

Committee Secretary



Dear Committee Secretary,

Submission to the Economics Legislation Committee Review of the Provisions of the Treasury Laws Amendment (National Housing and Homelessness Agreement) Bill 2017

Homelessness Australia is pleased to provide this submission to the Economics Legislation Committee on the provisions of the *Treasury Laws Amendment (National Housing and Homelessness Agreement) Bill 2017* (hereafter called the Bill), which seeks to legislate the framework for the proposed National Housing and Homelessness Agreement.¹

Homelessness Australia is the national peak body for homelessness in Australia. It provides systemic advocacy for the homelessness sector.

We are deeply concerned that the proposed Bill risks undermining the provision of affordable housing options targeted to those who are most vulnerable to homelessness.

While we support the stated intent of the Bill to achieve 'stricter accounting for results' and increased supply of social housing, we do not believe these outcomes will be achieved by the Bill in its current form.

Context

This Bill was introduced into Federal Parliament in a context in which:

- there is no national policy or plan in relation to either housing or homelessness
- we have a shortfall of half a million properties affordable to people on the lowest incomes
- the last serious investment in social housing growth was the stimulus investment in response to the global financial crisis of 2008
- Federal investment in social housing through the NAHA, and the CSHA preceding it, has for decades been at a level inadequate to achieve the growth needed to meet need

¹ Homelessness Australia thanks the Australian Council of Social Service (ACOSS) for their in depth analysis of the Bill, which has assisted the development of this submission.

- Australia's national homelessness policy settings have not had a significant update since the Rudd Labor Government's The Road Home policy of 2008/9
- Australia's major investments in homelessness services are the crisis responses developed in the 1990's under SAAP and demonstration projects funded through the NPAH flowing from that period, and
- Australia's housing tax settings actively contribute to housing price inflation, and fail to stimulate investment in low cost rental housing.

Critical solutions needed to address this housing affordability crisis, and increasing rates of homelessness, include the development of a national affordable housing strategy that includes:

- reform of federal policy drivers of the housing affordability crisis, including taxation
- new investment to drive significant growth in social housing,
- new incentives to stimulate private sector investment in affordable housing
- reform of Commonwealth Rental Assistance to ensure low-income earners have adequate purchasing power in the rental market, and
- commitments from state and territory governments to match new funds with state investments and other state actions to leverage new supply.

A national strategy to end homelessness requires additional funding to take demonstrated best practice to scale across the country and federal action to address the major *drivers* of homelessness, including:

- domestic and family violence
- inadequate availability of low cost rental housing, and
- inadequate level and security of incomes for people reliant on social security payments.

The Federal Government has taken none of these critical steps. Instead the Bill as proposed:

- requires only state and territory government to produce housing and homelessness plans
- introduces mechanisms that are likely to result in funding gaps and cuts, and
- broadens the scope of funding priorities to shift resources to less vulnerable cohorts.

The need for a national affordable housing plan

The Federal Government has policy responsibility for most of the critical drivers of Australia's housing affordability crisis. A national housing plan, developed collaboratively with the states and territories, also has capacity to leverage additional funding, and other actions within state policy jurisdiction.

Unfortunately, the Bill in its current form does not include any requirement on the Federal Government to deliver a plan, and instead in the Bill's [Explanatory Memorandum](#) shifts blame to the states and territories for outcomes that are primarily driven by federal policy drivers, including increasing homelessness, and housing stress in the rental market.

Change is needed in the Bill to more effectively capture the shared responsibility and shared capacity of both the Federal Government and states and territories to contribute to achievement of outcomes.

RECOMMENDATION 1: Where the legislation currently imposes a requirement on States to develop housing and homelessness plans, we propose that this requirement apply equally to the Federal Government, so that the new agreement forms part of a new national housing affordability and homelessness strategy.

The need for additional federal investment in social housing

In 2017, 195,000² Australian households are on social housing wait lists. For many, the wait is indefinite. Each year, 288,000³ Australians came to homelessness services for assistance, and that number is only expected to grow. Australia is in the midst of a housing and homelessness crisis.

Yet the Federal Government has failed to deliver any new funding to support the increased number of people experiencing homelessness every day. Over 66,000 people⁴ were turned away from a homelessness service last year without receiving any support. Meanwhile there is a shortfall of 458,000 affordable homes across Australia.⁵

Given that young people represent 52% of the homeless population while representing only 12.3% of the general population, we would also advocate that the Bill require that primary housing agreements include allocated funding specific to supporting young people experiencing homelessness.

It is plain that more must be done. Yet the Federal Government has indicated it will not commit to any new funding for social housing growth.

RECOMMENDATION 2: The National Housing and Homelessness Plan proposed in this submission as an inclusion in the legislation needs to be underpinned by additional growth funding to boost the supply of housing available to low income households and those at risk of or experiencing homelessness, and fund additional support services taking best practice to scale across the country.

The potential for funding gaps and cuts to social housing and homelessness

The Bill includes a mechanism to terminate the current ongoing National Specific Purpose Payment, through which funds are guaranteed to flow to the states and territories from the Commonwealth under the National Affordable Housing Agreement (NAHA), as of 1 July 2018.

The guaranteed and ongoing funding would be replaced by a conditional agreement, with conditions to be based on a federal assessment of the credibility of state housing plans, and on *any 'other matters'* to be included in bilateral supplementary agreements.

