

CHAPTER 6

HOUSING

*Housing is a linchpin of social inclusion. Until security of tenure is stable, other issues relating to economic vulnerability cannot be addressed. Shelter is a basic requirement and it is the foundation on which one's sense of belonging is established.*¹

6.1 Housing is a basic human need and plays a crucial role in determining whether or not people live in poverty and in a society's ability to realise broader social outcomes. The fundamental role of secure housing was described in one submission:

Affordable housing can play an important role in reducing poverty by providing households with more income to access essential services and enjoy opportunities to participate in the economic, social and cultural life of their community. In this way, access to affordable housing has the potential to prevent the inter-generational transmission of poverty and disadvantage.²

6.2 Housing can provide, *inter alia*, a stable base for people to find a job, undertake study and training, participate in family and community activities, and access local services.³

Housing and poverty

6.3 There is an extensive literature on the links between housing and poverty. In most studies of 'before' and 'after housing' poverty – that is, after housing costs are included – the rates of after housing poverty are significantly higher than those of before housing poverty. A study commissioned by the Smith Family estimated that in 2000, 17.5 per cent of the population were in 'after housing' poverty while 13 per cent were in poverty prior to housing costs being taken into account.⁴ These figures reflect the fact that the housing costs of the poor are a more significant proportion of their income than for middle and upper income families. Taking housing costs into account thus increases the relative financial deprivation suffered by lower income households. Figure 6.1 shows the poverty rates for renters and boarders are significantly higher than for homeowners or purchasers and increases significantly for this group after

1 *Committee Hansard* 2.5.03, p.228 (Salvation Army).

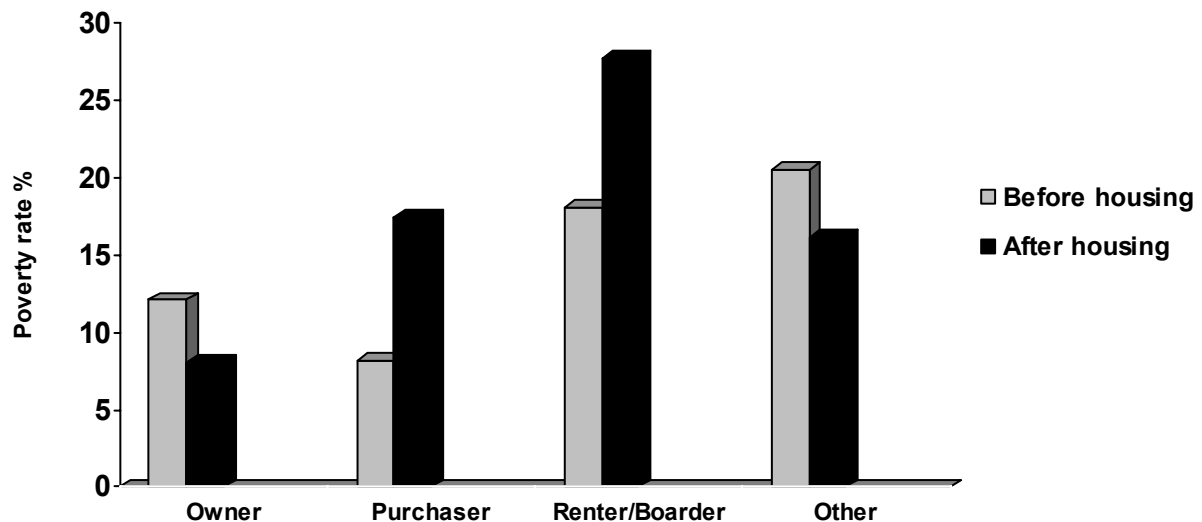
2 *Submission* 129, p.33-34 (Queensland Government).

3 *Submissions* 163, pp.145-46 (ACOSS); 144, p.10 (Tenants Union of Victoria). See also AIHW, *Australia's Welfare 2003*, pp.162-165.

4 Harding A, Lloyd R & Greenwell H, *Financial Disadvantage in Australia, 1990 to 2000*, The Smith Family, 2001, p.18.

their housing costs have been taken into account – from 18 per cent (on a before housing basis) to 28 per cent (on an after housing basis).

Figure 6.1: Estimated poverty rates for individuals in 2000, by housing tenure, before- and after- housing costs^a



^a Using the half average income poverty line (Henderson equivalence scale).

Source: Harding A, Lloyd R & Greenwell H, *Financial Disadvantage in Australia, 1990 to 2000*, The Smith Family, 2001, p.19.

6.4 Tenants in public housing, as well as being poor, also often face compounding stress factors in their lives. One witness noted that a significant stress factor on public housing estates is loneliness – and loneliness brings isolation, fear and a lack of confidence. People are often afraid to go out in the larger housing estates, and many residents, particularly female sole parents, are preyed upon by others due to their vulnerability.⁵

6.5 Housing is usually the single greatest cost facing most households, particularly for low income earners. Housing costs have increased rapidly over the last decade. At the same time, however, the availability of 'affordable housing' – that is housing that low income households can afford without experiencing housing stress – has declined. 'Housing stress' refers to people having to pay such a significant proportion of their income for housing that they suffer severe financial consequences. It generally refers to those households who pay 30 per cent or more of their household income in housing costs. Households in the bottom 20 percent of the income distribution are especially vulnerable to housing stress. ACOSS stated that a quarter of a million people currently experience housing stress and if this trend continues the number will be one million by 2020.

5 *Committee Hansard* 26.5.03, p.362 (SVDP – Riverwood Conference).

Housing and poverty

The cost of housing is a major contributor to poverty. Housing affordability in the major population areas is at an all-time low.

