on household characteristics (such as whether household is indigenous) and household type (including gender, age and family type) for the indicators ‘level of provision’ and ‘timeliness’ are included for the first time (see attachment 14A). Note that the indicators themselves are not disaggregated by household characteristic and/or type.

Community housing

Community housing performance indicators were published for the first time in the 1998 Report. The range of indicators are expanded this year to include customer satisfaction, housing choice and the cost of stock production (figure **14.17**).

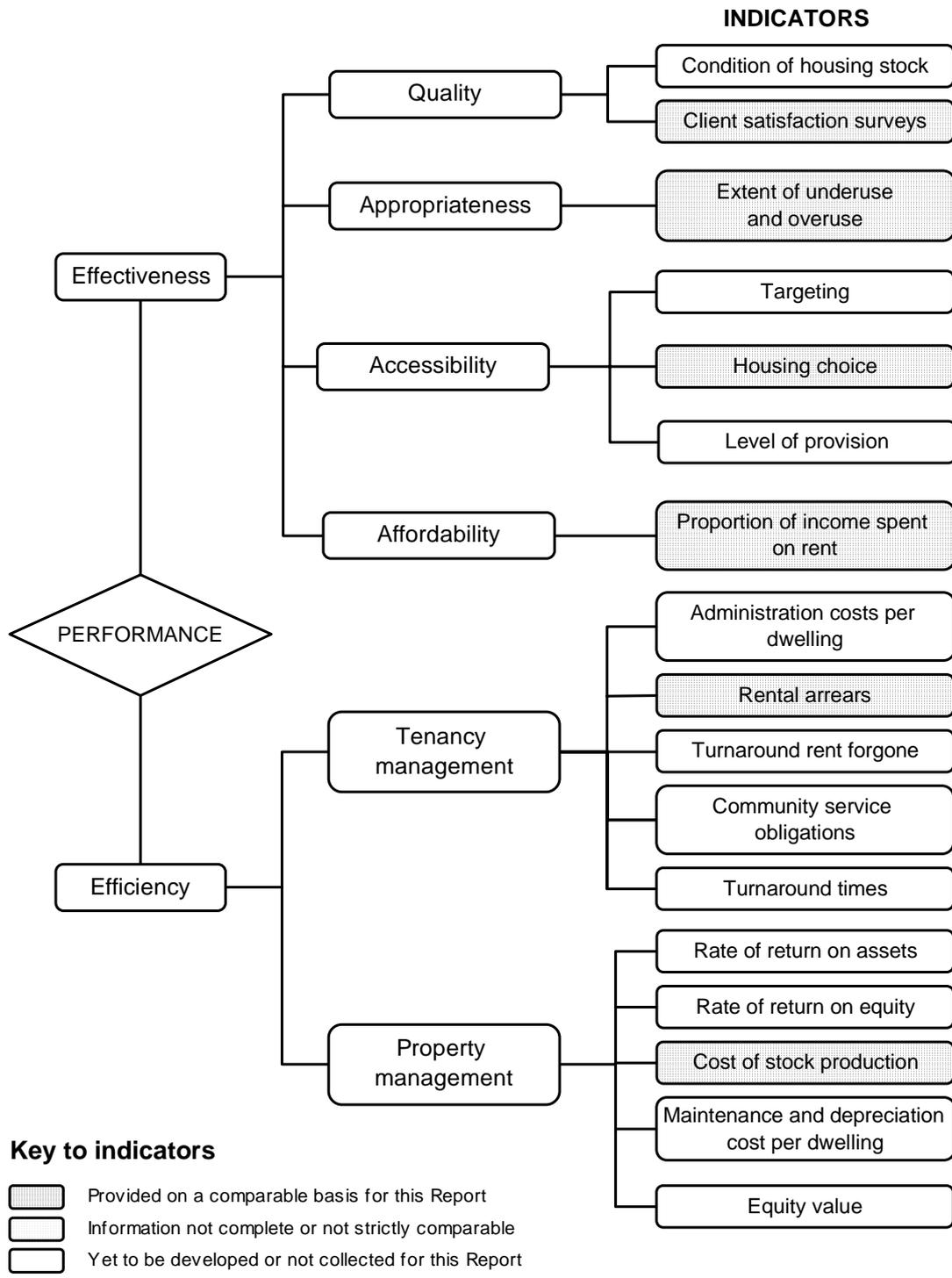
Community housing performance, as for other services, is assessed in terms of effectiveness and efficiency. It is difficult to apply a single, national performance indicator framework for community housing because jurisdictions operate a variety of funding and asset management models (box **14.9**).

Work to refine the performance indicators framework is continuing. Indicators on the rate of return on assets and equity, for example, may not be relevant to the efficiency of this government funded service where community groups own the housing stock.

To further inform the development of the performance indicators, a pilot customer satisfaction survey and a mapping project are being conducted:

- the Community Housing Customer Satisfaction Survey is a pilot study of community housing tenants in SA, the ACT and Victoria; and
- the Community Housing Mapping Project will provide a national picture of the scope, condition of stock and models of community housing provision.

Figure 14.18 Performance indicators for community housing



Commonwealth Rent Assistance

A framework of performance indicators for Commonwealth Rent Assistance is included here. The suite of performance indicators outlined in figure 14.19 combines those indicators previously reported within the Department of Social Security's Annual Report and proposed indicators that may be adopted. It is anticipated that performance data will be presented in the 2000 Report.

Commonwealth Rent Assistance is never paid in isolation; it is always a supplement to a primary income support payment which may also contain a component for housing costs. Therefore, in addition to housing effects and objectives, Commonwealth Rent Assistance is also governed by other objectives applying to the primary income support payment. The primary objective of Commonwealth Rent Assistance is outlined in box 14.5.

Box 14.10 Objective for Commonwealth Rent Assistance

The objective of Commonwealth Rent Assistance is to provide income support recipients and low income families in the private rental market with additional financial assistance in recognition of the housing costs they face.

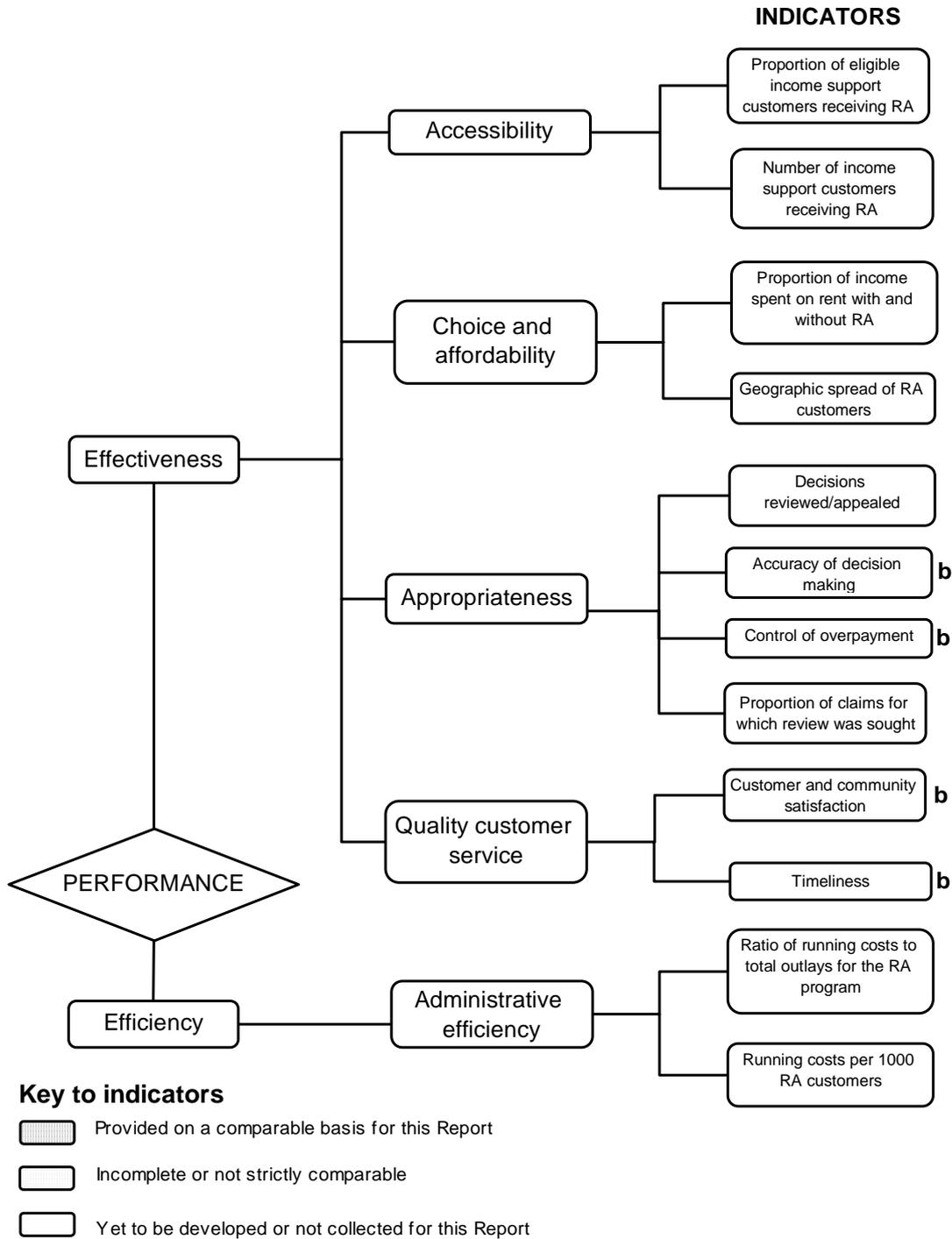
Source: Newman (1998).

The Commonwealth department responsible for Commonwealth Rent Assistance (previously Social Security and now Family and Community Services) has included performance information in its Annual Report. This information reflects the primary objective of the assistance as well as the interrelationship between the program and the broader income support system. In 1997-98, performance information comprised:

- customer numbers — the numbers and proportions of various income unit types receiving Commonwealth Rent Assistance;
- the potential effect of the assistance on housing affordability — a comparison of the proportion of income that individuals would pay in rent (if choosing to offset the assistance against rent) with and without Commonwealth Rent Assistance;
- protection of customers' rights; and
- the control of incorrect payment and fraud.

The department is examining the quantitative and qualitative aspects of the performance information for the Commonwealth Rent Assistance program, with a view to improving the information in future annual reports.

Figure 14.20 Performance indicators for Commonwealth Rent Assistance^a



^a The Department of Family and Community Services is currently reviewing the performance indicators for its Annual Report. ^b Data are not available for Commonwealth Rent Assistance, but are currently available for primary payments.

14.5 Future directions

Including the user cost of capital

The Steering Committee decided that a user cost of capital should be included where possible as part of the costs for each government service reported here, and that this should be calculated by applying a jurisdiction cost of capital rate to the value of government assets. Each Working Group is responsible for implementing this decision.

Housing is a particularly challenging case. However, significant progress was made in 1998 in applying a user cost of capital for public housing (section 14.6).

Improving the treatment of superannuation

Next year's data collection will treat superannuation costs more consistently, in line with the Steering Committee's recommendations in *Superannuation in the Costing of Government Services* (SCRCSSP 1998). This should improve the comparability and accuracy of unit cost information in future Reports.

Reviewing performance indicators

The CSHA Performance Indicator Project Team decided in mid-1998 to review all public housing performance indicators which may contribute to changes to indicators collected under the next CSHA. Outcomes of the review may assist negotiations around multilateral and bilateral agreements over the next 12 months.

Collecting performance data for Commonwealth Rent Assistance

Commonwealth Rent Assistance is an increasingly significant component of the housing assistance system and, like public housing, it seeks to address the housing needs of low income households. Thus, the Steering Committee has decided to report on the performance of the Commonwealth Rent Assistance program on a stand alone basis in future Reports. A framework of performance indicators for Commonwealth Rent Assistance is included here, and it is anticipated that performance data will be reported in the 2000 Report.

Future treatment of community housing

The Steering Committee has decided to undertake a comprehensive review in early 1999 of community housing reporting for future Reports.