The new agreement would also include federal funds currently flowing to the states under the National Partnership Agreement on Homelessness (NPAH).

The conditions included in the Bill, introduce mechanisms by which the Federal Government could potentially withhold funding to the states and territories, if targets imposed by the Federal Government aren't achieved.

² Based on Steering Committee for the Review of Government Service Provision data, Report on Government Services 2017

³ Australian Institute of Health and Welfare, *Specialist Homelessness Services Collection*, 2017

⁴ Ibid

⁵ Hulse, K., Reynolds, M., Stone, W. and Yates, J., (2015) Supply shortages and affordability outcomes in the private rental sector: short and longer-term trends, AHURI Final Report No.24 Melbourne: Australian Housing and Urban Research Institute. Available from: <http://www.ahuri.edu.au/publications/projects/p51018> .

Given that the Federal Government has sought to blame the states for not achieving targets in the NAHA (such as a reduction in homelessness) that are primarily driven by federal policy drivers (see 1.14 in the [Explanatory Memorandum](#)), the likelihood of the Federal Government imposing unrealistic conditions on the states needs to be a consideration.

The Bill imposes a particular funding risk for 2018, with the termination of the NAHA funding. This means no funding will flow to the states for housing and homelessness until they have signed a new primary agreement (between the Federal Government and all the states and territories) *and* a supplementary agreement (between each state separately and the Federal Government). This places the states in an extremely poor situation to negotiate fair and realistic targets. A process that is more likely to maximize outcomes would see the current arrangements continue until a national agreement has been agreed, and signed by all the states and territories and the Federal Government.

Should funding to states and territories for housing and homelessness services be cut, the 394,000⁶ Australian households who currently reside in social housing would be put at risk of homelessness, and services to the 288,000⁷ Australians who access specialist homelessness support in a year would be reduced.

RECOMMENDATION 3: That the Bill be amended to clarify the scope of the legitimate funding conditions, including that the term ‘credible’ to describe the required state housing plans be clearly defined, and that any additional requirements to be included in designated agreements be identified.

RECOMMENDATION 4: That the transitional arrangements be amended so that the new funding arrangements do not come into effect until all the states and territories have agreed to a new primary (multiparty) agreement, and that supplementary bilateral agreements are removed as a condition of funding. This would require a commitment to extend the NAHA and NPAH if the new agreement was not completed by 30 June 2018.

RECOMMENDATION 5: That the consequences of the states not meeting targets set be made clear, and specifically not include financial penalties that will impact on funding for housing and homelessness services for people on low incomes. Instead of financial penalties, we propose that governments that are not meeting set targets be required to provide a public explanation, and develop and publish a plan to improve performance.

⁶ Based on Steering Committee for the Review of Government Service Provision data, Report on Government Services 2017

⁷ Australian Institute of Health and Welfare, *Specialist Homelessness Services Collection*, 2017

Redirecting funding to less vulnerable cohorts

Funding in the current NAHA is primarily used for provision of public housing that is targeted to the lowest income households, and for delivery of homelessness services. Already the resources available to these programs are too little to meet the greatly increased demand that we have seen since the housing and homelessness crisis began.

The Bill outlines that the scope of the NHHA will be broader to include housing affordability in the broader residential property market. This could include provision of affordable housing and low cost home ownership products. However, no additional funding is planned to be committed to achieve these broader outcomes. Given that the current level of resources is already busy delivering homelessness services, and housing targeted to the lowest income households, a broader scope could only be achieved by redirecting those resources away from the most vulnerable households.

RECOMMENDATION 6: The legislation be amended to require that each state and territory and the Federal Government should have housing plans that indicate the level of housing supply needed to respond to housing demand, and that outlines the reforms and initiatives that will be implemented to meet this need **giving priority to addressing homelessness and meeting the needs of people on low incomes.**

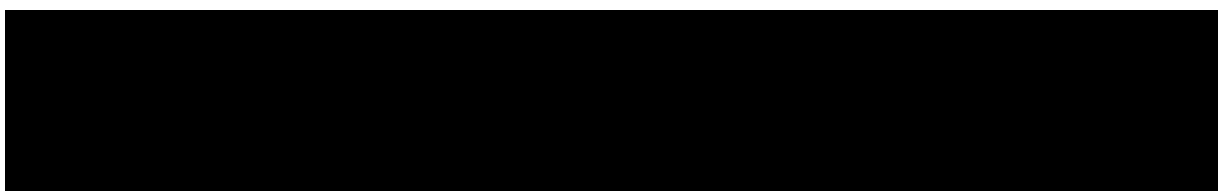
Conclusion

Homelessness Australia believes that the *Treasury Laws Amendment (National Housing and Homelessness Agreement) Bill 2017* fails to provide an adequate response to the housing and homelessness crisis in Australia. By making existing funding for housing and homelessness conditional, it not only puts already inadequate funding at risk, but risks further punishing the victims of the housing crisis for federal inaction on housing affordability.

It is not appropriate that during the housing and homelessness crisis the Federal Government should seek to cut funding to social housing and homelessness services, either by making the funding conditional, or by moving it to general affordability measures.

Instead we call for new funding to address the housing and homelessness crisis, and a national plan to end homelessness and deliver the housing and support needed to enable low income households to both get and keep a home.

Yours sincerely



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