Today's Australian housing market is characterised by:

- relentlessly rising housing prices and a growing 'housing affordability crisis';
- an increasing 'mismatch' between housing need and housing outcomes, resulting in both over-crowding and rising short-term and chronic homelessness;
- a decrease in private rental low-rent dwellings, especially in our capital cities;
- increasing social segregation expressed spatially in the creation of homogeneous enclaves of rich and poor residents within the metropolitan areas and in greater socio-economic divisions between city and country; and
- the creation of a vicious circle of multiple disadvantage in marginalised areas, raising the spectre of 'social exclusion' and the inter-generational perpetuation of unemployment and disengagement.

Submission 102, pp.9-10 (Shelter NSW).

6.6 Despite the recent housing boom, Australia has experienced a continuing decline in the stock of affordable housing and is facing a housing affordability crisis. Nationally there is an estimated shortage of 150 000 units of affordable housing.⁶ Those living in private rental are most affected by the housing crisis. A recent joint study by National Shelter and ACOSS found that in 2001-02:

- over one-third (35 per cent) of Commonwealth Rent Assistance (CRA) recipients (approximately 330 360 people) spent more than 30 per cent of their income on rent and were in housing stress;
- almost one in ten (9 per cent or approximately 85 000 people) spent more than 50 per cent of their income in rent and were in extreme housing stress; and
- in most of the major population areas the maximum amount of CRA paid is insufficient to ensure that households can live free of housing stress – this is especially so in inner Sydney and inner Melbourne.⁷

6.7 An earlier study by the Brotherhood of St Laurence (BSL) reported similar findings. The study found that in 1996, almost three-quarters of lower income private tenants in Melbourne were in housing stress, an increase of 13.5 percent from a

6 *Submission 163, p.145 (ACOSS).*

7 National Shelter & ACOSS, *Rent Assistance: Does it Deliver Affordability?*, September 2003, pp.4,10.

decade earlier. Similarly, in Sydney, 47 per cent of lower income households were estimated to be experiencing housing stress in 1999, an increase of 50 per cent since 1986.⁸

Homelessness

6.8 The most extreme example of housing stress is being homeless. Homelessness in Australia was described during the inquiry as a 'national disgrace'.

It is an appalling sight to see men setting up a tent city in Talbot Place in Sydney, outside the Matthew Talbot Hostel, which is the largest men's hostel in the Southern Hemisphere. Men from our area [Lismore] go to Sydney to get accommodation because they cannot find it in our area. They also cannot find it in Sydney. We are at risk of mirroring cities in India where people sleeping on the street is almost the norm and is accepted.

Committee Hansard 1.7.03, pp.853-54 (St Vincent de Paul, Lismore).

6.9 Since the 1980s the issue of homelessness has been the subject of several significant reports. A major report by the Human Rights and Equal Opportunity Commission into youth homelessness, chaired by Brian Burdekin, reported in 1989. The report highlighted the plight of homeless youth, estimating that there were at least 20 000 to 25 000 homeless children and young people nationally at that time. The report called for urgent government and community responses to this extremely serious social problem.⁹ Evidence to this inquiry confirmed many of findings of the Burdekin report, including the link between homelessness and poverty. Several of the issues raised in the report are still current and need to be addressed.

6.10 One of the most significant causes of homelessness in Australia is the inability of some people to access affordable housing. Other key factors are poverty and unemployment. Any of these factors alone or together place people at risk of homelessness. Combined with other factors such as poor health, disability or the experience of violence, people are at higher risk of homelessness.

6.11 The estimated number of homeless people in Australia on Census night in 2001 was 100 000. While this has declined slightly from the estimated 105 300 homeless people identified on Census night in 1996,¹⁰ it remains an unacceptably high number.

8 *Submission 98, p.19 (BSL).*

9 Human Rights and Equal Opportunity Commission, *Our Homeless Children: Report of the National Inquiry into Homeless Children*, 1989.

10 Chamberlain C & MacKenzie D, *Counting the Homeless 2001*, ABS, November 2003, p.2. See also *Submission 57, 8 (AFHO); Committee Hansard 20.6.03, p.723 (AFHO).*

Homeless in Australia – An Analysis of 2001 Census data on homelessness

- There were 74 280 homeless households in the 2001 Census, compared with 72 850 in 1996. In 2001, 78 per cent were single person households, 13 per cent were couples, and 9 per cent were families. These findings are similar to 1996.
- Over half (54 per cent) of the homeless population were aged 25 years or older, including one-quarter (24 per cent) who were 45 years or over. However, 36 per cent were young people aged 12-24 years, and another 10 per cent were children under 12 years accompanying adults.
- Overall there were more males in the homeless population (58 per cent), but women are now a substantial minority (42 per cent), compared with 30-40 years ago.
- Indigenous people are more likely to experience homelessness than other Australians – overall, 2 per cent of the population identify as Indigenous, but 9 per cent of the homeless were Indigenous.
- Approximately 60-70 per cent of people in improvised dwellings, boarding houses and SAAP experience a sustained period of homelessness (six months or longer).¹¹

6.12 The study of the 2001 Census data concluded that there are now more women in the homeless population, more young people, and a significant minority of families – although there are still homeless people who confirm to the old 'skid-row' stereotype. The study also stated that it is clear that the homeless population 'has increased over the past 40 years, but there is no quantitative data on the rate of increase'.¹²

6.13 Evidence to this inquiry confirmed that the rate of homelessness has increased in recent years, although this is not reflected in the latest Census figures. The SVDP Society indicated that in Sydney the Society worked with 23 000 homeless people in 1998, however, this had increased to 43 000 cases in 2002.¹³ QCOSS also stated that there had been a 'massive increase' in homelessness in Queensland – 'this is borne out by supported accommodation data, although that data only counts the number of people that are being serviced by the service system that is funded under SAAP and therefore only counts quite a small proportion of the real level of homelessness'.¹⁴ The BSL also noted that in 2001-02 there had been an increase of 5 per cent in the number of people using homelessness services over the previous year.¹⁵

11 *Counting the Homeless*, pp.1-8.