14.6 Key performance indicator results — public housing

The effectiveness of public housing is determined by its quality, affordability, appropriateness and accessibility. Efficiency indicators for public housing focus on the operations of tenancy management and property management.

Refinement of data definitions since last year's Report improves the comparability of public housing indicators. Additional constructive suggestions for improvements to indicators have been provided externally (Shelter SA 1998). However, interpretation of performance indicator results should take account of any qualifications and notes.

Quality

The quality (condition) of public housing stock is reported in two ways: first, an independent assessment via formal inspection (through the use of a housing stock condition index) and second, tenant assessments of housing condition.

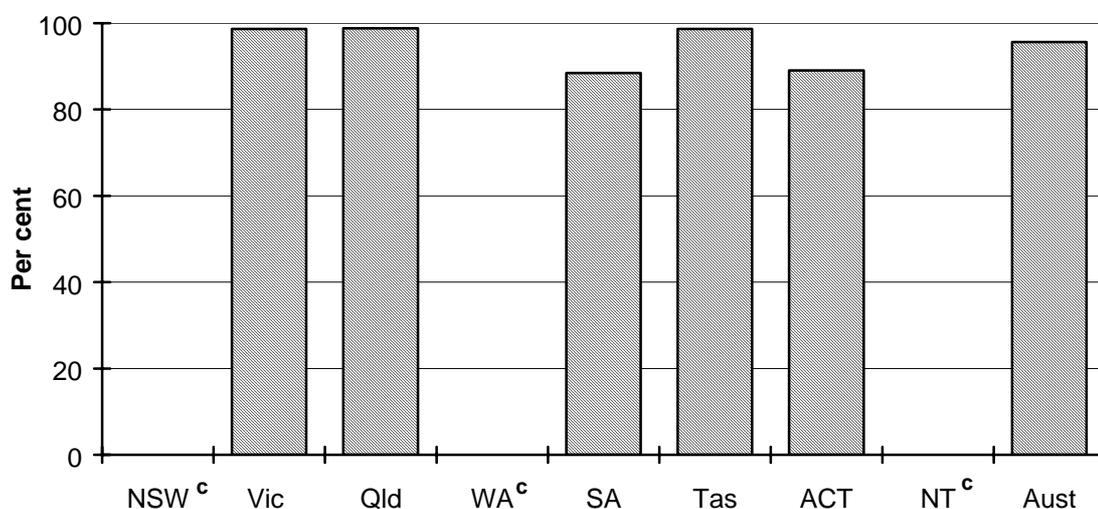
Housing stock condition index

A housing stock condition index relates to the cost of repairs/maintenance required to bring all public rental stock up to an adequate condition relative to the replacement value of that stock. A low index value indicates that the stock is in relatively poor condition, while a higher value indicates that it is in relatively good condition.

This is the first time that data have been collected for this indicator. A number of methodological and collection issues still need to be addressed, so the results should be treated with caution.

SA and the ACT had the lowest ratings for the condition of their public housing stock (89 per cent) at 30 June 1998, while Victoria, Queensland and Tasmania all had ratings of 99 per cent (figure **14.21**).

Figure 14.22 Condition of housing stock, 1998^{a, b}



^a At 30 June. ^b Results are reported for the first time. Further development will be undertaken to refine data definitions and improve the consistency of data. ^c Data were not available.

Data source: table 14A.11.

Tenant assessments of housing stock condition

Tenants' assessments of the condition of their homes are reported as another indicator of housing stock condition.

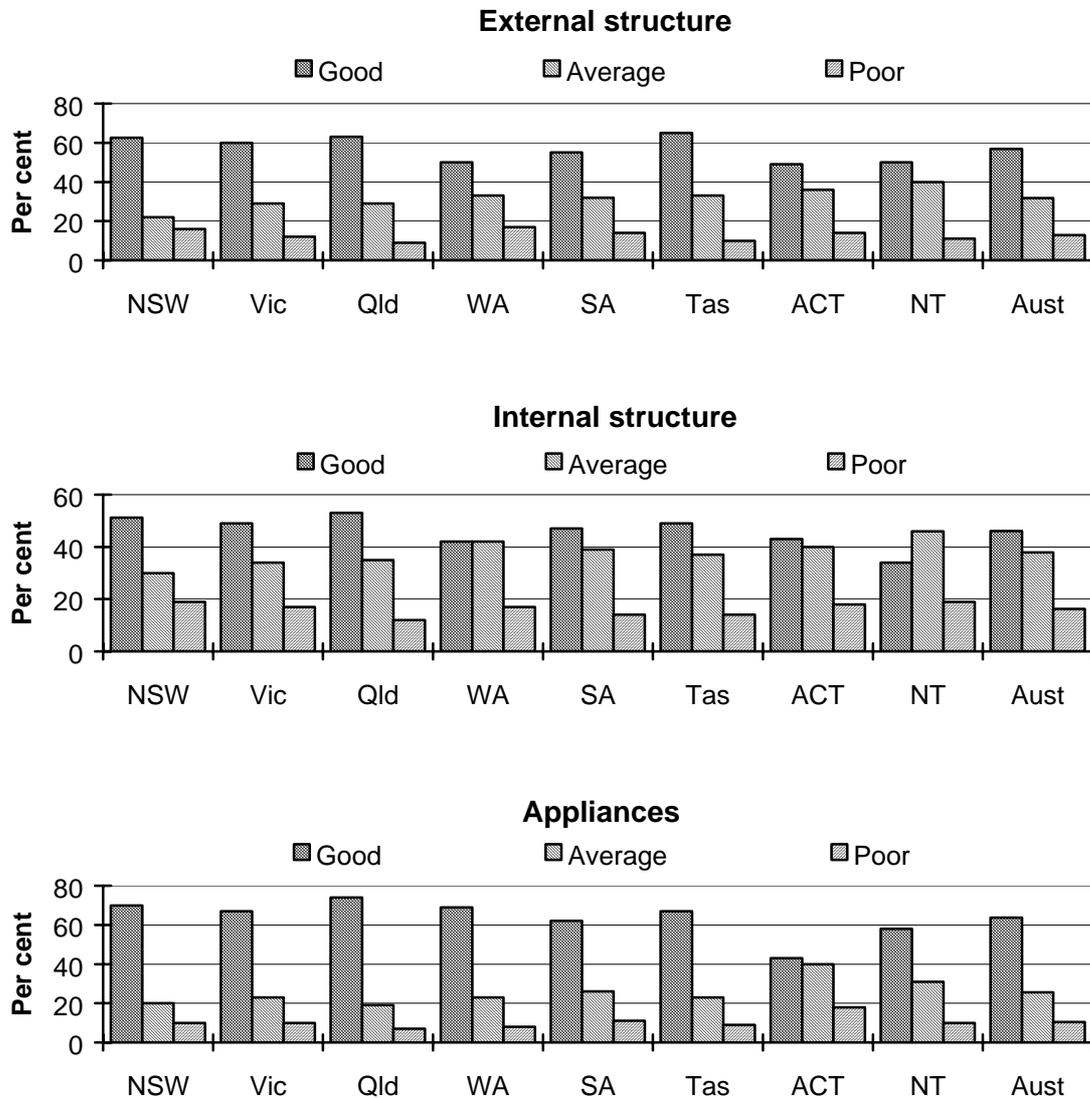
The precision of survey estimates will depend on the survey sample size and the sample estimate. Larger sample sizes result in higher precision, as do larger sample estimates: for example, if 90 per cent of surveyed respondents chose an answer, there would be less uncertainty about the actual population's views than if 50 per cent of respondents had chosen it.

Consequently, caution should be used when interpreting small differences in results. Information to facilitate calculation of confidence intervals is provided in attachment 14A (table 14A.43) (refer to section 14A.4 in the attachment for a discussion of the sampling methodology).

The proportion of public housing tenants surveyed who rated dwelling condition as *good* in 1998 was higher than the national average for:

- external structure in NSW, Victoria, Queensland and Tasmania;
- internal structure in NSW, Victoria, Queensland, SA and Tasmania; and
- appliances in NSW, Victoria, Queensland, WA and Tasmania (figure 14.23).

Figure 14.24 Tenant assessments of housing stock condition, 1998^{a, b}



^a Caution should be used when interpreting small differences in the results, which are affected by sample and estimate size (see attachment 14A for details of the sample size). ^b Data for 'surrounds' were not collected in 1998. Instead, tenant assessments of dwelling 'plumbing' and 'lighting' were collected.

Data source: table 14A.13.

General customer satisfaction

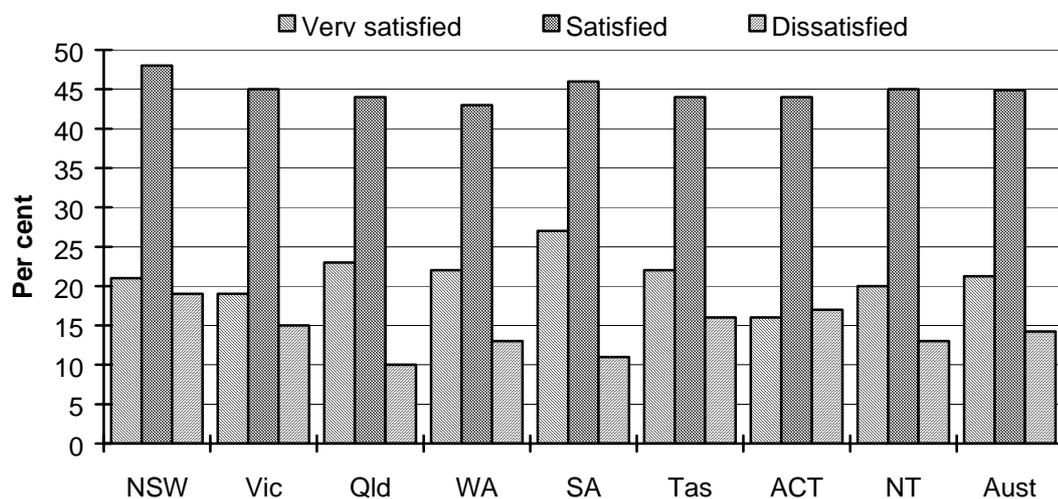
A comprehensive survey of customer satisfaction with public housing was conducted in 1998 to understand and compare customer satisfaction across States and Territories. The survey reported satisfaction with seven strategic service and physical aspects of public housing.

The satisfaction outcomes for these areas greatly influenced the overall satisfaction results reported below. For a complete understanding of customer satisfaction results, please refer to the *Report of the National Survey of Customer Satisfaction with Public Rental Housing Assistance 1998* (Donovan Research 1998).

The vast majority of tenants (between 81 per cent and 90 per cent) in all States and Territories were either satisfied or very satisfied. General results of the tenant satisfaction survey included the following:

- the proportion of public housing tenants surveyed who were satisfied or very satisfied increased by 12 percentage points in NSW between 1997 and 1998, and decreased by 6 percentage points in WA over the same period;
- the proportion of public housing tenants surveyed who were dissatisfied fell in every State and Territory between 1997 and 1998;
- the proportion of public housing tenants surveyed who were very satisfied was above the national average in Queensland, WA, SA and Tasmania in 1998; and
- the proportion of public housing tenants surveyed who were dissatisfied was above the national average in NSW, Victoria, Tasmania and the ACT in 1998 (see attachment 14A and figure 14.25).

Figure 14.26 Tenant satisfaction, 1998^{a, b}



^a Caution should be used when interpreting small differences in the results, which are affected by sample and estimate size (see attachment 14A for details of the sample size). ^b Data do not add to 100 per cent as a result of nonresponses.

Data source: table 14A.12.

Appropriateness

Extent of overuse and underuse

The appropriateness of public housing assistance is indicated by the match of rental dwellings to household size. Housing authorities agreed to provide data on the match of households to appropriate sized dwellings using a proxy occupancy standard based on the size of the dwelling and family structure (table 14.1).

