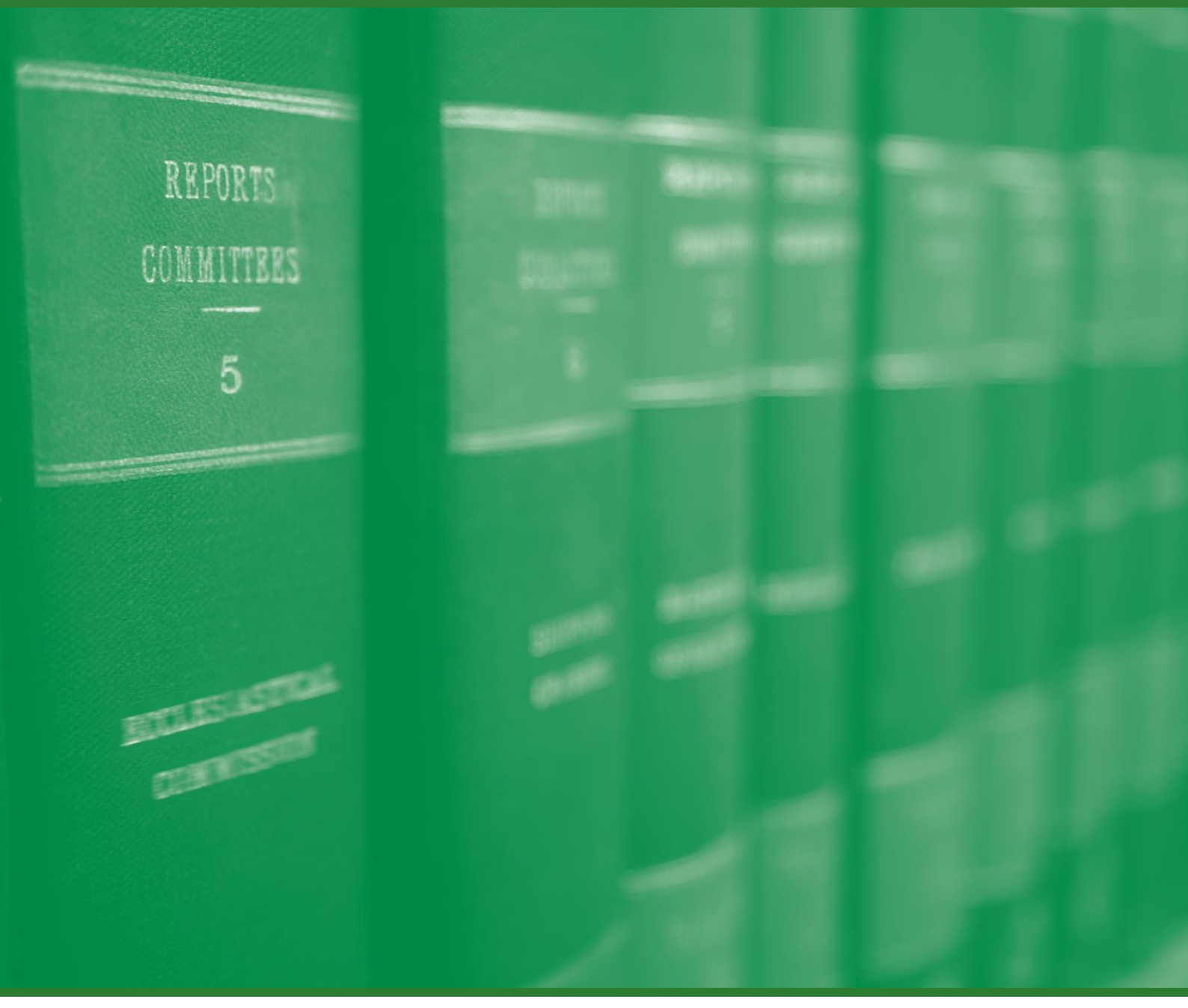




## Public Accounts Committee

REPORT 20/55 – NOVEMBER 2014

### TENANCY MANAGEMENT IN SOCIAL HOUSING





LEGISLATIVE ASSEMBLY

PUBLIC ACCOUNTS COMMITTEE

TENANCY MANAGEMENT IN SOCIAL HOUSING

REPORT 20/55 – NOVEMBER 2014

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The motto of the coat of arms for the state of New South Wales is “Orta recens quam pura nites”. It is written in Latin and means “newly risen, how brightly you shine”.

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# Membership

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# Terms of Reference

The Committee will inquire into, and report on, current tenancy management arrangements in NSW social housing, with particular reference to:

- a) the cost effectiveness of current tenancy management arrangements in public housing, particularly compared to private and community housing sectors;
- b) the range and effectiveness of support services provided to tenants in social housing;
- c) outcomes for tenants from current tenancy management arrangements; and
- d) possible measures to improve tenancy management services.

# Chair's Foreword

When the Public Accounts Committee chose to examine tenancy management in social housing, we ventured into a field crowded with other inquiries, investigations and reports. Mindful of potential inquiry fatigue, we wanted to recognise what was already examined and what we could usefully add.

The Auditor-General's 2013 report *Making the Best Use of Public Housing* provided a base line for considering tenancy management more closely within an overall framework for achieving a sustainable social housing sector.

The submissions we received were surprisingly energetic. Far from being fatigued, the various agencies, stakeholders and advocates offered well-argued, informative and often passionate descriptions of disappointments, achievements, strategies and forecasts. Community housing providers presented a dynamic picture of their sector. Broader application of many of their innovations seems worth investigating. Public sector providers reported various activities to progress the Auditor-General's recommendations and looked forward to redressing enduring issues of unmet demand and diminishing resources that bedevil social housing. The many community advocates with whom we met spoke passionately about the needs of vulnerable people.

Almost universal among stakeholders was the view that performance measurement and reporting in social housing is unreliable and inadequate. The Committee was surprised at how widely this view was held, and that such a significant shortcoming had been outstanding for so long. This appalling situation must be addressed. Most witnesses anticipated that ongoing research by the Australian Housing and Urban Research Institute (AHURI) would help resolve this oversight, and the Committee agreed.

While social housing is an essential safety net for vulnerable people, it can become a trap. The fact that the waiting list is lengthening tells us there is a growing demand for social housing and that people who are allocated social housing tend to stay. Houses only become available through building and purchase schemes or by existing tenants moving out of social housing, including through achieving greater self-sufficiency and economic independence.

The best and most complete social housing program puts roofs over the heads of vulnerable people, as well as seeking to improve the circumstances of housing tenants.

Thanks to those who made a submission to the inquiry, especially those who assisted our two public hearings. I thank my fellow Committee members to this inquiry, Geoff Lee, John Williams, Bart Bassett, Michael Daley, Greg Piper and Roza Sage, for their support and teamwork. Finally, I thank the staff of the Legislative Assembly, Sasha Shevtsova, Tanja Zech and especially David Hale, who ably supported our work throughout this inquiry and in preparing this report.



**Jonathan O'Dea**  
Chair





# Executive Summary

In this inquiry the Public Accounts Committee examined tenancy management in social housing, focussing on performance management. It looked closely at how the cost effectiveness of tenancy management is measured and how the effectiveness of different housing providers can be compared. The Committee also examined the range and effectiveness of the support services offered to tenants in social housing, the outcomes achieved for tenants, and possible measures to improve tenancy management services.

This inquiry took place against a backdrop of other inquiries and examinations of social housing in New South Wales and across the country. While the inquiry was under way, the New South Wales Legislative Council Select Committee on Social, Public and Affordable Housing tabled its report. Concurrent with this inquiry, the Committee also examined the New South Wales Auditor-General's performance audit report, *Making the best use of public housing*, tabled in July 2013. The Committee's report of its own examination of the audit report was tabled on 6 November 2014.

In considering the Auditor-General's performance audit report, the Committee concluded that the Auditor-General's eight recommendations should be seen as the framework for achieving a sustainable public housing sector in NSW and, by extension, sustainable social housing. The Committee looked closely at the Auditor-General's recommendation that the NSW Government release a new social housing policy and felt that such a policy, with certain objectives addressing future plans, tenant outcomes and unmet demand, was an essential underpinning for the sector. The Committee was also persuaded by evidence advocating for broad consultation on the policy before its finalisation.

To emphasise their importance, the Committee reproduced both the Auditor-General's recommendations and the recommendations of its own examination of the audit report in this report.

In examining tenancy management and the different ways it is described and understood, the Committee considered evidence of definitions and practices from the private, public and community housing sectors. This led in turn to the Committee examining the ongoing research by the Australian Housing and Urban Research Institute (AHURI) into measuring the costs and outcomes of social housing. AHURI's research is directed at establishing a conceptual framework for measuring social housing cost of provision and tenant outcomes. It is designed around describing the various activities which make up housing management, whether undertaken by all housing sectors or only by some, and identifying outcomes for these activities. The advantage of the AHURI framework is that it can be used to aggregate or disaggregate social housing activities and make comparisons between the performance of housing providers and sectors on a like-with-like basis.

The Committee concluded that the AHURI framework should be the basis for defining and measuring the performance of social housing provision, including tenancy management. It is only with the benefit of appropriate performance management data that future resource allocation decisions for the social housing sector can properly be made.

The Committee heard much evidence from both housing providers and community advocates regarding the effectiveness of various types of social housing provision. There was a broad consensus that current measurement was unreliable, and that the AHURI framework should be crucial in resolving this unreliability. The Committee concurred, while also identifying several areas in which improved effectiveness could be pursued in advance of the completion of the AHURI research. These areas included contestability and the identification by the Department of Family and Community Services of activities which it could outsource for economic benefit in a way that added value. The Committee also considered the question of the value of the transfer of property titles from the public sector to the community sector for maximising housing performance, and recommended that the issue be examined to determine whether long term leases might be as effective without the government foregoing titles.

Extensive evidence was presented to the Committee on the range and effectiveness of tenant support services. The Committee identified several areas where improvements could be made or where more information would assist with improved social housing provision. A number of innovative programs developed by individual community housing providers were presented to the Committee which the Committee believed may have benefits if implemented across the wider social housing sector. The Committee also recommended changes or further investigations in key areas like the operation of the National Disability Insurance Scheme, complaints and appeals handling, tenant self-management and home purchase schemes, staffing practices, unmet demand and meeting the needs of people who have not been allocated social housing.

### **Report structure**

**Chapter One** describes how the inquiry was established, its terms of reference and how it was conducted.

**Chapter Two** outlines the state of social housing in New South Wales by describing the range of providers, the regulatory framework in which they operate and their funding arrangements, and describes previous inquiries into social housing including the Auditor-General's Performance Audit Report *Making the best use of public housing* July 2013.

**Chapter Three** discusses how tenancy management is described and implemented by examining current practice among housing providers and by referring to the ongoing research conducted by the Australian Housing and Urban Research Institute (AHURI).

**Chapter Four** explores current and proposed practices for measuring cost effectiveness in the provision of social housing. It examines research into designing a framework for achieving reliable comparative performance measurement between providers and sectors, and identifies other measures to improve effectiveness.

**Chapter Five** discusses the range and effectiveness of support services provided to tenants in social housing, the outcomes for tenants from current tenancy management arrangements, and possible measures to improve tenancy management services across all providers and the social housing sector as a whole.

# List of Recommendations

## RECOMMENDATION 1 \_\_\_\_\_ 13

The Committee recommends that the Auditor-General's performance audit report *Making the best use of public housing* be the framework for achieving a sustainable public housing sector in NSW and, by extension, sustainable social housing in NSW, within which the following recommendations of this inquiry should be read and understood.

## RECOMMENDATION 2 \_\_\_\_\_ 24

The Committee recommends that the outcomes of the research by the Australian Housing and Urban Research Institute detailed in its paper entitled *Assessing management costs and tenant outcomes in social housing: developing a framework* should form the basis for defining and measuring the performance of social housing provision, including tenancy management.

## RECOMMENDATION 3 \_\_\_\_\_ 47

The Committee recommends that the introduction of the AHURI framework as the foundation for robust performance measurement and reporting in social housing be pursued by the NSW Government as the fundamental prerequisite for making resource allocation decisions, especially where the Government seeks to transfer resources between housing sectors and providers as a way of improving effectiveness.

## RECOMMENDATION 4 \_\_\_\_\_ 47

The Committee recommends that the Department of Family and Community Services identify social housing activities which may be outsourced for economic benefit to create better value for money and enhanced services to tenants.

## RECOMMENDATION 5 \_\_\_\_\_ 47

The Committee recommends that the Department of Family and Community Services identify any cost shifting between the public and community sectors, and include cost shifting in its reporting in order for the actual costs of housing activities to be captured and distinguished between the payers and the beneficiaries.

## RECOMMENDATION 6 \_\_\_\_\_ 47

The Committee recommends that the NSW Government continue its program of sales of public housing stock where the program involves high value and high maintenance properties, and sale proceeds are re-invested into the public housing system for the overall benefit of those in need of housing, particularly those on the waiting list.

## RECOMMENDATION 7 \_\_\_\_\_ 47

The Committee recommends that the Department of Family and Community Services examine title transfers of public housing stock to the community sector, to determine whether the performance of the entire social housing sector is maximised by transfers, the impact of transfers on the financial position of the public sector, and the consequences of transfers for the government-owned estate, and whether long term leases or some other tenure may also maximise the performance of the social housing sector without the government foregoing title to public assets.

RECOMMENDATION 8 \_\_\_\_\_ 72

The Committee recommends that the NSW Government's social housing policy be a comprehensive policy giving clear direction to the entire social housing sector, that its objectives reflect suggestions in this report, and that it be released for community consultation before finalisation.

RECOMMENDATION 9 \_\_\_\_\_ 72

The Committee recommends that the Department of Family and Community Services investigate the application of schemes for encouraging social housing tenants to purchase equity in their homes to NSW, and report by 1 September 2015.

RECOMMENDATION 10 \_\_\_\_\_ 72

The Committee recommends that the Department of Family and Community Services procure research into the size of the unmet demand for social housing and the profile of the people who constitute this unmet demand, and that the outcomes of this research inform a strategy to ensure that community services are fairly available to all people who can demonstrate need regardless of their social housing tenancy status.

RECOMMENDATION 11 \_\_\_\_\_ 72

The Committee recommends that the NSW Government examine the impact of the National Disability Insurance Scheme on the provision of social housing and advise tenants and social housing providers regarding changes, and their rights and responsibilities no later than the commencement of the scheme.

RECOMMENDATION 12 \_\_\_\_\_ 72

The Committee recommends that the Department of Family and Community Services procure research into the performance of innovative tenant support programs developed by the community housing sector so that they can be assessed and applied, where appropriate, across the whole social housing sector.

RECOMMENDATION 13 \_\_\_\_\_ 72

The Committee recommends that the NSW Government examine whether restrictive controls unduly prevent:

- housing providers having access to tenant income information including taxation records, bank records, visa status, and evidence of overseas assets;
- tenants' paying adequate rental bonds and complying with rental payments via Centrepay deductions; and
- housing providers having access to tenant histories;

and report its findings by 1 September 2015.

RECOMMENDATION 14 \_\_\_\_\_ 73

The Committee recommends that the Department of Family and Community Services investigate the impact of its staffing policies and practices on the provision of frontline services and satisfactory tenancy management, and report by 1 September 2015.

RECOMMENDATION 15 \_\_\_\_\_ 73

The Committee recommends that the Department of Family and Community Services procure an independent examination of the current complaints and appeals procedures for mediating the rights and obligations of social housing tenants and providers, and that the outcomes of this examination inform a revised complaints and appeals procedure to be implemented in the 2015-16 financial year.

RECOMMENDATION 16 \_\_\_\_\_ 73

The Committee recommends that the NSW Government develop guidelines by 1 June 2015 for the use of the NSW Civil and Administrative Tribunal and other adjudicatory bodies promoting a stronger recognition of the rights of tenants and the community to good amenity and the enjoyment of their properties and public spaces relative to the rights of individual tenants who exhibit anti-social or criminal behaviour.

RECOMMENDATION 17 \_\_\_\_\_ 73

The Committee recommends that the Department of Family and Community Services examine the application of tenant self-management to the provision of social housing in NSW, and that the outcomes of this examination be translated into a trial of tenant self-management to be undertaken in the 2015-16 financial year.

RECOMMENDATION 18 \_\_\_\_\_ 73

The Committee recommends that the Department of Family and Community Services and the NSW Federation of Housing Associations jointly consider establishing a social housing industry body to bring together practitioners, academics, policy makers, and clients and their advocates to examine issues, share experiences, promote innovations, and advocate reforms.

# Glossary

AHO	Aboriginal Housing Office
AHURI	Australian Housing and Urban Research Institute
CHP	Community Housing Provider
CRA	Commonwealth Rental Assistance
DFS	Department of Finance and Services
DHASI	Disability Housing and Support Initiative
FACS	NSW Department of Family and Community Services
HAC	Housing Appeals Committee
HASI	Housing and Accommodation Support Initiative
HCP	Housing Communities Program
HNSW	Housing NSW
LAHC	Land and Housing Corporation
NCAT	NSW Civil and Administrative Tribunal
NCOSS	Council of Social Service of New South Wales
NDIS	National Disability Insurance Scheme
NFTMO	National Federation of Tenant Management Organisations
NRSCH	National Regulatory System for Community Housing
PSA	Public Service Association of New South Wales
REI (REINSW)	Real Estate Institute (of New South Wales)
ROGS	Report on Government Services
SCCH	Southern Cross Community Housing Ltd
SGCH	St George Community Housing Ltd

# Chapter One – Introduction

## TERMS OF REFERENCE

- 1.1 On 2 July 2014 the Public Accounts Committee resolved to inquire into tenancy management in social housing. The inquiry was self-referred by the Committee which elected to focus on four terms of reference covering cost effectiveness, the range and effectiveness of tenant support services, tenant outcomes, and measures to improve tenancy management services.
- 1.2 The full terms of reference can be found on page vii.

## CONDUCT OF THE INQUIRY

### Submissions

- 1.3 The Committee called for public submissions by advertising in the *Sydney Morning Herald* on 9 July 2014 and on its website. The Committee also wrote to key stakeholders inviting them to make a submission. The closing date for submissions was 8 August 2014.
- 1.4 The Committee received 46 submissions. Submission makers included representatives of the community and private housing sectors, community advocates including advocates for tenants and vulnerable people, employee advocates, local government, Members of Parliament, NSW Government agencies, academic researchers, and individual tenants and employees.
- 1.5 The Committee resolved to make three submissions confidential to the Committee because they identified individual tenants and employees or had the potential to identify them.
- 1.6 A list of submission makers is included at Appendix One. The submissions that the Committee resolved to publish are on the Committee's website: <https://www.parliament.nsw.gov.au/publicaccounts>.

### Public hearings

- 1.7 The Committee held two public hearings in Sydney, on Monday 8 September 2014 and Monday 15 September 2014. 31 witnesses provided evidence to the Committee including representatives of Government; private and not-for-profit organisations; community and employee advocates; and academic researchers.
- 1.8 A list of witnesses who appeared at the public hearings is included at Appendix Two.
- 1.9 The transcripts of evidence given at the public hearings are published on the Committee's website: <https://www.parliament.nsw.gov.au/publicaccounts>.
- 1.10 The Committee thanks the individuals, agencies and organisations who participated in the inquiry.



## Chapter Two – Social Housing in NSW

2.1 This chapter provides the context for the Public Accounts Committee’s inquiry into tenancy management in social housing in relation to other recent reports and inquiries into social housing in New South Wales and elsewhere. It details the arrangements for providing social housing in NSW, describes the different types of social housing, and outlines the legislative framework and administrative arrangements and responsibilities within the NSW Government applying to social housing. Finally, it includes details of funding arrangements.

### Background

2.2 This inquiry has taken place against the backdrop of a range of reports and inquiries into the nature of social housing in general within New South Wales and across other Australian states. Victoria, Western Australia and Tasmania have all held similar parliamentary inquiries, as did the New South Wales Legislative Council which established a Select Committee on Social, Public and Affordable Housing with a much broader remit than this inquiry. The Select Committee reported on 8 September 2014<sup>1</sup> as the Legislative Assembly’s Public Accounts Committee proceeded with its own inquiry focussed on tenancy management.

2.3 The Australian Senate is also undertaking an inquiry into affordable housing. The Senate’s Economics References Committee is due to report on the first sitting day in March 2015.<sup>2</sup> Its terms of reference are much broader in scope than the terms of reference for this inquiry.

2.4 It is also important to note the continued research undertaken by the Australian Housing and Urban Research Institute (AHURI).<sup>3</sup> The Institute’s research into housing is extensive and examines a broad range of challenges facing housing in Australia. The institute’s current research into measuring the cost and outcomes of social housing is discussed in detail in subsequent chapters of this report.

2.5 Finally, of particular importance to this inquiry is the New South Wales’ Auditor General’s Performance Audit Report, *Making the best use of public housing*.<sup>4</sup> Tabled in July 2013, this report contains findings and recommendations directed to the New South Wales Department of Family and Community Services (FACS) which address the policy, planning, operational and reporting responsibilities for the Department’s management of public housing in NSW and provide a comprehensive framework for understanding the findings and recommendations of this inquiry. The Auditor-General’s performance audit report and the Public

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<sup>1</sup> Legislative Council Select Committee on Social, Public and Affordable Housing, *Social, public and affordable housing*, report 1/55, Parliament of New South Wales, September 2014.

<sup>2</sup> Parliament of Australia, Economics References Committee, accessed 20 October 2014, <[http://www.aph.gov.au/Parliamentary\\_Business/Committees/Senate/Economics/Affordable\\_housing\\_2013](http://www.aph.gov.au/Parliamentary_Business/Committees/Senate/Economics/Affordable_housing_2013)>.

<sup>3</sup> <<http://www.ahuri.edu.au/>>, accessed 20 October 2014.

<sup>4</sup> Auditor-General of NSW, Performance Audit Report: *Making the best use of public housing*, July 2013, <<http://www.audit.nsw.gov.au/publications/performance-audit-reports/2013-reports/making-the-best-use-of-public-housing/making-the-best-use-of-public-housing>>, accessed 14 October 2014.

Accounts Committee's separate examination of its recommendations<sup>5</sup> are discussed in detail later in this chapter.

## OVERVIEW

2.6 New South Wales has the largest social housing portfolio in Australia, consisting of over 150,000 dwellings.<sup>6</sup> There are three distinct categories of social housing in New South Wales, as spelled out by the Auditor-General in his Performance Audit report, *Making the best use of public housing*:

Social housing is the umbrella term covering tenancies in public housing, community housing and Aboriginal housing ... The term social housing encompasses properties owned or managed by Family and Community Services, community housing providers, Aboriginal Community housing providers or the Aboriginal Housing Office.<sup>7</sup>

2.7 Approximately 79 per cent (119,000 dwellings) of social housing is public housing.<sup>8</sup> The remaining stock consists of approximately 18 per cent (27,000 dwellings) community housing and approximately 3 per cent (5,000 dwellings) Aboriginal housing.<sup>9</sup> Aboriginal housing is specifically designated for Aboriginal and Torres Strait Islander people in need of housing assistance, while the remaining tranche of social housing provides affordable housing for people on low incomes in need of housing assistance.

2.8 About 214,000 people currently live in public housing, with a further 55,000 eligible households of approximately 120,000 people on the waiting list for accommodation.<sup>10</sup> The Auditor-General estimates that all social housing only meets 44 per cent of need in New South Wales.<sup>11</sup>

2.9 Evidence to this inquiry highlighted that social housing in New South Wales is facing a number of significant challenges, ranging from ageing and inappropriate stock which is increasingly difficult to maintain, a significant shortfall between supply and demand, and growing demand for housing by single person households with complex needs. In addition, the current funding and financial arrangements arguably prevent social housing providers from developing more effective mechanisms to cope with current and future pressures.

2.10 Evidence also stressed that social housing, and in particular public housing, accommodates some of the state's most disadvantaged people who typically suffer poor health, unemployment and severe mental illness, and who are more likely to be victims of violence.<sup>12</sup> The expectation that these needs, beyond just the provision of accommodation, will also be met by social housing providers

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<sup>5</sup> Public Accounts Committee, *Examination of the Auditor-General's Performance Audit Reports May 2013 – July 2013*, report 19/55, Parliament of New South Wales, November 2014.