12 *Counting the Homeless*, p.8.

13 *Committee Hansard* 26.5.03, p.357 (SVDP – Sydney). See also *Committee Hansard* 2.7.03, pp.967-68 (SVDP – Wollongong).

14 *Committee Hansard* 4.8.03, p.1194 (QCOSS).

15 *Submission* 98, p.20 (BSL).

6.14 Various population groups experience homelessness differently:

- for Indigenous Australians, various forms of discrimination and extreme socio-economic disadvantage, are central causes of homelessness;
- for women, homelessness is most often closely linked to domestic and family violence;
- for young people, homelessness is strongly linked to family abuse and violence, family conflict and unemployment; and
- for families, the lack of suitable rental housing, low vacancy rates in the private rental market, gambling and unemployment are central causes of homelessness.¹⁶

6.15 Many long-term residents of caravan parks are also at increased risk of homelessness – the range of risk factors include failure to pay rent, park closures, and lack of security of tenure, including lack of written occupancy agreements and often a lack of appeal rights. Many long-term residents move to caravan parks because there is no other suitable alternative accommodation – many are unemployed or on sickness benefits or no longer in the active workforce.¹⁷

Living in a caravan park

Several families I have worked with live in the local caravan park. Moving into this environment is usually a financial decision, a last resort and an embarrassment to all family members. These families became more isolated from all their previous associations because of distance, the cost and the irregularity of public transport, and not wanting others to know about their deprived living situation. Children will not invite their friends over, saying, there is not enough space and I will be harassed about our "povo life". Children roam the street connecting with anyone who is in the same situation.

Consider having to walk up the road to go to the toilet or have a shower, allowing your young children to play in the street because there is no room in the one bedroom caravan that accommodates 4 people.

Family members feel bad about themselves they start to take medication (legal and illegal) to get through the day. Family life falls apart, children stop going to school, there is lots of fighting and then violence, children run away and attach to undesirable groups of people, or anyone who provides a roof overhead.

Submission 131, Hunter Council of Social Services, case studies provided as additional information, 29.5.03.

16 *Submission 57*, p.9 (AFHO). See also AIHW, *Australia's Welfare 2003*, pp.389-90.

17 AHURI, *On the Margins? Housing Risk among Caravan Park Residents*, August 2003, pp. i-v. See also *Submission 16*, pp.1-3 (Mr Bollard).

6.16 The Australian Federation of Homelessness Organisations (AFHO) argued that Commonwealth and State Governments need to increase private rental and home purchase assistance for lower income people to address the issue of homelessness. AFHO cautioned, however, that the provision of housing alone is unlikely to address issues of homelessness and poverty for many people. Access to general support and counselling services, access to mental health and other health services, and legal assistance and advocacy are critical in assisting a significant proportion of the homeless population to secure and maintain appropriate housing over the longer term.¹⁸

Supported Accommodation Assistance Program

6.17 The Supported Accommodation Assistance Program (SAAP), which is jointly funded by the Commonwealth and the States, provides transitional supported accommodation and other services to people who are homeless or at risk of homelessness. In 2001-02, there were some 1300 SAAP agencies across Australia, assisting on average some 20 000 people per day. SAAP agencies not only offer accommodation services, but other services such as employment and training assistance and a range of counselling services.¹⁹

6.18 The current SAAP (SAAP IV) is currently being evaluated and AFHO indicated that 'to date we do not have a commitment to there being a SAAP 5'.²⁰ The evaluation is due to be completed in April 2004. AFHO expressed strong support for the continuation of SAAP arguing that it is a 'world-class' program with an effective national focus. AFHO added that:

SAAP as a crisis program interfaces with a whole lot of other mainstream programs, and we believe it is crucial that that is linked up at a national level...We also believe that the value of SAAP is that it is a joint Commonwealth-state program and it is a special purpose payment. We would certainly like to see SAAP remain that way...We do believe that homelessness is a national issue and we see that one of the values of SAAP has been the working together of the Commonwealth and the states and territories.²¹

6.19 The Australian Institute of Health and Welfare (AIHW) also noted that SAAP 'has been widely recognised as a world-class program...It is not only an important part of Australia's overall response to homelessness, but also an integral part of Australia's

18 *Submission 57*, p.14 (AFHO).

19 *Submission 165*, p.43 (FaCS).

20 *Committee Hansard 20.6.03*, p.724 (AFHO).

21 *Committee Hansard 20.6.03*, p.724 (AFHO).

broader social safety net'.²² While supporting crisis accommodation programs, it was emphasised during the inquiry that the solution to homelessness cannot solely centre on these programs. One witness noted that 'crisis accommodation only hides the problem. That is not to suggest that we should not be providing crisis accommodation, but the solution must be affordable, accessible, long term housing'.²³

Conclusion

6.20 The Committee believes that SAAP provides a range of valuable services to homeless people and is an important part of the social security 'safety net' arrangements for a particularly vulnerable section of the community.

6.21 The Committee notes the evaluation of the program is due to be completed in April 2004 and considers that the Commonwealth Government should give a firm commitment to the continuation of the program.

Recommendation 16

6.22 That the Commonwealth Government provide a commitment to the continued operation of the Supported Accommodation Assistance Program.

Groups with special housing needs

6.23 In addition to homeless people or those at risk of becoming homeless, as discussed above, several other groups on low incomes who, because they suffer from social or physical disadvantage, often find it difficult to access affordable housing. These groups include Indigenous people, people with disabilities, people from certain ethnic backgrounds, single people with children, and the aged – especially the frail aged.