Table 14.2 **Proxy occupancy standard for appropriate sized dwelling, by household type^a**

<i>Household components</i>	<i>Bedrooms required</i>
Single adult only	1 bedroom
Single adult (group)	1 bedroom (per adult)
Couple with no children	2 bedrooms
Sole parent or couple with 1 child	2 bedrooms
Sole parent or couple with 2 or 3 children	3 bedrooms
Sole parent or couple with 4+ children	4 bedrooms

^a This standard differs from that used in the calculation of *targeting* (figure 14.15). For the calculation of *targeting*, a 'single adult only' requires a 2 bedroom dwelling to be appropriately housed.

Source: AIHW (1998a).

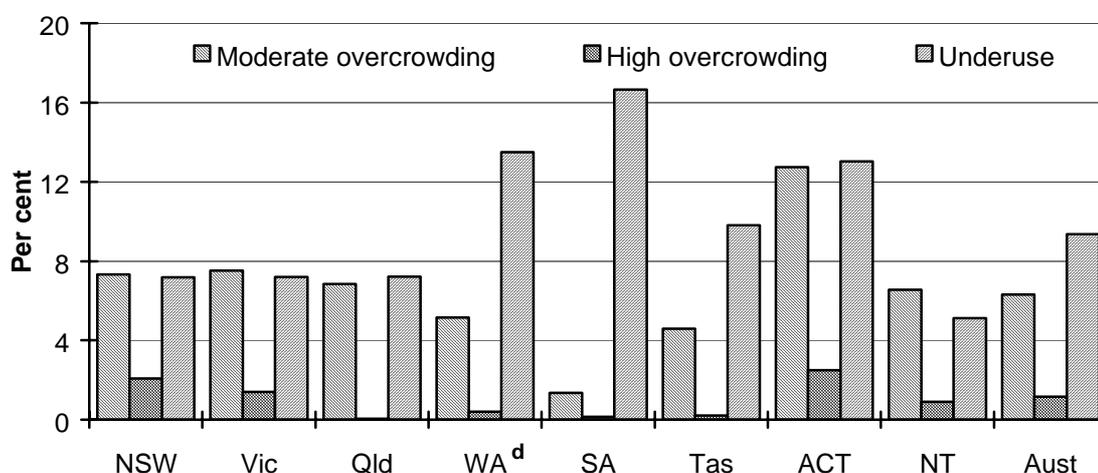
The indicator uses the proxy occupancy standard to report the number of households that satisfy the following definitions:

- moderate overcrowding — where one additional bedroom is required to satisfy the proxy occupancy standard;
- high overcrowding — where two or more additional bedrooms are required to satisfy the proxy occupancy standard; or
- underuse — where there are two or more bedrooms additional to the number required to satisfy the proxy occupancy standard.

However, the criteria used by authorities to match households to dwelling types may differ, affecting interpretation of this indicator.

The NT had the highest proportion of households residing in appropriate sized dwellings at 30 June 1998. The jurisdiction with the highest proportion of moderately overcrowded dwellings was the ACT (13 per cent), while SA had the highest proportion of underused dwellings (17 per cent). Highly overcrowded dwellings made up 2.5 per cent or less of dwellings in all jurisdictions (figure 14.27).

Figure 14.28 **Overcrowded or underused public housing dwellings, 1998^{a, b, c}**



^a At 30 June. ^b The indicator is calculated for rebated tenants only where household composition details are known. ^c It should not be assumed that nonrebated tenants are all appropriately housed. ^d All single persons aged 16 years and over are assumed to need a separate bedroom.

Data source: table 14A.14.

Accessibility

Targeting

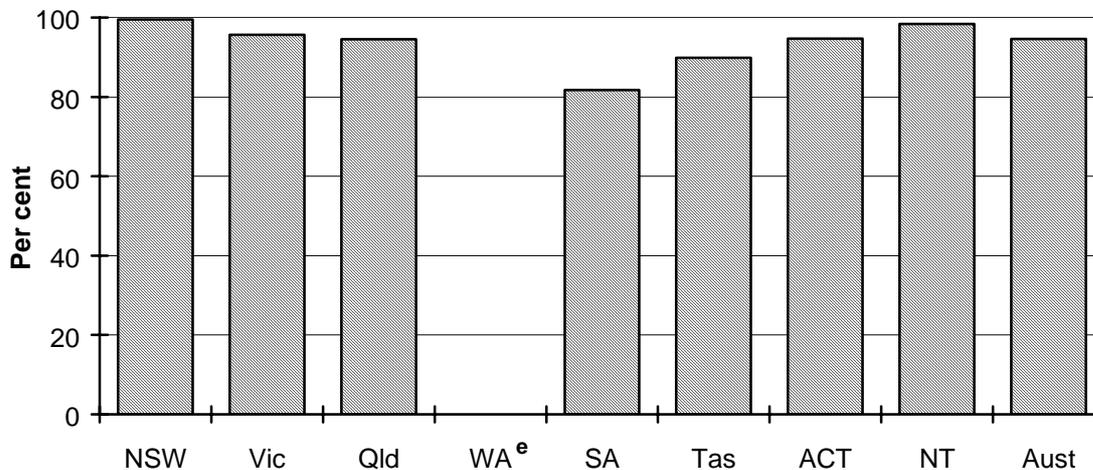
Targeting indicates the need status of all households receiving public housing assistance. Targeting of housing services is the most complex area of performance assessment, and it is based on a number of assumptions.

Households in need are defined as those who would have had to spend more than 25 per cent of their income on rent for appropriate sized accommodation if they had not received housing assistance.

The proportion of rebated public housing occupants who were in need at 30 June 1998 was lowest in SA (82 per cent), while nearly all rebated public housing tenants in NSW were in need (figure 14.29).

Nationally 95 per cent of those occupying public housing were in need (figure 14.30).

Figure 14.31 Targeting part B — proportion of those occupying public housing who are in need, 1998^{a, b, c, d}



^a At 30 June. ^b Data refer to only rebated tenants where income and household composition details were available. ^c The method used to calculate aspects of need such as household size and income may vary significantly between jurisdictions. Similarly, the use of different sources of private rent data (newspapers, survey, rental bond board or industry data) between jurisdictions may also affect data comparability (see detailed notes in attachment 14A for further information). ^d The 'proxy occupancy standard' used in the calculation of this indicator differs from that used in the calculation of *appropriateness* (figure 14.14). For the calculation of *appropriateness*, a 'single adult only' requires a 1 bedroom dwelling to be appropriately housed. The standard used here specifies that a 'single adult only' requires a 2 bedroom dwelling to be appropriately housed. This means that all single people living in 1 bedroom dwellings are considered to be in need. ^e Data not available.

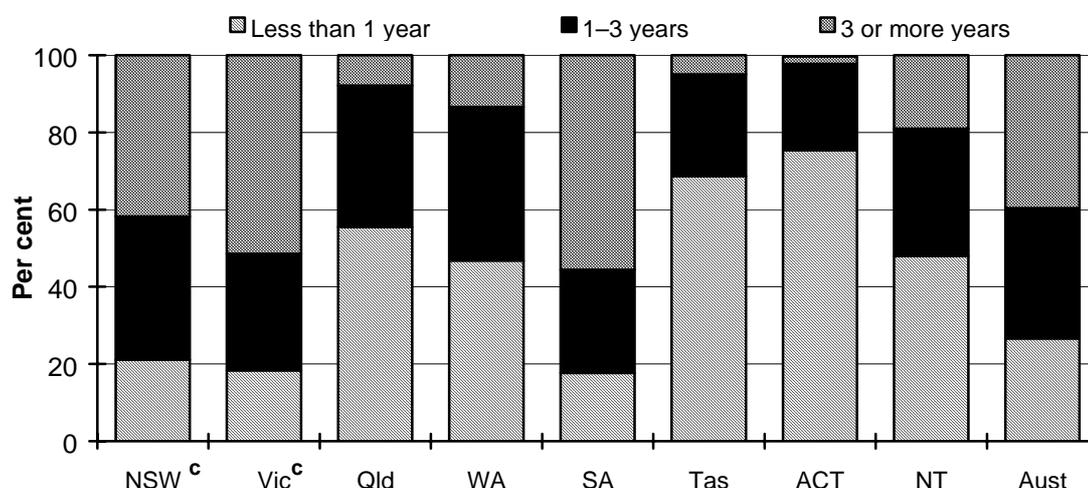
Data source: table 14A.9.

Timeliness

A household's length of time on a waiting list is an indicator of the time taken by housing authorities to meet the current demand for housing assistance. However, waiting times may also reflect (a) applicants' willingness to wait for public housing dwellings in particular locations, (b) differences in waiting list management practices and (c) differences in eligibility criteria.

At 30 June 1998, 75 per cent of ACT households and 69 per cent of Tasmanian households seeking public housing had been waiting for less than one year, while 18 per cent had been waiting for the same period in SA and Victoria. Approximately 2 per cent of households in the ACT had been waiting for three or more years, compared with 56 per cent in SA (figure 14.32).

Figure 14.33 **Waiting times for public housing applicants, 1998^{a, b}**



^a At 30 June. ^b Waiting lists are actively reassessed in the ACT and Tasmania, whereas reassessments only occur at the time of allocation in Victoria and WA. ^c Includes applicants for Aboriginal rental housing.

Data source: table 14A.16.

The quality of waiting list data relies on all aspects of the waiting list being up-to-date, including priority and wait-turn applicants. Further, the waiting list for public housing in some jurisdictions may be used for multiple purposes, such as for applicants for Aboriginal rental housing, community housing or private rent assistance. This may also affect the consistency and quality of data.

Level of provision

The level of housing assistance provision is reported by comparing actual provision with the bilaterally agreed level of provision.

Each State and Territory Government and the Commonwealth Government negotiate at the beginning of each year the target level of newly allocated households to be assisted under the terms of the CSHA.

WA, the ACT and the NT had exceeded their agreed level of provision in 1997-98, while the remaining jurisdictions provided slightly less than 100 per cent of agreed levels (table 14.3).

Table 14.4 Public housing provision as a proportion of the agreed level of provision, 1997-98 (per cent)^a

	<i>NSW^b</i>	<i>Vic</i>	<i>Qld</i>	<i>WA</i>	<i>SA</i>	<i>Tas</i>	<i>ACT</i>	<i>NT</i>	<i>Aust</i>
Provision relative to agreed level	99.1	99.8	98.4	100.5	98.5	98.0	104.0	101.4	99.3

^a For year ending 30 June. ^b The target includes housing for Aboriginals, whereas the actual provision did not.

Source: table 14A.15.

Affordability

Proportion of income spent on rent

Affordability reports the proportion of rebated public rental households paying a specific percentage of assessable income on housing costs.

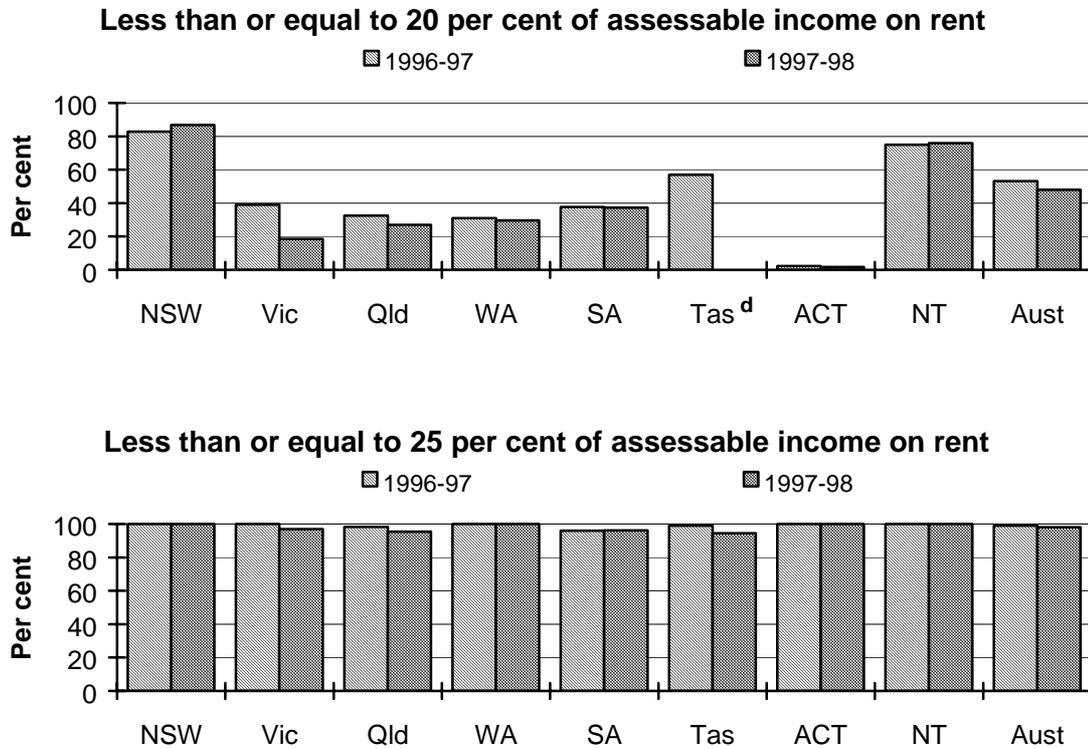
The affordability indicator is not directly linked with the public housing targeting indicator which reports the number of households in need (where need is defined as those households that would have to spend more than 25 per cent of their assessable income to pay the median private market rental cost for appropriate sized accommodation). The definition of assessable income may vary between jurisdictions.