<sup>6</sup> Auditor-General of NSW, *Performance Audit Report: Making the best use of public housing*, July 2013, p2.

<sup>7</sup> Auditor-General, *Making the best use of public housing*, July 2013, p3.

<sup>8</sup> Auditor-General, *Making the best use of public housing*, July 2013, p9.

<sup>9</sup> Auditor-General, *Making the best use of public housing*, July 2013, p9.

<sup>10</sup> Auditor-General, *Making the best use of public housing*, July 2013, p2.

<sup>11</sup> Auditor-General, *Making the best use of public housing*, July 2013, p2.

<sup>12</sup> Submission 46, Department of Family and Community Services, p17.

impacts on the circumstances in which providers operate. This in turn has placed additional burdens on the management of social housing and thus the framework and costs of tenancy management.

- 2.11 It is against this backdrop that social housing providers have also become social landlords, providing greater services to tenants including support with social inclusion, property maintenance and adaptation, and assistance with day-to-day living when needed, rather than purely managing the terms of the tenancies.

### Legislative and administrative framework

- 2.12 Social housing in New South Wales is governed by a range of state legislation including the *Housing Act 2001*, the *Aboriginal Housing Act 1998*, the *Community Housing Providers (Adoption of National Law) Act 2012*, and the *Residential Tenancies Act 2010*.

- 2.13 The *Housing Act 2001* contains nineteen objects, the first two of which encapsulate the purpose of social housing for residents of New South Wales. These two objects are:

- a) to maximise the opportunities for all people in New South Wales to have access to secure, appropriate and affordable housing; and
- b) to ensure that housing opportunities and assistance are available to all sections of the community with housing needs.<sup>13</sup>

- 2.14 The *Housing Act 2001* also establishes the Land and Housing Corporation (LAHC) as having responsibility for asset management of the Government's stock of social housing.<sup>14</sup> Part 7 of the Act provides for rental rebate to tenants.<sup>15</sup>

- 2.15 Similarly, the *Aboriginal Housing Act 1998* establishes the Aboriginal Housing Office (AHO). The Act ensures that Aboriginal people and Torres Strait Islanders have access to affordable and quality housing and also establishes programs and services to assist Aboriginal people and Torres Strait Islanders in meeting their housing needs.<sup>16</sup>

- 2.16 The *Community Housing Providers (Adoption of National Law) Act 2012* regulates the community housing sector by providing for the National Regulatory System for Community Housing (NRSCH) and establishes a Registrar of Community Housing as an independent regulator.<sup>17</sup>

- 2.17 As noted above, the *Residential Tenancies Act 2010* also applies to social housing, and its provisions in relation to social housing tenancy agreements are outlined in Part 7 of the Act.

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<sup>13</sup> *Housing Act 2001*, s 5 (1).

<sup>14</sup> *Housing Act 2001*, Part 3.

<sup>15</sup> *Housing Act 2001*, Part 7.

<sup>16</sup> *Aboriginal Housing Act 1998*, s 3.

<sup>17</sup> *Community Housing Providers (Adoption of National Law) Act 2012*, s 12.

## Public housing

- 2.18 Public housing comprises the majority of social housing, being NSW Government-owned or managed social housing (excluding housing provided specifically for the Aboriginal community) delivered by FACS. The *Housing Act 2001* defines public housing as:
- ...housing owned or leased by the Corporation, and managed by the Department, that is leased to members of the public that meet the Department's or the Corporation's eligibility criteria...<sup>18</sup>
- 2.19 In June 2013, 114,745 public housing properties were owned and managed by FACS, and a further 3,053 properties were leased from the private market.<sup>19</sup>
- 2.20 The social housing function within FACS is subdivided into two separate agencies, the Land and Housing Corporation (LAHC) and Housing NSW (HNSW). HNSW is responsible for the tenancy management of the public housing which LAHC owns and lets. LAHC is responsible for planning and building, selling and modifying public housing properties.<sup>20</sup> LAHC owns and manages the asset base of NSW Government public housing properties and most of the community housing stock.<sup>21</sup>
- 2.21 HNSW provides housing for people in need and is responsible for addressing homelessness and funding. Whilst it regulates the provision of community housing and crisis accommodation, it also provides tenancy management for public housing through a fee-for-service arrangement with LAHC.<sup>22</sup> This includes assessing applications for housing and assisting eligible households to live in the private rental market.<sup>23</sup>
- 2.22 Until October 2011, HNSW and LAHC were both part of FACS.<sup>24</sup> LAHC was then transferred to the Department of Finance and Services (DFS), resulting also in the transfer of LAHC's property portfolio and accompanying asset-related functions to DFS.<sup>25</sup> The tenancy management function remained with HNSW within FACS.<sup>26</sup>
- 2.23 According to the Auditor-General, the intention of the separation was twofold: to allow for LAHC/DFS to pursue efficiencies and rationalisation of asset operations, while allowing HNSW/FACS to focus on social and affordable housing policy and direction, and to enhance service delivery and community outcomes.<sup>27</sup>
- 2.24 LAHC was transferred from DFS back to FACS in August 2013.

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<sup>18</sup> *Housing Act 2001*, s 3.

<sup>19</sup> Submission 46, Department of Family and Community Services, p19.

<sup>20</sup> Auditor-General, *Making the best use of public housing*, July 2013, p9.

<sup>21</sup> Auditor-General, *Making the best use of public housing*, July 2013, p9.

<sup>22</sup> Auditor-General, *Making the best use of public housing*, July 2013, p9.

<sup>23</sup> Auditor-General, *Making the best use of public housing*, July 2013, p9.

<sup>24</sup> Auditor-General, *Making the best use of public housing*, July 2013, p9.

<sup>25</sup> Auditor-General, *Making the best use of public housing*, July 2013, p9.

<sup>26</sup> Auditor-General, *Making the best use of public housing*, July 2013, p9.

<sup>27</sup> Auditor-General, *Making the best use of public housing*, July 2013, p9.

## Community housing

- 2.25 Community housing organisations provide and maintain housing properties, ranging from crisis and transitional housing to affordable housing (under such schemes as the National Rental Affordability Scheme).<sup>28</sup> Community housing providers (CHPs) are subject to registration under a statutory regulatory scheme and are not-for-profit non-government organisations. They range from small, locally-based organisations managing only tens of properties and focussed on addressing homelessness, through to large providers with large portfolios comprised of several thousands of properties.<sup>29</sup> The larger CHPs may provide housing services as part of a diverse range of social and community services.<sup>30</sup>
- 2.26 The properties managed by CHPs may be owned by the provider or owned by the NSW Government. CHPs are also eligible, under the Community Housing Leasing Program, for subsidies to lease properties from the private rental market.<sup>31</sup> Some CHPs also manage properties on behalf of other organisations (for example, local councils) under a fee-for-service arrangement.<sup>32</sup> The tenancy arrangements for community housing properties are similar to the tenancy arrangements applying to public and Aboriginal housing tenants.
- 2.27 The Committee received a number of submissions demonstrating that community housing is a growing component of social housing in NSW. According to the Auditor-General's report, New South Wales has been moving away from traditional government-provided public housing.<sup>33</sup> Indeed, a cluster of property management has been transferred to community housing providers since 1996, and in more recent years, title transfers have also occurred.<sup>34</sup> This trend is in line with the reform agenda established in the National Affordable Housing Agreement and is similar to the direction taken by other Australian States and Territories.<sup>35</sup>
- 2.28 In 2009, the Government transferred ownership of 6,020 dwellings to CHPs, and as at June 2014 5,818 titles had been transferred to CHPs<sup>36</sup>. The combined value of these properties is estimated to be almost \$1.5 billion.<sup>37</sup>
- 2.29 The framework within which CHPs operate provides them with financial and business advantages over FACS. These advantages include savings for CHPs on costs such as GST and payroll tax.<sup>38</sup> In addition, CHPs and their tenants can access additional rental income thanks to the Commonwealth Rental Assistance

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<sup>28</sup> Submission 46, Department of Family and Community Services, p3.

<sup>29</sup> Submission 46, Department of Family and Community Services, p3.

<sup>30</sup> Submission 46, Department of Family and Community Services, p3.

<sup>31</sup> Department of Family and Community Services, *In Community Housing*, accessed 14 October 2014, <<http://housingnsw.e-newsletter.com.au/link/id/zddd5174c6dd45204353/page.html>>.

<sup>32</sup> Submission 46, Department of Family and Community Services, p3.

<sup>33</sup> Auditor-General, *Making the best use of public housing*, July 2013, p23.

<sup>34</sup> Auditor-General, *Making the best use of public housing*, July 2013, p23.

<sup>35</sup> Auditor-General, *Making the best use of public housing*, July 2013, p23.

<sup>36</sup> Submission 46, Department of Family and Community Services, p27.

<sup>37</sup> Auditor-General, *Making the best use of public housing*, July 2013, p23.

<sup>38</sup> Submission 46, Department of Family and Community Services, p27.

program.<sup>39</sup> This assistance is given directly to the tenant from whom it is recouped by the CHP.<sup>40</sup> As a result of these combined benefits, CHPs are able to meet all operational costs from rental income, allowing some of the larger CHPs to generate a profit which they then re-invest.<sup>41</sup> This in turn allows them to provide additional affordable housing for eligible people.<sup>42</sup>

### *Framework governing community housing*

2.30 Since 2009, CHPs have been regulated by the Registrar of Community Housing.<sup>43</sup> The Registrar is responsible for registering and regulating CHPs in New South Wales under the National Regulatory System for Community Housing (NRSCH), and is an independent statutory officer who reports directly to the Minister for Family and Community Services.<sup>44</sup>

2.31 In addition to the Registrar, on 1 January 2014 the *Community Housing Providers (Adoption of National Law) Act 2012* came into force. The Act provides the legislative framework for the NRSCH. According to FACS:

The NRSCH provides a nationally consistent regulatory environment to support the growth and development of the community housing sector. The NRSCH utilises a contemporary, risk-based approach to regulation, and is underpinned by principles of good regulation. This helps reduce the regulatory burden on housing providers working across jurisdictions and is intended to facilitate capacity building and the growth of the industry.<sup>45</sup>

2.32 The regulatory environment established by the Act also allows for CHPs to enter into Community Housing Agreements with the NSW Government.<sup>46</sup>

2.33 It was acknowledged in a range of submissions, and echoed in the Auditor-General's performance audit *Making the best use of public housing*, that the financial position of community housing in NSW is strong. As noted by FACS, in the 2012-13 financial year, CHPs collectively reported a net operating surplus of \$94 million (from total operating revenue of \$1.632 billion) and a net asset base of \$2.883 billion.<sup>47</sup> Such a successful operating surplus may also indicate the strength of regulatory systems maintaining and supporting the business model of community housing provision.

### **Aboriginal housing**

2.34 Aboriginal housing is governed by the *Aboriginal Housing Act 1998* and is housing owned by the NSW Government through the Aboriginal Housing Office (AHO) or by CHPs provided specifically for Aboriginal people. A high proportion of Aboriginal housing tenants are disadvantaged. 39 per cent of households living in

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<sup>39</sup> Auditor-General, *Making the best use of public housing*, July 2013, p23.

<sup>40</sup> Auditor-General, *Making the best use of public housing*, July 2013, p23.

<sup>41</sup> Submission 46, Department of Family and Community Services, p27.

<sup>42</sup> Submission 46, Department of Family and Community Services, p27.

<sup>43</sup> Submission 46, Department of Family and Community Services, p27.

<sup>44</sup> Registrar of Community Housing, home page, accessed 14 October 2014, <<http://www.rch.nsw.gov.au/>>.

<sup>45</sup> Submission 46, Department of Family and Community Services, p27.

<sup>46</sup> Submission 46, Department of Family and Community Services, p28.

<sup>47</sup> Submission 46, Department of Family and Community Services, p28.

Aboriginal housing have a member living with a disability,<sup>48</sup> and 68 per cent of households living in Aboriginal housing obtain their main source of collective income from disability pensions, Newstart allowances, and parenting payments.<sup>49</sup> Overcrowding of dwellings occupied by Aboriginal people is also an issue with 9.1 per cent of households in New South Wales with Aboriginal members living in dwellings that require at least one extra bedroom.<sup>50</sup>

- 2.35 The challenges facing Aboriginal housing tenants place significant pressures on Aboriginal housing providers. This in turn affects the management of tenancies for Aboriginal people. The AHO has implemented programs to assist approved housing providers to better support people in complex tenancy situations, and these programs are intertwined with the tenancy management of Aboriginal housing.<sup>51</sup>

### Funding partnerships and financial assistance schemes

- 2.36 Currently there are three funding partnerships operating between the Australian and New South Wales governments; the National Affordable Housing Agreement, the National Partnership Agreement on Homelessness, and the National Partnership Agreement on Remote Indigenous Housing.
- 2.37 The National Affordable Housing Agreement is an agreement by the Council of Australian Governments which commenced on 1 January 2009 with the aim of ensuring affordable, safe and sustainable housing.<sup>52</sup> The agreement provided \$6.2 billion towards housing assistance to low and middle income Australians in the first five years from 2009 to 2014.<sup>53</sup> It is supported by the National Partnership Agreements on social housing, homelessness, and Indigenous Australians living in remote areas.<sup>54</sup> In 2013-14, New South Wales received \$409 million under the agreement.<sup>55</sup>
- 2.38 The National Partnership Agreement on Homelessness focusses on reducing homelessness through prevention and early intervention, breaking the cycle of homelessness, and improving and expanding homelessness services.<sup>56</sup> It also commenced in January 2009, and in June 2013 when it was due to expire, a transitional agreement commenced for one year, ending 30 June 2014. According to the 2014-15 Commonwealth Budget, the Australian Government agreed to provide \$115 million for homelessness services.<sup>57</sup>

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<sup>48</sup> Submission 46, Department of Family and Community Services, p28.

<sup>49</sup> Submission 46, Department of Family and Community Services, p28.

<sup>50</sup> Submission 46, Department of Family and Community Services, p29.

<sup>51</sup> Submission 46, Department of Family and Community Services, p12.

<sup>52</sup> Department of Social Services, *National Affordable Housing Agreement*, accessed 15 October 2014, <<http://www.dss.gov.au/our-responsibilities/housing-support/programs-services/housing-affordability/national-affordable-housing-agreement>>.

<sup>53</sup> Department of Social Services, *National Affordable Housing Agreement*, accessed 15 October 2014.

<sup>54</sup> Department of Social Services, *National Affordable Housing Agreement*, (accessed 15 October 2014).

<sup>55</sup> Submission 75 to the Select Committee on Social Public and Affordable Housing, NSW Government, p43.

<sup>56</sup> Department of Social Services, *National Partnership Agreement on Homelessness*, accessed 20 October 2014, <<https://www.dss.gov.au/our-responsibilities/housing-support/programs-services/homelessness/national-partnership-agreement-on-homelessness>>.

<sup>57</sup> Budget Paper No.3, Australian Government, p58.

- 2.39 The National Partnership Agreement on Remote Indigenous Housing deals with housing for Aboriginal people living in remote areas. Under the agreement, \$5.5 billion of funding will be provided until 30 June 2018. New South Wales will receive approximately \$398 million to address such housing issues as overcrowding, homelessness, poor housing and severe housing shortages in remote areas.<sup>58</sup>

#### *National Rental Affordability Scheme*

- 2.40 The National Rental Affordability Scheme is a partnership between the Australian Government and the States and Territories, and commenced in 2008. It offers financial incentives for dwellings to be built and rented to low and moderate income households at a rate that is at least 20 per cent lower than market rate.<sup>59</sup> As mentioned previously, CHPs benefit from receiving funds from this scheme.

#### *Commonwealth Rental Assistance*

- 2.41 The Australian Government provides Commonwealth Rental Assistance to low income households and individuals who are not in public housing. Rental assistance is a non-taxable income supplement added to the pension allowance or paid to eligible people.<sup>60</sup> Again, CHPs benefit from receiving funds from this scheme.

## MAKING THE BEST USE OF PUBLIC HOUSING

- 2.42 The NSW Auditor-General tabled his performance audit report entitled *Making the best use of public housing* in July 2013. The performance audit aimed to assess capacity to meet changing public housing need. Specifically, it examined Housing NSW (HNSW) and the Land and Housing Corporation's (LAHC) performance in relocating tenancies when individual needs or circumstances change, and planning to ensure the asset base reflects the requirements of those most in need.
- 2.43 The Auditor-General found that constraints in the current portfolio and funding arrangements do not enable HNSW and LAHC to meet the changing public housing need. He found that there is an increasing shortfall between the supply of and demand for public housing and no clear direction for managing this shortfall, although HNSW and LAHC are working towards one.<sup>61</sup>
- 2.44 The Auditor-General's eight recommendations in the performance audit report were far reaching, addressing the policies, funding, and practices of the two agencies, both of which are now part of FACS. The report and the recommendations it contained were cited in many of the submissions made to this inquiry. The Auditor-General's recommendations are reproduced below as

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<sup>58</sup> Legislative Council, Select Committee on social, public and affordable housing, September 2014, p14.

<sup>59</sup> Department of Social Services, *National Rental Affordability Scheme*, accessed 20 October 2014 <<https://www.dss.gov.au/our-responsibilities/housing-support/programmes-services/national-rental-affordability-scheme>>.

<sup>60</sup> Department of Social Services, *Rent Assistance*, accessed 20 October 2014, <<https://www.dss.gov.au/our-responsibilities/housing-support/benefits-payments/rent-assistance>>.

<sup>61</sup> Auditor-General, *Making the best use of public housing*, July 2013, p2.



pertinent to this inquiry and to ensure consistency with the recommendations of this inquiry which follow.

**Table 1: Auditor-General's recommendations – Making the best use of public housing<sup>62</sup>**

No.	Recommendation
1.	<p>The government should:</p> <p>a) develop a clear direction for a sustainable housing sector that can function within the available funding such that:</p> <ul style="list-style-type: none"> <li>- the current challenges facing public housing and the fundamental question of what the role of public housing is are addressed. The direction should identify who is to be housed, and how funding and asset ownership will achieve a sustainable housing sector, for the longer-term</li> <li>- clear strategic objective are set to implement the direction agreed</li> <li>- the roles, responsibilities and relationships between LAHC and HNSW, and their accountability towards achieving their objectives, are clearly understood</li> </ul> <p>b) review housing funding arrangements and flows such that:</p> <ul style="list-style-type: none"> <li>- LAHC can make long-term decisions on its ownership and management within the public housing portfolio</li> <li>- HNSW can make long-term decisions on how best to meet its social and economic objectives</li> </ul>
2.	FACS/HNSW and DFS/LAHC should, by January 2014, agree on the objects of the <i>Housing Act 2001</i> against which they should be reporting
3.	FACS/HNSW should, by December 2013, complete a social housing policy that aligns tenant management with emerging client need. The strategy should include short-term and long-term targets, and forecasts to enable effective monitoring and reporting on progress
4.	<p>HNSW should:</p> <p>a) by June 2014 continue current initiatives and promote proposals to make the best use of existing public housing. They include:</p> <ul style="list-style-type: none"> <li>- aligning housing allocation with housing stock better, for example as is currently being implemented, by giving higher priority to rehousing tenants under-occupying</li> <li>- introducing financial incentives and disincentives for people occupying properties larger than they need, taking into account the characteristics of the client group</li> <li>- considering how allocation strategies may be used to support the development of successful and sustainable communities</li> <li>- reducing vacancy turnaround times</li> <li>- consistently implementing policies for relocation and ensuring they are monitored and reported</li> <li>- identifying and addressing current policies and practices that may act as disincentives to tenants to seek work</li> <li>- considering other rent setting models</li> </ul> <p>b) by December 2014, implement the recommendations from ICAC and the internal HNSW review as part of a monitoring program</p>
5.	<p>LAHC should:</p> <p>a) by December 2013, complete and release an asset portfolio strategy that delivers housing at an appropriate standard and shows how future new supply of housing</p>

<sup>62</sup> Auditor-General, *Making the best use of public housing*, July 2013, p5.

	will align with emerging client need. The strategy should include short-term and long-term targets to enable effective monitoring and reporting on progress b) by June 2014, audit the property disposal procedures as part of a regular internal audit and review process
6.	LAHC in consultation with HNSW by December 2013, finalise the government's long-term strategy for managing public housing estates to deliver a sustainable reduction in disadvantage on estates
7.	FACS/HNSW and LAHC emerging policies and strategies should be based upon evidence of the cost effectiveness of asset and non-asset interventions to meet the specific needs of public housing tenants
8.	HNSW and LAHC should: a) by June 2014, develop organisational plans that are clearly linked to their social housing policy, asset portfolio strategy and estate strategy including: - gap analysis - objectives - targets - funding - performance measures and progress reporting b) by June 2014, ensure that their multiple legislative objectives translate into clearly defined, balanced and sustainable internal objectives that are feasible within available funding. Where government policy dictates the elevation of a specific objective, this should be acknowledged and clearly reflected in internal objectives c) by June 2014, agree a review process to assess the impact of policies and procedures to identify those that limit the achievement of objectives d) by June 2014, routinely assess and report, both publicly and internally, on their performance in achieving the objects of the relevant legislation, using appropriate measures and performance targets e) by June 2014, include in their reporting the efficient and effective use of the available supply of public housing. This should include property utilisation and property alignment to tenant needs

2.45 In a separate inquiry, the Public Accounts Committee examined the performance audit report by seeking submissions and examining witnesses at a public hearing. The Committee tabled its report in November 2014.<sup>63</sup>

2.46 The Committee's recommendations from its examination of the performance audit are closely related to recommendations which are included later in this report, and all are relevant to this report. The Committee's recommendations on the performance audit are reproduced below.

**Table 2: Public Accounts Committee's recommendations – Making the best use of public housing<sup>64</sup>**

No.	Recommendation
9	The Committee recommends that the Government release its new social housing policy as soon as possible.

<sup>63</sup> Public Accounts Committee, *Examination of the Auditor-General's Performance Audit Reports May 2013 – July 2013*, November 2014.

<sup>64</sup> Public Accounts Committee, *Examination of the Auditor-General's Performance Audit Reports May 2013 – July 2013*, November 2014, pp54-55.

10	The Committee recommends that the Government release its asset portfolio strategy, including its strategy for management of housing estates, by June 2015.
11	The Committee recommends that the Department of Family and Community Services complete the review of its business plans as soon as possible after the social housing policy is finalised.
12	The Committee recommends that the Treasurer write to the Auditor-General to suggest that he conduct a performance audit of Land and Housing Corporation and Housing NSW maintenance arrangements no less than 18 months after the commencement of the new contract or by 31 March 2017, whichever is the earlier, and report on the cost effectiveness of and tenant satisfaction with the new arrangements.

## COMMITTEE COMMENT

2.47 The Committee is conscious of the complexity of the social housing sector as evidenced by:

- Multiple social housing providers
- Different legislative, administrative and funding arrangements between providers
- The recent expansion of the community housing sector
- The changing landscape of housing funding
- A multitude of studies, inquiries and reports into social housing at both the Commonwealth and State levels, including the Legislative Council report, the ongoing AHURI research project, the Auditor-General's performance audit report, the Committee's separate examination of the performance audit report, and this report.

2.48 In setting the terms of reference for this report, the Committee had regard for this complexity and the potential for both inquiry fatigue in the industry and amongst stakeholders, and confusion over conflicting reports and recommendations.

2.49 Consequently, the Committee elected to frame its terms of reference with a clear focus on tenancy management.

2.50 The Committee is also conscious that it examined the Auditor-General's performance audit entitled *Making the best use of public housing* concurrently with this inquiry. It received submissions and examined witnesses from FACS for both inquiries. For its tenancy management inquiry, the Committee received submissions from and examined witnesses representing many social housing stakeholders who cited the Auditor-General's report in support of their evidence and recommendations.

2.51 The Committee emphasises the importance of the Auditor-General's report and the implementation of its recommendations to ensure the sustainability of the NSW public housing sector and by extension, sustainable social housing in NSW.

- 2.52 Therefore, the Committee has reproduced above both the Auditor-General's recommendations, and the Committee's recommendations from its examination of the Auditor-Generals' report to re-emphasise this importance and to set the groundwork for the findings and recommendations which follow in this report.
- 2.53 The Committee also reproduces these recommendations in order to ensure that the findings and recommendations of this inquiry are consistent with those of the Auditor-General, and will complement the performance audit and its recommendations.