6.24 The particular housing needs of these groups are discussed in more detail in chapters 11, 13, 15 and 16. These groups often find it difficult to access the private rental market and increasingly rely on public and community housing to address their housing needs. Issues relating to public housing and access and affordability generally are discussed below.

Addressing housing access and affordability

6.25 A number of measures were suggested during the inquiry to address housing access and affordability for people on low incomes. These included:

- the provision of public and community housing;

22 *Australia's Welfare 2003*, p.401.

23 *Committee Hansard 30.4 03*, p.46 (Anglicare Victoria).

- rent assistance;
- private investment in low-cost housing;
- homeownership;
- tenants' rights and tenancy databases; and
- the development of a national housing strategy.

Public and community housing

6.26 Public housing comprises those dwellings owned (or leased) and managed by State and Territory housing authorities. Australia has relatively low levels of public housing – about 5 per cent of all households live in public housing tenures, the proportion ranging from 3 per cent in Queensland to 13 per cent in the Northern Territory.²⁴

6.27 Community housing is rental housing provided for low to moderate income or special needs households managed by community-based organisations that are at least partly subsidised by government. Community housing models vary across jurisdictions. This form of housing aims to provide a choice of housing location, physical type and management arrangements. Some forms of community housing also allow tenants to participate in the management of their housing. As at June 2003, there were some 337 959 public housing dwellings occupied nationally with a further 29 367 community housing dwellings.²⁵

6.28 Public housing is funded jointly by the Commonwealth and the States under the Commonwealth State Housing Agreement (CSHA). Under this program, public housing tenants pay no more than 25 per cent of their income in rent. The new five-year CSHA commenced on 1 July 2003. The Agreement provides funding of \$4.75 billion over five years for primarily public housing, but also for community, Indigenous and crisis housing. The Agreement includes provision for bilateral housing agreements between the Commonwealth and the State/Territories, allowing each jurisdiction more flexibility in delivering housing assistance according to its priorities and circumstances.²⁶

6.29 Public housing provides an essential avenue by which many low income households are able to secure affordable and appropriate housing of an adequate standard. Evidence indicates, however, that the steady decrease in funding to public housing; increased maintenance costs and the costs of upgrading the public housing

24 *Australia's Welfare 2003*, p.188.

25 *Report on Government Services 2004*, Vol.2, pp.16.9-16.11.

26 *Report on Government Services 2004*, Vol.2, pp.16.9-16.11.

stock; and increasing demand for affordable housing, is threatening the long-term viability of the system.²⁷

6.30 Table 6.1 shows Commonwealth and State funding for the CSHA and funding for Commonwealth Rent Assistance (CRA) over the period 1992-93 to 2001-02. The Table indicates that real funding for the CSHA has been generally declining over the period under review.

Table 6.1: Government expenditure on CSHA assistance and CRA

	CSHA assistance		CRA	
	\$m	2001-02 \$m	\$m	2001-02 \$m
1992-93	1485.4	1758.7	1199.0	1419.6
1993-94	1419.6	1662.5	1401.0	1640.8
1994-95	1509.6	1649.4	1453.0	1688.2
1995-96	1489.8	1688.4	1552.0	1758.9
1996-97	1353.4	1510.1	1647.0	1837.7
1997-98	1207.4	1328.4	1484.0	1632.7
1998-99	1276.6	1402.3	1505.0	1653.2
1999-2000	1331.0	1431.0	1538.0	1653.6
2000-01*	1406.5	1442.7	1717.0	1761.2
2001-02*	1392.3	1392.3	1815.0	1815.0

*CSHA expenditure in 2000-01 and 2001-02 contained \$89.7 million of GST compensation paid to State and Territory Governments.

Source: Department of Family and Community Services, Annual Reports (various years); *Housing Assistance Act 1996*, Annual Reports (various years); ABS, *National Accounts: National Income, Expenditure and Productivity*, Cat. No. 5206.0.

6.31 Submissions also commented on the decline in funding for the CSHA. ACOSS stated that expenditure on the CSHA has declined in real terms since the 1980s, and between 1984-85 and 1994-95 ACOSS estimated that per capita levels of spending on social housing via the CSHA declined by 25 per cent.²⁸ This decline in funding levels was confirmed in the recent *Report on Government Services 2004*. The report stated that expenditure on CSHA assistance declined in real terms by approximately 18.6 per cent between 1993-94 and 2002-03. Expenditure on CRA increased by approximately 9.8 per cent in real terms over the same period.²⁹

27 *Submissions* 163, p.144 (ACOSS); 144, p.10 (Tenants Union of Victoria).

28 *Submission* 163, p.144 (ACOSS). See also *Submission* 98, p.21 (BSL).

29 *Report on Government Services 2004*, Vol 2, p.16.6.

6.32 The Queensland Government noted that historically CSHA grants have not been indexed for inflation, and have declined in absolute terms since 1996 when the Commonwealth began applying 'efficiency dividends'. As a result, the States are left with public housing infrastructure that can no longer be sustained with current levels of funding. The Queensland Government, referring to features of the 2003 CSHA which introduces indexation, but also continues to apply efficiency dividends – noted that the Agreement 'will still result in a decline in the real value of funding'.³⁰ Waiting lists for public housing have also increased – the waiting list for public housing in NSW alone is 90 000 to 100 000.³¹