Few rebated households paid more than 25 per cent of their assessable income on rent in any jurisdiction at 30 June 1998. However, the proportion of rebated households paying less than or equal to 20 or 25 per cent of their assessable income on rent varied significantly between jurisdictions.

More than 94 per cent of rebated households in every jurisdiction paid less than or equal to 25 per cent of their income on rent in 1997-98.

NSW had the highest proportion of rebated households paying less than or equal to 20 per cent of their assessable income on rent in 1997-98 (87 per cent), while Tasmania had the lowest (zero in 1997-98, down from 57 per cent in 1996-97 as all tenants were moved to paying a minimum of 21.5 per cent of assessable income on rent) (figure 14.34).

Figure 14.35 **Rebated public households paying proportion of assessable income on rent^{a, b, c}**



^a At 30 June. ^b Includes only rebated households with known income details; excludes rebated households with unknown income details. ^c The definition of assessable income may vary between jurisdictions. ^d All public housing tenants in Tasmania now pay a minimum of 21.5 per cent of assessable income on rent.

Data source: table 14A.10.

Tenancy management

Rent arrears

The calculation of rent arrears is not consistent across jurisdictions. Two methods are used:

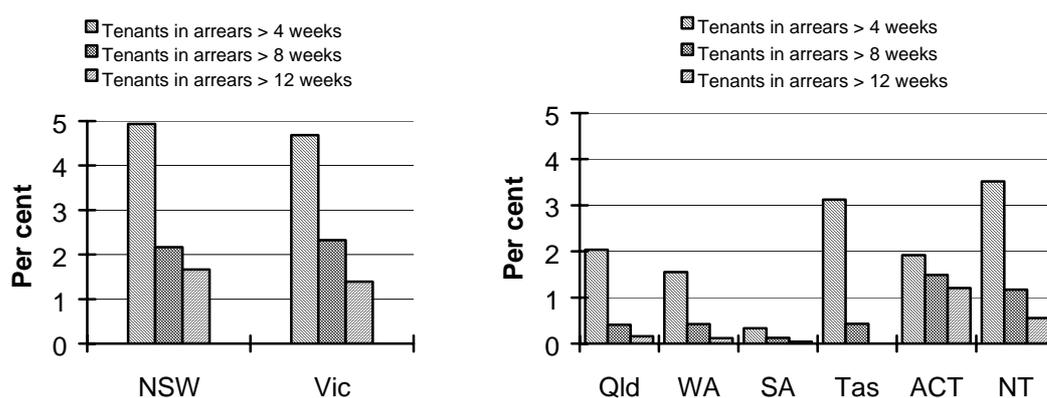
- the household's *length* of time in arrears (no matter what the size of the debt); and
- the *amount* of the arrears debt calculated in terms of 4, 8 or 12 weeks of rent owing.

Differences in method mean that the data are presented separately this year (figure 14.36), but data definitions will be tightened over the next 12 months to improve consistency.

NSW and Victoria were the only jurisdictions that calculated the household's length of time in arrears. Results for both jurisdictions were very similar.

Of jurisdictions that reported the amount of the arrears debt in terms of 4, 8 or 12 weeks of due rent, the NT had rent in arrears for the longest periods while SA had virtually no households with rent in arrears (figure 14.37).

Figure 14.38 Public housing with rent in arrears, 1998^{a, b}



^a At 30 June. ^b NSW and Victorian data were calculated as the household's *length* of time in arrears; the other jurisdictions calculated the *amount* of the arrears debt in terms of 4, 8 or 12 weeks of due rent.

Data source: table 14A.23.

Recognition policies for arrears commencement, write-off practices, the treatment of disputed amounts and the treatment of payment arrangements may affect the comparability of reported results of this indicator.

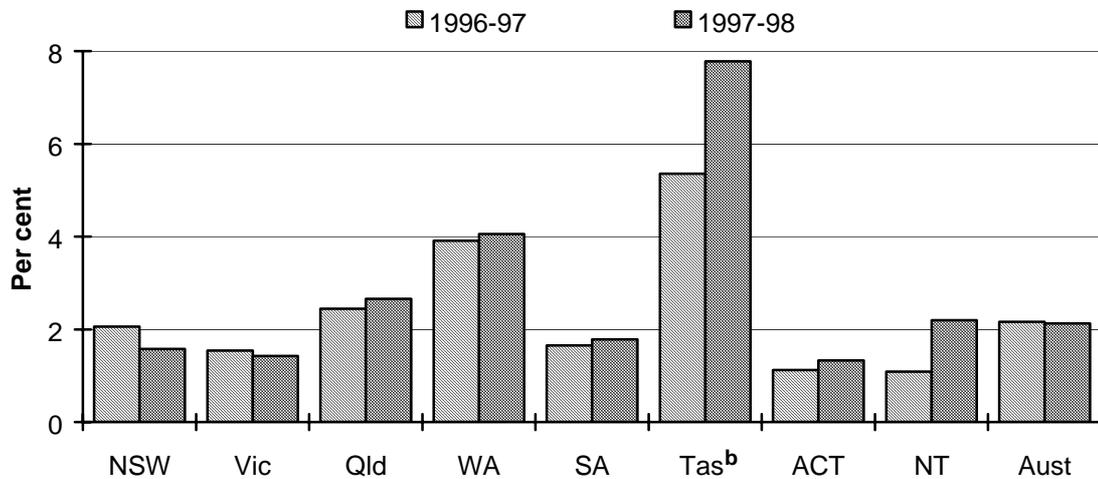
Turnaround market rent forgone

Turnaround market rent forgone indicates the proportion of total market rent lost through vacancy of public housing dwellings.

The level of demand for public housing, and policy on how many times an applicant can reject an offer of a property without losing eligibility, may affect the reported results of this indicator.

Tasmania had the highest proportion of market rent forgone through vacancy in 1997-98 (7.8 per cent), while the ACT had the lowest proportion (1.3 per cent) (figure 14.39).

Figure 14.40 Turnaround market rent forgone^a

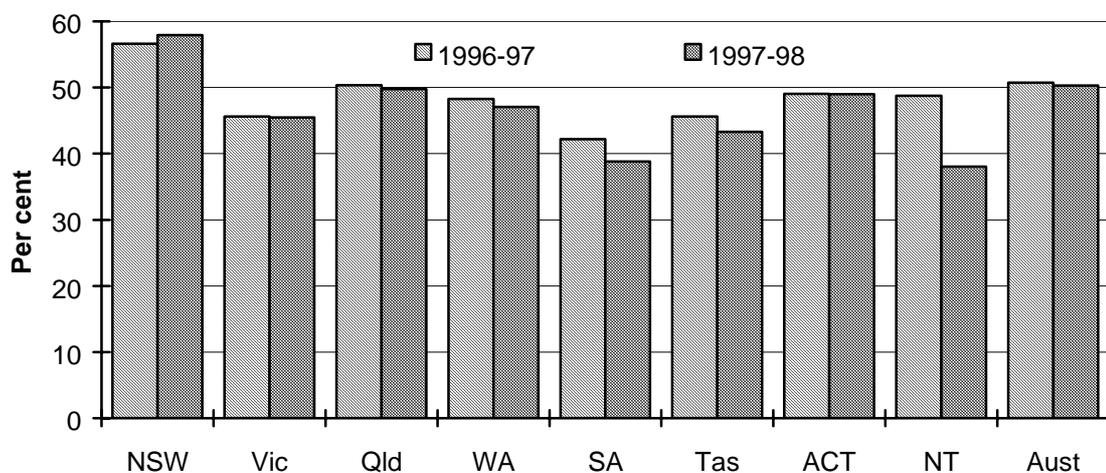


^a For year ending 30 June. ^b Includes Aboriginal Rental Housing Program.
 Data source: table 14A.24.

Community service obligations

Community service obligations for public rental housing — market rent less rent charged — indicate the extent to which government subsidises tenants in public rental housing. Community service obligations for public rental housing in 1997-98 were highest in NSW (58 per cent of market rent) and lowest in the NT (38 per cent of market rent). Nationally, community service obligations remained steady between 1996-97 and 1997-98 at around 50 per cent of market rent (figure 14.41).

Figure 14.42 Community service obligations for public housing^a



^a For year ending 30 June.
 Data source: table 14A.21.

Differences in the treatment of some data items — including frequency and timeliness of valuations, and accuracy of valuation assessments where commercial equivalents are not available (such as for dwellings with extensive disability modifications) — may affect the reported results of this indicator.

Turnaround times

Turnaround times report the speed with which jurisdictions re-let housing stock after it has been vacated.

The length of time taken to re-let untenanted stock may affect allocations into public housing, waiting times, the length of waiting lists, and rent forgone. All jurisdictions aim to minimise turnaround times.

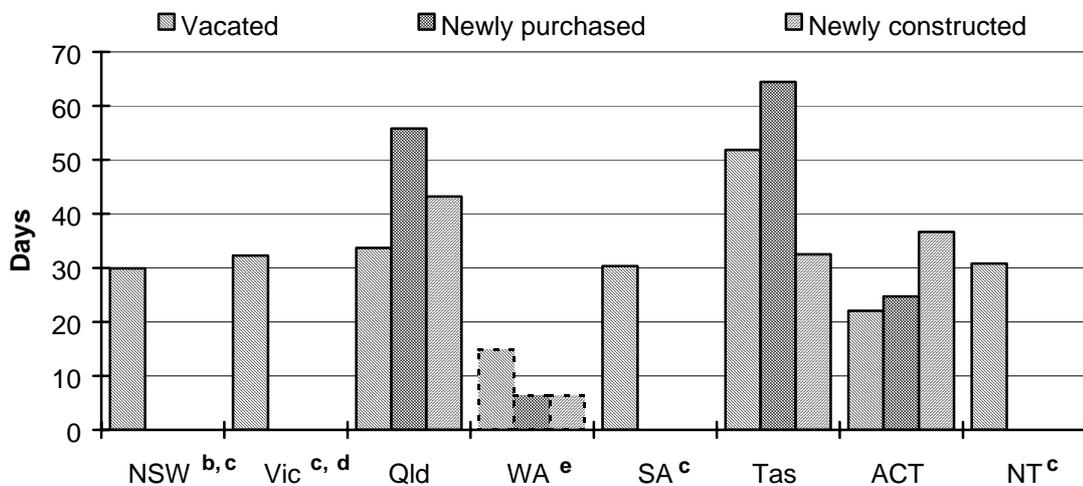
There are several approaches to calculating the turnaround time of vacant stock. The comparability of data across jurisdictions varies because they use different methods of calculating days vacant as a result of vandalism, maintenance work and the tenatable status of the stock. Further, differences in counting practices for commencement times and stock awaiting upgrade or disposal, and differences in recognition points for new stock handovers, may affect the reported results of this indicator.

Excluding WA, which calculated this indicator on a different basis from all other jurisdictions, average turnaround times for vacated dwellings ranged from 22 days in the ACT to 52 days in Tasmania in 1997-98.