#### RECOMMENDATION 1

**The Committee recommends that the Auditor-General's performance audit report *Making the best use of public housing* be the framework for achieving a sustainable public housing sector in NSW and, by extension, sustainable social housing in NSW, within which the following recommendations of this inquiry should be read and understood.**

## Chapter Three – Tenancy Management

- 3.1 This chapter examines definitions and descriptions of tenancy management, and provides context for the following chapters which examine the cost effectiveness of current tenancy management arrangements and how they are measured, the support services provided to and outcomes for tenants in social housing, and measures to improve social housing provision and tenancy management.
- 3.2 For the purposes of the Committee’s inquiry it is vital that tenancy management be defined in order to understand the limits of the inquiry, especially in light of the several other recent and ongoing inquiries and research into social housing, detailed in Chapter 2.

### WHAT IS TENANCY MANAGEMENT?

- 3.3 Many of the submissions received by the Committee provide definitions of tenancy management or descriptions of activities which the authors group as tenancy management.

### Tenancy management in the private sector

- 3.4 Tenancy management in its most basic form is arguably best understood by reference to the private sector model.
- 3.5 The Real Estate Institute (REI) of NSW describes the role of a property manager as ‘to ensure that the property’s earning potential is maintained’. The activities listed by the REI by which the manager will achieve this include selecting the best possible tenant, maintaining records of the condition of the premises, and ensuring rent is paid on time, as well as understanding the legal requirements relating to tenancies and the operation of the Consumer Trader and Tenancy Tribunal, now known as the NSW Civil and Administrative Tribunal (NCAT). Services offered by property managers include representing property owners in disputes, arranging repairs, payment of rates and other charges, and providing periodic financial statements.<sup>65</sup>
- 3.6 This description of tenancy management describes a relationship between property ownership and management, and does not refer to the condition or circumstances of tenants other than as occupiers of property in return for rent paid.

### Tenancy management in public housing

- 3.7 In its submission the Department of Family and Community Services (FACS) devotes a chapter to tenancy management in public housing.<sup>66</sup> FACS distinguishes tenancy management in public housing from its private sector equivalent on the fundamental criterion that public housing tenants are selected on the basis of need, concluding that ‘the public housing system allocates properties to people

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<sup>65</sup> Real Estate Institute of New South Wales, home page, accessed 14 October 2014, <<http://www.reinsw.com.au>>.

<sup>66</sup> Submission 46, Department of Family and Community Services, p5.

who typically cannot secure accommodation in the private rental market because of their circumstances'.<sup>67</sup>

3.8 Despite the variety of descriptions of tenancy management in many submissions, there is general agreement among stakeholders that needs-based allocation is a distinguishing feature of tenancy management in public housing.

3.9 FACS describes tenancy management in public housing as including a range of functions which are not normally part of private rental tenancy management. FACS suggests these functions are conducted in public housing 'due to the complex nature of its client base or because of obligations around fairness and transparency in the Government's operations'.<sup>68</sup> Public housing tenancy management functions include:

- Activities which are broadly similar to private tenancy management practice such as processing written tenancy agreements;
- Activities which have parallels with private tenancy management practice but which are conducted differently such as the collection and assessment of information from potential tenants for the purpose of identifying priority for housing, special housing and support requirements, and reporting to regulators; and
- Activities which are not typically conducted in private tenancy management such as meeting government policy and program objectives in areas like transparency, capacity building and tenant engagement.<sup>69</sup>

3.10 In its submission FACS details how public housing tenancies are managed from commencement to conclusion. FACS describes:

- the application system for public housing and how applicants are assessed, and the waiting list on which applicants who meet the eligibility criteria are placed;
- the establishment of a tenancy via a written tenancy agreement, including the level of rent rebate and the duration of the tenancy;
- consideration of the suitability of properties to meet any special needs of the tenant, and referrals to support agencies if required;
- regular rent collection and dwelling inspections, including assessment of room utilisation;
- coordinating repairs and maintenance;
- managing rent arrears, if required, and disputes and reviews where they arise;
- responding to breaches of tenancy agreements where they arise, including neighbourhood impacts; and

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<sup>67</sup> Submission 46, Department of Family and Community Services, p6.

<sup>68</sup> Submission 46, Department of Family and Community Services, p6.

<sup>69</sup> Submission 46, Department of Family and Community Services, p6.

- managing the end-of-tenancies how and when they arise, including questions of ineligibility for public housing.<sup>70</sup>
- 3.11 FACS acknowledges that many of these tenancy management activities are akin to private sector tenancy management, but require sensitivity to the needs and attributes of public housing tenants which may have given rise to the tenants' eligibility in the first place, or which may be special legislative provisions relating to social housing tenancies which do not apply in the private sector.<sup>71</sup>
- 3.12 In addition to what FACS nominates as tenancy management, FACS also describes the provision of support services to individual public housing tenants, which is not an activity undertaken by private sector landlords.<sup>72</sup>
- 3.13 FACS gives the example of the Housing and Accommodation Support Initiative (HASI) to illustrate this role. HASI is a partnership between FACS, other housing providers and NSW Health which provides support packages to persons experiencing mental illness through linking care and tenancy management.<sup>73</sup> The Disability Housing and Support Initiative (DHASI) is a similar partnership rolled out by FACS to support people with disabilities in public housing.<sup>74</sup>
- 3.14 Where public housing is concentrated on estates, FACS states that effective tenancy management has a collective focus as well as an individual one. FACS' collective focus includes programs to improve the physical environment of estates and involve tenants in community decision-making.<sup>75</sup>
- 3.15 FACS also details services provided through its Aboriginal Housing program which are delivered alongside tenancy management, but do not fall within the usual definition of tenancy management, including advice on budgeting and household management, innovation funding, literacy strategies and other community support.<sup>76</sup>

#### *Housing NSW and the Land and Housing Corporation*

- 3.16 It is important to note that in delivering social housing, FACS is divided into two agencies: Housing NSW (HNSW) and the Land and Housing Corporation (LAHC).
- 3.17 The role of HNSW is to provide housing solutions to people in need, including addressing homelessness and funding, and regulating the provision of community housing and crisis accommodation. It provides tenancy management for public housing through a fee-for-service arrangement with LAHC, including assessing housing applications and assisting eligible households to live in the private rental market.

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<sup>70</sup> Submission 46, Department of Family and Community Services, p7.

<sup>71</sup> Submission 46, Department of Family and Community Services, p8.

<sup>72</sup> Submission 46, Department of Family and Community Services, p9.

<sup>73</sup> Submission 46, Department of Family and Community Services, p9.

<sup>74</sup> Submission 46, Department of Family and Community Services, p9.

<sup>75</sup> Submission 46, Department of Family and Community Services, p10.

<sup>76</sup> Submission 46, Department of Family and Community Services, p10.

- 3.18 The role of LAHC is to provide the houses to be let to people who cannot meet their own housing needs. It is responsible for planning, building, selling and modifying public housing stock. LAHC is the owner and manager of NSW public housing and most community housing.
- 3.19 As discussed briefly in Chapter 2, the agencies have both been part of FACS since August 2013 when LAHC was transferred from the Department of Finance and Services (DFS). LAHC was transferred to DFS in October 2011 while the tenancy management function remained in FACS. Both agencies operate under the *Housing Act 2001* which requires them to act in a complementary manner, to the maximum extent possible, to achieve unified administration of the Act.<sup>77</sup>
- 3.20 Many submissions suggested that there were negative consequences for effective tenancy management in public housing as a result of the split between the two agencies. In her submission, for example, Councillor Irene Doutney, City of Sydney concluded that the split between HNSW and LAHC resulted in a disconnect between tenants and their properties and made effective tenancy management more difficult for tenants and staff.<sup>78</sup>

### Tenancy management in community housing

- 3.21 FACS also outlines the tenancy management activities of community housing providers (CHPs) and the key similarities and differences with public housing. FACS and CHPs co-administer housing access, integrate their tenancy management with other tenant support services, and are subject to similar tenant appeals mechanisms.<sup>79</sup>
- 3.22 CHPs are independent organisations, however, whose policies and activities are governed by their contractual relations with the NSW Government. As community-based organisations, the tenancy management practices of CHPs are typically integrated with other non-government service providers, reflecting this relative autonomy.<sup>80</sup>
- 3.23 CHPs are also subject to the National Regulatory System for Community Housing (NRSCH) which sets out performance requirements. The general performance requirements for 'tenant and housing services' cover tenant eligibility and housing allocation, rents, housing service standards, tenant and resident engagement, access to tenant support, complaints and appeals, and maintaining tenant satisfaction.<sup>81</sup>
- 3.24 In their submissions, the CHPs describe tenancy management in broad terms. St George Community Housing Ltd (SGCH), for example, perceives social housing tenancy management as involving 'far more than collecting the rent and carrying out repairs'.<sup>82</sup> In describing its tenancy management services SGCH does not distinguish between the various activities which FACS lists above according to

<sup>77</sup> Auditor-General of NSW, Performance Audit Report: *Making the best use of public housing*, July 2013, p9.

<sup>78</sup> Submission 27, Cr Irene Doutney, p1.

<sup>79</sup> Submission 46, Department of Family and Community Services, p14.

<sup>80</sup> Submission 46, Department of Family and Community Services, p14.

<sup>81</sup> Submission 46, Department of Family and Community Services, p15.

<sup>82</sup> Submission 19, St George Community Housing Ltd, p16.



how alike or unlike they are to private tenancy management. Rather, SGCH groups all tenancy management functions it performs and services through which it supports its tenants' needs, whether housing-related or otherwise.

3.25 Southern Cross Community Housing Ltd (SCCH) in its submission describes this grouping of tenancy management functions as having a whole-of-tenancy focus.<sup>83</sup> SCCH advises that a whole-of-tenancy focus allows for tenancies to be maintained by addressing all of a tenant's needs, not just their housing needs. SCCH contends that a whole-of-tenancy focus is lacking in the public housing sector due to the separation of asset management from tenancy management.<sup>84</sup>

3.26 The NSW Federation of Housing Associations Inc is the industry peak body for CHPs in NSW, and has 41 full members including all the larger not-for-profit providers. In its submission the Federation echoes the position of SGCH, SCCH and many other submissions from the community housing sector, by defining tenancy management in the broadest possible sense. The Federation describes the basic tenancy management role as 'signing leases, managing rent collection processes and coordinating responsive maintenance', and that community providers undertake a wide range of activities which go well beyond this, including:

- activities to sustain tenancies;
- intensive tenancy management for vulnerable or high need tenants;
- connecting tenants to support services;
- connecting tenants to opportunities such as employment, education and training; and
- place management for successful communities.<sup>85</sup>

3.27 The Committee questioned whether tenancy management could be described as a narrow discrete set of activities or is better seen within a whole-of-tenancy framework. Mr Jonathan O'Dea MP, Committee Chair asked the representatives of the CHPs whether all CHPs take the broader approach or whether some CHPs interpret tenancy management as the activities which just address accommodation, and if defined broadly, how each discrete value component was measured. Ms Lucy Burgmann, Chief Executive Officer of the NSW Federation of Housing Associations replied:

... it is the community housing approach to see tenancy management as something much broader than collecting rent and logging maintenance calls.<sup>86</sup>

3.28 She agreed that the challenge was to cost individual elements and that the AHURI project would address this challenge. Ms Burgmann described the AHURI project as 'foundational', illustrating the importance of the work as follows:

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<sup>83</sup> Submission 7, Southern Cross Community Housing Ltd, p6.

<sup>84</sup> Submission 7, Southern Cross Community Housing Ltd, p6.

<sup>85</sup> Submission 33, NSW Federation of Housing Associations Inc, p12.

<sup>86</sup> Ms Lucy Burgmann, Chief Executive Officer, NSW Federation of Housing Associations, transcript of evidence, 8 September 2014, p16.

But it is not just about costing the individual aspects – what does it cost to have a really efficient tenancy management system? What does it cost to have a really efficient income assessment team – because it is a whole piece of the social housing business that does not really have a parallel in the private rental market? In community housing and in public housing, assessing someone as eligible and continuing to assess their income so that you can continue to adjust their rent every six to 12 months is a huge piece of the business. What does it cost to do that efficiently? What does it cost to efficiently case manage or connect tenants to the other kinds of supports that they might need? What is the value of being able to do all the things in a leveraged way so that you are not having them as separate streams and they do not talk to each other?

What is the value of being able to make sure that the person who does, say, the routine maintenance inspection is also a person who can talk to the tenancy management team about what seems to be going on with the tenant or that the person who really understands where the tenant is at, the kind of support they are receiving, how they are travelling with their social supports and how the maintenance might be able to support them in that? So it is about being able to value not just the individual pieces but also to ensure that the whole is more than the sum of the parts. I think that is where we are hoping the AHURI research and some of the work we know the department is looking at might get to.<sup>87</sup>

- 3.29 This endorsement of the AHURI approach and anticipation of the results of its current research project was a common theme in the evidence received by the Committee.

### Australian Housing and Urban Research Institute

- 3.30 The Australian Housing and Urban Research Institute (AHURI) is a not-for-profit organisation which manages the National Housing Research Program with funding from Australian Commonwealth, State and Territory governments, universities and fee-for-service income.
- 3.31 AHURI and its research projects were widely referenced in submissions made to the inquiry and in evidence given to the public hearings.

### *Social housing research*

- 3.32 AHURI has commenced a research project commissioned by Australian government housing agencies to develop a framework to assess the costs and benefits of social housing. The reason for the project is to allow for comparative performance measurement between the various housing providers in a climate where social housing is undergoing a restructure through the increasing role of non-government community providers.<sup>88</sup>
- 3.33 AHURI has completed phase one of its research and released Positioning Paper 160 entitled *Assessing management costs and tenant outcomes in social housing: developing a framework* July 2014.<sup>89</sup> This research concluded that the existing

<sup>87</sup> Ms Burgmann, Transcript 8 September 2014, p16.

<sup>88</sup> Submission 40, Australian Housing and Urban Research Institute, Attachment p1.

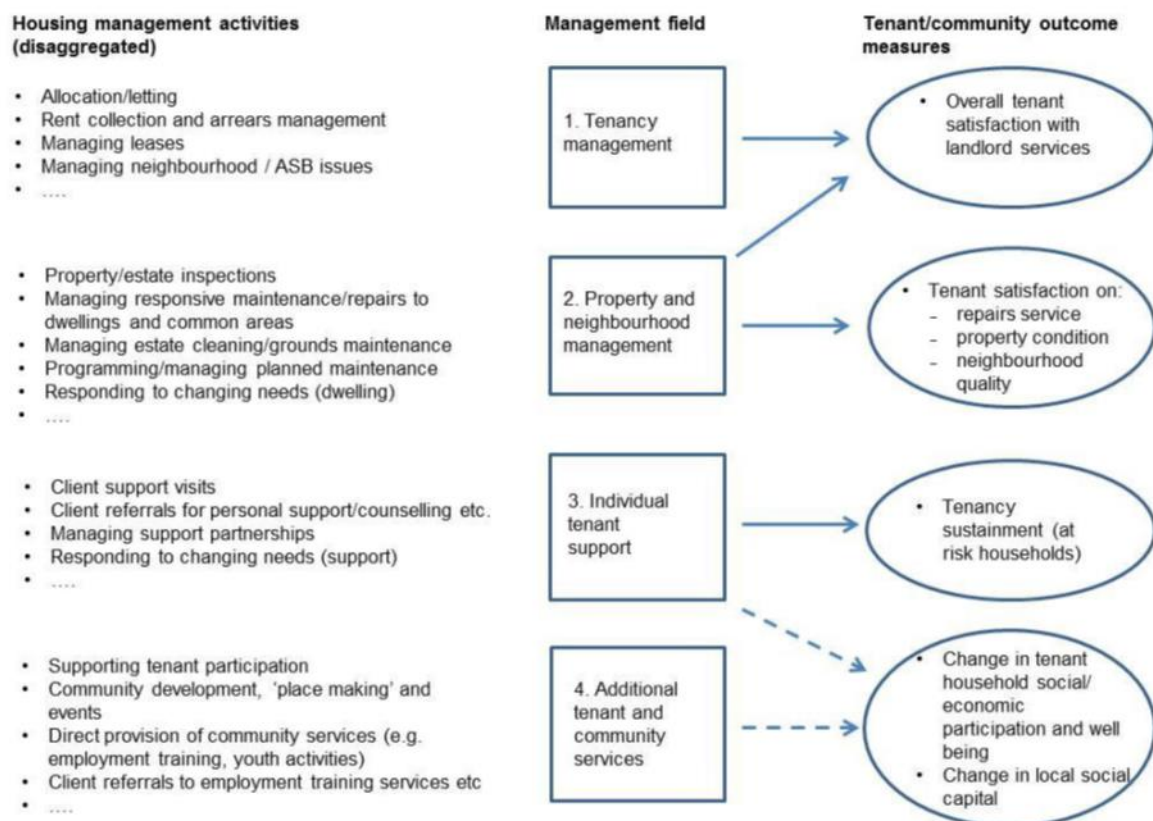
<sup>89</sup> AHURI, *Assessing management costs and tenant outcomes in social housing: developing a framework*, Positioning Paper 160, July 2014, accessed 5 November 2014,

social housing ‘efficiency measure’ published in the Report on Government Services (ROGS) series<sup>90</sup>, is of little value in measuring the cost of providing social housing services because the indicator used - net recurrent cost per dwelling – is too broadly defined. The research also concluded that the measurement of tenant outcomes could be enhanced.<sup>91</sup>

*A new conceptual framework*

3.34 Phase two of AHURI’s research is built on a proposal for a new conceptual framework for measuring social housing cost of provision and tenant outcomes which describes various housing management activities including tenancy management. This conceptual framework is reproduced below.<sup>92</sup>

**Table 3: Conceptual framework for measuring social housing cost of provision and tenant outcomes**



3.35 The conceptual framework derives from work which identifies housing management activities and their relationship to service outcomes. By disaggregating these activities and aligning them with the outcomes they are directed at producing, the research aims to provide a framework for measuring individual activities performed by housing managers from all sectors, so that comparative performance can be measured between sectors and between

<<http://www.ahuri.edu.au/publications/search.asp?Search=Properties&CurrentPage=1&Keywords=&PublicationType=pp&Year=2014&Centre=&Sort=Title>>.

<sup>90</sup> Australian Government Productivity Commission, Report on Government Services 2014, Volume G: Housing and homelessness, accessed 5 November 2014, <<http://www.pc.gov.au/gsp/rogs/housing-homelessness>>.

<sup>91</sup> Submission 40, Australian Housing and Urban Research Institute, Attachment p2.

<sup>92</sup> Submission 40, Australian Housing and Urban Research Institute, Attachment p4.

providers. Where a sector does not perform a particular activity e.g. the private sector does not make needs-based allocations, it need only be measured for comparative purposes on those activities it does perform. Hence, through the measurement of common activities, performance measurement will be made more reliable than the current arrangements which make broad assumptions across all providers and therefore produce distorted measurements.

3.36 In summary, the objectives of phase two are to enable expenditure comparisons between housing providers so that variations can be identified and the reasons behind these variations assessed; and illustrate where different providers prioritise expenditure between what can be described as traditional tenancy management and broader tenant support.<sup>93</sup>

3.37 As shown by Table 3 above, the AHURI framework subdivides housing management activities according to four management fields:

- Tenancy management
- Property and neighbourhood management
- Individual tenant support
- Additional tenant and community services

3.38 Within each management field, housing management activities are disaggregated. The first management field, *Tenancy management*, includes for the purposes of the AHURI framework:

- Allocation and letting
- Rent collection and arrears management
- Managing leases
- Managing neighbourhood and anti-social behaviour issues

3.39 The second management field, *Property and neighbourhood management*, includes:

- Property/estate inspections
- Managing responsive maintenance/repairs to dwellings and common areas
- Managing estate cleaning/grounds maintenance
- Programming /managing planned maintenance
- Responding to changing needs (dwelling)

3.40 The third management field, *Individual tenant support*, includes:

- Client support needs
- Client referrals for personal support/counselling etc
- Managing support partnerships
- Responding to changing needs (support)

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<sup>93</sup> Submission 40, Australian Housing and Urban Research Institute, Attachment p3.

3.41 The fourth management field, *Additional tenant and community services*, includes:

- Supporting tenant participation
- Community development, 'place making' and events
- Direct provision of community services (e.g. employment training, youth activities)
- Client referrals to employment training services etc

3.42 For each management field, a measure or measures are shown, which may be tenant or community focussed, and may be an outcome measure/s for more than one management field.

#### *Research timeframe*

3.43 Phase two of AHURI's research is under way. The framework is being tested in two states across both public and community providers, with a completion target of March 2015.

#### Commentary on the AHURI framework

3.44 AHURI's definition of tenancy management according to the first management field in the framework is narrower than the definitions provided by FACS and the CHPs. It is broader, however, than what most stakeholders assign to private sector tenancy management, as it includes neighbourhood and behaviour management. The activities listed under all four management fields generally encompass all the definitions of tenancy management used by stakeholders of this inquiry, and the framework presents a comprehensive whole-of-tenancy approach to measuring the full suite of activities performed by housing providers, whether or not they describe their activities as tenancy management.

3.45 The Committee heard evidence from witnesses engaged in the AHURI research. Professor Hal Pawson, Associate Director of the City Futures Research Centre at the University of New South Wales, told the Committee:

The aim of the project is to develop a better matrix so we can compare social housing providers more meaningfully than we can at the moment on the inputs and outputs ... (through) ... measures which are equally applicable to public housing providers and to the larger community housing providers ... we are hoping that this will lead eventually to a set of measures that can then become a routine – potentially annual or at least periodic – requirement for the State providers and the larger not-for-profit providers.<sup>94</sup>

3.46 There is a widespread consensus amongst stakeholders in support of the AHURI approach. This support generally is in recognition of the way the AHURI framework is seen to incorporate all the functions which social housing providers undertake, reflecting the whole-of-tenancy approach which has developed in the community housing sector as a rationale by which CHPs promote their services and explain their approach.

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<sup>94</sup> Professor Hal Pawson, Associate Director, City Futures Research Centre, transcript of evidence, 15 September 2014, p13.

- 3.47 SGCH, for instance, describes the AHURI framework as blending core tenancy management activities with other services.<sup>95</sup> In the view of SGCH, ‘there needs to be a close relationship between these two elements to ensure that an effective service is provided to tenants’.
- 3.48 In its submission the NSW Federation of Housing Associations Inc contrasts the AHURI framework with the FACS approach, reflected in the three types of tenancy management functions attributed to FACS above. The Federation is concerned at measures which may facilitate cost comparisons between various providers but which may also obscure the extent to which activities are most effective when undertaken in an integrated manner.<sup>96</sup> While measuring cost effectiveness is the subject of Chapter 4, the recent integration of public housing tenancy and asset management within FACS illustrates the sway which the whole-of-tenancy approach to the provision of social housing, as exemplified in the growth of the community sector, now has over the entire social housing sector. The contrast between the reasons given for the separation of HNSW and LAHC and the advantages from their re-integration is stark, as detailed in the following two paragraphs.
- 3.49 As described previously, until October 2011 the two agencies were part of FACS. LAHC, which included the property portfolio and asset-related functions, was transferred to the Department of Finance and Services (DFS) while HNSW, the tenancy manager, remained in FACS. In his performance audit report *Making the best use of public housing July 2013*, the Auditor-General states that ‘the separation was to allow LAHC/DFS to pursue efficiencies and rationalisation of asset operations, while allowing HNSW/FACS to focus on social and affordable housing policy and direction, and to enhance service delivery and community outcomes’.<sup>97</sup>
- 3.50 When commenting at the Committee’s public hearing held on 15 September 2014 to examine the performance audit on the separation and subsequent re-integration of the two agencies, representatives of FACS advised the Committee that the two agencies were now subject to the same set of strategic priorities and objectives, and that the re-integration assisted the agencies to respond to the Auditor-General’s recommendations in the context of a sustainable social housing system.<sup>98</sup>
- 3.51 Further, in addition to endorsing the AHURI framework and its broad whole-of-tenancy approach to defining tenancy management, several stakeholders expressed the view that the inquiry is hampered in making constructive recommendations without the benefit of the completed research.
- 3.52 In its submission, for example, the Council of Social Service of NSW (NCOSS) advised that without an agreed definition of tenancy management it was difficult

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<sup>95</sup> Submission 19, St George Community Housing Ltd, p11.