6.33 Concerns were also expressed at the increasing 'welfarisation' of public housing. Over the last decades public housing has been increasingly rationed to the most disadvantaged in the community whereas historically it provided affordable housing for low to moderate income households.³² Most new tenants are now on some form of Centrelink payment or benefit – being on a low income of itself is therefore no longer the main criteria for being eligible for public housing. Approximately 80 per cent of households renting from State housing authorities in 1997-98 relied on pensions and benefits as their principal source of income. Although people with a disability represented 17 per cent of the total population aged between 15-64 years in 1998, 39 per cent of public housing tenants of this age group in 1998 were people with a disability.³³ In June 2002, of all income units in public housing almost one in three contained an adult with a disability.³⁴

6.34 Submissions noted that current Government policy favours the targeting of scarce affordable housing resources to those with the highest – and often the most complex – needs and with low incomes. The Tenants Union of Victoria noted that because of the tight targeting, households experiencing *only* affordability problems, and 'working poor' households are either waiting for excessively long periods for allocation of a property, or are excluded from the system altogether.³⁵

6.35 ACOSS noted that the social housing system cannot be sustained if both income-related rents and targeting remain. ACOSS also noted that public housing is carrying significant unfunded maintenance and redevelopment liabilities, and faces a cash flow crisis which has meant virtually no new stock has been added nationally as capital

30 *Submission* 129, p.34 (Queensland Government).

31 *Committee Hansard* 27.5.03, p.456 (Shelter NSW).

32 *Committee Hansard* 30.4.03, p.49 (Catholic Social Services Victoria); 27.5.03, p.456 (Shelter NSW).

33 *Report on Government Services 2004*, vol 2, p.16.9.

34 *Australia's Welfare 2003*, pp.191-92.

35 *Submission* 144, p.11 (Tenants Union of Victoria).

funding has been used to meet this gap.³⁶ The level of public housing stock at the national level has declined from 362 967 dwellings in 1999-00 to 354 124 dwellings in 2001-02.³⁷ The BSL advised that annual additions nationally to public housing have declined from between 10 000 and 15 000 to less than 5000 dwellings in the last few years. The Brotherhood noted that internal revenue now generated in Victoria's public housing only covers the cost of rental operations but is not sufficient to fund the acquisition of new stock, improvements to older stock or redevelopment of estates.³⁸

6.36 Submissions argued that it was vital that a viable public housing system be maintained and be adequately funded.³⁹ Shelter NSW stated that:

It is...vital for capital funding levels to increase substantially, given that funding reductions together with increased targeting of public housing to at-risk groups have led to a steep decline in new construction (combined with a blow out in waiting lists) and an equally steep decline in rental returns with higher percentages than ever of tenants on statutory benefits.⁴⁰

6.37 The provision of a viable public housing system would, however, require considerable expenditures. Shelter NSW estimated that it would cost \$2 billion a year to provide a sustainable system in NSW alone – 'you have 130,000 units of public housing and we are talking about tripling that. It is a lot of money. But then you would end up with a sustainable social housing system which would house not just very poor people but up to moderate income people'.⁴¹

6.38 The use of private capital to finance public and community housing is sometimes cited as a way of increasing stock without increasing the level of government funding. This Committee's 1997 report into housing assistance drew attention to a number of overseas countries, for example, the United Kingdom and the Netherlands, where private institutional investors are a significant source of funding for public and social housing.⁴²

6.39 Recent CSHAs have encouraged the States to use Agreement funds for arrangements involving investment from the private sector into public housing. In

36 *Submission* 163, p.145 (ACOSS).

37 *Australia's Welfare 2003*, p.188.

38 *Submission* 98, p.21 (BSL).

39 *Submissions* 166, p.22 (The Salvation Army); 77, p.6 (Melbourne Citymission); 144, p.12 (Tenants Union of Victoria).

40 *Submission* 102, p.17 (Shelter NSW); *Committee Hansard* 27.5.03, pp.455-57 (Shelter NSW).

41 *Committee Hansard* 27.5.03, p.460 (Shelter NSW).

42 Senate Community Affairs References Committee, *Report on Housing Assistance*, December 1997, p.80.

recent years there has been a trend towards greater involvement of the private sector in the provision of this form of housing. Indeed, one of the objectives under the 2003 CSHA is to 'promote innovative approaches to leverage additional resources into Social Housing, through community, private sector and other partnerships'.⁴³

6.40 Several States have promoted greater private and community sector involvement in the area of public housing provision. In Victoria, the 2000-01 State Budget provided \$94.5 million over three years (2000-03) for the Social Housing Innovations Project. The aim of the Project is to develop joint housing ventures with local government bodies, non-government organisations and private sector companies. At June 2002, 66 such joint ventures had been announced across the State. Queensland is also looking at ways of using the community and private sectors in the provision of affordable housing. One example is the establishment of the Brisbane Housing Company, which procures homes in inner Brisbane to rent to people on low or moderate income. It is a 'partnership' arrangement between government, community groups and the private sector. Western Australia is also increasing the range of alternative housing solutions by expanding its community housing sector and bond assistance scheme, as well as maximising the ability of housing providers to access private investment. In 2000-01, private investments in public/community housing totalled \$450 000 compared to \$300 000 in 1999-2000.⁴⁴

6.41 Some reservations were expressed with the concept of public-private partnerships. The Tenants Union of Victoria stated that while there were many theoretical models 'there is no real practical experience in the Australian context of that working'. The Tenants Union pointed to the experience of the redevelopment of the Kensington public housing estate in Melbourne's west, which was a public-private partnership between Becton and the Victorian Office of Housing, noting that 'the compromise that was required there to make that work was significant control for the developer around the nature of public housing, the nature of allocations of the residents of the estate – lots of qualifications that are around social engineering'.⁴⁵

Conclusion

6.42 The Committee believes that public and community housing provides a vital element in addressing the housing needs of some of the most disadvantaged people in the community, especially those with low incomes and those with special needs. The Committee is strongly supportive of continuing Commonwealth and State government funding for public housing. The Committee also believes that partnerships should be developed with the private sector to jointly finance public housing developments.