The ACT had the lowest average turnaround times for newly purchased stock (25 days) while Tasmania had the highest (64 days).

For newly constructed stock, average turnaround times were lowest in Tasmania (33 days) and highest in Queensland (43 days) (figure **14.43**).

Figure 14.44 Average turnaround times, 1997-98^a



^a For year ending 30 June. ^b NSW did not record vacancies resulting from vandalism, so data are higher than if vacancies resulting from vandalism were excluded. ^c Data for newly purchased and newly constructed dwellings are not separately available. ^d Includes total number of vacant dwellings regardless of reason. ^e WA data have been adjusted to include weekends and public holidays to make the data more comparable with data from other jurisdictions. However, unlike all other States and Territories, WA excludes days where there were asset management restrictions (for example, days where repairs to a vandalised dwelling were withheld awaiting police assessment). Thus, data are not entirely comparable to those of other jurisdictions, so are not referred to in the discussion of reported results.

Data source: table 14A.25.

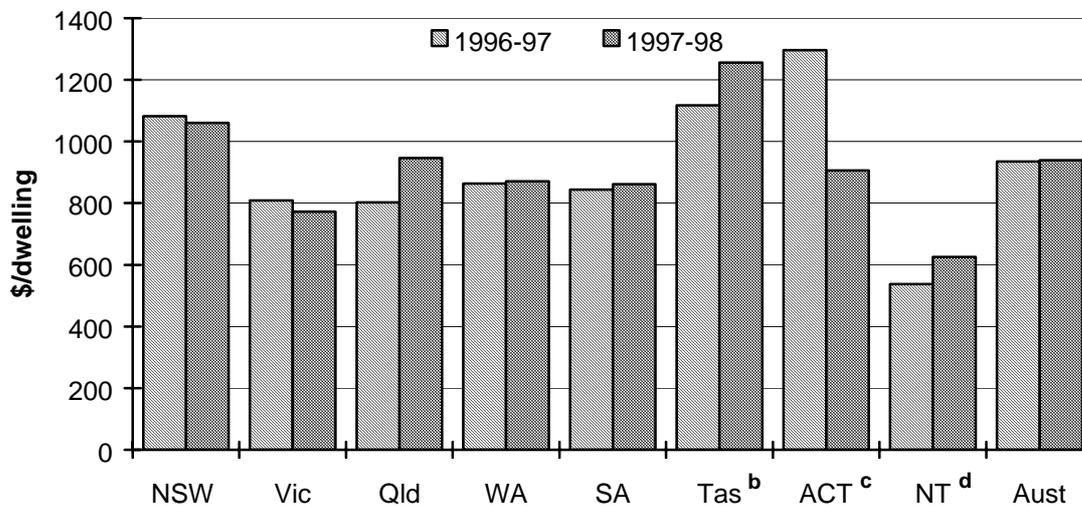
Administration costs per dwelling

Differences in administration costs across jurisdictions may partly reflect different counting and reporting rules for generating financial data. The different treatment of various expenditure items (for example, superannuation) and different methods for attributing overheads may also affect costs.¹ Further, some jurisdictions had difficulty in separating administration costs for public housing from those for other housing assistance activities. Thus, care should be taken when comparing public housing administration costs across jurisdictions.

Administration costs per dwelling in NSW (\$1061), Queensland (\$946) and Tasmania (\$1256) were higher than the national average (\$939) in 1997-98. Administration costs were lowest in the NT (\$625) (figure 14.45).

¹ Information from the States and Territories for the Steering Committee research paper, *Superannuation in the Costing of Government Services*, indicated that all jurisdictions (except Queensland) include superannuation costs on an accrual basis, but that they differ in the extent to which the line agency bears the overall accrual cost (SCRCSSP 1998).

Figure 14.46 Average administration costs^a



^a For year ending 30 June. ^b Data refer to all rental dwellings, including community and Aboriginal rental housing, and community and master tenancies. ^c 1996-97 data includes some overhead costs not associated with tenancy and property management. ^d Excludes personnel and information technology costs which were paid by the Government Business Division and not the department.

Data source: table 14A.20.

Different organisational structures for State Housing Authorities and client mixes which demand different levels of management and administration (for example, the proportion of clients with complex multiple needs) may affect the reported results for this indicator.

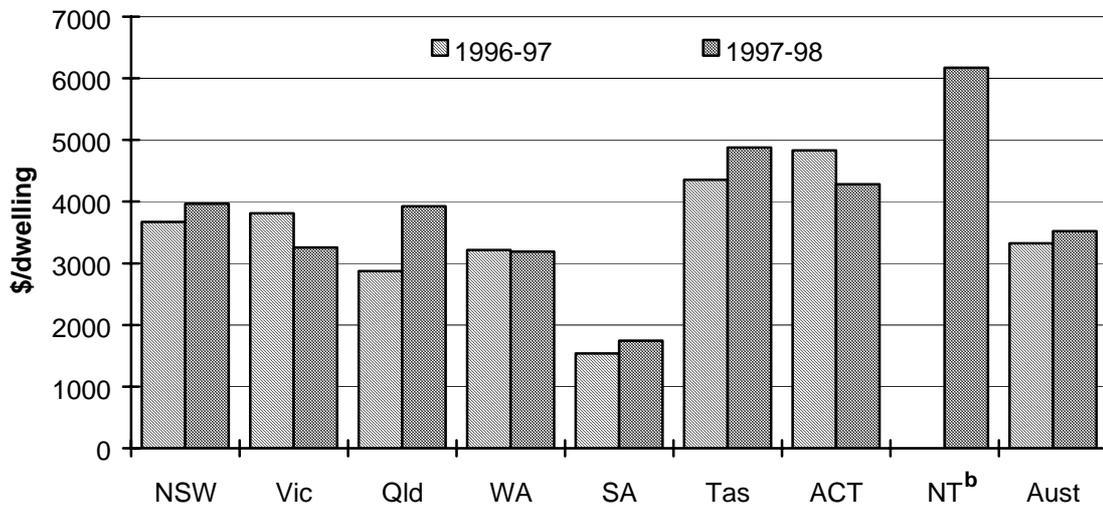
Property management

Operational costs

The sum of maintenance and depreciation expenses indicates the cost to the property manager of maintaining the operation of all public housing dwellings. However, differences in the allocation of expenses between administration costs and operational costs may affect the comparability of operational costs across jurisdictions.

Operational costs (maintenance and depreciation) per dwelling in 1997-98 were highest in the NT (\$6172) and were below the national average in SA (\$1744), WA (\$3191) and Victoria (\$3258) (figure 14.47).

Figure 14.48 Average operational costs^a



^a For year ending 30 June. ^b 1996-97 data are not available.

Data source: table 14A.20.

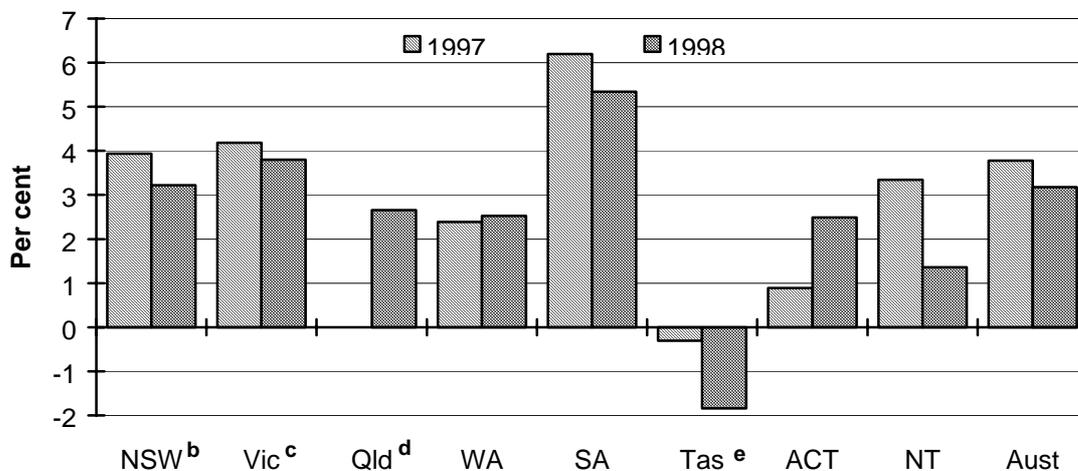
Rate of return on equity

The rate of return on equity is calculated for each jurisdiction as the property manager net surplus (potential market rental income less operating expenses) as a proportion of average total equity (assets less liabilities). It measures the *actual* return on equity. This differs from the user cost of capital — a weighted average of the interest on borrowed funds and the rate of return forgone on internally generated funds — which represents the opportunity cost of the funds tied up in the capital used to deliver public housing.

The national average rate of return on equity held in public housing stock was 3.2 per cent at 30 June 1998, and most jurisdictions were within 2 percentage points of this rate. SA received the highest average rate of return on equity (5.3 per cent) and Tasmania received the lowest (−1.8 per cent) (figure 14.49).

Rates of return should be compared with care because differences in the treatment of some data items — including depreciation policies, frequency of asset valuations and accuracy of interim indexes, frequency and timeliness of valuations, and accuracy of valuation assessments where commercial equivalents are not available (such as for dwellings with extensive disability modifications) — may affect the reported results of this indicator.

Figure 14.50 Average rate of return on equity^a



^a At 30 June. ^b Includes Aboriginal housing data. ^c Includes operating expenditure for both asset and tenant manager. ^d 1997 data are not available because the department's asset valuation method changed. ^e Data refer to all rental dwellings including community and Aboriginal rental housing and community and master tenancies.

Data source: table 14A.17.

Efficiency — user cost of capital

The *user cost of capital* for government services is the cost of the funds tied up in the capital used to deliver services (for example, houses and land in public housing). It makes explicit the opportunity cost (the return foregone by using the funds to deliver services rather than investing them elsewhere or using them to retire debt) of this capital by incorporating that opportunity cost in the full cost of services.

When comparing costs of government services, it is important to take full account of the cost of capital because:

- it is often a significant component of the cost of services; and
- it is currently treated inconsistently (it is included in the costs of services delivered by many non-government service providers, but effectively costed at zero for most budget sector agencies).

The user cost of capital is essentially the weighted average of the interest on borrowed funds and the interest forgone on internally generated funds (weighted by the proportion of each).

The Steering Committee decided that a user cost of capital should be included, where possible, as part of the costs for each government service reported here and that it should be calculated by applying a jurisdictional cost of capital rate to the value of government assets.

The Steering Committee accepts that asset valuation data is currently imperfect. However, it also recognises that the treatment of cost has not fully recognised the cost of public capital used by departments to deliver services; that is, capital has generally been considered 'free'. This can lead to significant underestimating of costs for those services where government capital is a major input. Thus, using an imperfect costing is preferable to not costing government capital at all.

The Steering Committee agreed to apply the user cost of capital notified by each State and Territory Treasury to each jurisdiction's assets. Where no rate was advised for a jurisdiction, the average of the rates provided would be applied to the assets of that jurisdiction. Victoria was the only jurisdiction to advise a rate, so this rate (8 per cent) has been applied to the value of each jurisdiction's average total assets.

This year, the Steering Committee has taken an interim approach. However, a number of complex issues will require further consideration by the Steering Committee, including:

- the most appropriate level of the user cost of capital rate;
- whether the rate should differ across services;
- whether the rate should differ between jurisdictions; and
- the most appropriate asset base on which to apply the user cost of capital.

The Steering Committee will undertake work on these issues to refine reporting in future Reports.

The annual user cost of capital to government is reported as a unit cost indicator — that is, the government cost of capital per public housing dwelling. At 30 June 1998, the cost of capital per public housing dwelling was highest in the NT (\$9989) and lowest in SA (\$4885) (table 14.5).