<sup>96</sup> Submission 33, NSW Federation of Housing Associations Inc, p19.

<sup>97</sup> Auditor-General, *Making the best use of public housing*, July 2013, p9.

<sup>98</sup> Mr Paul Vevers, Deputy Secretary, Southern Cluster, Department of Family and Community Services, and Ms Ann Skewes, Deputy Secretary, Land and Housing Corporation, Department of Family and Community Services, Examination of the Auditor-General’s Performance Audits, transcript of evidence, 15 September 2014, p2.

to provide factual comment on the Committee's terms of reference. NCOSS called on the Committee not to recommend far reaching changes in the absence of work like the AHURI research which would provide hard information in an agreed framework.<sup>99</sup>

- 3.53 Similarly Shelter NSW said that 'the inquiry might be in a far better position to address the issues covered in its terms of reference once this AHURI project is completed'.<sup>100</sup>

## COMMITTEE COMMENT

- 3.54 The Committee notes the almost universal view amongst stakeholders that tenancy management in social housing includes many activities which are not typical of private sector tenancy management.

- 3.55 The Committee also notes the strong support for the AHURI framework as a way of describing the activities inherent in social housing provision. The AHURI research has been commissioned by Australian housing jurisdictions in order to produce a framework made up of the various activities which housing providers in all sectors undertake, and which can be disaggregated for the purpose of measuring and comparing the performance of and between providers of any particular activity, or aggregated so that overall performance by provider and by sector can be measured and compared.

- 3.56 While there is some debate about whether tenancy management is a discrete housing-related activity as opposed to non-housing related tenant support activities, or whether any activity undertaken or procured by a social housing provider should come within the definition of tenancy management, the AHURI framework overcomes the need to make these distinctions. Whether or not it is useful to separate tenancy management from tenant support is a question avoided by adopting the AHURI framework as activities can be disaggregated or aggregated as required.

- 3.57 The Committee commented in Chapter 2 on the importance of the recommendations of the Auditor-General in his report *Making the best use of public housing* as the basis for achieving sustainable social housing in NSW, within which context the recommendations of this inquiry should be read and understood. The Committee similarly finds that the outcomes of the AHURI research should form the basis for defining and measuring the performance of social housing provision including tenancy management.

## RECOMMENDATION 2

**The Committee recommends that the outcomes of the research by the Australian Housing and Urban Research Institute detailed in its paper entitled *Assessing management costs and tenant outcomes in social housing: developing a framework* should form the basis for defining and measuring the performance of social housing provision, including tenancy management.**

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<sup>99</sup> Submission 12, The Council of Social Service of NSW (NCOSS), p5.

<sup>100</sup> Submission 28, Shelter NSW, p1.

## Chapter Four – Cost effectiveness

4.1 This chapter examines in detail the first term of reference for the Committee’s inquiry, i.e. ‘the cost effectiveness of current tenancy management arrangements in public housing compared to private and community housing sectors’, and makes findings and recommendations about cost effectiveness and how to measure it.

### How is tenancy management performance measured?

4.2 As discussed in Chapter 3, the activities which comprise tenancy management differ across the private, public and community housing sectors. There is a widespread view in the community sector that social housing is best provided by adopting a whole-of-tenancy approach, and the community sector promotes its strengths and achievements around its capacity to maintain tenancies by addressing all of its tenants’ needs, and not only the needs of its tenants which relate to accommodation.

4.3 Private sector housing performance is a matter for the market and for the regulation of contracts and traders. The cost effectiveness of private sector tenancy management is measured by the relative success or failure of property managers who expose themselves to competition in the market place.

4.4 The public housing sector is accountable for its performance to the responsible Minister and subject to scrutiny by various agencies and tribunals, of which the Auditor-General is a notable example. In his report entitled *Making the best use of public housing* the Auditor-General makes detailed comments and recommendations regarding the better measurement of the public housing sector against its legislative objectives, policy targets and multiple performance reporting requirements.

4.5 The community sector sits somewhere between the private and public sectors being subject to a framework of reporting and benchmarking which ensures that individual providers meet the requirements of national registration.

4.6 In its submission, Pacific Link Housing provided a summary table which compared the various settings across the private, public and community sectors to give insight into the elements which circumscribed the capacity of each sector to operate effectively or not.<sup>101</sup>

**Table 4: Comparison of public, community and private sector**

	Public sector	Not-for-profit sector	Private sector
Scale and efficiency	Very large. Scale economies, but also costs of complexity	Scale varies, larger providers have scale economies	No examples at present. Real estate agents tend to operate on a franchise basis, so few economies

<sup>101</sup> Submission 4, Pacific Link Housing, p11.



Taxes and rates	No income tax payable, but lack certain GST and rate benefits	No income tax payable, and have certain GST and council rate benefits	Pay income tax and council rates. Have certain GST benefits
Income sources	Highly constrained	Can 'maximise' CRA via tenants, raise bank loans and donations, bid for certain Commonwealth schemes (HAF, NDIS etc.)	Can raise equity and bank loans
Staff costs	Relatively highly staffed, and staff paid at higher rates	Thinly staffed, and staff paid less than in public sector	Varies: general staff may be poorly paid, but senior executives require high salaries
Subsidy 'leakage'	None - all funds directed to social purpose	None - all funds directed to social purpose	'Leakage' of funds through paying tax, and dividends to shareholders
Transparency	Poor - little meaningful data produced	Good at organisational level, including publicly available ASIC audited accounts, though data can be hard to benchmark	Poor. Private companies do not need to make their accounts available
Controls	Bureaucratic control through a cumbersome reporting process	Regulated by Government in terms of activities, risks, governance and financial competence. Also controlled through ASIC and charities legislation	Controlled through ASIC only

#### *How is comparative performance measured?*

4.7 There was general consensus, however, across the evidence presented to the Committee that comparative performance measurement between social housing providers and sectors is difficult and currently inadequate.

4.8 Ms Lucy Burgmann, Chief Executive Officer of the NSW Federation of Housing Associations, cited reports by the Productivity Commission, government housing agencies and industry academics, when she told the Committee at its public hearing on Monday 8 September 2014:

The comprehensive suite of data to measure the effectiveness of any form of social housing tenancy management does not exist and we strongly support efforts to change that situation.<sup>102</sup>

4.9 Ms Burgmann, as with several other witnesses, offered evidence of performance measurement and compliance with standards within housing sectors or by particular providers. In the case of CHPs, Ms Burgmann cited data to show that the community sector is a cost-effective way of delivering social housing through

<sup>102</sup> Ms Lucy Burgmann, Chief Executive Officer, NSW Federation of Housing Associations, transcript of evidence, 8 September 2014, p2.

the measurement of key indicators like the level of rent arrears, the length of turnaround times for vacancies, and the level of tenant satisfaction.<sup>103</sup>

4.10 In answer to a question from Mr Jonathan O’Dea MP, Chair of the Public Accounts Committee regarding how the community sector is monitored, Ms Burgmann described data collection by the Registrar of Community Housing as the most reliable source of information on sector performance. As described in Chapter 2, the Registrar is responsible for administering the National Regulatory System for Community Housing (NRSCH) in NSW. Ms Burgmann acknowledged that neither the public housing sector nor private landlords are regulated in the same way, however, so that consistent industry-wide performance data is not available.<sup>104</sup>

4.11 The CHPs also offered a number of indicators by which they measure their own performance. Southern Cross Community Housing Ltd (SCCH), for example, quoted figures from its annual report to demonstrate that its performance compared favourably to other CHPs. SCCH also quoted the Auditor-General’s performance audit report *Making the best use of public housing* to demonstrate favourable performance on one indicator (under-utilisation of properties) when compared with the public housing system.<sup>105</sup> While these reports do not measure cost effectiveness directly, it could be argued they are proxies for cost measurement.

4.12 St George Community Housing Ltd (SGCH) quoted the 2013 Productivity Commission Report on Government Services which compared the performance of public housing, state-managed indigenous housing, and community housing for indicators measuring equity, effectiveness and efficiency.<sup>106</sup> Again, none of the indicators measured cost effectiveness *per se*, but they provided comparative performance information which addressed the achievement of core business and policy outcomes in the provision of social housing. This comparative information is provided below.

**Table 5: Comparison between public housing, state-managed Indigenous housing and community housing, according to the 2013 Productivity Commission Report**

<b>Comparing the sectors in NSW: Productivity Commission data (2012-13)</b>			
	Public housing	State managed Indigenous housing	Community housing
<b>Equity indicator</b>			
Proportion of new tenancies allocated to households with special needs	69.7%	55.8%	<b>70.3%</b>

<sup>103</sup> Ms Burgmann, Transcript 8 September 2014, p2.

<sup>104</sup> Ms Burgmann, Transcript 8 September 2014, p3.

<sup>105</sup> Submission 7, Southern Cross Community Housing Ltd, p6.

<sup>106</sup> Submission 19, St George Community Housing Ltd, p9.

<b>Effectiveness indicator</b>			
Dwelling condition: proportion of households with at least 4 working facilities and not more than 2 major structural problems	67.7%	56.4%	<b>81.4%</b>
<b>Efficiency indicators</b>			
Occupancy rates	99.0%	98.1%	<b>99.8%</b>
Rent collection rates	99.0%	101.0%	<b>101.9%</b>
<b>Outcome indicators</b>			
Amenity important and meeting needs	80.1%	79.6%	<b>84.2%</b>
Proportion of overcrowded households	4.8%	8.6%	<b>3.1%</b>
Proportion of under-utilised dwellings	14.9%	24.2%	<b>14.8%</b>
Tenant satisfaction: proportion of tenants who are satisfied or very satisfied with services provided (2012 data)	56.1%	48.7%	<b>69.6%</b>

4.13 Mr Trevor Wetmore, Acting Chief Executive Officer, SGCH noted, however, when giving evidence to the Committee that the Productivity Commission itself reports that there is a paucity of information in the area of comparative performance in the social housing industry.<sup>107</sup>

4.14 In questioning the witnesses the Committee sought greater detail concerning the full range of benchmarks and indicators used within the community sector to measure its own performance. In answering, Ms Burgmann noted that there is a wide range of ways to measure and report performance.

The big challenge is comparing apples with apples and also getting the right peer groups. With basic measures, such as vacancy rates or rates of arrears, it is best to understand the number and also the target group or tenancy group concerned. That might be different across providers or in different places. How does an organisation go about keeping its arrears or eviction rates down? What style of tenancy management allows that to happen? That varies, not only within community housing, but across the whole housing system.<sup>108</sup>

4.15 To illustrate this point, Ms Burgmann described the different approaches taken in the private and social housing sectors in response to a failing tenancy.

<sup>107</sup> Mr Trevor Wetmore, Acting Chief Executive Officer, St George Community Housing Ltd, transcript of evidence, 8 September 2014, p4.

<sup>108</sup> Ms Burgmann, Transcript 8 September 2014, p4.

A stark point of comparison is that in community housing the emphasis is on sustaining tenancies and keeping tenants in their homes ... whereas in the private market ... sustaining tenancies might not be a concept that attracts a great deal of time and effort ... if a tenant is unable to pay rent for a period, the interest is to find a tenant who can. With community and public housing ... much more resources and effort are put into sustaining the tenancy and working with the tenant to repay arrears ...<sup>109</sup>

- 4.16 The differences between the housing sectors, and between individual housing providers and the tenants they support, influence the way different providers run their businesses and decide where to concentrate their efforts for best effect. Ms Burgmann said that the danger in attempting to apply a simple performance indicator, such as the staff-to-property ratio which is often used as a point of comparison between public and community housing, is that it may not accurately represent the efficiency or effectiveness of the business:

What are the full range of activities required to (run our business) well, and how do we cost them rather than just focus on a staff-to-property ratio? A staff-to-property ratio is a really neat number, but it will hide more than it reveals.<sup>110</sup>

- 4.17 Given the diversity of social housing organisations, public and not-for-profit, how they are structured and what services they provide, Ms Burgmann said:

It is really difficult ... to look at a single number like a staff-to-property ratio and to determine which one is fit for purpose and which is more efficient.<sup>111</sup>

- 4.18 Mr Andrew McNulty, Chief Executive Officer, Link Housing Ltd suggested that it was important to avoid waste when measuring what he described as 'different formats for different organisations'. In his view, national registration and national benchmarking provided a solution to the problem of waste and over-analysing, and that the national system should encompass public housing providers as well as the community sector to enable comparative reporting.<sup>112</sup>

- 4.19 In both their submissions and in evidence before the Committee, the CHPs continually emphasised the importance of the AHURI project and its goal of producing a framework for collecting and reporting comparative performance data across the social housing industry. The representatives stressed the importance of this measurement as key to being able to demonstrate the effectiveness of their particular sector in meeting community goals.

#### *Proxies for comparative performance measurement*

- 4.20 Other submissions, while acknowledging the absence of comparative performance data, offered proxies for comparative performance measurement.
- 4.21 Homes North Community Housing Ltd, for example, submitted a detailed cost analysis comparing their operations with LAHC which subject to the assumptions made, showed Homes North's costs to be comparable to LAHC's costs,

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<sup>109</sup> Ms Burgmann, Transcript 8 September 2014, p4.

<sup>110</sup> Ms Burgmann, Transcript 8 September 2014, p4.

<sup>111</sup> Ms Burgmann, Transcript 8 September 2014, p5.

<sup>112</sup> Mr Andrew McNulty, Chief Executive Officer, Link Housing Ltd, transcript of evidence, 8 September 2014, p5.

notwithstanding that Homes North managed only a small fraction of the properties owned by LAHC.<sup>113</sup>

4.22 In its submission ShelterNSW noted the lack of appropriate data as the major reason for embarking on the AHURI project, but offered several analyses which addressed cost effectiveness and comparative performance in social housing. Quoting from the 2012-13 Annual Report of the Land and Housing Corporation, ShelterNSW noted public housing tenancy management costs of \$1,040.47 per tenanted property which it described as equivalent to a management fee of 5% of average market rents. ShelterNSW advised that the normal fee charged by private real estate agents is between 6% and 9% of average market rents.<sup>114</sup>

4.23 For assessing the cost effectiveness of the community sector, ShelterNSW referred to three proxies:

- The net cost per property reported in the Report on Government Services (ROGS)
- Benchmarking data from the UK benchmarking club Housemark
- Management fees charged by CHPs for properties they manage on a fee-for-service basis.

4.24 ShelterNSW concluded that the ROGS data found the cost of CHPs to be broadly similar to public housing; that the benchmarking data suggests that UK CHPs provide housing management services at a competitive cost; and that fee-for-service management fees charged by CHPs are below or in the lower range of normal private real estate fees.<sup>115</sup>

4.25 ShelterNSW stressed, nevertheless, that the Committee's inquiry would be in a much better position to judge cost effectiveness once the AHURI project is completed.<sup>116</sup>

### *Tenant satisfaction levels*

4.26 A proxy for performance measurement offered by many witnesses was tenant satisfaction levels. In their submissions, several CHPs quoted their own and third party tenant satisfaction surveys in support of their claims to superior performance over other social housing providers and particularly Housing NSW. Housing providers who quoted from tenant satisfaction surveys included Pacific Link Housing Ltd,<sup>117</sup> Southern Cross Community Housing Ltd,<sup>118</sup> the Housing Trust,<sup>119</sup> and Homes North Community Housing Ltd.<sup>120</sup>

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<sup>113</sup> Submission 38, Homes North Community Housing Ltd, p7.

<sup>114</sup> Submission 28, ShelterNSW, p5.

<sup>115</sup> Submission 28, ShelterNSW, pp5-6.

<sup>116</sup> Submission 28, ShelterNSW, p5.

<sup>117</sup> Submission 4, Pacific Link Housing Ltd, p15.

<sup>118</sup> Submission 7, Southern Cross Community Housing Ltd, p13.

<sup>119</sup> Submission 26, The Housing Trust, p4.

<sup>120</sup> Submission 38, Homes North Community Housing Ltd, p15.

4.27 The Committee invited the representatives of FACS to comment on tenant satisfaction levels during the public hearing on 15 September 2014. In response, Mr Vevers acknowledged that the raw numbers show higher satisfaction levels amongst tenants of CHPs compared with Housing NSW. He informed the Committee, however, of some of the factors which may influence these numbers.

We know that tenant satisfaction relates to the location of their property. One third of public housing tenants live on public housing estates, which we know are not always popular places for people to live. That will have some bearing on satisfaction, as will the condition and age of the property.<sup>121</sup>

4.28 Mr Vevers agreed, however, that tenant satisfaction was an important measurement of performance and if CHPs enjoyed higher levels of satisfaction then Housing NSW should try to lift its performance.

#### *Impediments to comparative measurement*

4.29 Pertinent to the notion that comparative performance measurement requires that 'like be compared with like', several witnesses pointed to sector-specific funding mechanisms and funding sources, different housing stock, and differences in the management of the waiting list as reasons why comparative performance, especially of cost effectiveness, was difficult to undertake.

4.30 Community sector representatives acknowledged that the sector enjoys comparative advantages over the private and public sectors in a number of areas. In its submission SGCH summarised these advantages, stating that CHPs:

- do not pay income tax, placing them in a preferential position to the private sector;
- are able to recover GST whereas the State Government is not;
- have enhanced income compared to State Housing Authorities as tenants are eligible to receive Commonwealth Rental Assistance payments from the Commonwealth;
- can in most cases receive donations, unlike the public and private sector agencies. This can provide benefits through funding for tenant support initiatives, and occasionally donations of land that can be used to develop new social housing;
- have no shareholders. All surpluses are re-invested in building new homes and the organisation's social mission;
- are carefully regulated, reducing the likelihood of financial misappropriation;
- produce audited annual accounts to ASIC requirements, providing a far higher level of transparency than State Housing Authorities;
- provide more modest salaries to their staff than in the public sector, and have fewer layers of management. Staff commitment is high, absenteeism is low. Several CHPs take advantage of enthusiastic volunteers; and

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<sup>121</sup> Mr Paul Vevers, Deputy Secretary, Southern Cluster, Department of Family and Community Services, Tenancy management in social housing, transcript of evidence, 15 September 2014, p4.

- can raise finance to fund new development of social housing, leveraging against the steady cash flows from a rental housing portfolio.<sup>122</sup>

4.31 In its submission Evolve Housing discussed in detail the advantages of eligibility for Commonwealth Rental Assistance (CRA). It described CRA as ‘an effective and efficient subsidy that CHPs can use to target support to those most in need’. Evolve Housing said that ‘as a result, CHPs can manage and maintain social housing portfolios at sustainable levels and generate surplus cash reserves for further investment, whereas the public housing sector operates on the basis that losses will inevitably be incurred’.

4.32 Evolve Housing noted that the cash reserves generated could not only be applied to management and maintenance costs, but also to support tenant and community needs such as educational and employment assistance, physical exercise grants, language support, and money management courses.<sup>123</sup>

4.33 The operation of the waiting list was raised in evidence as another area which complicated the comparative performance measurement of the community and public sectors.

4.34 Witnesses representing the Public Service Association of NSW (PSA), appearing at the Committee’s public hearing on 8 September 2014, were concerned that access to CRA could lead to discrimination between single tenants and couples when selecting people from the waiting list. Ms Sonia Rhodes told the Committee that CHPs looked to producing high rental returns as a way of measuring their cost effectiveness.

... you could have some clients disadvantaged where they do not represent a good rental return to a particular provider ... a single person in a one bedroom property is only going to give you the rent for a single person ... community housing providers would be better geared to make that offer of accommodation to a couple – a couple has a higher rental income and a higher component of the Commonwealth rental assistance that they have been in receipt of.<sup>124</sup>

4.35 Ms Rhodes’ evidence prompted the Committee to examine the operation of the waiting list and what discretion was available to housing providers when selecting tenants from the single waiting list, given that the evidence of witnesses representing CHPs was that they had no such discretion.

4.36 The PSA witnesses told the Committee that while all eligible applicants for social housing were drawn from a single waiting list whether for housing by Housing NSW or a community housing provider, the CHPs had some discretion over whom they could select from the waiting list and the capacity to jump over candidates if they felt they were not suitable for the housing available.

4.37 Ms Leonie Donohoe, representing the PSA, told the Committee that through the process of matching applicants to suitable housing, and the fact that much of the community housing stock is unsuitable for single tenants, the CHPs ‘are able to

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<sup>122</sup> Submission 19, St George Community Housing Ltd, p12.

<sup>123</sup> Submission 42, Evolve Housing, p3.

<sup>124</sup> Ms Sonia Rhodes, Public Service Association delegate, transcript of evidence, 8 September 2014, p56.

bypass people on the waiting list to match them to the specific stock that they have'.<sup>125</sup>

4.38 As this process involved matching applicants to suitable houses, the PSA delegates suggested that it gave CHPs an opportunity to bypass more vulnerable tenants who might require a higher level of support, or tenants with a tendency towards difficult behaviour or non-payment of rent, resulting in more vulnerable tenants concentrated in the public housing sector.<sup>126</sup>

4.39 The Committee asked the PSA representatives if they could provide more concrete evidence to support this proposition. The PSA replied:

Tenants on the priority waiting list (those with assessed vulnerable complex needs) overwhelmingly preference Housing NSW as their provider of choice. Community housing providers access only the general waiting list when allocating properties and therefore are selecting tenants from an already tiered pool. From within the general waiting list (which is further ordered on a need basis), members report observing the common scenario in which potential tenants are allocated properties by community providers inconsistent with the order of the list. Unfortunately there are insufficient reporting mechanisms in place within the system to audit the basis of 'out of order' allocations from the general list.<sup>127</sup>

4.40 The Committee put this proposition later to witnesses representing FACS who disputed that this occurred. In answer to a question on notice, FACS replied:

The majority of long term community housing is managed by 25 CHPs which are required to use *Housing Pathways*. This is the multi-provider access system for housing assistance in NSW. It delivers a single waiting list known as the *NSW Housing Register* from which Housing NSW and the participating CHPs must select tenants. The same criteria for assessing eligibility and prioritising access to social housing applies across all parts of the system.<sup>128</sup>

4.41 A further advantage suggested by PSA representatives enjoyed by CHPs over public housing, is that the CHPs have benefitted from the transfer of newer housing stock. As a consequence, they are able to spend less on maintenance and are the recipients of higher levels of tenant satisfaction.

4.42 The PSA said that properties constructed under the Commonwealth-funded National Building Economic Stimulus Package were transferred on completion to the community sector as a condition of funding, but the costs of planning and construction were borne by the public provider.<sup>129</sup>

4.43 FACS acknowledged points of difference between public and community housing on this subject.

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<sup>125</sup> Ms Leonie Donohue, Public Service Association delegate, transcript of evidence, 8 September 2014, p57.

<sup>126</sup> Ms Michelle Bogatyrov, Public Service Association Industrial Advocate, transcript of evidence, 8 September 2014, p57.

<sup>127</sup> Public Service Association, Answers to questions on notice, 16 October 2014, p1.

<sup>128</sup> Department of Family and Community Services, Answers to questions on notice, 14 October 2014, p1.

<sup>129</sup> Submission 23, Public Service Association of NSW, p3.