43 Cited in *Australia's Welfare 2003*, p.161.

44 Housing Assistance Act 1996, *Annual Report 2000-01*, pp.40-61; *Annual Report 2001-02*, pp.39-68.

45 *Committee Hansard* 1.5.03, p.190 (Tenants Union of Victoria).

Recommendation 17

6.43 That base funding arrangements for public housing be increased under the Commonwealth-State Housing Agreement.

Recommendation 18

6.44 That the Commonwealth and the States:

- **increase funding for the maintenance of current housing stock;**
- **increase funding for new public housing stock; and**
- **develop strategies to increase investment from the private sector into public housing.**

Rent assistance

6.45 Commonwealth Rent Assistance (CRA) is designed to assist those on income support payments with housing affordability in the private rental market. It is a supplementary payment, payable in addition to most classes of income support payments to assist with private rental costs. In 2002-03, Commonwealth outlays on CRA to income support recipients was \$1.8 billion. There were 940 708 recipients of CRA (as at June 2003).

6.46 Despite significant Commonwealth outlays, evidence to the inquiry expressed concerns about the effectiveness of the CRA program in addressing the housing affordability problems experienced by people on low incomes.⁴⁶ A major concern was that a large proportion of people in receipt of CRA still experienced considerable housing affordability problems. Shelter NSW stated that CRA is not keeping up with rising rents in most capital cities and some regional areas.⁴⁷ FaCS data for December 2002, indicate that 34 per cent of CRA recipients spent more than 30 per cent of their income in rent and 9 per cent spent more than 50 per cent of their income on rent.⁴⁸ Similar figures were reported in the recent study by National Shelter and ACOSS referred to earlier in this chapter.

6.47 Concerns were also raised that CRA has no real effect on the supply of affordable housing in the private sector. The Tenants Union of Victoria commented that the decline in affordable housing stock across Australia has two features. It shows a decline in absolute numbers of low cost private rental at a time when the private rental market experienced strong growth overall, and it demonstrates that there is also

46 *Committee Hansard* 30.4.03, p.50 (Centre for Public Policy); 27.5.03, p.457 (Shelter NSW). See also National Shelter & ACOSS, *Rent Assistance*, pp.18-19.

47 *Submission* 102, p.14 (Shelter NSW).

48 FaCS, *Annual Report 2002-03*, Vol. 2, p.107.

a problem for low income renters accessing low cost stock, as they are competing with other renters in the market.⁴⁹ Evidence also indicated that flexibility of location is often not provided. One witness, referring to the situation in NSW, commented that CRA 'does not provide people with flexibility as to location. People have to go where the poor housing is and strangely enough, low-cost housing is way out of the way of any jobs'.⁵⁰ The Queensland Government also noted that the private market for low income households is in decline – 'when combined with the decline in social housing, this inevitably means that an increasing number of households will face higher levels of housing stress and poverty'.⁵¹

6.48 Submissions argued that the Commonwealth's shift in funding priorities away from public housing programs to demand driven programs like CRA may be counter-productive in the longer term. As Table 6.1 indicates, Commonwealth expenditures on the CRA have increased substantially in real terms since the 1990s, whereas expenditures on the CSHA have declined over the same period. The Queensland Government stated that in fiscal terms, there is evidence that over the longer term, housing needs can be more efficiently addressed through capital based programs rather than recurrent programs as capital programs create a portfolio of dwellings that can assist many households over time. Furthermore, the portfolio can be realigned over time through upgrades, sales and new constructions to remain responsive to changing client profiles – 'in contrast, demand driven programs such as income supplements represent cash payments with no resulting asset and no capacity to provide ongoing assistance over the long term. The move towards income supplements may therefore ultimately result in greater costs to governments'.⁵²

6.49 Equity issues were also raised in relation to CRA, as it only assists some income support recipients and only those in the private rental market. People experiencing hardship purchasing a home are not assisted, nor are low income working households assisted with private rental costs. Some witnesses argued that CRA should be extended to these groups.⁵³

6.50 Despite the criticisms of the program, several groups acknowledged that CRA does assist private renters with the cost of rental accommodation, at least to some degree.⁵⁴ It was also argued that CRA needs to be increased to keep pace with rent

49 *Submission* 144, p.9 (Tenants Union of Victoria). See also *Submission* 166, p.22 (Salvation Army).

50 *Committee Hansard* 27.5.03, p.457 (Shelter NSW).

51 *Submission* 129, p.35 (Queensland Government). See also *Submission* 185, p.26 (Tasmanian Government).

52 *Submission* 129, p.35 (Queensland Government).

53 *Submission* 144, p.9 and *Committee Hansard* 1.5.03, p.182 (Tenants Union of Victoria).

54 See, for example, *Submission* 144, p.9 (Tenants Union of Victoria).

increases.⁵⁵ A major concern, however, related to the possibility that increases in CRA would result in landlords 'creaming off' the increase by putting rents up as soon as CRA was increased with the result that there would be no improvement in affordability for low income renters. This concern was not necessarily supported by evidence that suggests that increases in CRA have not led to corresponding increases in rents. Data from FaCS indicates that from June 2000 to June 2002, average CRA payments increased by 16 per cent, while average rents for CRA recipients increased by 12 per cent. By comparison the CPI increased by 9 per cent in the two years to March 2002.⁵⁶

6.51 A review of CRA was called for in a number of submissions. The Tenants Union of Victoria argued that such a review should address the effectiveness of CRA as a housing program in improving affordability and access; the cost of the program; the relationship of CRA to income support and to the private rental market; and the eligibility criteria.⁵⁷

Conclusion

6.52 The Committee is concerned at the Commonwealth Government's shift in policy emphasis from social housing to CRA, especially as this policy shift has not addressed affordability and access issues for low income people attempting to rent in the private market. The Committee believes that the overall operations of CRA, especially in relation to access and affordability for low income households, should be reviewed as part of the Committee's recommendation for a national housing strategy.