Table 14.6 Government cost of capital per public housing dwelling, 1998^a

<i>Unit</i>	<i>NSW</i>	<i>Vic</i>	<i>Qld</i>	<i>WA</i>	<i>SA</i>	<i>Tas</i>	<i>ACT</i>	<i>NT</i>	<i>Aust</i>
Average total assets									
\$m	12 230	5 047	4 242	2 492	3 378	860 ^b	1 450	1 002	30 701
User cost of capital rate									
%	8	8	8	8	8	8	8	8	8
User cost of capital ^c									
\$m	978	404	339	199	270	69	116	80	2 455
Number of occupied and vacant public housing dwellings									
No.	124 516	63 860	49 753	33 335	55 319	13 932	12 027	8 023	360
Average cost of capital per public housing dwelling									
\$	7 858	6 323	6 820	5 981	4 885	4 939	9 648	9 989	6 808

^a At 30 June. ^b Based on all forms of housing assistance, not just public housing. ^c Calculated as the value of total assets multiplied by the user cost of capital (8 per cent).

Source: table 14A.37.

The Steering Committee has not presented the full cost of delivering public rental housing because this would combine relatively robust data on administration and operational costs with imperfect capital data. However, the full cost could be calculated by summing the average administration cost (figure **14.51**), operational cost (figure **14.52**) and cost of capital (table **14.7**) per dwelling, noting the above caveats. To derive the cost to government, which is the basis of reporting on unit costs in most other chapters, it would be necessary to net out rents received.

Caution should be exercised when combining the reported operational costs with user cost of capital because this would effectively lead to some double counting. The user cost of capital is intended to capture all the costs of funding assets used to produce the services, but some of these costs (an estimated \$300+ million in interest expenses incurred by housing authorities) are already included in reported operational costs.

The collection and reporting of operational costs with interest expenses (to allow comparisons with previous years) and without interest expenses (to allow derivation of total costs) in future Reports will avoid this double counting.

Property management

Cost of stock production and cost of purchase

Housing authorities construct, lease and purchase dwellings. The average cost of construction and purchase of housing stock may reflect the location and value of land, and will vary as authorities focus on providing specialised housing for special needs groups.

Different methods for calculating construction costs are apparent, including problems with allocating costs for multiple site dwellings and determining the cost of land derived from demolition of existing stock.

Average construction costs for all dwellings were considerably lower than average purchase costs in SA. A similar observation can be made for NSW.

In Queensland, average construction costs exceeded purchase costs (with the exception of one bedroom dwellings). In Victoria, the average construction costs of larger dwellings exceeded purchase costs (table **14.8**).

Table 14.9 **Average costs of construction and purchase of public housing stock, 1997-98 (\$'000)^a**

	<i>NSW</i>	<i>Vic</i>	<i>Qld</i>	<i>WA^b</i>	<i>SA</i>	<i>Tas^b</i>	<i>ACT^b</i>	<i>NT</i>	<i>Aust</i>
<i>One bedroom</i>									
Construction	70	73	91	80	na	81	167	na	80
Purchase	140	93	124	na	na	..	90	na	106
<i>Two bedroom</i>									
Construction	122	112	140	92	39	113	138	na	118
Purchase	151	112	108	88	108	119	108	na	114
<i>Three bedroom</i>									
Construction	144	143	160	126	99	155	150	na	141
Purchase	168	133	130	119	138	119	136	na	142
<i>Four or more bedroom</i>									
Construction	161	234	177	136	91	151	218	na	180
Purchase	289	172	116	122	151	151	135	na	173
<i>Average</i>									
Construction	103	122	122	103	77	118	164	na	111
Purchase	169	114	115	108	129	124	110	na	124

^a For year ending 30 June. ^b Land costs were included at current market value. **na** Not available. **..** Not applicable.

Source: table 14A.22.

The extent of disability modified stock, along with overarching housing authority standards for dwellings, may affect the reported results for this indicator.

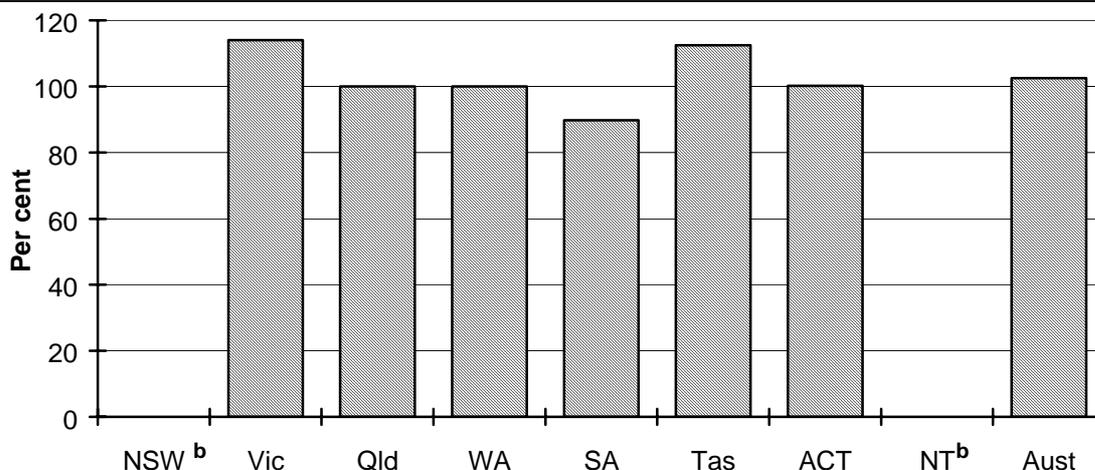
Equity value

Equity value is defined as the difference between the average total assets and the average total liabilities of a housing authority.

The extent to which equity target levels are achieved is indicated by comparing equity value for the year with target levels which are negotiated bilaterally each year.

In 1997-98, Tasmania (112 per cent) and Victoria (114 per cent) exceeded their target equity levels while SA (90 per cent) fell short. The ACT, WA and Queensland met their target equity levels (figure **14.53**).

Figure 14.54 Equity value relative to target equity level, 1997-98^a



^a For year ending 30 June. ^b Target equity values are not available.

Data source: table 14A.19.

14.7 Key performance indicator results — community housing

Unlike public housing data, community housing data are collected from two sources:

- *administration* data, collected from the State or Territory Government body with the responsibility of administering the community housing program in their jurisdiction; and
- *survey* data, collected from the community organisations (providers) who manage the service delivery.

This Report provides data on a subset of indicators for community housing — quality, appropriateness, accessibility, affordability and efficiency of services.

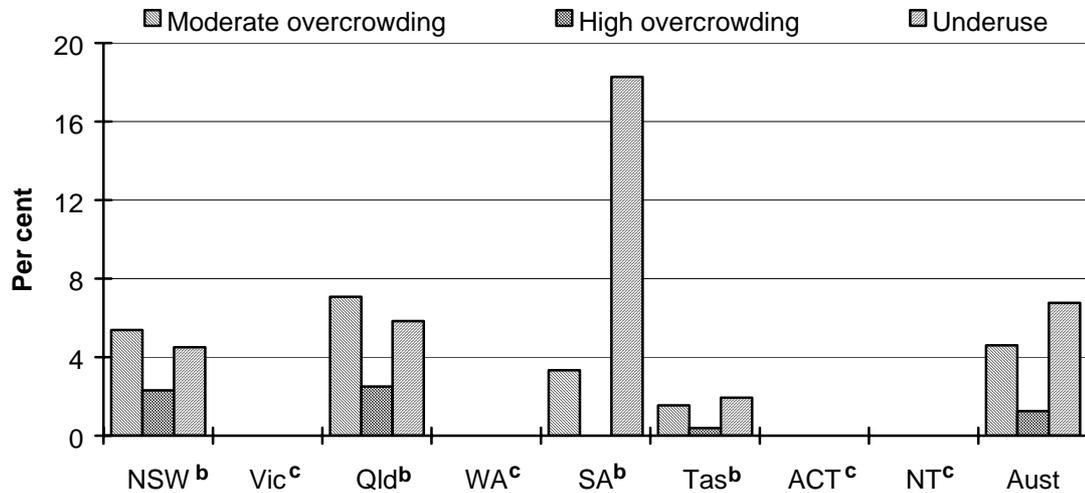
Appropriateness

Extent of overuse and underuse

Similar to public housing, the match of rental dwelling to household size is used to indicate the appropriateness of community housing dwellings.

At 30 June 1998, Queensland had the highest proportion of both moderately overcrowded dwellings (7.1 per cent) and highly overcrowded dwellings (2.5 per cent). SA had the highest proportion of underused dwellings (18.3 per cent) (figure 14.55).

Figure 14.56 **Overcrowded or underused community housing dwellings, 1998^a**



^a At 30 June. ^b Data are based on community housing survey collection. See table 14A.40 for survey response rates by jurisdiction. ^c Data are not available.

Data source: table 14A.29.

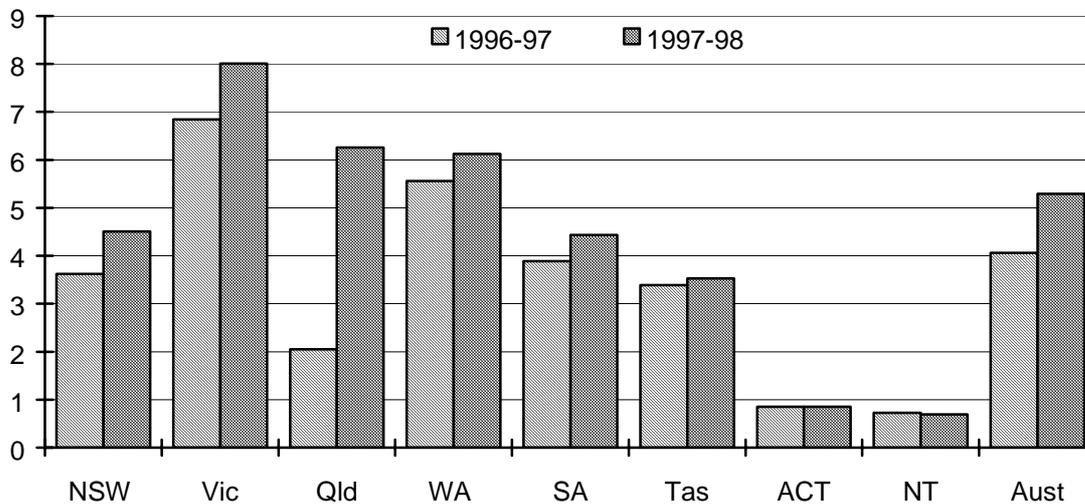
Accessibility

Housing choice

Housing choice is reported here for the first time. It is reported as the number of community housing dwellings as a proportion of the total number of public and community housing dwellings.

Victoria had the highest proportion of community housing dwellings relative to all occupied and vacant public and community housing stock in 1997-98 (8.0 per cent) while the NT had the lowest proportion (0.7 per cent) (figure **14.57**).

Figure 14.58 **Community housing dwellings as a proportion of all public and community housing dwellings^{a, b}**



^a At 30 June. ^b Sourced from community housing administration collection. See general footnotes at beginning of attachment for ACT data source (section 14A.1).

Data source: table 14A.27.