Community housing stock is generally in better condition than public housing stock. Few CHPs manage estate portfolios, where older stock tends to be concentrated. As the community housing sector has only been in existence for 30 years its own stock is generally newer. In addition, almost 6,000 new properties were transferred to CHPs as part of the *Nation Building Economic Stimulus Program* between 2009 and 2012. Over 9,000 older public housing dwellings in rural and regional locations have been transferred to community housing management in the last 15 years.<sup>130</sup>

- 4.44 The PSA also gave examples of cost shifting from the community to the public sector, including the costs of handling inquiries, operating waiting lists, and data entry borne by the public sector, but benefitting the community sector.<sup>131</sup>
- 4.45 How social housing costs were actually attributed was also an issue for some stakeholders. For example, in its submission the Inner Sydney Regional Council for Social Development expressed the view that some of the agencies and programs which benefit from social housing were not actually paying for its delivery. The council argued that social housing delivery is burdened with high costs while the social benefits were not necessarily transparent, hence in costing social housing it is important to capture and attribute all the costs.<sup>132</sup>

### Performance measurement in public housing

- 4.46 As mentioned previously, in his performance audit entitled *Making the best use of public housing*, the Auditor-General makes detailed comments and recommendations regarding the better measurement of the public housing sector against its legislative objectives, policy targets and multiple performance reporting requirements.
- 4.47 The Auditor-General found that in the absence of long-term strategies and plans, the actions of the public housing agencies have sometimes been inconsistent and short-term. He found that the agencies' internal objectives had not achieved a balance between the objects of the *Housing Act 2001*, and that their internal objectives, indicators and measures only showed a limited picture of their performance. He said of the agencies' internal objectives, indicators and measures:
- None demonstrate how the agency is delivering on objectives to achieve social sustainability, or allow an assessment against the objects of the Housing Act 2011 in total.<sup>133</sup>
- 4.48 The Auditor-General's recommendations addressed several key areas of performance measurement where a current lack of data or inconsistency across the two public housing agencies was a barrier to effective measurement.
- 4.49 The Auditor-General's recommendations, once implemented, would establish clear targets and objectives for the public housing agencies to provide social housing under the umbrella of a social housing policy and legislation with clear reporting requirements.

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<sup>130</sup> Department of Family and Community Services, Answers to questions on notice, p1.

<sup>131</sup> Submission 23, Public Service Association of NSW, p3.

<sup>132</sup> Submission 18, Inner Sydney Regional Council for Social Development, p18.

<sup>133</sup> Auditor-General of NSW, Performance Audit Report: *Making the best use of public housing*, July 2013, p4.

- 4.50 With regard to cost effectiveness specifically, the Auditor-General noted that long-term funding arrangements for public housing in NSW are unclear, and that the policies and strategies being developed to guide the sector should be based on evidence of the cost effectiveness of particular approaches to meeting tenant needs.<sup>134</sup>

### Further commentary on the AHURI framework

- 4.51 Given that under current arrangements comparative cost effectiveness is difficult to measure between individual social housing providers and between social housing sectors, there was a general consensus amongst stakeholders that the key to measuring performance and collecting useful data for comparison purposes, was the disaggregation approach offered by the AHURI framework. Once disaggregated, housing providers could be measured across their various individual activities and then compared with other providers for performance on the activities they shared.
- 4.52 As one example, in its submission Evolve Housing quoted from the AHURI paper; 'Outsourcing the management of social housing to CHPs is giving rise to growing government demands for provider accountability in terms of service costs and benefits. Equally, the community housing industry needs credible quantitative evidence to underpin claims of superior efficiency and effectiveness.' Evolve Housing concluded that given the lack of a reporting framework 'it is difficult to comment in detail on the cost effectiveness, or otherwise, of current tenancy management arrangements in a holistic sense.'<sup>135</sup>
- 4.53 To reiterate, in both their submissions and in evidence before the Committee, the CHPs acknowledged the importance of the AHURI project and its goal of producing a framework for collecting and reporting comparative performance data across the social housing industry. They stressed the importance of this measurement as key to being able to demonstrate the effectiveness of their particular sector in being able to meet community goals.
- 4.54 When hearing evidence from representatives of FACS, Mr Jonathan O'Dea MP, Committee Chair, asked if they agreed that the outcomes of the AHURI research would be a central plank for any meaningful evaluation of the comparative performance of social housing providers, whether on overall cost effectiveness or particular criteria such as occupancy rates, staff-to-dwelling ratios, tenant satisfaction, maintenance performance and tenancy sustainability. The witnesses agreed.<sup>136</sup>
- 4.55 Ms Mandy Young, Acting Chief Executive, Aboriginal Housing Office, Department of Family and Community Services, qualified her support, however, by pointing out that some providers, typical of the Aboriginal community housing sector, may not be amenable to being measured according to the AHURI framework due to their small size, geographic remoteness, structure and service type.

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<sup>134</sup> Auditor-General, *Making the best use of public housing*, July 2013, p26.

<sup>135</sup> Submission 42, Evolve Housing, p3.

<sup>136</sup> Mr Paul Vevers, Deputy Secretary, Southern Cluster; Ms Leonie King, Executive Director, Community Housing and Private Market Housing; Ms Mandy Young, Acting Chief Executive, Aboriginal Housing Office, Department of Family and Community Services, transcript of evidence, 15 September 2014, p4.

While the AHURI research is important, it will have to go to the heart of excising some activities that are directly comparable.<sup>137</sup>

- 4.56 This qualification on the scope of the AHURI research was accepted by academic research witnesses. Professor Hal Pawson, Associate Director, City Futures Research Centre, University of New South Wales, and one of the academics undertaking the research for AHURI, explained to the Committee that the research was only examining larger providers.

We are not attempting to create a set of measures that will be applicable or relevant to the entire body of community housing organisations. A large number of small providers have a very different business model. Even adding them all together they are not significant in the overall system they run.<sup>138</sup>

- 4.57 Mr Greg Piper MP, Committee member, asked what constituted a small or medium provider. Professor Pawson responded:

If you take the figure of 1,000 (properties) in management, across Australia there are just over 20 organisations, probably nearly half of which operate in New South Wales. If you add the stock they run, that represents two-thirds of the entire community housing sector. Those that remain, that are responsible for one-third of the sector, are numbered in the hundreds.<sup>139</sup>

- 4.58 Dr Vivienne Milligan, Associate Professor, City Futures Research Centre, University of New South Wales, also one of the academics working on the AHURI project, explained that the average number of properties managed across all community housing providers was under 100.<sup>140</sup>

- 4.59 Professor Pawson told the Committee that the research was not applicable to the smaller providers because of their business models, particularly in aspects like the extensive use of volunteers.<sup>141</sup>

- 4.60 Mr Bart Bassett MP, Committee member asked the academic witnesses to comment on current comparative measurements of social housing provision and tenant outcomes. In his response, Professor Pawson summarised the central message in the evidence provided to the Committee throughout its inquiry:

There is no basis for comparison based on how much it costs to provide a service.<sup>142</sup>

- 4.61 Professor Pawson acknowledged that the National Social Housing Survey, conducted every two years, attempts to provide a reasonably like-for-like comparison between the public housing provider in each state and territory and all the community providers amalgamated into one, but he said:

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<sup>137</sup> Ms Mandy Young, Acting Chief Executive, Aboriginal Housing Office, Department of Family and Community Services, transcript of evidence, 15 September 2014, p4.

<sup>138</sup> Professor Hal Pawson, Associate Director, City Futures Research Centre, University of New South Wales, transcript of evidence, 15 September 2014, p17.

<sup>139</sup> Professor Pawson, Transcript 15 September 2014, p17.

<sup>140</sup> Dr Vivienne Milligan, Associate Professor, City Futures Research Centre, University of New South Wales, transcript of evidence, 15 September 2014, p17.

<sup>141</sup> Professor Pawson, Transcript 15 September 2014, p17.

<sup>142</sup> Professor Pawson, Transcript 15 September 2014, p17.

It is not broken down any further than that.<sup>143</sup>

- 4.62 Mr Bassett then asked to what extent could governments and the community reply on current reporting arrangements to assess the performance of social housing programs in a general way. Dr Milligan responded:

The problem is not with the data collection; it is with the conception of what is being measured ... the problem is the black-box nature of it. We need to disaggregate the data and shine a light on those elements of social housing activity that can be reasonably compared as like with like.<sup>144</sup>

- 4.63 In response to propositions from the Chair and Committee members that reliable conclusions about comparative performance could not be drawn from current reporting, the witnesses agreed. Mr Greg Piper MP asked the witnesses to explain how the AHURI framework would overcome the problems outlined. Professor Pawson responded:

Because we are suggesting that it is much more desirable to look at the components of the activity than trying to focus entirely on an overall number. We will learn a lot from being able to do that.<sup>145</sup>

- 4.64 Mr Bassett also questioned the researchers on the measurement of private sector social housing provision under the AHURI framework. Professor Pawson responded that while measuring private sector activity was not in the minds of the designers of the project, the proposed framework makes it possible to compare the effectiveness of private, public and community social housing providers, including what it costs private entities to manage private housing.

One of the reasons we think it is important to look separately at the different elements of the housing management task that social landlords do is that some elements would be the same in the market housing sector and some of them are special to social housing. The ones around social inclusion, tenant support ... that real estate agents in market housing are not really expected to do ... If we are able to demonstrate the effectiveness of measures we are proposing, in future comparisons can be made between market providers providing market rental housing and social housing providers managing what they do.<sup>146</sup>

## MEASURES FOR IMPROVING COST EFFECTIVENESS

### Implementing the Auditor-General's recommendations

- 4.65 As found in Chapter 2 of this report, the recommendations of the Auditor-General in his performance audit report entitled *Making the best use of public housing* set the framework for achieving a sustainable public housing sector in NSW.
- 4.66 For addressing cost effectiveness, important recommendations from the Auditor-General include the review of funding arrangements to provide the capacity for

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<sup>143</sup> Professor Pawson, Transcript 15 September 2014, p17.

<sup>144</sup> Dr Milligan, Transcript 15 September 2014, p18.

<sup>145</sup> Professor Pawson, Transcript 15 September 2014, p18.

<sup>146</sup> Professor Pawson, Transcript 15 September 2014, p18.

long term planning and decision making by the public housing agencies, and the setting of clear directions for the social housing sector so that policy setting, decision making and operations are focussed on who should be housed and under what circumstances.<sup>147</sup>

### *Funding arrangements and financial challenges in public housing*

- 4.67 In its submission FACS outlined the public housing system's financial challenges. FACS described historical changes to the socio-economic profile of public housing tenants; the decrease in the number of tenants in paid employment and the corresponding decline in rental income; the increase in the proportion of tenants who are highly disadvantaged and vulnerable, and who require intensive and specialist support; and elevated levels of anti-social behaviour.
- 4.68 FACS also described the increasing age of housing stock which translates to higher maintenance costs, increasing demands for dwelling modification to meet vulnerable tenants' access needs, and higher rates of property damage among some residents.
- 4.69 Commonwealth funding for housing activities has also declined over the past two decades.
- 4.70 In summary, these changes have led to slower income growth and increased operational costs.<sup>148</sup> These aspects of the current public housing financial situation are detailed comprehensively in the Auditor-General's performance audit.<sup>149</sup>

### *A social housing policy*

- 4.71 The Auditor-General's recommendations also set the framework within which a sustainable social housing sector in NSW can be achieved.
- 4.72 In terms of the cost effectiveness of the social housing sector as a whole, the Auditor-General recommended that the public housing agencies complete a social housing policy which aligns tenancy management and need, including effective monitoring and reporting on progress.
- 4.73 In its examination of the Auditor-General's performance audit, the Committee recommended that the Government release its new social housing policy as soon as possible.<sup>150</sup>

## Implementing the AHURI research

- 4.74 In Chapter 3 the Committee recommended that the outcomes of the research by AHURI should form the basis of measuring the performance of social housing provision. This will address comparative cost effectiveness by establishing the

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<sup>147</sup> Auditor-General, *Making the best use of public housing*, July 2013, p5.

<sup>148</sup> Submission 46, Department of Family and Community Services, p25.

<sup>149</sup> Auditor-General, *Making the best use of public housing*, July 2013, p18.

<sup>150</sup> Public Accounts Committee, *Examination of the Auditor-General's Performance Audit Reports May 2013 – July 2013*, November 2014, Recommendation 9.

actual cost effectiveness of each provider and each sector, so that reliable comparisons of cost effectiveness can be made between providers and sectors.

### Other measures for improving cost effectiveness

- 4.75 The Committee received evidence proposing other measures for improving cost effectiveness.
- 4.76 In its submission the Property Owners Association of NSW Inc proposed that a range of tax concessions be extended to private landlords to provide additional incentives for private investors to invest in rental housing. The Association also proposed new requirements on tenants regarding their contractual obligations to landlords, with the aim of providing greater certainty and security to landlords.<sup>151</sup>
- 4.77 The PSA suggested that new technologies would deliver productivity gains which would improve the cost effectiveness of public housing provision. In its submission the PSA said these technologies included portable devices for tenant managers which would allow improved data access onsite, as well as improved office software and hardware.<sup>152</sup>

### Is there an optimum size for a social housing provider?

- 4.78 An area addressed by a number of submissions and which generated discussion at the public hearings, was the question of whether there is an optimum size for a social housing provider and if so, how significant is size in determining cost effectiveness. This question arose both in terms of cost effectiveness and in terms of client service and outcomes. Embedded in this question, whether implicitly or expressed, was the idea that Housing NSW is too large to operate effectively.
- 4.79 St George Community Housing Ltd, for example, cited its size – 4,300 dwellings – as providing economies of scale in operations, employment of professional staff, and provision of strategic leadership.<sup>153</sup>
- 4.80 In its submission the Housing Alliance, which is a collaboration of four non-metropolitan community housing providers, suggested that as one of the five largest social housing landlords in the world, Housing NSW suffered from limitations to the economic benefits of operating at such a large scale, including:
- The scale can generate costs of complexity
  - There are additional costs in delivering tenancy management in remote locations
  - Large organisations can be bureaucratic
  - Large organisations may not be able to react quickly to changing local needs.<sup>154</sup>

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<sup>151</sup> Submission 44, Property Owners Association of NSW Inc, p5.

<sup>152</sup> Submission 23, Public Service Association of NSW, p5.

<sup>153</sup> Submission 19, St George Community Housing Ltd, p28.

<sup>154</sup> Submission 9, Housing Alliance, p14.

4.81 The Housing Alliance also cited Commonwealth and British sources to suggest that the optimum size for a housing provider was around 5,000 properties and certainly less than the 100,000 plus properties managed by Housing NSW.<sup>155</sup>

4.82 In order to combine the benefits of operational scale with the need for local responsiveness, the Housing Alliance proposed collaborative partnerships between local providers, citing its own partnership of four local providers comprising a total of over 3,000 properties, sharing best practice and joint procurement, and collaborating on advocacy and policy development, while operating locally.<sup>156</sup>

4.83 Mr Michael Daley MP, Committee member, asked witnesses appearing at the Committee's public hearing on Monday 8 September 2014 to comment on the question of optimum size. In response, Ms Burgmann representing the NSW Federation of Housing Associations, described optimum size as a perennial question for social housing around the world:

... how big is too big and how small is too small? I do not think there is a fixed answer. Sometimes people say that 10,000 properties is about right. To me it is about how the organisation is structured.<sup>157</sup>

4.84 Ms Burgmann said that the important aspects for structuring an organisation is ensuring that the benefits of economies of scale are genuine while retaining a local service, and being flexible and responsive to the needs of tenants and communities.<sup>158</sup>

4.85 Mr Greg Piper MP, Committee member, asked the representatives of FACS to comment on whether the size of Housing NSW reduced its effectiveness, at the public hearing on Monday 15 September 2014. Mr Vevers responded:

There are some things that Housing NSW is able to do because of its size. One example is that we have a 24-hour-a-day contact centre, which does not simply deal with maintenance requests ... there is a scale there that I think is helpful.<sup>159</sup>

### *A Diversity of Models*

4.86 Mr Vevers continued on the question of the size and scale of housing providers by endorsing the strengths offered by having a diversity of models of housing provision in the social housing industry.

... diversity is of fundamental importance and having a range of reasonable sized housing providers in the social housing sector is important not just because they bring different perspectives ... an element of competition is a good thing to have.

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<sup>155</sup> Submission 9, Housing Alliance, p14.

<sup>156</sup> Submission 9, Housing Alliance, p15.

<sup>157</sup> Ms Lucy Burgmann, Chief Executive Officer, NSW Federation of Housing Associations, transcript of evidence, 8 September 2014, p11.

<sup>158</sup> Ms Burgmann, Transcript 8 September 2014, p11.

<sup>159</sup> Mr Paul Vevers, Deputy Secretary, Southern Cluster, Department of Family and Community Services, transcript of evidence, 15 September 2014, p9.

Some of the management innovation that comes from community housing providers, which themselves have a critical mass, will benefit us all. I do not think a single provider is a strong system. I think diversity is a great strength.<sup>160</sup>

4.87 The value of having a diversity of models within the social housing sector was discussed in several submissions. The community housing sector argued strongly that it was innovative and entrepreneurial, and that to further strengthen the sector would increase these benefits.<sup>161</sup>

4.88 Ms Burgmann of the NSW Federation of Housing Associations, told the Committee that different models gave the system flexibility.

It is a challenge for the government to be flexible because people expect government to deliver the same service everywhere. In fact, what social housing tenants often need is something that is just not the same everywhere. Community housing providers can be the part of social housing where innovative ideas are tested, where new things happen.

Community housing is one of the ways that government can work with a trusted partner to bring some flexibility into the system and to try to achieve results that suit the needs of individual tenants or of communities or the community as a whole.<sup>162</sup>

### Contestability and asset transactions

4.89 The Committee was interested to learn whether there were opportunities for outsourcing social housing activities, or for testing the contestability of these services, with a view to making savings.

4.90 Some stakeholders argued that private sector approaches were incompatible with the social outcomes sought for public housing, and therefore, social housing activities were not suitable for outsourcing.<sup>163</sup>

### *Contestability*

4.91 A significant example of contestability already being applied is the outsourcing by the Department of Family and Community Services of its contract for maintenance of its public housing stock. In its report on the Auditor-General's Performance Audit entitled *Making the best use of public housing* July 2013, which is discussed in Chapter 2, the Public Accounts Committee recommended, amongst other things, that the department review its maintenance arrangements no less than 18 months after the commencement of the new contract or by 31 March 2017, whichever is the earlier, and report on the cost effectiveness of, and tenant satisfaction with, the new arrangements.<sup>164</sup>

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<sup>160</sup> Mr Vevers, Transcript 15 September 2014, p9.

<sup>161</sup> Ms Andrea Galloway, Chief Executive Officer, Evolve Housing, and Mr Andrew McAnulty, Chief Executive Officer, Link Housing Ltd, transcript of evidence, 8 September 2014, p6.

<sup>162</sup> Ms Burgmann, Transcript 8 September 2014, p7.

<sup>163</sup> For example, see the evidence of witnesses representing the Council of Social Service of NSW and People With Disability Australia, transcript of evidence, 8 September 2014, p34.

<sup>164</sup> Public Accounts Committee, *Examination of the Auditor-General's Performance Audit Reports May 2013 – July 2013*, November 2014, Recommendation 12.



- 4.92 In response to questioning by the Committee on the question of contestability and private sector involvement, representatives of the CHPs typified their organisations as entrepreneurial and as endeavouring to generate profits from their activities for re-investment into social housing. Mr Andrew McNulty from Link Housing Ltd acknowledged the similarities in the operations of private and community sector tenancy managers and said that the community sector was competitive in this regard. He advised the Committee that Link Housing and other providers are able to generate commercial returns on behalf of investors on National Rental Affordability Scheme properties they manage.<sup>165</sup>
- 4.93 Ms Burgmann suggested that a significant area where the community sector performs better than the private sector is in combining its commercial expertise with its capacity to work with government to achieve social housing outcomes.<sup>166</sup>
- 4.94 Some stakeholders expressed opposition to the privatisation of social housing and of social housing tenants' services.
- 4.95 For SGCH it is the very profile of social housing tenants that leads to their view that social housing tenancy management is not suited to private provision. In its submission SGCH states 'the profile of social housing tenants is very different in terms of income and personal issues than private sector residents. High intensity support and tenancy management would prove very expensive to private sector operators, far in excess of the amount paid by private landlords to real estate agents managing this aspect'.<sup>167</sup>
- 4.96 The Combined Pensioners and Superannuants Association of NSW Inc argues in its submission that the private sector does not have the specialist skills to manage tenants with complex needs, and that outsourcing will not have positive benefits for tenants.<sup>168</sup>
- 4.97 It is important to note, however, that the demand for social housing far outstrips supply. As reported previously, the Auditor-General estimated that all social housing only meets 44 per cent of need in New South Wales.<sup>169</sup> In its submission the Property Owners Association of NSW Inc suggested that private landlords provide more social housing than does the public sector.<sup>170</sup>

### *Asset sales*

- 4.98 In his performance audit report, the Auditor-General noted that LAHC has been disposing of more properties than it has added in recent years, and that it plans to dispose of more properties over the next four years than it plans to build. He also noted that LAHC was reporting asset sales as a source of funding to support its capital programs,<sup>171</sup> and that this approach to 'balancing its budget' is 'not

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<sup>165</sup> Mr Andrew McNulty, Chief Executive Officer, Link Housing Ltd, transcript of evidence, 8 September 2014, p18.

<sup>166</sup> Ms Burgmann, Transcript 8 September 2014, p18.

<sup>167</sup> Submission 19, St George Community Housing Ltd, p11.

<sup>168</sup> Submission 31, Combined Pensioners and Superannuants Association of NSW Inc, p12.

<sup>169</sup> Auditor-General, *Making the best use of public housing*, July 2013, p2.

<sup>170</sup> Submission 44, Property Owners Association of NSW, p2.

<sup>171</sup> Auditor-General, *Making the best use of public housing*, July 2013, p22.

financially sustainable'.<sup>172</sup> In his recommendations, the Auditor-General said the government should develop a clear direction for a sustainable housing sector that can function within the available funding.

- 4.99 More recently, the achievement of unexpectedly high returns from public housing asset sales has generated media coverage focused on both the assets sales policy and the impact on public housing residents. The Committee heard evidence that the financial arguments for the sale of high value and high maintenance properties is compelling and that the revenue generated by recent sales of such stock provided sufficient funds to build between three and seven new properties from the proceeds of each individual sale. Additionally, the properties sold were described as deeply inappropriate for tenants due to their poor layouts which meant there were compelling reasons for their sale from a tenancy management perspective as well.<sup>173</sup>
- 4.100 NSW Government spokespeople have suggested that the sale of high value assets is appropriate given the returns they generate, which can be reinvested to produce a greater number of new public housing dwellings than the number sold.<sup>174</sup>

#### *Asset transfers*

- 4.101 In his performance audit report, the Auditor-General noted the move away from the traditional government-provided public housing model, commencing with the transfer of some property management to CHPs and more recently, the transfer of titles. This outsourcing trend is common across all states and territories and reflects the reform agenda set out in the National Affordable Housing Agreement.<sup>175</sup>
- 4.102 Commonwealth stimulus monies envisaged a community housing sector owning or managing up to 35 per cent of housing stock by 2014, and Commonwealth stimulus funding to the states was intended to deliver this target.<sup>176</sup>
- 4.103 The Auditor-General reported that dwellings transferred or planned for transfer to the community housing sector had a value of \$1.5B.<sup>177</sup>
- 4.104 In their evidence the CHPs argued that title transfers should be increased beyond the 35 per cent envisaged by the current policy to support the effective management of social housing tenancies and properties. The CHPs argued that title transfer was not simply moving properties from one sector to another, but grew the system by creating opportunities to leverage private finance and assisting CHPs to achieve economies of scale. They also argued that transfers

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<sup>172</sup> Auditor-General, *Making the best use of public housing*, July 2013, p18.

<sup>173</sup> Mr Paul Vevers, Deputy Secretary, Southern Cluster, Department of Family and Community Services, transcript of evidence, Examination of the Auditor-General's performance audit reports May 2013 – July 2013, 15 September 2014, p4.

<sup>174</sup> Department of Family and Community Services, Media Release, *Two more Millers Point properties sold*, 11 September 2014, accessed 6 November 2014, <[http://www.facs.nsw.gov.au/about\\_us/media\\_releases/two-more-millers-point-properties-sold](http://www.facs.nsw.gov.au/about_us/media_releases/two-more-millers-point-properties-sold)>.

<sup>175</sup> Auditor-General, *Making the best use of public housing*, July 2013, p23.

<sup>176</sup> Submission 46, Department of Family and Community Services, p27.