Private investment in low-cost housing

6.53 A number of submissions argued that the Commonwealth should develop strategies to increase the level of private finance directed to providing affordable housing for low income earners. There are a range of schemes that have been proposed but these were not canvassed in any detail during the inquiry.⁵⁸ SACOSS suggested the introduction of tax credit arrangements for investment in low-cost housing.⁵⁹ It was also emphasised that initiatives in this area should be in addition to a commitment by governments to maintain a viable social housing sector.

55 *Submission 46*, p.25 (SACOSS); *Submission 98*, p.ix (BSL).

56 FaCS, *Annual Report 2001-02*, Vol. 2, p.111. See also *Senate Report on Housing Assistance*, p.40.

57 *Submission 144*, p.10 (Tenants Union of Victoria).

58 *Submissions 163*, p.146 (ACOSS); *166*, p.22 (Salvation Army).

59 *Submission 46*, p.25 (SACOSS).

Home ownership

6.54 Submissions argued that there should be greater encouragement for low income households to purchase their own homes. The Tenants Union of Victoria argued that home ownership remains the most cost-effective housing tenure for all households. It is the only tenure that ensures that housing costs reduce over the lifetime of the household, as purchasers pay out their mortgages and secure a substantial asset as a result.⁶⁰ The Tasmanian Government offers assistance for home ownership by providing access to finance through its Home Ownership Assistance Program (HOAP) and equity grants to assist public housing tenants to purchase their homes. Eligibility under the HOAP is restricted to those earning \$700 per week or less and the maximum loan is set at \$80 000.⁶¹

6.55 The Commonwealth's First Home Owner Grant (FHOG), which provides a non-means tested grant to eligible first homebuyers, was criticised by some groups, essentially because of the untargeted nature of the program. It was also argued the FHOG may have simply assisted households who would have purchased a home anyway to do so earlier, rather than providing a genuine opportunity for low income households to buy a home.⁶² Some submissions argued that the scheme should be replaced with a subsidy for social and low cost housing.⁶³

Tenants' rights and tenancy databases

6.56 A number of concerns were expressed during the inquiry that the rights of tenants were being undermined by the increasing abuse of residential tenancy databases by real estate agents. Concerns included inappropriate listings, unfair or poor database operating practices and privacy concerns. The Tenants Union of Victoria stated that:

The difficulty with those databases is that they still operate in a largely unregulated environment. The information exchange is not subject to the scrutiny that it should be to ensure that at least, if it is about management of risk on the part of lessors, there is not unnecessary discrimination against tenants. What we would certainly see as necessary is greater regulation of those databases.⁶⁴

60 *Submission* 144, p.11 (Tenants Union of Victoria); *Committee Hansard* 1.5.03, p.188 (Tenants Union of Victoria).

61 *Submission* 185, p.26 (Tasmanian Government).

62 *Submission* 144, pp.11-12 (Tenants Union of Victoria); *Committee Hansard* 27.5.03, pp.460-61 (Shelter NSW).

63 See, for example, *Submission* 46, p.25 (SACOSS).

64 *Committee Hansard* 1.5.03, p.191 (Tenants Union of Victoria). See also *Submission* 53, pp.6-7 (Queensland Shelter – North Queensland Branch).

6.57 Residential tenancy databases are lists of tenants who real estate agents believe to be bad tenancy risks. Real estate agents who subscribe to a tenancy database can use the database to check the names of prospective tenants, or to list details of tenants they believe are a bad tenancy risk. A number of tenancy databases operate in Australia – these include the Tenancy Information Centre Australasia (TICA), RP Data, Remington White and Tenant Reference Australia.

6.58 Tenants may be listed on a tenancy database for a range of reasons. For example, the TICA website lists a range of potential breaches including rental arrears or breaking a lease; poor periodic inspections; or dishonoured cheques. The website also explains how long tenant details will remain on the database. Tenants who allegedly breach their tenancy agreement but who do not have a debt are listed for 3 years. If a tenant has an alleged debt their name remains on the database until the debt is paid. When a debt is cleared this is noted on the TICA database but the tenant's personal details will remain on the database for a further 5 years.⁶⁵

6.59 A particular concern raised during the inquiry was that some people had problems accessing rental accommodation after being placed on tenancy databases.⁶⁶ One witness stated that '...discrimination is a significant part of the private rental market, so what tends to happen is information can very quickly be used to exclude someone from housing'.⁶⁷ A Queensland Government report found that there is a very real risk that any adverse database listing will render it difficult for a tenant to secure appropriate private rental accommodation. This is particularly so if the rental market is experiencing a period of low vacancy and competition for accommodation is high.⁶⁸

6.60 The Tenants Union of Queensland cited a number of concerns with tenancy databases. These include:

- There are currently no requirements on database operators to verify information listed on the database. Tenants can therefore be listed for trivial or retaliatory reasons.
- Real estate agents and database operators have no legal obligation to notify tenants that they have been listed on a tenancy database.
- Tenants do not have an automatic right to access, change or delete information on the database. If tenants want to dispute a listing they must

65 www.tica.com.au

66 *Committee Hansard* 29.4.03, p.56 (Shelter SA).

67 *Committee Hansard* 1.5.03, p.191 (Tenants Union of Victoria).