Affordability

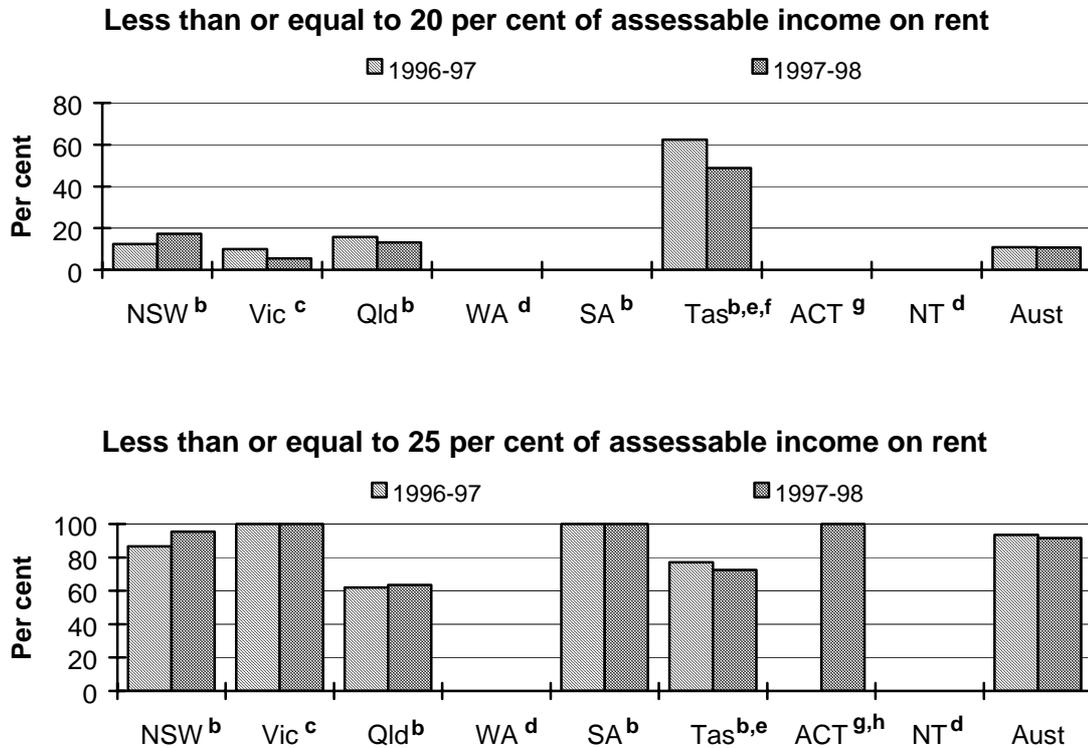
Proportion of income spent on rent

Most community housing tenants paid no more than 25 per cent of their assessable income on rent at 30 June 1998.

The proportion of tenants paying less than or equal to 20 per cent of their assessable income on rent varied between jurisdictions, from 0 per cent in SA and the ACT to 49 per cent in Tasmania.

Nationally, the proportion of community housing tenants paying less than or equal to 25 per cent of their assessable income on rent decreased slightly from 93.5 per cent in 1996-97 to 91.5 per cent in 1997-98 (figure 14.59).

Figure 14.60 **Community housing tenants paying proportion of assessable income on rent^a**



^a At 30 June. ^b Data are based on community housing survey collection (see table 14A.40 for survey response rates by jurisdiction). ^c Data are based on community housing administration collection. ^d Data are not available. ^e One organisation, administering 12 dwellings in total, considered rebated rent not applicable. Tenants paid a weekly service fee after an initial lump sum payment for life tenancy. ^f 1997-98 data includes owner/donor or entry fee arrangements whereby the tenant paid a service fee which was less than 20 per cent of income. ^g See general footnotes at beginning of attachment for ACT data source (section 14A.1). ^h 1996-97 data are not available.

Data source: table 14A.28.

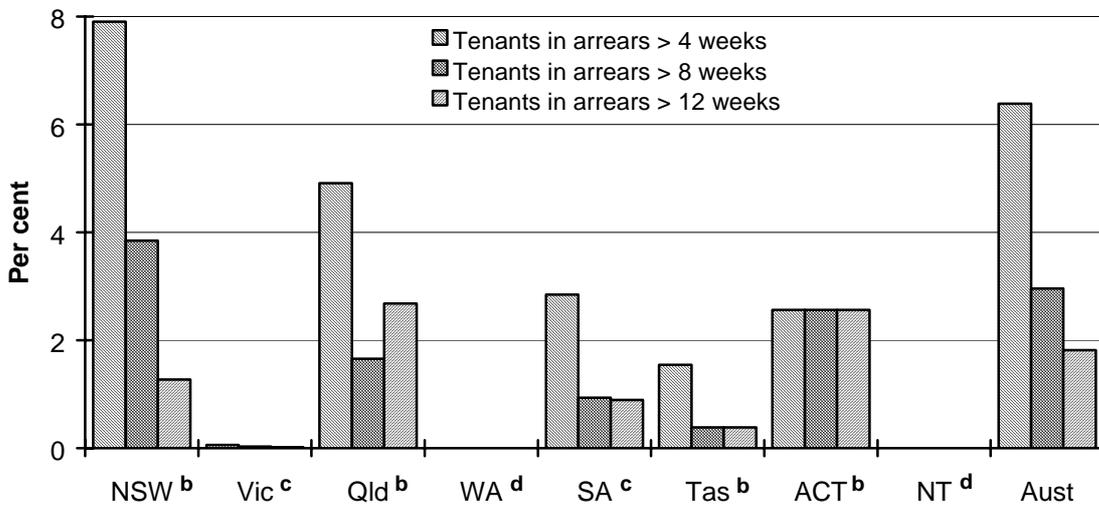
Tenancy management

Rent arrears

State and Territory Governments have limited responsibility for rent collection practices in the community housing sector, because not-for-profit organisations usually deliver community housing.

Of those jurisdictions that reported this indicator, NSW had the highest proportion of tenants in arrears for longer than four weeks in 1997-98 (7.9 per cent). Tasmania had the smallest proportion of tenants in arrears for 4, 8 or 12 weeks (figure **14.61**).

Figure 14.62 **Community housing with rent in arrears, 1998^a**



^a At 30 June. ^b Data are based on community housing survey collection (see table 14A.40 for survey response rates by jurisdiction). ^c Data are based on community housing administration collection. ^d Data are not available.

Data source: table 14A.31.

Property management

Cost of stock production and cost of purchase

The average costs to government of the construction and purchase of community housing stock is reported here for the first time.

Data should be interpreted with caution because the relative contribution of government towards total costs varies according to the contributions of community organisations. Further, costs may reflect the location and value of land.

Across all sized dwellings, purchase costs were higher than construction costs, on average, in NSW, Victoria, Queensland and WA. However, construction costs exceeded purchase costs, on average, in SA, Tasmania and the ACT.

Construction was most expensive in Tasmania (\$449) while the average cost of purchase was lowest in SA (\$78) (table 14.10).

Table 14.11 Average costs to government of construction and purchase of community housing stock, 1997-98 (\$'000)^{a, b}

	<i>NSW</i>	<i>Vic</i>	<i>Qld</i>	<i>WA^c</i>	<i>SA</i>	<i>Tas</i>	<i>ACT</i>	<i>NT</i>	<i>Aust</i>
<i>One bedroom</i>									
Construction	95	95	86	54	na	na	na	na	90
Purchase	153	85	82	na	52	na	na	na	109
<i>Two bedroom</i>									
Construction	116	82	100	73	83	65	na	na	104
Purchase	153	109	83	93	80	na	100	na	119
<i>Three bedroom</i>									
Construction	174	106	128	137	91	na	na	na	129
Purchase	166	112	134	107	81	91	na	na	147
<i>Four or more bedroom</i>									
Construction	567	117	176	113	170	641 ^d	200	na	234
Purchase	199	153	147	131	na	173	na	na	180
<i>Average</i>									
Construction	118 ^e	95	96	82	90	449 ^f	200	na	104
Purchase	164	109	101	108	78	97	100	na	132

^a For year ending 30 June. ^b Data based on community housing administration collection with the exception of NSW and Queensland data, which were sourced from community housing survey collection. See table 14A.40 for survey response rates by jurisdiction. ^c Construction in country and north west locations increased construction costs. ^d Cost based on the average construction cost of two 13 bed units which involved the construction of joint living facilities and a housekeeper flat. Thus, costs are not strictly comparable with the costs of constructing an average four bedroom house. ^e One property was an 11 bedroom dwelling which significantly increased the average cost. ^f Two properties were 13 bed units which significantly increased the average cost. **na** Not available.

Source: table 14A.30.

14.8 Jurisdictions' comments

This section provides comments from each jurisdiction on the services covered in this chapter. Appendix A contains detailed statistics and short profiles on each State and Territory, which may assist in interpreting the performance indicators presented in this chapter. The information covers aspects such as age profile; geographic distribution of the population; income levels; education levels; tenure of dwellings; and cultural heritage (such as aboriginality and ethnicity).

Commonwealth Government comments

“ In 1998-99, a comprehensive review of the performance information and associated business processes used by the Commonwealth Department of Family and Community Services to monitor and manage the delivery of its programs by Centrelink is being undertaken. It is likely that the proposed Commonwealth Rent Assistance performance indicators will need to be revised in the light of that review.

The Department notes that the Commonwealth Rent Assistance indicator framework in this Report involves fitting income support programs into an indicator framework designed for services. The framework also suggests that the program be treated as if it were a primary payment in its own right rather than as a supplement to a primary payment. Both of these factors mean that the indicators need to be interpreted with some caution.

Choice and affordability

The heading ‘Choice and affordability’ rather than ‘Affordability’ per se better reflects the explicit and implicit objectives of the program compared with public housing. Commonwealth Rent Assistance provides an element of choice — to consume more expensive housing or increase after housing income — to the customer. It is not related to any specific benchmark of affordability.

The measurement, ‘Geographical spread of Commonwealth Rent Assistance customers’, has been included to reflect the emphasis of customer choice inherent in the program structure.

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New South Wales Government comments

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Compared with the rest of Australia, NSW is significantly disadvantaged on a broad range of housing indicators, including private rental costs and affordability. As a result of market pressures it is expected that this disadvantage will continue, and that the number of households requiring support to achieve appropriate and affordable housing will continue to grow.

In this environment the focus of social housing in NSW during 1997-98 was to improve the efficiency, effectiveness and quality of services provided. This was primarily done through improving the quality of dwellings, continuing review of business practices, and broadening the range of viable social housing providers to increase diversity and choice of housing and management models in accordance with need.

Customer satisfaction: during 1997-98 there was continued focus on improving customer service. This is reflected in the results of the customer satisfaction survey which showed an increase from 57 per cent in 1996-97 to 69 per cent in 1997-98 of tenants saying that they were either satisfied or very satisfied. NSW had the second highest level of satisfied or very satisfied public housing tenants of all jurisdictions.

Development of a broader social housing system: NSW continued its commitment to the growth of the community housing sector, as shown by the increase in community housing from 3.6 per cent to 4.5 per cent of the social housing sector in NSW, representing almost 6000 dwellings.

Targeting of assistance: as demand for public and community housing increases, resources are being increasingly targeted at those with high level or complex needs. As a result, between 1996-97 and 1997-98 the percentage of rebated households in public housing considered in 'need' increased from 91 per cent to almost 100 per cent.

Increased efficiency: the focus on improved efficiency and business management practices for public housing is reflected in the low level of turnaround rent forgone, which decreased from 2.1 per cent to 1.6 per cent between 1996-97 and 1997-98.

Acquisition costs: variations in collection methods mean that data between 1996-97 and 1997-98 should not be compared. It should be noted that the average cost of purchase is high in NSW as a result of the high cost of land, particularly in metropolitan areas.

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Victorian Government comments

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During 1997-98 Victoria's Office of Housing operated within a housing environment dominated by rising house prices and tight conditions in the private rental market. These effects impacted on the acquisition program and contributed to reduced turnover in public rental housing. Despite these constraints, overall stock numbers continued to grow and on any one night of the year approximately 92 000 Victorian households benefited from some form of housing assistance with more than 60 000 households receiving new assistance during the year.

In line with agreed measures to better target public housing and enhance the efficiency of the welfare housing sector, reforms for new public housing tenants were introduced: rents were set at 25 per cent of income, 3 and 5 year reviews were introduced and income eligibility became consistent with DSS criteria. Rents for existing tenants were set to 23 per cent of income. Reforms were extended to the Community Housing sector in November 1998. Segmentation of the waiting list will be introduced during 1999.

In order to assist more homeless people a significant restructure of short term accommodation services was undertaken during the year. Stock available for the Transitional Housing Program was increased by 39 per cent and the program assisted an estimated 12 800 homeless households with short to medium term housing linked to support services during the year. Information and referral services were also significantly expanded.

In line with targeting assistance to those most in need, 44 per cent of allocations into public housing were on a priority basis, up from 33 per cent in 1996-97. Priority waiting times averaged 2.5 months. Long term assistance to clients with support needs was another priority area during 1997-98. Supported Housing program stock increased by 46 per cent to 696 properties to assist more clients with disabilities and the frail aged.