<sup>177</sup> Auditor-General, *Making the best use of public housing*, July 2013, p23.

encouraged redevelopment, better land use, and better urban environments, and that this led to increased property numbers which better matched tenant needs.<sup>178</sup>

- 4.105 Evolve Housing, for example, argued in its submission that the continuation of transfers would allow CHPs to leverage income streams to develop more affordable social housing.<sup>179</sup> Ms Andrea Galloway, Chief Executive Officer, Evolve Housing, expanded on this during the public hearing:

With three-year management leases it is very hard for us to come up with innovative ways to improve those particular properties. If there are five houses in a row owned by public housing and we know that we could put 15 houses in there we would love to be able to tell the local planning controllers about that. We cannot do that unless we have title or at least some long-term management leases to be able to leverage those forward revenues.<sup>180</sup>

- 4.106 FACS agreed that the financial position of community housing in NSW is strong<sup>181</sup> and the community sector enjoys relative financial and administrative advantages over the public sector, as described previously in this report.

- 4.107 In questioning witnesses representing the community sector, the Committee asked how the expansion of the community sector, whether through property transfers or other means, would improve the performance of the social housing sector. Particularly, the Committee was concerned whether the special privileges enjoyed by the community sector, including access to Commonwealth Rental Assistance, tax-free status, and borrowing against transferred assets, was fair and whether the community sector could perform well without those advantages.

- 4.108 Ms Lucy Burgmann, Chief Executive Officer, NSW Federation of Housing Associations responded:

It is not a question of fairness; it is a question on behalf of the social housing system, which is public and community housing broadly, being able to maximise the value of what is available because there is not enough social housing ... maximising what is available, whether it is public or community housing or both, to be able to expand the system wherever that is possible.<sup>182</sup>

- 4.109 Ms Burgmann said the current arrangements, agreed by federal and state governments and the sector, maximised the value of the advantages enjoyed by the CHPs whose purpose is to expand the supply of social and affordable housing.<sup>183</sup>

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<sup>178</sup> Submission 33, NSW Federation of Housing Associations Inc, p26.

<sup>179</sup> Submission 42, Evolve Housing, p7.

<sup>180</sup> Ms Andrea Galloway, Chief Executive Officer, Evolve Housing, Transcript of Hearing, 8 September 2014, p11.

<sup>181</sup> Submission 46, Department of Family and Community Services, p28.

<sup>182</sup> Ms Burgmann, Transcript 8 September 2014, p5.

<sup>183</sup> Ms Burgmann, Transcript 8 September 2014, p6.

- 4.110 Ms Margaret Kaszo, Chief Executive Officer, Southern Cross Community Housing Ltd told the Committee that the end result of transfers 'is that the tenants receive a much better service than they did previously'.<sup>184</sup>
- 4.111 Ms Galloway of Evolve Housing told the Committee that community housing is 'not asking for handouts from government, but asking 'how we can partner with government'. She compared the performance of public housing which is 'trying to remain commercially viable by selling off assets' with the performance of her community provider which has grown its balance sheet 'over \$200M in 24 months'.<sup>185</sup>

## COMMITTEE COMMENT

- 4.112 The Committee notes the almost universal view amongst stakeholders representing every sector and interest, that measurement of the cost effectiveness of social housing provision currently is unreliable.
- 4.113 The Committee acknowledges that the claims of the community sector to be cost effective and in a position to grow social housing appear strong. Indeed, the Committee notes the professionalism and success evident in the work of the community sector to date.
- 4.114 The Committee also notes, however, the relative advantages the community sector enjoys over the public sector, and in the absence of reliable measurement, is unable to conclude the degree to which those advantages contribute to the effectiveness of the community sector and whether the costs of creating those advantages might be directed elsewhere for similar advantage.
- 4.115 The Committee is concerned that the Auditor-General's performance audit report paints a stark picture of the unsustainability in the public sector. The Committee welcomes the acceptance of the Auditor-General's recommendations by the Department of Family and Community Services, but is concerned that progress in implementing the recommendations is mixed.
- 4.116 As found in previous chapters, the Committee looks forward to the completion of the AHURI research, as agreed by housing agencies, and endorsed by social housing stakeholders. The Committee strongly endorses the AHURI framework and the earliest possible opportunity to remedy the unsatisfactory measurement and reporting arrangements which currently exist. Indeed, the Committee expresses its incredulity that the current arrangements have been unremedied for so long.
- 4.117 The AHURI research will establish an agreed framework within which the data relating to the cost effectiveness and other areas of performance can be collected for the three housing sectors, and for individual housing providers, and reported in such a way that the performance of sectors and providers can be compared, objective judgements made, and informed decisions taken.

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<sup>184</sup> Ms Margaret Kaszo, Chief Executive Officer, Southern Cross Community Housing Ltd, transcript of evidence, 8 September 2014, p6.

<sup>185</sup> Ms Galloway, Transcript 8 September 2014, p6.

- 4.118 The results of the AHURI research will not be available before mid-2015 and the implementation of a new reporting regime and its first results may be a matter of years away. The Committee is concerned, therefore, that other measures to examine and encourage cost effectiveness which can be taken in advance of the changes which will flow from the AHURI project, be identified and proceeded with. The outcome of the AHURI research is only a tool by which governments and stakeholders can measure and understand performance. Its absence should not prevent options for improving efficiency and effectiveness being explored while awaiting the outcome of the research.
- 4.119 Firstly, the Committee reiterates that the recommendations of the Auditor-General's performance audit *Making the best use of public housing*, and the Committee's recommendations from its own examination of the performance audit, outline ways forward to achieve improved performance and better value in the public housing sector.
- 4.120 In this regard, the Committee emphasises the importance of the release of the government's new social housing policy as a way of providing clear direction to the social housing sector. While the policy will provide clarity at a macro level, the absence of such a policy contributes to the lack of focus and confused outcomes evident in various reports and audits of social housing.
- 4.121 Secondly, the Committee looks forward to FACS reporting the outcomes from outsourcing its property maintenance functions. The Committee believes that outsourcing is a viable model in the right circumstances and encourages FACS to investigate whether other activities may be contestable. The Committee notes that it did not hear evidence supporting the privatisation of public housing functions or the outsourcing of tenancy management as a whole. In recommending that FACS examine outsourcing, the Committee stresses that it has formed this view in the light of FACS having already outsourced its property maintenance function and sees this as an opportunity to explore other possibilities in the context of existing activity.
- 4.122 With regard to outsourcing, the Committee notes the evidence provided by the PSA of cost shifting between the public and community sectors, and recommends that any cost shifting be identified and included in any reporting in order that the true costs of housing activities be captured and attributed between the payers and the beneficiaries.
- 4.123 The Committee considered the question of asset sales and the view that they are not a path to financial sustainability. Given recent experiences, however, the Committee believes that asset sales can be supported where high value and high maintenance properties are sold and the proceeds re-invested in a greater number of properties thereby reducing the waiting list and the waiting times for allocations.
- 4.124 The Committee notes the strong support in the community sector for further transfers of property titles in order to strengthen the sector's financial position. The Committee is concerned, however, that title transfers may have contributed to the relative poverty of the public housing sector, especially given evidence that newer stock comprises a high proportion of stock transferred.

- 4.125 The Committee believes that the outcome of title transfers should be examined with a view to determining whether the performance of the entire social housing sector is maximised by transfers, the impact of transfers on the financial position of the public sector, and the consequences of transfers for the government-owned estate, and whether long term leases or some other tenure may also maximise the performance of the social housing sector without the government foregoing title to public assets.
- 4.126 On the question of whether there is an optimum size for a social housing provider, the Committee notes the evidence that the size of housing providers is a result of range of factors including history, geography, and the profile of its client group. The Committee also notes the support from various stakeholders for a diversity of models and the competitive advantages diversity is held to bring. In any case, if there is an optimum size for a social housing provider, this information is likely to arise from the outcomes of the reporting which will flow from the implementation of the AHURI framework, so it is some years away.

### RECOMMENDATION 3

**The Committee recommends that the introduction of the AHURI framework as the foundation for robust performance measurement and reporting in social housing be pursued by the NSW Government as the fundamental prerequisite for making resource allocation decisions, especially where the Government seeks to transfer resources between housing sectors and providers as a way of improving effectiveness.**

### RECOMMENDATION 4

**The Committee recommends that the Department of Family and Community Services identify social housing activities which may be outsourced for economic benefit to create better value for money and enhanced services to tenants.**

### RECOMMENDATION 5

**The Committee recommends that the Department of Family and Community Services identify any cost shifting between the public and community sectors, and include cost shifting in its reporting in order for the actual costs of housing activities to be captured and distinguished between the payers and the beneficiaries.**

### RECOMMENDATION 6

**The Committee recommends that the NSW Government continue its program of sales of public housing stock where the program involves high value and high maintenance properties, and sale proceeds are re-invested into the public housing system for the overall benefit of those in need of housing, particularly those on the waiting list.**

### RECOMMENDATION 7

**The Committee recommends that the Department of Family and Community Services examine title transfers of public housing stock to the community**

**sector, to determine whether the performance of the entire social housing sector is maximised by transfers, the impact of transfers on the financial position of the public sector, and the consequences of transfers for the government-owned estate, and whether long term leases or some other tenure may also maximise the performance of the social housing sector without the government foregoing title to public assets.**

## Chapter Five – Support services and outcomes for tenants

- 5.1 This chapter discusses the Committee’s terms of reference numbered (b), (c), and (d). It details the range and effectiveness of support services for tenants in social housing, examines the outcomes for tenants from current tenancy management arrangements, and identifies possible measures to improve tenancy management services.

### The need for support services in social housing

- 5.2 The Committee has received submissions and heard evidence from many stakeholders highlighting the broad range of support services offered to social housing tenants which go beyond addressing only their accommodation needs.
- 5.3 In his performance audit report entitled *Making the best use of public housing*, the Auditor-General found that the characteristics of people requiring public housing had changed. He reported that over the past decade there has been a significant increase in single person households, tenants with significant disabilities, and elderly tenants.<sup>186</sup>
- 5.4 In its submission the Department of Family and Community Services (FACS) acknowledged that social housing is one of the major ways governments support disadvantaged and vulnerable people. According to FACS people living in social housing represent over a fifth of all those who are deeply and persistently disadvantaged in Australia.<sup>187</sup>
- 5.5 FACS compiled the following list to illustrate the extent of this disadvantage:
- *High levels of unemployment* – More than half of all working age tenants in social housing do not work and have a low level of education, compared with 17 per cent of people not in social housing. People with low educational attainment are at greater risk of experiencing persistent unemployment and welfare dependency.
  - *Poorer health* – 24 per cent of people living in public housing nationally rate their health as excellent or good, compared with 56 per cent living in private rental or 58 per cent in their own home. Further, 50 per cent of people in public housing rate their health as fair or poor compared to 16 per cent in private rental or 11 per cent in their own home.
  - *Higher rates of mental illnesses* – People living with mental illness or directly affected by mental illness represent more than one in five people living in public housing. More generally, people in social housing are 2.4 times more

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<sup>186</sup> Auditor-General of NSW, Performance Audit Report: *Making the best use of public housing*, July 2013, p12.

<sup>187</sup> Submission 46, Department of Family and Community Services, p16.



likely to have at least one person in their household subject to a severe mental illness than the rest of the NSW population.

- *More likely to be victims of violence* – People in public housing are 3.6 times more likely to be victims of domestic violence and 2.5 times more likely to experience other types of assaults. They also report feeling unsafe or having experienced property crime at much higher rates than people living in private rental or their own home.
- *High cost of intergenerational disadvantage* – Income support for unemployed people in public housing is estimated at two to four times higher than the general population.<sup>188</sup>

5.6 FACS further explained that many people living in social housing experience multiple forms of disadvantage. FACS concluded that supporting people experiencing multiple forms of disadvantage is complex, requiring special sensitivity and skills from social housing managers, and so comes at greater cost.<sup>189</sup>

## THE RANGE AND EFFECTIVENESS OF SUPPORT SERVICES

5.7 Both public and community social housing providers acknowledge explicitly the demand for support services to assist tenants in addition to addressing their direct housing needs.

5.8 In evidence to the Committee, representatives of FACS reiterated the changing profile of social housing tenants and its impact on service provision. Mr Paul Vevers, Deputy Secretary, Southern Cluster, FACS told the Committee at its public hearing on 15 September 2014 that while historically tenants were typically low income earners:

The majority of people we now take into the system do have complex needs ... we absolutely need to look not just at collecting the rent ... but also at what we can do with other services to make the tenancy sustainable.<sup>190</sup>

5.9 Ms Lucy Burgmann, Chief Executive Officer, NSW Federation of Housing Associations, told the Committee:

Community housing providers are effective tenancy and property managers. We have demonstrated expertise across the full suite of activities that are required to manage social housing well. It goes well beyond collecting the rent. We provide localised services that go to the scope and diversity of our industry. The way that we go about the business reflects the needs of our communities and our neighbourhood and that is particularly important, given the concentrated nature of much of social housing at the moment.<sup>191</sup>

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<sup>188</sup> Submission 46, Department of Family and Community Services, p16.

<sup>189</sup> Submission 46, Department of Family and Community Services, p17.

<sup>190</sup> Mr Paul Vevers, Deputy Secretary, Southern Cluster, Department of Family and Community Services, transcript of evidence, 15 September 2014, p6.

<sup>191</sup> Ms Lucy Burgmann, Chief Executive Officer, NSW Federation of Housing Associations, transcript of evidence, 8 September 2014, p2.

- 5.10 Witnesses described the rationale for delivering support services which went beyond addressing tenants' direct housing requirements, as to ensure that tenancies were sustained. According to St George Community Housing, tenants who receive high levels of support are more able to sustain their tenancies. In turn, this support and ability to maintain their tenancy agreements provides them with a secure environment in which to build skills and contribute to society.<sup>192</sup>

### Tenant support

- 5.11 Public and community housing providers use multiple approaches to provide support for tenants.
- 5.12 In evidence to the Committee, the Public Service Association (PSA) of NSW highlighted the day-to-day approach of frontline staff. Ms Michelle Bogatyrov, PSA Industrial Advocate, said:

A client service officer becomes your social worker, your confidant, your financial adviser. How do we make sure that you can pay your rent, how do we put in this system, how do we make sure you go to your community mental health provider and try to get your drug and alcohol counsellor to talk to your mental health provider because they are not talking? They become the medium. They are their caseworker.<sup>193</sup>

### *Arrears management*

- 5.13 Many witnesses suggested arrears management was chief among the special support required to sustain tenancies. The Samaritans Foundation submitted that 32 per cent of social housing tenants contacting them for support were in rental arrears, and that early intervention to identify and address arrears was effective and necessary.<sup>194</sup> Arrears management was offered by many of the CHPs as an area where they are achieving comparative success.

### *The Housing Accommodation Support Initiative and other programs*

- 5.14 The Housing and Accommodation Support Initiative (HASI) is a program linking tenancy management with the provision of other services to improve outcomes for vulnerable people living in public housing.<sup>195</sup>
- 5.15 HASI commenced in 2002 and is a partnership between FACS, NSW Health, community sector Accommodation Support Providers, and Community Housing Providers (CHPs).<sup>196</sup> The program provides support packages for people suffering from mental health issues by providing people with a framework to obtain clinical care, allowing them to have access to ongoing clinical mental health services and rehabilitation.<sup>197</sup> HASI also provides people suffering from mental health with a

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<sup>192</sup> Submission 19, St George Community Housing, p16.

<sup>193</sup> Ms Michelle Bogatyrov, Public Service Association Industrial Advocate, transcript of evidence, 8 September 2014, p61.

<sup>194</sup> Submission 6, Samaritans Foundation, p2.

<sup>195</sup> Submissions 46, Department of Family and Community Services, p9.

<sup>196</sup> Submissions 46, Department of Family and Community Services, p9.

<sup>197</sup> Submissions 46, Department of Family and Community Services, p9.

program which supports them to participate in community activities, thereby encouraging them to integrate into community life.<sup>198</sup>

- 5.16 In addition to HASI, FACS has recently rolled-out the Disability Housing and Support Initiative (DHASI). This initiative is intended to deliver 125 priority housing and support packages to people with disabilities by 2015-16.<sup>199</sup>
- 5.17 In areas where public housing is concentrated, FACS also provides services to people encouraging them to make decisions regarding their communities. One such program is the Housing Communities Program (HCP), which provides grants to community organisations to work with people living in public housing.<sup>200</sup> Grants are designated to provide people with opportunities to increase their level of involvement and participation in both organised and informal community activities, and also to support new initiatives or projects reflecting community needs and to improve local, social, physical and economic wellbeing.<sup>201</sup>
- 5.18 The Aboriginal Housing Office also delivers tenant support programs. The *Tenant Support and Education* initiative assists housing providers to present workshops on budgeting, home maintenance and tenant rights and responsibilities; to provide literacy programs; and to communicate key messages about overcrowding, rents and tenancy changes.<sup>202</sup>

#### *Support in community housing*

- 5.19 As with public housing, CHPs respond to the special support needs of tenants. In its submission, the NSW Federation of Housing Associations explained why its members are able to provide this support:

The reason the industry is able to perform this role is because community housing aims to blend a social mission with financial viability and sustainability. In addition it has strong long established community links. This means the industry is recognised as having a long term commitment to the communities in which it works.<sup>203</sup>

- 5.20 CHPs promote their flexibility and local knowledge as the basis for the community partnerships which they establish aimed at ensuring sustainable tenancies, providing access to training and education, providing access to employment opportunities, and linking tenants with their neighbours and communities.
- 5.21 The Committee received much evidence from CHPs illustrating the range and depth of these community partnerships and programs. While programs and partnerships differed according to with which community partners each CHP had forged its links, the overall nature of the programs organised by each individual CHP was similarly directed towards ensuring a comprehensive range of tenant support services was available.

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<sup>198</sup> Submissions 46, Department of Family and Community Services, p9.

<sup>199</sup> Submissions 46, Department of Family and Community Services, p9.

<sup>200</sup> Submissions 46, Department of Family and Community Services, p10.

<sup>201</sup> Submissions 46, Department of Family and Community Services, p10.

<sup>202</sup> Submissions 46, Department of Family and Community Services, p12.

<sup>203</sup> Submission 33, NSW Federation of Housing Associations Inc, p14.

5.22 The NSW Federation of Housing Associations provided the following information to the Committee to demonstrate the range and scope of tenant support services provided by CHPs through community partnerships:

**Table 6: Examples of CHP community partnerships according to NSW Federation of Housing Associations**

**Physical disability:** North Coast Community Housing in partnership with Lifebridge East and Koho designed and developed a four-unit house which has enabled four people with a disability, who would otherwise still be living with their ageing parent carers, to live independently in the community of Murwillumbah.

**Intellectual disability:** Homes North working in partnership with Richmond PRA were selected through an open tender process to deliver new intensive support and accommodation packages which will provide an opportunity for clients with an intellectual disability to exit institutional care and integrate into the community. The funding includes a capital grant to upgrade and redevelop an existing site managed by Homes North in Tamworth.

**Homelessness:** Platform 70 in Woolloomooloo (operated by Bridge Housing) and Project 40 in Western Sydney (operated by Wentworth Community Housing) provide housing with support to homeless people based on the “housing first” model. In these projects, the community housing provider brokers accommodation from the private rental market, delivers tenancy management services directly, and partners with specialist support agencies which deliver support. Bridge Housing works with a range of partners including Neami Way2Home and Aboriginal Assertive Outreach Service which provide the wrap around support from street to home. In the case of Wentworth Community Housing there are more than 80 active partners, operating across three large local government areas (Blacktown, Nepean and Blue Mountains). Mission Australia Housing also operates Common Ground, another model where housing and a range of support are co-located.

**Clinical support for tenants with high complex needs:** Pacific Link Housing has established a team of qualified social workers to ensure that internal staff and external partners provide quality support services to tenants with high complex needs. The Clinical Support Co-ordinators strengthen partnerships with external support providers and monitor and improve standards of service delivery. The team also mentors Pacific Link’s housing staff, to support their work with tenants with high complex needs, motivating them to ensure quality services, and provide regular training and briefing sessions on support agency services. The establishment of this team is designed to ensure that Pacific Link tenants have the best possible support to maintain their tenancies, with a particular focus on mental health, hoarding and squalor and assisting tenants with disabilities.

**Refuge service:** Housing Plus operates a refuge for women and their children experiencing domestic violence in Orange. The refuge is an innovative crisis accommodation model, designed in consultation with domestic violence network members, health and community service providers and local government and government departments.

**Policing:** Community housing providers use Record of Understanding to enable them to work in partnership with the police to tackle crime and anti-social behaviour.

**Crisis accommodation:** Community housing providers also manage housing specifically designed to provide a pathway for homeless people from crisis to long term independent

living. Community housing providers operate in partnership with specialist homelessness services, for example, by housing clients nominated by the homelessness service which provides transitional support. In addition, community housing providers can also provide crisis accommodation through their own rapid rehousing models. One example of this is Hume Housing's Temporary Accommodation program (TAP). This model provides cost effective, fully furnished accommodation for homeless singles, couples and families, reducing Housing NSW's use of motels for crisis accommodation. Hume conducted a review of the program which demonstrated that in 2011/12 it saved Housing NSW over \$600,000 in crisis accommodation costs. This was in addition to providing a far more appropriate setting to assess and address customers' capacity to obtain a sustainable tenancy.

**Community volunteers:** Southern Cross Community Housing is the lead agency in "Yard Assist". The aim of the group is to provide volunteer based services for people in need of support around the house and garden.

**Youth services:** Argyle Community Housing is part of the WIN (Wagga Impact Network) Child Family Youth Alliance, which reinforces services from non-government organisations within the Wagga community. The Alliance comprises 11 leading agencies that work to address service coordination, funding and role distribution.

**Practical support for tenants:** Homes North Community Housing is establishing a program to supervise volunteers on a local housing estate. The volunteers will assist high needs tenants with jobs around the house such as cleaning or repair of minor damage. The aim is to create community connections for isolated tenants living in a fractured community, to improve their living conditions, and assist them to learn independent living skills. The program will also help to reduce the cost of repairs, and reduce the burden of debt for high needs tenants.

**Education:** SGCH, a major community housing provider across metropolitan Sydney, provides a number of tenants with a financial bursary that they can put towards the cost of educating themselves or their families. Some bursary recipients use the grant to pay for textbooks while others buy computing software or pay tuition fees. Since the scheme started in 2005, 617 bursaries and scholarships have been awarded, worth nearly \$520,000. One recipient, Hassan, is studying Aviation Management at the University of NSW. In his words: "Without the bursary and encouragement from SGCH most people would not be encouraged to pursue their education, I am grateful to be a recipient of the scheme as it has helped me get closer to my goals in life."

**Crime Prevention:** Compass Housing Services has worked with local council and police to improve the environment in and around the South Muswellbrook estate, in a joint initiative known as "Operation Stormbreaker". The focus is on identifying anti-social behaviour and nuisance issues and putting in place initiatives aimed at improving the ambience of the estate. To date, these have included implementing a clean-up using skip bins and street sweeping of the South Estate, cutting back bushes and trees in council owned parks, identifying unregistered dogs and increasing ranger patrols.

**Supporting employment:** Pacific Link Housing offers a suite of tenant programs, developed with feedback from the Tenant Reference Committee and annual tenant survey, which are designed to build skills to assist tenants towards employment. These include support for learner drivers – to assist young people to access employment in a region with limited public transport. Pacific Link's tenant programs also include:

education scholarships to enable tenants and their families with school, university, TAFE or other training; a laptop purchase scheme; and a tenant employment scheme, operated in partnership with a local social enterprise, to help tenants overcome barriers to employment.

**Supporting employment:** Hume Housing has created a learning space for social and affordable housing tenants in Telopea, consisting of computers, laptops and fit out of the room so it can be used for training. This allows tenants to develop essential digital literacy skills, which is a step towards engagement in employment and education, and accessing local resources. Hume has partnered with the local TAFE Outreach to deliver a weekly program, and also engages with community organisations such as Fitted for Work, to support tenants to work on self-esteem and presentation for work readiness. Holding these sessions on site reduces the cost of transport and removes access barriers for tenants.