68 Report of Special Government Backbench Committee, *Tenancy Databases*, August 2002, p.9.

negotiate with the agent who listed them. Only the listing agent has the power to remove, delate or amend information on tenants.⁶⁹

6.61 Database operators and real estate agents have respective responsibilities for the collection, use and disclosure of data under the provisions of the *Privacy Act 1988* and must comply with the National Privacy Principles that cover the fair handling of private information. The Tenants Union of Queensland claimed, however, that database operators often fall short of the voluntary standards.⁷⁰

6.62 There have been calls for a co-ordinated approach in the development of national guidelines applicable to the operation of tenancy databases. A Queensland Government Backbench Committee argued that a national approach was the most desirable outcome for both tenants and the industry through the application of national standards, possibly by way of template legislation. The Committee suggested that a mechanism to achieving national standards could be through respective Ministerial Councils as well as the convening of a forum as a starting point for a national working group of relevant Commonwealth and State departmental officers. The Committee argued that with the development of national databases, together with the mobility of the Australian population, individual State responses will be less effective and equitable than a national response.⁷¹ The Real Estate Institute of Australia has also called for the development of national guidelines governing the operation of tenancy databases. The Institute stated that 'consumers have a right to know what information about them is kept on a database and to have information corrected swiftly if information is inaccurate on any database kept by a database operator or agent'.⁷²

6.63 In December 2003 the NSW Government released draft regulations to ensure the fairer use of tenancy databases by real estate agents in NSW. The draft regulations provide that an agent must notify a tenant that they are going to be listed on a tenancy database; tenants are to be given a reasonable opportunity to review and correct information which will be listed; a tenant can only be listed on a database for specified reasons, such as owing rent exceeding the rental bond; an agent must notify a database operator within 7 days after becoming aware that a debt listed on that database has been paid; and an agent can only use a database if the database provides tenants with free access to information about themselves, amends inaccurate, out of date or incomplete information without charge to the tenant, and deletes listings within certain

69 www.tuq.org.au. See also *Submission 53*, pp.6-7 (Queensland Shelter - North Queensland Branch).

70 www.tuq.org.au

71 Report of Special Government Backbench Committee, pp.6-10.

72 REIA, 'Tenancy databases: REIA calls for co-ordinated government approach', *Media Release*, 21.1.03.

specified periods of time. It is proposed that the new laws will come into effect in May 2004.⁷³

6.64 The Committee notes that the Commonwealth Attorney-General announced in August 2003 the establishment of a joint working group involving the Standing Committee of Attorneys-General and the Ministerial Council on Consumer Affairs to examine issues surrounding tenancy databases.⁷⁴ Specifically, the working group will report on the role and operation of these databases; examine the existing framework for regulating the use of databases with regard to issues relevant to tenants, database operators, real estate agents and landlords; and develop, where necessary, options for a nationally consistent framework.⁷⁵ The working group is due to report in June 2004. The Committee supports the aims of this review and considers that a national approach to residential tenancy databases is urgently needed.

Recommendation 19

6.65 That, in supporting the current review being undertaken by the working group into residential tenancy databases, the Commonwealth Government, in co-operation with the States, develop national guidelines as a matter of priority in relation to the operation of tenancy databases.

National housing strategy

6.66 Evidence to the inquiry indicated that the Commonwealth should play a key role in co-ordinating a process to advance national housing outcomes, and in particular, to respond to the emerging crisis in the supply of affordable housing for low income groups. It was argued that there was a need for the development of a national housing strategy as part of this process. The Queensland Government stated:

Currently, there is no national housing policy framework. On the contrary, there is a divergence between the Commonwealth and State/Territory housing policy directions. An agreed policy framework and funding priorities...would maximise the use of public funds and deliver improved housing outcomes for those most in need.⁷⁶

6.67 The Tenants Union of Victoria also pointed to the need for a coordinated and strategic policy approach at the Commonwealth level – 'current housing policy

73 NSW Office of Fair Trading, 'Proposed tenant database laws', *Media Release*, 23.12.03.

74 Commonwealth Attorney-General, 'Working Group to Examine Tenancy Database Privacy', *News Release*, 8.8.03.

75 Ministerial Council on Consumer Affairs, *Residential Tenancy Databases – Issues Paper*, November 2003, p.2.

76 *Submission 129*, p.35 (Queensland Government).

initiatives are dispersed across departments and Ministers, leading to a lack of strategic focus, and minimising the potential for effective outcomes'.⁷⁷

6.68 ACOSS argued that such a strategy should be developed with the aim of ensuring that all households have access to appropriate and affordable housing, particularly low income households. The elements of the strategy would include specific strategies to achieve growth in the supply of affordable housing through both public and private investment, rental and home ownership; an increase in the supply of public housing; development of housing affordability measures; and addressing discrimination issues, including the development of core principles for good private rental market management and monitoring of residential tenancy databases.⁷⁸ Submissions emphasised that the strategy needed to be developed in consultation with State Governments, community housing providers, the construction industry and the finance sector.⁷⁹

Conclusion

6.69 The Committee is strongly of the view that the Commonwealth needs to take a co-ordinating role, in consultation with the States and other key stakeholders, in the development of a national housing strategy. This strategy should aim to ensure that low income and disadvantaged households, in particular, have access to appropriate and affordable housing.

Recommendation 20

6.70 That the Commonwealth Government develop a national housing strategy in consultation with key stakeholders including State Governments, community housing providers, the construction industry and the finance sector; and that this national strategy involve:

- **the development of specific strategies to achieve growth in the supply of affordable housing through both public and private investment, particularly for low income groups;**
- **a review of the effectiveness of Commonwealth Rent Assistance in providing affordability and access to the private rental market; and**
- **a review of the relative funding priorities in relation to social housing and Commonwealth Rent Assistance.**

77 *Submission* 144, p.12 (Tenants Union of Victoria).

78 *Submission* 163, p.147 (ACOSS).

79 *Submission* 98, p.ix (BSL).