The ongoing supply of housing assistance through a strong and robust asset base continued to be a priority. Despite declining CSHA funds and rising prices, housing stock numbers continued to increase and the profile of stock continued to be brought into better alignment in order to better assist high needs groups. Substantial funds were also expended on upgrade of public rental and community managed properties during the year.

This year saw a renewed emphasis on redevelopments with the commencement of a program to redevelop older estates to bring a better match of housing type and public private mix. The renewal program has commenced with the Kensington estate where a high rise tower will be demolished by mid 1999.

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Queensland Government comments

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Queensland has shown consistently good performance relative to the national averages for the third year of these data collections. The targeting of public housing continues to improve and accessibility is good with 80 per cent of applicants on the waitlist for less than two years. Collection of arrears showed a significant improvement with a drop from 3 per cent to 2 per cent of public rental households more than four weeks in arrears.

The then Minister for Public Works and Housing for Queensland announced a number of reforms to public housing from 18 October 1997. These reforms: reduced the income eligibility limits from \$55 000 per year to \$28 000–\$42 000 per year depending on household size based on a proportion of Queensland's average weekly earnings; increased rent levels to a flat rate of 25 per cent of assessable income; reduced applicants' choice of location, previously, applicants could list in three suburbs, but larger zones have replaced suburbs; required applicants to provide two landlords' references, although Area Managers have the discretion to waive this requirement if they wish; and offered probationary, fixed term leases for six months, then 12 months, then every three years providing eligibility is maintained. These announcements created a two-tier system with the 'old' set of policies for existing tenants at 18 October 1997, and a different set of policies for new tenants after that date. New tenants with special housing needs are exempt.

The current Minister for Public Works and Housing has since announced that these reforms will be subject to a substantial review.

The reforms have had an observable impact on some of the performance indicators. The increase in vacant turnarounds is substantially due to the increase in rejections of dwellings offered to applicants under the larger wait zones. There is a reduced proportion of tenants paying less than 25 per cent of their income (from 98.3 per cent in 1996-97 to 95.4 per cent in 1997-98). However, in general, these tenants are paying only slightly more than 25 per cent as a result of rounding in the rent assessment calculation.

The quantity and quality of data received from the community organisations for the 1997-98 Community Housing Data Collection are a vast improvement over the previous years' collection. A total of 360 data collection forms were mailed to community housing organisations funded wholly or partly through the CSHA. Organisations returned 227 forms and this represents a 63 per cent return rate. Of these returns, 205 contained complete, valid data. This represents a 57 per cent sample compared with a 14 per cent sample for 1996-97.

Queensland included two extra questions on its Community Housing Data Collection Form for 1997-98 relating to the demographics of households occupying community housing. This information has provided the first indication of the type and nature of households occupying community housing.

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Western Australian Government comments

“ One of the major achievements of the 1997-98 financial year was the announcement of the creation of the Ministry of Housing which will improve the coordination of Government activities in housing and its related support services throughout the State. The people of WA will benefit in the form of better housing outcomes and customer service.

Another major achievement was the clarification and resolution of the residential land functions between Homeswest and Landcorp, resulting in a rationalisation of public sector land holdings. Homeswest's role in the residential land market is directed at the supply of land for first homebuyers.

Three new contracts were signed as part of the New Living Program which incorporates the old Estates Improvement and Redevelopment strategies. This program aims at modernising housing stock and dismantling public housing estates. The program enhances community infrastructure, improves streetscapes and parks, makes effective use of townhouse complexes and encourages a sense of added security for residents. Over time it is Homeswest's aim to become self-effacing and to merge with the general community.

The number of rental applications increased slightly during 1997-98 as a result of a range of factors such as the rising cost of the private rental market and a stronger demand for secure, long term accommodation. The introduction of the Goodstart Home Loan Scheme was also another factor because eligibility for this scheme requires applicants to be either Homeswest tenants or rental applicants.

WA's commitment to reduce the waiting list was apparent in the commencement of a large construction program. As at 30 June 1998 there were 1216 units commenced under the Public Housing Program and 111 under the Aboriginal Rental Housing Program.

One of Homeswest's objectives is to assist public tenants into home ownership through sales of rental properties, and to dispose of rental stock no longer required by Homeswest. During the year 238 units were sold to tenants and 247 units (of which the majority were in areas where there is no longer a demand for public housing) were sold on the open market.

The Aboriginal Home Ownership Scheme continued to be popular, with 60 loans approved during the year. Also, 62 loans were approved under the Access Scheme, which is targeted at people with disabilities and is designed to allow these people to buy, build or modify their homes to meet their particular needs. An additional 5080 home loans were approved under the Keystart Scheme, which provides finance to households which generally would not qualify for public rental assistance but would have difficulty obtaining private sector finance.

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South Australian Government comments

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SA has a significant public housing sector with approximately 10 per cent of households in public rental. The community housing sector provides housing for less than 1 per cent of households although this sector has been growing as part of a strategy to increase housing choice and the range of housing responses which are available to meet housing need within the SA community.

In addition the SA Government is establishing an Aboriginal housing authority to manage the provision of both urban rental housing and community managed housing in rural and remote areas. A strategy is in place to increase the resources available in this area, reflecting the high level of need.

The relatively large public housing sector in SA is largely the result of building programs during the 1950s and 1960s which were influenced by broader economic objectives, including the construction of housing for working families and an expansion program during the 1980s.

This historical focus on the provision of housing for working families has left the State with large and ageing estates of three bedroom housing, many of which are on the urban fringe. With the growth in the proportion of singles and smaller households now being housed, there is often a mismatch between household type and dwelling size resulting in a higher rate of underuse than in other States. This issue is being addressed through a range of measures including active sales and redevelopment programs.

High levels of public housing combined with property market conditions have meant that SA has below average proportions of households in need at the 25 per cent rent-to-income levels and below average proportions in public housing who would be in need if they had not received assistance. Even so, the majority (over 80 per cent) of tenants in public housing receive a rent rebate because they need assistance. The profile of community housing tenants is similar.

In the past, relatively open access arrangements (home owners are excluded) has contributed to a large waiting list. Although the priority system has provided earlier access for households in acute need, applicants on wait turn can experience long waiting times.

Changes to eligibility and allocation arrangements which are focused on housing those in need more quickly will affect this.

Public housing continues to achieve relatively high levels of customer satisfaction and operates relatively efficiently according to a range of indicators such as return on equity, turnaround times, rent arrears and administration costs per dwelling.

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Tasmanian Government comments

“ Housing is one of six divisions in an agency that delivers health and human services across the State. Housing assistance is available from local service centres, in the form of public rental, community housing, home loans and subsidies to private renters. Bond, rent and relocation assistance for private renters is available from community based organisations.

A Strategic Asset Management Plan has been developed. This identifies strategies to address the oversupply of housing in an environment of negative population growth, including broadacre renewal programs, the sale of surplus homes and repositioning stock to better align demand with availability. In terms of tenancy management, a direct debit rent payment system for Centrelink recipients was introduced, the Housing Assessment System was reviewed to better manage waiting lists and the availability of Deposit Assistance gave many Tasmanian families the opportunity to purchase homes.

Tasmania rates well against accessibility to public rental housing. Waiting times are short, with approximately 66 per cent of applicants waiting for assistance less than 12 months and 45 per cent waiting less than six months. Housing Tasmania provides excellent customer service, with levels of satisfaction above the national average. Public housing is well targeted; 90 per cent of residents would pay in excess of 25 per cent of their income as rent if they had not received public subsidies. Following a rent review, affordability was maintained, with 94 per cent paying 25 per cent or less of their income as rent.

In Tasmania, negative population growth, increased affordability of home ownership through low interest rates and a depressed housing market, and high levels of provision of rental stock in both the private and public sectors result in an oversupply of rental housing, particularly in some rural and outer suburban areas. This dramatically affects a number of performance measures, particularly turnaround time and rent forgone, with high levels of client turnover and clients willing to wait for rental dwellings in particular locations. This is demonstrated by using the median instead of the average for turnaround time, which gives a total of 37 days for all properties tenanted.

Rate of return on equity has also been affected by the re-valuation of rental stock which reduced the average equity by \$72.8 million and by an increase in the level of bad debts mainly as a result of the write-off of longstanding debts from other government agencies.

Expansion of the community housing sector continues, with the establishment of a Housing Association. Managed by Red Shield Housing, transfer of stock to the association has increased the choice of housing options for people on low incomes. Community housing currently represents 3.5 per cent of social housing and consists of a wide range of models, making the collation of comparable information difficult. A community housing database was developed, and it is anticipated that this will inform future reports.

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Australian Capital Territory Government comments

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The ACT has one of the highest proportions of public housing stock of any jurisdiction, with over 12 000 dwellings or approximately 11 per cent of the ACT's dwellings. A large proportion of this stock requires urgent upgrade or maintenance to bring it up to acceptable standards. A high proportion of this older stock is in inner areas with high land values, thereby resulting in a low return on equity.

Consequently, there has been further development of ACT Housing's asset management strategy. The key objectives of this strategy are to match stock more closely to clients' needs; reduce stock in areas of high concentration; acquire stock in developing areas; and rejuvenate stock (and reduce lifecycle costs and stock degradation). An increasing focus of the capital program is the provision of housing for older persons, redevelopment options for the larger multi-unit sites and the modification and acquisition of dwellings for people with special needs (for example, people with disabilities).

The Auditor-General recently concluded that delivery of housing assistance through the public housing system had been very effective. Improvements in the efficiency of the delivery of assistance are being addressed through a wide range of measures.

The continuing focus on improving customer service has been reflected in an improvement in some satisfaction ratings over the last three years, particularly in relation to the condition and location of homes, treatment by staff and non-emergency maintenance. Increased overall satisfaction has been achieved through regional approaches to tenant and stock management. ACT Housing will continue to build on these encouraging improvements.

Total debt has fallen from \$7.4 million at 30 June 1996 to \$3.9 million at 30 June 1998 as a result of the creation of the debt management unit and the new regional office structure, which has resulted in earlier and more vigorous intervention on debt.

The Government's commitment to the expansion of the community housing sector was evidenced by the establishment of Community Housing Canberra Ltd, which will oversee the transfer of 200 properties from public to community management and the expansion of the sector. There will be ongoing effort to improve the quality of community housing performance information data.

The 1997-98 financial year saw the finalisation of the purchaser/provider split within the housing portfolio and the ongoing reform of housing assistance with the introduction of a new pricing structure from 1 July 1998. Further reforms to focus housing assistance to those tenants most in need are being investigated.

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Northern Territory Government comments

“ Delivery of housing outcomes in the NT has been heavily influenced by historic economic and social development policies promoting housing for all. Since 1991, and the introduction of means testing, the focus has changed to providing public housing for those most in need.

Partly as a result of these earlier policies, the proportion of the NT population that now lives in public rental housing is the highest of all States and Territories, while the proportion of home owners is the lowest.

To better target housing outcomes for those most in need, a package of reforms was announced by the Government in April 1998. These measures were introduced to provide more equitable access to accommodation for those most in need, and to increase the level of home ownership in the NT.

The reforms introduced include:

- applying an eligibility test to currently non-rebated tenants;
- marketing the home ownership schemes to those tenants who do not meet current eligibility criteria;
- increasing the proportion of income paid as rent by all new tenants;
- raising rents to market levels for ineligible tenants; and
- undertaking a construction program of one and two bedroom units over five years.

These measures will ensure that those most in need will benefit from public housing, while those with the financial means will pay market level rent or will choose to purchase, thereby increasing the home ownership rates in the Territory.

The NT Government remains committed to improving indigenous housing and has entered into a bilateral agreement with the Commonwealth and the Aboriginal and Torres Strait Islander Commission to establish an indigenous housing organisation, the Indigenous Housing Authority of the NT. It is important to note that this authority administers remote indigenous housing, so this Report does not include indigenous housing in the remote areas of the Territory.

High market rents throughout the NT, and the lack of a private market in remote centres such as Nhulunbuy, combine to mean that public housing is the only option for many in the NT.

It is pleasing to note that the results in this report show that the NT has above average results in targeting those most in need and in matching household size and dwellings, and has exceeded the agreed level of newly allocated households.

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