5.23 Homes North Community Housing Company Ltd also provided information to illustrate the range and depth of the tenant support services it provides through partnerships. Homes North manages 1,008 properties in New England and North West NSW. Sixteen per cent of its tenancies are under formal support arrangements which ensure that tenants receive individual support to sustain their tenancies.<sup>204</sup>

5.24 Homes North provided the following list of the community partners with which it works to sustain tenancies:

**Table 7: Community Partners collaborating with Homes North**<sup>205</sup>

<b>Ageing, Disability and Home Care</b>
Support our older tenants, and tenants with a disability, and their carers, to live in their own home and participate in community life.
<b>Armidale Sanctuary</b>
Provides a wide range of assistance to refugee families. Advocate and provide practical support for our refugee tenants.
<b>Armidale Women's Housing Group</b>
Tenancy support for high needs women and families, often with a previously failed tenancy
<b>Armidale Women's Shelter</b>
Advocates on behalf of clients to gain more permanent stable housing and supports tenancies.
<b>Benevolent Society</b>
Assists in supporting the needs of individual people through direct support services, in our portfolio mental health clients in particular
<b>Brighter Futures</b>
Provides intensive support to vulnerable families with children.
<b>Challenge Community Services</b>
Intensive on-site support for our tenants with a disability living in a complex in Tamworth

<sup>204</sup> Submission 38, Homes North Community Housing Company Ltd, p12.

<sup>205</sup> Submission 38, Homes North Community Housing Company Ltd, pp12-13.

<b>Community Services</b>
Case management and advocacy for high risk tenancies in the portfolio.
<b>EACH</b>
Case management and home visits. Lead agency for the New England Regional Sustainable Housing and Homelessness Group.
<b>Family Referral Service</b>
Links vulnerable children, young people and their families to a range of support services, including Homes North, in their local areas.
<b>Freeman House (St Vincent de Paul)</b>
Provides both residential and community based programs for adults experiencing homelessness and/or addiction. Provide outreach to Homes North tenants housed on exit from Freeman House rehabilitation facility.
<b>Glen Innes Family &amp; Youth Support</b>
Assists families with early intervention, parenting skills and advocates for housing.
<b>Gunnedah Family Support Service</b>
Tenancy support, case management for adults, children, young people and families in the Gunnedah Local Government Area.
<b>Inverell Accommodation Services</b>
Assists people with disabilities gain and maintain secure housing. Provide support services to Homes North managed group homes.
<b>Joblink Plus</b>
Provides welfare as well as employment services and supports vulnerable tenants maintain a tenancy and find employment.
<b>New Horizons</b>
Intensive support for vulnerable youth exiting institutions and housed by Homes North.
<b>Northern Community Care</b>
Assists tenants in Glen Innes, Tenterfield and Inverell with disabilities & mental health issues such as living skills, shopping and transport.
<b>Pathfinders</b>
Provides tenancy support to youth in transitional social housing properties managed by Homes North.
<b>Richmond PRA</b>
Provides HASI (Housing and Accommodation Support Initiative) and HASI plus support packages to people on their mental health recovery journey. Homes North manages the tenancies and RichmondPRA provides intensive support, in the case of HASI plus 24/7 support.
<b>Salvation Army</b>
Assists clients with homelessness. Assist our tenants facing eviction with financial and counselling services.
<b>Sunnyfield Independence</b>
Provides practical living skills and assistance to tenants with intellectual disabilities.
<b>TAFE New England</b>
Supports the Employment Related Accommodation Program, managed by Homes North on behalf of the Aboriginal Housing Office, and encourages opportunities for Aboriginal clients from remote areas to undertake studies.

<b>Tamworth Family Support Service</b> Provides case management support for vulnerable tenancies.
<b>Tamworth Youth Accord</b> Homes North is a member of the Accord and houses youth referred for housing and support through this initiative.
<b>Tamworth Youth Refuge</b> Homes North manages the tenancies of their transitional properties.
<b>Tenterfield Community Hub</b> Offers information and assistance with other services, provides office space for Homes North's weekly outreach service.
<b>Tenterfield Family &amp; Youth Support</b> Provides case management for at risk tenancies.
<b>Tenterfield, Inverell &amp; Glen Innes Youth Services</b> Provides short term housing for youth, managed by Homes North, and assists them to develop the skills necessary to sustain a tenancy.
<b>University of New England</b> Supporting the Employment Related Accommodation Program managed by Homes North and encourages opportunities for Aboriginal clients from remote areas to undertake studies.
<b>Uniting Care Ageing</b> Homes North provides housing management services to UCA, UCA provides aged care services for aged and frail tenants.

- 5.25 These two examples highlight the range and depth of the support services which the CHPs negotiate through community partnerships and promote as one of the strengths of their whole-of-tenancy approach. In its submission Homes North argued that these partnerships and its whole-of-tenancy approach helped ensure that the most vulnerable tenancies were sustained, while minimising losses to the CHP and accruing savings within the wider welfare network.<sup>206</sup>

## Outcomes from tenant support services

### *Sustainable tenancies*

- 5.26 The evidence of both FACS and the CHPs is that by providing support services to tenants beyond just addressing their housing needs, sustainable tenancies are established and homelessness is avoided.
- 5.27 As discussed previously, however, the level of disadvantage and vulnerability among many social housing tenants introduces specific challenges for social housing providers.<sup>207</sup>
- 5.28 Even such basic functions as signing a lease may require specific care and attention, and may need to be managed by the social housing provider to ensure that individual tenants are supported to sustain their tenancies.<sup>208</sup>

<sup>206</sup> Submission 38, Homes North Community Housing Company Ltd, p13.

<sup>207</sup> Submissions 46, Department of Family and Community Services, p17.



### *Commercial benefits and savings*

5.29 When discussing the range of services provided by CHPs, Ms Lucy Burgmann also noted the importance of providing wider services to tenants not only for their benefit but also for the commercial benefit of the providers themselves.<sup>209</sup> In other words, a combined social and commercial outcome is reached by ensuring a sustainable tenancy, without rent arrears or eviction. Ms Burgmann told the Committee:

One of the things that community housing providers are able to illustrate is that if they did not do those extra services that burden would ... probably fall on a government department somewhere. So those dollars would have to be spent somehow. Packaging it up is a very efficient way of getting a really great outcome, and that is why the providers do it. It works for both sides.<sup>210</sup>

5.30 When a vulnerable tenancy is sustained by the provision of special support, the tenants also have the opportunity to be connected to wider community services and to employment, education and training opportunities, contributing to the establishment of successful neighbourhoods and communities.<sup>211</sup>

5.31 A note of caution was sounded by Triple H Forum in its submission where it raised concerns about the potential for cost savings to be achieved through the use of unqualified and unskilled staff, to the detriment of tenant services.<sup>212</sup>

### *Community wellbeing*

5.32 A sense of community belonging as a result of the services provided by CHPs was highlighted in a number of submissions. Link Housing discussed its initiative "LinkUp" which aimed to enable tenants to feel part of the Link Community and have access to their wider local community.<sup>213</sup>

5.33 This initiative aims to build tenants' financial and emotional capacity, build strong and integrated communities, and build a sense of pride in tenants' homes.<sup>214</sup> Arguably, in building these capacities, CHPs also contribute to removing any perceived social stigma of being a social housing tenant.

5.34 Evolve Housing outlined its objectives for strengthening communities; namely providing secure homes in communities for individuals and families to live in privacy and dignity, stability where children can thrive and achieve optimal education outcomes, enhancement of health and wellbeing, and the establishment of a strong foundation for employment and asset and wealth creation.<sup>215</sup> It follows, according to Evolve Housing, that such social outcomes as

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<sup>208</sup> Submissions 46, Department of Family and Community Services, p17.

<sup>209</sup> Ms Lucy Burgmann, Chief Executive Officer, NSW Federation of Housing Associations, transcript of evidence, 8 September 2014, p14.

<sup>210</sup> Ms Burgmann, Transcript 8 September 2014, p15.

<sup>211</sup> Submission 33, NSW Federation of Housing Associations Inc, p24.

<sup>212</sup> Submission 22, Triple H Forum, p1.

<sup>213</sup> Submission 14, Link Housing, p11.

<sup>214</sup> Submission 14, Link Housing, p11.

<sup>215</sup> Submission 42, Evolve Housing, p11.

direct individual economic benefits, broader education, good health, and employment will be achieved.<sup>216</sup>

- 5.35 The City of Sydney emphasised the importance of community development and place management as tenant support services. The City noted that the 8,500 social tenancies within its boundaries are generally located within large public housing precincts where the needs of vulnerable tenants for support have a particular community dimension. The City advocated for the implementation of strategies to support community development and tenant engagement in decision making, and for individual tenant support services to be delivered through community-based mechanisms.<sup>217</sup>
- 5.36 Mr Alex Greenwich MP also stressed the importance of taking a community development approach to addressing the needs of vulnerable tenants housed in larger estates.<sup>218</sup>
- 5.37 The Committee questioned the CHP representatives about their experience of measuring the outcomes from community building and place making, and of programs which address perceived traps for tenants of social housing, such as a sense of entitlement and a preference for welfare over work. In response, several examples of successful community building were put forward. Mr Wetmore proposed area-by-area measurement so that social impact on a particular community could be understood over time.<sup>219</sup> Ms Burgmann proposed measuring crime rates, educational achievement and employment to identify the impact of social programs.<sup>220</sup>
- 5.38 The preparation by FACS of an estates strategy for public housing communities was recommended by the Auditor-General in his performance audit and is underway.<sup>221</sup>

### *Leaving social housing*

- 5.39 In encouraging people to feel part of a community and in building their confidence to integrate more widely in society, CHPs argue that they are well placed to provide incentives to people to achieve objectives in their lives, such as economic independence, thereby commencing along a path of leaving social housing.
- 5.40 In its submission, Evolve Housing maintained that CHPs offer a model which encourages a transition for tenants out of social housing settings and toward greater independence.<sup>222</sup>

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<sup>216</sup> Submission 42, Evolve Housing, p11.

<sup>217</sup> Submission 2, City of Sydney, p4.

<sup>218</sup> Submission 37, Mr Alex Greenwich MP, p3.

<sup>219</sup> Mr Trevor Wetmore, Acting Chief Executive Officer, St George Community Housing Ltd, transcript of evidence, 8 September 2014, p18.

<sup>220</sup> Ms Burgmann, Transcript 8 September 2014, p18.

<sup>221</sup> Submission 2 to the Examination of the Auditor-General's Performance Audits May 2013 – July 2013, Department of Family and Community Services, p5.

<sup>222</sup> Submission 42, Evolve Housing, p6.

## MEASURES FOR IMPROVING SUPPORT SERVICES AND OUTCOMES FOR TENANTS

- 5.41 In considering measures for improving support services and outcomes for tenants in social housing, this section should be read in the context of the other inquiries examining social housing and the Committee's findings listed previously in this report.
- 5.42 In particular, service and management improvements in social housing will be generally founded upon:
- the implementation of the recommendations of the Auditor-General in his performance audit report entitled *Making the best use of public housing*;
  - on the implementation of the recommendations in this Committee's examination of the performance audit report;
  - the adoption of the NSW Government Social Housing Policy and related policies and strategies which will provide a basis for long term planning and decision making; and
  - the implementation of the framework for assessing management costs and social outcomes in social housing which will be the product of the ongoing AHURI research.

### Public Housing

#### *Housing stock*

- 5.43 One of the greatest challenges facing public housing is its housing stock. In addition to consideration of whether there is sufficient stock, the Auditor-General found that the current housing portfolio is ageing and increasingly not fit for purpose.<sup>223</sup>
- 5.44 As mentioned in Chapter 2 of this report, there is an increasing shortfall between the supply of and demand for public housing. Much of the public housing stock consists of larger properties while the greatest demand is for smaller and more accessible dwellings.<sup>224</sup>
- 5.45 Public housing is currently supporting fewer people than ten years ago, and its use is less efficient with 30 per cent of properties comprising three or more bedrooms occupied by a single person or a couple.<sup>225</sup>
- 5.46 According to the Auditor-General, neither HNSW nor LAHC have developed long-term and sustainable strategies to address the challenges for the provision of public housing.<sup>226</sup> Indeed, the Auditor-General advises that LAHC's implementation of measures to sell properties and delay some capital maintenance work, will have a further detrimental impact on the condition and

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<sup>223</sup> Auditor-General, *Making the best use of public housing*, July 2013, p3.

<sup>224</sup> Auditor-General, *Making the best use of public housing*, July 2013, p3.

<sup>225</sup> Auditor-General, *Making the best use of public housing*, July 2013, p3.

<sup>226</sup> Auditor-General, *Making the best use of public housing*, July 2013, p3.

level of stock, and is not financially sustainable in the long-term.<sup>227</sup> Nevertheless, the question of the future management of public housing stock is dealt with in the Auditor-General's recommendations and FACS' response.

*Lease management and rent setting*

- 5.47 Another challenge facing public housing is declining rental income. HNSW undertakes the management of public housing tenancies by selecting tenants through the *Housing Pathways* system and its associated *Housing Register* waiting list.<sup>228</sup> Once a person or household is selected, a tenancy agreement is established in accordance with the *Residential Tenancies Act 2010*. The agreement includes the term of the lease and the rent rebate to be applied to the tenancy.
- 5.48 As in the private sector, rent is collected and the property is inspected throughout the tenancy.<sup>229</sup> FACS maintains the property, and manages estate cleaning and ground maintenance by coordinating requests for repairs through LAHC.
- 5.49 Responding to anti-social behaviour and other breaches of tenancy agreements is a significant part of FACS' tenancy management framework,<sup>230</sup> with great emphasis placed on managing nuisance and annoyance which impacts on neighbours and local communities.<sup>231</sup> Frequent challenges for FACS include managing failure to pay rent, failure to keep properties tidy, tenants keeping problematic pets, excessive noise, violent and threatening behaviour, and wilful property damage.<sup>232</sup>
- 5.50 A specific rent policy applies to tenants living in public housing. The rent paid for public housing dwellings is solely based on the tenant's household income, and at present, public housing tenants pay between 25 per cent and 30 per cent of their household income as rent.<sup>233</sup> The maximum which can be charged is market rate. Thus, the higher the income of the household, the higher the rent.
- 5.51 The 1993 Industry Commission report identified that inequity exists amongst public housing tenants with regard to the rent paid for the type of property occupied. At present, tenants pay the same rent regardless of the size, location, condition or general amenities within the property.<sup>234</sup> For example, a person with a three bedroom house pays the same amount as a person in a studio if they have the same household income.<sup>235</sup>
- 5.52 The 2009 Commonwealth Report, *Australia's Future Tax System – Report to the Treasurer*, identified that setting rents for social housing according to tenant

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<sup>227</sup> Auditor-General, *Making the best use of public housing*, July 2013, p3.

<sup>228</sup> Submissions 46, Department of Family and Community Services, p7.

<sup>229</sup> Submissions 46, Department of Family and Community Services, p7.

<sup>230</sup> Submissions 46, Department of Family and Community Services, p8.

<sup>231</sup> Submissions 46, Department of Family and Community Services, p8.

<sup>232</sup> Submissions 46, Department of Family and Community Services, p8.

<sup>233</sup> Auditor-General, *Making the best use of public housing*, July 2013, p33.

<sup>234</sup> Auditor-General, *Making the best use of public housing*, July 2013, p33.

<sup>235</sup> Auditor-General, *Making the best use of public housing*, July 2013, p33.

income was not an effective financial or price structure for governing the allocation of public housing.<sup>236</sup> The Commonwealth Report also argued that the rent-setting system reduces any incentive for public housing tenants to work, thus contributing to inter-generational poverty traps.<sup>237</sup>

5.53 According to the Auditor-General's Performance Audit Report, HNSW has implemented a number of initiatives to increase rental income since 2000, which has contributed to an increased income of \$160 million per year.<sup>238</sup>

5.54 The Auditor-General also reported that changes to the lengths of leases were providing greater flexibility in public housing. Since a change in legislation in 2005, HNSW has been able to issue leases for five and ten year periods, rather than continuously.<sup>239</sup>

### *Staffing*

5.55 Evidence to the Committee suggested that HNSW suffers from a range of staffing issues, impacting on the implementation and effectiveness of services for public housing tenants. Redfern Legal Centre argued that effective support services are impeded by the frequent movement of frontline staff from office to office.<sup>240</sup> As a result, the Centre reported that tenants do not know their client support officer and are unable to build a rapport with a contact person.<sup>241</sup>

5.56 In relation to staff turnover, Ms Michelle Bogatyrov representing the PSA told the Committee that there are many temporary employees at HNSW and that vacant positions are not filled.<sup>242</sup> Ms Bogatyrov echoed Redfern Legal Centre's concerns regarding staff being unable to develop and sustain rapport with tenants:

Let us take Redfern-Waterloo as an example in relation to tenancy management. Some of the State's most complex vulnerable clients live in that particular estate. It is very difficult to build a rapport with those tenants. The tenancy manager starts building a rapport and then the tenancy manager gets chosen to go and do higher duties. The rapport with the client gets built but that tenancy manager does not come back and the next one comes along.<sup>243</sup>

5.57 Inadequate training for frontline housing staff was also raised in evidence to the Committee. Redfern Legal Centre suggested that adequate training should be provided to client service officers by HNSW to equip them with diverse skill sets and the appropriate ability to cope with vulnerable tenants.<sup>244</sup> Ms Bogatyrov, referring to HNSW staff working as part of the Redfern-Waterloo contingent, said:

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<sup>236</sup> Auditor-General, *Making the best use of public housing*, July 2013, p33.

<sup>237</sup> Auditor-General, *Making the best use of public housing*, July 2013, p33.

<sup>238</sup> Auditor-General, *Making the best use of public housing*, July 2013, p33.

<sup>239</sup> Auditor-General, *Making the best use of public housing*, July 2013, p33.

<sup>240</sup> Submission 43, Redfern Legal Centre, p15.

<sup>241</sup> Submission 43, Redfern Legal Centre, p15.

<sup>242</sup> Ms Bogatyrov, Transcript 8 September 2014, p60.

<sup>243</sup> Ms Bogatyrov, Transcript 8 September 2014, p60.

<sup>244</sup> Submission 43, Redfern Legal Centre, p15.

They are not supported; they are not trained adequately in the first instance and they are trained on the run; on the hop, so to speak.<sup>245</sup>

- 5.58 In its submission, the Public Service Association proposed that converting temporary positions to full time positions would reduce turnover of staff, allowing for long-term investment in staff training and development.<sup>246</sup> The City of Sydney concurred with this view in its submission, suggesting that staff training should be a priority.<sup>247</sup> Side-by-Side Advocacy argued that staff training and recruitment, especially regarding skills in communicating with vulnerable people, should be a priority.<sup>248</sup> Kingsford Legal Centre recommended that staff be trained in discrimination law.<sup>249</sup>
- 5.59 In answer to a question on notice on the issue of staffing, FACS said there was no evidence that its staffing practices resulted in unsatisfactory tenancy management.<sup>250</sup>

### *Complaints and appeal procedures*

- 5.60 Several submissions raised the question of the adequacy of current complaints procedures and appeal mechanisms available to tenants dissatisfied with the decisions of FACS.
- 5.61 Redfern Legal Centre submitted that the appeal and review process is inconsistent and ambiguous, and that inadequate explanations are provided to parties for the decisions made.<sup>251</sup> In particular, the Centre questioned the role of the Housing Appeals Committee (HAC) in reviewing tenancy disputes on the grounds that the Committee is not a judicial body and does not have the power to make binding decisions, thus undermining the possibility for procedural fairness. The Centre proposed that a judicial body might be established to ensure the procedural fairness of internal reviews.<sup>252</sup>
- 5.62 The Tenants Union of NSW<sup>253</sup> and Legal Aid NSW<sup>254</sup> also called for appeal rights to be available from HAC to a body with judicial powers to ensure fairness, rigour and binding determinations.
- 5.63 Hunter Community Legal Centre Inc submitted that HNSW's complaints procedures were not transparent and that a clearer complaints policy should be made available to tenants.<sup>255</sup> Kingsford Legal Centre proposed that a low-cost,

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<sup>245</sup> Ms Bogatyrov, Transcript 8 September 2014, p60.

<sup>246</sup> Submission 23, Public Service Association, p5.

<sup>247</sup> Submission 2, City of Sydney, p5.

<sup>248</sup> Submission 10, Side-by-Side Advocacy, p5.

<sup>249</sup> Submission 20, Kingsford Legal Centre, p7.

<sup>250</sup> Department of Family and Community Services, Answers to questions on notice, 14 October 2014, p2.

<sup>251</sup> Submission 43, Redfern Legal Centre, p12.

<sup>252</sup> Submission 43, Redfern Legal Centre, p12.

<sup>253</sup> Submission 39, The Tenants Union of NSW, p14.

<sup>254</sup> Submission 41, Legal Aid NSW, p5.

<sup>255</sup> Submission 17, Hunter Community Legal Centre Inc, p10.

user-friendly independent body be established with the power to review decisions made by social housing providers and make binding rulings.<sup>256</sup>

- 5.64 The Committee raised the question of appeal procedures as part of its examination of the Auditor-General's performance audit report. Dr Geoff Lee, Committee member, asked representatives of FACS to comment on the role of the NSW Civil and Administrative Tribunal (NCAT) and particularly how NCAT struck a balance between the rights of individual tenants and the rights of neighbours and the community when adjudicating on questions of anti-social behaviour and illegal activity by tenants. In response, Mr Paul Vevers, Deputy Secretary, Southern Cluster, FACS, agreed that a minority of tenants cause problems, but that questions about policy changes or guidance to NCAT were a matter for Ministerial consideration.<sup>257</sup>

## Community Housing

### *Incentives for tenants*

- 5.65 A recurring theme in discussion at the public hearings was whether social housing and the support services tenants receive act as a disincentive to skills development, employment, community participation, and ultimately to housing self-reliance. The question of how to encourage tenants to leave social housing was the subject of evidence from Evolve Housing.
- 5.66 One incentive suggested is for tenants in social housing to pay rent closer to market rent. While this may seem counterintuitive in terms of the social proviso of providing affordable housing to people who are vulnerable and in need, Evolve Housing argued that such a rent policy would increase government rental yield and state revenues, which in turn could be directed towards maintenance, repair and development.<sup>258</sup>
- 5.67 Furthermore, it was suggested that the capacity for social housing tenants to pay market rent is currently under-reported because housing providers have limited access to reliable information regarding the financial means of prospective and existing tenants.<sup>259</sup>
- 5.68 Evolve Housing argued that CHPs currently do not have adequate access to information regarding tenants' taxation records, bank balances and visa information. Similarly, it argued that CHPs do not have sufficient information regarding tenants' overseas property holdings, additional assets and income.<sup>260</sup>
- 5.69 According to Evolve Housing, amendments to the *Housing Act 2001* could allow for social housing providers to require tenants to provide this information.<sup>261</sup>

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<sup>256</sup> Submission 20, Kingsford Legal Centre, p8.

<sup>257</sup> Mr Paul Vevers, Deputy Secretary, Southern Cluster, Department of Family and Community Services, transcript of evidence, Examination of the Auditor-General's performance audit reports May 2013 – July 2013, 15 September 2014, p7.

<sup>258</sup> Submission 42, Evolve Housing, p8.

<sup>259</sup> Submission 42, Evolve Housing, p8.

<sup>260</sup> Submission 42, Evolve Housing, p8.

<sup>261</sup> Submission 42, Evolve Housing, p8.

- 5.70 In addition, lack of information and clarity may result in discrepancies and unfairness towards those who are most in need of social housing if there are some tenants in social housing who are either ineligible for subsidised accommodation or should be paying greater rent.<sup>262</sup>
- 5.71 In evidence before the Committee, Ms Andrea Galloway, Chief Executive, Evolve Housing noted the importance of freeing up the system for the most vulnerable, and called for a review of those tenants who choose not to be income-assessed.<sup>263</sup> She reiterated the importance of having access to tax records to help assess people's eligibility for social housing.<sup>264</sup>
- 5.72 Ms Galloway highlighted that even where tenants pay market rent (at present 10 per cent of Evolve Housing's tenants pay market rents, suggesting they are employed and have an income), there is no policy of encouraging tenants to move out of social housing.<sup>265</sup> She said of tenants paying market rent:
- It is a flag and there is no policy to move them out of that house, or even a policy that they could buy that house, a shared equity program.<sup>266</sup>
- 5.73 The idea of developing a shared equity program as an incentive to social housing tenants was also advocated by Mr Trevor Wetmore, Acting Chief Executive Officer, St George Community Housing. Mr Wetmore suggested that shared home ownership may be an avenue to address under-occupancy of housing stock, thereby enabling people to move into alternative housing.<sup>267</sup>
- 5.74 Mr Wetmore also explained that New South Wales is one of the few states without a program or policy promoting shared home ownership. He suggested that such a program would be particularly beneficial in Sydney:
- That is a way, especially in Sydney where rents are so high that to get a share of the ownership they would not pay any more than they are currently paying and at least they then would have a real interest in moving on and up.<sup>268</sup>
- 5.75 Shared home ownership was also seen as a way of overcoming the inflexibility of social housing in that there are no transitional arrangements for leaving social housing. Ms Lucy Burgmann, Chief Executive Officer, NSW Federation of Housing Associations suggested this policy fosters a culture of insecurity as tenants who give up their social housing may then have to wait 10 years to retrieve it.<sup>269</sup> Given most housing tenants pay income-based rents, up to the market rate but based on their income, this becomes a pre-existing deterrent for tenants not to

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<sup>262</sup> Submission 42, Evolve Housing, p8.

<sup>263</sup> Ms Andrea Galloway, Chief Executive Officer, Evolve Housing, transcript of evidence, 8 September 2014, p9.

<sup>264</sup> Ms Galloway, Transcript 8 September 2014, p9.

<sup>265</sup> Ms Galloway, Transcript 8 September 2014, p9.

<sup>266</sup> Ms Galloway, Transcript 8 September 2014, p9.

<sup>267</sup> Mr Trevor Wetmore, Acting Chief Executive Officer, St George Community Housing, transcript of evidence, 8 September, p10.

<sup>268</sup> Mr Wetmore, Transcript 8 September, p11.

<sup>269</sup> Ms Lucy Burgmann, Chief Executive Officer, NSW Federation of Housing Associations, transcript of evidence, 8 September, p10.



consider finding employment as part of any additional income would be put towards an increased rent.

- 5.76 If given a choice between the security of social housing versus the lack of security within the private rental market, and if by obtaining employment a social housing tenant would become ineligible to remain in their property, Ms Burgmann pointed out that “lots of people would make the very rational decision not to get a job.”<sup>270</sup>
- 5.77 FACS was asked a question on notice regarding programs which allow or encourage equity buy-in to public housing by tenants. The department replied that under its *Sale of Homes Policy*, social housing tenants may apply to purchase their homes, but are required to obtain their own finance through a private lender. The Aboriginal Housing Office operates its similar *Home Purchase Scheme*.<sup>271</sup>

*Rental bonds, Centrelink rental deductions, and tenant records and data sharing*

- 5.78 The Committee received evidence suggesting that anomalies exist with the ability of CHPs to collect rental bonds, respond to tenant-initiated cancellation of rental payments, and to access tenant records.
- 5.79 Under the *Housing Act 2001* CHPs can only collect a maximum of two weeks’ worth of rent as rental bonds from a tenant.<sup>272</sup> In its submission, Evolve Housing advised that this policy was designed to accommodate tenants who could not afford to pay a four week bond up front. At present, it is highly unusual for the amount typically paid to exceed \$200, which does not cover basic cleaning costs or the costs of property damage.<sup>273</sup>
- 5.80 Evolve Housing argued that such a low bond is counterproductive in so far as it provides little incentive for tenants to honour their obligations in the tenancy agreement, and further, it does not rebate a significant sum to tenants at the end of their tenancy.<sup>274</sup>
- 5.81 Evolve Housing submitted that this problem could be overcome by introducing weekly incremental instalments, lodged with the Rental Bond Board upon the community housing provider receiving the full amount.<sup>275</sup> According to Evolve Housing, this would encourage personal responsibility and would ensure that the cost of property damage would be covered.<sup>276</sup>
- 5.82 An additional policy for improvement advocated by Evolve Housing concerned the cancellation of rental payments through Centrepay. It submitted that social housing tenants often enter into arrangements for the automatic deduction of their rent from welfare entitlements. While tenants may have agreed to

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<sup>270</sup> Ms Burgmann, Transcript 8 September, p10.

<sup>271</sup> Department of Family and Community Services, Answers to questions on notice, 14 October 2014, p4.

<sup>272</sup> Submission 42, Evolve Housing, p9.

<sup>273</sup> Submission 42, Evolve Housing, p9.

<sup>274</sup> Submission 42, Evolve Housing, p9.

<sup>275</sup> Submission 42, Evolve Housing, p9.

<sup>276</sup> Submission 42, Evolve Housing, p9.

automatic Centrepay deductions, they are also entitled to reduce or cancel the rent and other payments at any time from their Centrelink benefits.<sup>277</sup> This can result in tenants falling into rent arrears or debt, leading ultimately to tenancies being terminated.<sup>278</sup>

- 5.83 Finally, Evolve Housing submitted that social housing providers should be able to share information on tenancy history. Currently providers have no knowledge of any previous tenancy issues which can be problematic in circumstances where tenants have fallen substantially behind with payment of rent, have caused excessive damage to properties, or have a history of anti-social behaviour. Evolve Housing submitted that shared information would assist social housing providers to improve tenancy management.<sup>279</sup>

### Innovative programs

- 5.84 In their submissions several CHPs detailed innovative programs they had developed and implemented which were improving social housing management. These included:

- Pacific Link Housing's *Learner Drivers Program* which provided advice and paid lessons to tenants and dependents aged between 16 and 19;<sup>280</sup>
- Pacific Link Housing's *Laptop loan/purchase program* which provides low cost loans to assist tenants access computers and online communications;<sup>281</sup>
- Southern Cross Community Housing Ltd's *Tenant Education Scholarships* which assist both school students and older tenants;<sup>282</sup>
- Southern Cross Community Housing Ltd's *Rent-it Keep-it* program which assist tenants to attain skills in sustaining their tenancies;<sup>283</sup>
- Southern Cross Community Housing Ltd's *Yard Assist* program which coordinates volunteers to assist frail and disabled tenants maintain their properties;<sup>284</sup>
- The Housing Alliance's *Dwelling Decision Tool* which assists the provider to maintain properties and meet tenant needs;<sup>285</sup>
- The Housing Alliance's *The Hub*, a specifically designed and integrated one-stop-shop in Albury for people experiencing housing stress;<sup>286</sup>

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<sup>277</sup> Submission 42, Evolve Housing, p10.

<sup>278</sup> Submission 42, Evolve Housing, p10.

<sup>279</sup> Submission 42, Evolve Housing, p9.

<sup>280</sup> Submission 4, Pacific Link Housing, p13.

<sup>281</sup> Submission 4, Pacific Link Housing, p14.

<sup>282</sup> Submission 7, Southern Cross Community Housing Ltd, p12.

<sup>283</sup> Submission 7, Southern Cross Community Housing Ltd, p12.

<sup>284</sup> Submission 7, Southern Cross Community Housing Ltd, p12.

<sup>285</sup> Submission 9, Housing Alliance, p21.

<sup>286</sup> Submission 9, Housing Alliance, p22.

- Link Housing's *LinkUP* initiative which promotes tenant health, happiness and wellbeing;<sup>287</sup>
- St George Community Housing Ltd's *Vulnerability Assessment Tool* which assesses tenant and household vulnerability and guides early intervention to sustain tenancies;<sup>288</sup>
- St George Community Housing Ltd's *Entry Steps to Employment* program where the providers own contractors offer tenants training and employment opportunities;<sup>289</sup> and
- Wentworth Housing's *Sustainable Procurement Commitment* which ensures that tenders for the engagement of grounds maintenance contractors include a commitment to employ social housing tenants.<sup>290</sup>

### Tenant self-management

- 5.85 The Committee invited a submission from the National Federation of Tenant Management Organisations (NFTMO) which represents tenant groups in the United Kingdom established by law to manage their own properties.<sup>291</sup> The Committee heard that there are few similar organisations or experiments in Australia, but representatives of FACS were open to their use.<sup>292</sup>

### COMMITTEE COMMENT

#### Developing social housing policy

- 5.86 As discussed previously in this report, the finalisation of a NSW Government social housing policy is recommended by the Auditor-General to provide clear direction for a sustainable social housing sector. The Committee looks forward to the Government's response to the Auditor-General's call for a social housing policy
- 5.87 The Committee notes the many calls from stakeholders for consultation before the policy is finalised. In its submission, People With Disability Australia Inc said this consultation should include social housing tenants, including people with disability and their representatives, and that the submissions to this inquiry should be utilised to provide content for the policy.<sup>293</sup>
- 5.88 The NSW Federation of Housing Associations Inc also called for the policy to be released for consultation, and proposed that it make an explicit commitment to expanding the community housing sector.<sup>294</sup>

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<sup>287</sup> Submission 14, Link Housing, p9.

<sup>288</sup> Submission 19, St George Community Housing Ltd, p18.

<sup>289</sup> Submission 19, St George Community Housing Ltd, p19.

<sup>290</sup> Submission 29, Wentworth Community Housing, p3.

<sup>291</sup> Submission 45, National Federation of Tenant Management Organisations, p2.

<sup>292</sup> Ms Ann Skewes, Deputy Secretary, Land and Housing Corporation, Department of Family and Community Services, transcript of evidence, 15 September 2014, p11.

<sup>293</sup> Submission 24, People With Disability Australia Inc, p4.

<sup>294</sup> Submission 33, NSW Federation of Housing Associations Inc, p27.

- 5.89 The Committee notes the evidence from FACS which suggests that the development of the social housing policy is under way. In the Committee's view a comprehensive NSW social housing policy is an essential underpinning for a sustainable social housing sector. It will give clear direction to both the public and community housing sectors.
- 5.90 Throughout this report the Committee lists issues and matters for discussion, and makes findings and recommendations which it believes should be the subject of direction under the social policy. These issues include:
- Detailing the respective roles of the public, community and private sectors, their relationships and inter-connections, and the Government's plans and expectations for their relative expansion or contraction in the future, including the percentage of properties expected to be managed by the community sector.
  - An objective that commits social housing provision to assist tenants to achieve economic independence, including measurable targets for tenants leaving social housing, and a commitment to provide incentives to tenants to achieve independence including home purchase schemes.
  - Recognition that not all demand for social housing is met within the social housing sector and a commitment to address the needs of eligible and vulnerable people who do not have access to support services through a social housing tenancy.

#### Are tenant support services cost effective?

- 5.91 The cost effectiveness of current tenancy management was discussed in Chapter 4. The evidence which the Committee considered in Chapter 4, and particularly its endorsement of the AHURI framework for defining the activities which comprise tenancy management and measuring the effectiveness of the delivery of these activities, leads to the question, are tenant support services cost effective? The Committee can only conclude that just as data is lacking to make accurate and useful measurements of the cost effectiveness of tenancy management in social housing, the same lack of data impedes the measurement of the cost effectiveness of the support services which are discussed in this chapter.
- 5.92 The claims made by CHPs that their approach to offering a broad range of tenant support services through community partnerships not only benefits tenants, but also has wider commercial and economic benefits for the providers themselves and the broader community in areas like welfare savings, are persuasive. Testing the veracity of these claims, however, will be part of the implementation and reporting phase following the completion of the AHURI research.

#### National Disability Insurance Scheme

- 5.93 The Committee notes that little evidence of the impact of the National Disability Insurance Scheme (NDIS) was presented to the inquiry. Those stakeholders who mentioned the NDIS were concerned that tenants be informed and empowered

to make appropriate decisions about their care, including their access to social housing and tenant support services, under the new arrangements.<sup>295</sup>

- 5.94 The Committee recommends that FACS examines the effect of the NDIS to determine its impact on tenants and social housing providers.

### Is social housing a conduit to other services?

- 5.95 Of great concern to the Committee is the notion that at least 50 per cent of demand for social housing is unmet. A more cost effective social housing sector will be able to meet more of this demand, but the evidence suggests there are many people who may be eligible for social housing who are either waiting for an allocation, or have never applied. The Committee believes that the size of this unmet demand and the profile of the people who constitute this unmet demand need to be better understood.

- 5.96 As discussed in the Committee's earlier comments about developing social housing policy, equity suggests that support services for vulnerable people should be based on their needs and not on whether they have been successful in being allocated social housing.

- 5.97 Further, the cost of ensuring all community members have access to affordable housing which meets their needs, will not be measured accurately unless it accounts for the entire community, and not just that proportion of the demand for social housing being met within the social housing sector.

### The role of the private sector

- 5.98 The Committee notes many stakeholders' views that private sector practices and objectives are incompatible with social housing provision. The Committee also notes, however, that the Auditor-General found a high level of unmet demand for social housing, and evidence that many people who may be eligible for social housing or otherwise have a similar socio-economic profile to social housing tenants, are housed in the private sector.

- 5.99 The Committee believes that the nature and level of private sector involvement in the provision of social housing should be better understood and that the AHURI framework is applicable for measuring the comparative performance of tenancy management activities across all housing sectors.

### Innovation

- 5.100 The Committee recognises the level of innovation achieved by the community sector. Many of the programs developed in the community sector to sustain tenancies and assist tenants achieve independence may have application across the whole social housing sector. The Committee supports an examination of these innovations, perhaps as an AHURI research project, to examine these innovative programs and assess their wider application.

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<sup>295</sup> Submission 21, Action for People with Disability, p3.

## Impediments to effective management

- 5.101 The Committee notes that changes to leasing arrangements in public housing, and particularly the move to shorter and more flexible leases, will give FACS a greater capacity to ensure tenants are matched to properties that are more appropriate to their needs, especially as their needs change over time. This in turn will allow FACS to accommodate more applicants and reduce waiting times for public housing.
- 5.102 The Committee also notes the evidence that social housing providers would be assisted by changes to the rules relating to rental bonds, Centrelink rental deductions, and tenant records and data sharing.

## Complaints and appeals

- 5.103 The Committee notes a range of concerns from stakeholders about the current complaints and appeals procedures available to tenants, as well as concerns that there needs to a better balance achieved between the rights and obligations of individual tenants, and their neighbours and the wider community.
- 5.104 The Committee believes that the complaints and appeals procedures should be examined, and that guidance should be given to the various appeals bodies to ensure that an appropriate balance is outlined and achieved in decision making.

## Self-management

- 5.105 The Committee notes that it received little evidence of schemes for tenant self-management, despite this being an initiative with a long history of acceptance and success in the United Kingdom.
- 5.106 The Committee believes that FACS should examine the application of tenant self-management to the provision of social housing in NSW.

## Conclusion

- 5.107 The Committee notes the complexity of the social housing sector, and even more complex questions about meeting social housing needs both inside and outside the social housing sector.
- 5.108 The Committee recognises the enthusiasm and innovation evident in the community sector. The Committee also acknowledges that the Department of Family and Community Services has adopted all the recommendations of the Auditor-General's performance audit report and is making progress to implement them.
- 5.109 The Committee is concerned, however, that the social housing sector appears not to be taking the opportunity to collaborate and share ideas. The NSW Federation of Housing Associations appears to be an effective model for sharing and collaboration within the community sector.
- 5.110 The Committee believes there is a role for a social housing industry body to bring together practitioners, academics, policy makers, and clients and their advocates to examine issues, share experiences, promote innovations, and advocate

reforms. Through such a mechanism opportunities to build on the achievements of the various parts of the sector may be maximised to the advantage of the whole sector.

#### RECOMMENDATION 8

**The Committee recommends that the NSW Government's social housing policy be a comprehensive policy giving clear direction to the entire social housing sector, that its objectives reflect suggestions in this report, and that it be released for community consultation before finalisation.**

#### RECOMMENDATION 9

**The Committee recommends that the Department of Family and Community Services investigate the application of schemes for encouraging social housing tenants to purchase equity in their homes to NSW, and report by 1 September 2015.**

#### RECOMMENDATION 10

**The Committee recommends that the Department of Family and Community Services procure research into the size of the unmet demand for social housing and the profile of the people who constitute this unmet demand, and that the outcomes of this research inform a strategy to ensure that community services are fairly available to all people who can demonstrate need regardless of their social housing tenancy status.**

#### RECOMMENDATION 11

**The Committee recommends that the NSW Government examine the impact of the National Disability Insurance Scheme on the provision of social housing and advise tenants and social housing providers regarding changes, and their rights and responsibilities no later than the commencement of the scheme.**

#### RECOMMENDATION 12

**The Committee recommends that the Department of Family and Community Services procure research into the performance of innovative tenant support programs developed by the community housing sector so that they can be assessed and applied, where appropriate, across the whole social housing sector.**

#### RECOMMENDATION 13

**The Committee recommends that the NSW Government examine whether restrictive controls unduly prevent:**

- **housing providers having access to tenant income information including taxation records, bank records, visa status, and evidence of overseas assets;**
- **tenants' paying adequate rental bonds and complying with rental payments via Centrepay deductions; and**
- **housing providers having access to tenant histories;**

and report its findings by 1 September 2015.

#### RECOMMENDATION 14

The Committee recommends that the Department of Family and Community Services investigate the impact of its staffing policies and practices on the provision of frontline services and satisfactory tenancy management, and report by 1 September 2015.

#### RECOMMENDATION 15

The Committee recommends that the Department of Family and Community Services procure an independent examination of the current complaints and appeals procedures for mediating the rights and obligations of social housing tenants and providers, and that the outcomes of this examination inform a revised complaints and appeals procedure to be implemented in the 2015-16 financial year.

#### RECOMMENDATION 16

The Committee recommends that the NSW Government develop guidelines by 1 June 2015 for the use of the NSW Civil and Administrative Tribunal and other adjudicatory bodies promoting a stronger recognition of the rights of tenants and the community to good amenity and the enjoyment of their properties and public spaces relative to the rights of individual tenants who exhibit anti-social or criminal behaviour.

#### RECOMMENDATION 17

The Committee recommends that the Department of Family and Community Services examine the application of tenant self-management to the provision of social housing in NSW, and that the outcomes of this examination be translated into a trial of tenant self-management to be undertaken in the 2015-16 financial year.

#### RECOMMENDATION 18

The Committee recommends that the Department of Family and Community Services and the NSW Federation of Housing Associations jointly consider establishing a social housing industry body to bring together practitioners, academics, policy makers, and clients and their advocates to examine issues, share experiences, promote innovations, and advocate reforms.



## Appendix One – List of Submissions

1	Public Interest Advocacy Centre
2	City of Sydney
3	Mr Ross Smith
4	Pacific Link Housing Limited
5	Confidential
6	Samaritans Foundation
7	Southern Cross Community Housing Ltd.
8	Confidential
9	Housing Alliance
10	Side by Side Advocacy
11	Council of Social Service of NSW (NCOSS)
12	City Futures Research Centre, UNSW
13	Ms Jennifer Taminiau
14	Link Housing Ltd
15	Forest Lodge & Glebe Coordination Group
16	Johanna O’Dea and Alexandra Dwellings Tenants Group
17	Hunter Community Legal Centre
18	Inner Sydney Regional Council for Social Development
19	St George Community Housing Ltd
20	Kingsford Legal Centre
21	Action for People with Disability Inc.
22	Triple H Forum
23	Public Service Association of NSW
24	Northern Links NSW Inc
25	Mr Bryan Doyle MP
26	The Housing Trust
27	Councillor Irene Doutney
28	Shelter NSW
29	Wentworth Community Housing
30	Office of the NSW Ombudsman
31	Pensioners and Superannuants Association of NSW Inc (CPSA)

TENANCY MANAGEMENT IN SOCIAL HOUSING  
LIST OF SUBMISSIONS

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32	Confidential
33	NSW Federation of Housing Associations Inc.
34	Communist Party of Australia, Port Jackson Branch
35	Aboriginal Housing Company Limited
36	People with Disability Australia Incorporated
37	Mr Alex Greenwich MP
38	Homes North Community Housing Company Ltd.
39	Tenants' Union of NSW
40	Australian Housing and Urban Research Institute
41	Legal Aid NSW
42	Evolve Housing
43	Redfern Legal Centre
44	Property Owner's Association
45	National Federation of Tenant Management Organisations
46	Department of Family and Community Services

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## Appendix Two – List of Witnesses

8 SEPTEMBER 2014, ROOM 814/815 (GOVERNMENT PARTY ROOM),  
PARLIAMENT HOUSE

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Witness	Position & Organisation
Ms Lucy Burgmann	Chief Executive Officer <i>NSW Federation of Housing Associations</i>
Ms Andrea Galloway	Chief Executive Officer <i>Evolve Housing</i>
Ms Marg Kaszo	Chief Executive Officer <i>Southern Cross Community Housing Ltd</i>
Mr Andrew McAnulty	Chief Executive Officer <i>Link Housing Ltd</i>
Mr Trevor Wetmore	Acting Chief Executive Officer <i>St George Community Housing Ltd</i>
Ms Mary Perkins Mr Adam Farrar	Executive Officer Senior Policy Officer <i>Shelter NSW</i>
Dr Chris Martin	Senior Policy Officer <i>Tenants' Union of NSW</i>
Ms Jacqui Swinburne Mr Tom McDonald Ms Lindsay Ash	Acting Chief Executive Officer Tenant Advocate Tenant Advocate <i>Redfern Legal Centre</i>
Ms Tracy Howe Mr Warren Gardiner	Chief Executive Officer Senior Policy Officer <i>Council of Social Service of New South Wales</i>
Ms Catherine Posniak Ms Kate Finch	Advocate Advocacy Projects Manager <i>People with Disability Australia</i>
Ms Christine Agius	Executive Officer <i>Action for People with Disability</i>
Dr Aida Morden	Advocate <i>Side by Side Advocacy</i>
Mr Rick Banyard	Committee Member <i>Property Owner's Association of NSW</i>

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Ms Sonia Rhodes	PSA Delegate
Ms Leonie Donohue	PSA Delegate
Ms Michelle Bogatyrov	Industrial Advocate <i>Public Service Association of NSW</i>

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Ms Kate O'Connor	Acting Manager, Business and Safety
Dr Lisa Simone	Safe City Manager
Mr Dominic Grenot	Safe City Project Manager <i>City of Sydney</i>

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15 SEPTEMBER 2014, ROOM 814/815 (GOVERNMENT PARTY ROOM),  
PARLIAMENT HOUSE

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Witness	Position & Organisation
Ms Anne Skewes	Deputy Secretary, Land and Housing Corporation
Mr Paul Vevers	Deputy Secretary, Southern Cluster
Ms Leonie King	Executive Director, Community and Private Market Housing
Ms Mandy Young	Acting Chief Executive Officer, Aboriginal Housing Office <i>Department of Family and Community Services</i>

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Dr Michael Fotheringham	Deputy Executive Director <i>Australian Housing and Urban Research Institute</i>
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Prof Hal Pawson	Associate Director
Dr Vivienne Milligan	Associate Professor <i>City Futures Research Centre, UNSW</i>

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## Appendix Three – Extracts from Minutes

### MINUTES OF MEETING 79

Wednesday 2 July 2014

10.05am

Macquarie Room, Parliament House

#### Members present

Mr O’Dea (Chair), Dr Lee, Mr Bassett, Mr Piper

#### Officers in attendance

Abigail Groves, David Hale, Leon Last, Abigail Javier

#### 1. Apologies

Apologies were received from Mr Daley and Mr Williams.

2. \*\*\*

3. \*\*\*

4. \*\*\*

5. \*\*\*

#### 6. Inquiry into tenancy management in social housing

Resolved, on the motion of Mr Piper, seconded by Dr Lee:

1. That the Committee adopt the following terms of reference for an inquiry into tenancy management in social housing:

The Committee will inquire into, and report on, current tenancy management arrangements in NSW social housing, with particular reference to:

- the cost effectiveness of current tenancy management arrangements in public housing, particularly compared to private and community housing sectors;

- the range and effectiveness of support services provided to tenants in social housing;
  - outcomes for tenants from current tenancy management arrangements; and
  - possible measures to improve tenancy management services,
2. That the Committee advertise the inquiry in the Sydney Morning Herald and call for submissions with a closing date of 8 August 2014, and
  3. That the Chair write to relevant stakeholders inviting them to make a submission to the inquiry.

7. \*\*\*

## 8. Other business

The Committee nominated 8 and 15 September as dates for public hearings.

The meeting adjourned at 10.20am.

## MINUTES OF MEETING 80

Thursday 7 August 2014

9.50am

Room 1043, Parliament House

### Members present

Mr O’Dea (Chair), Dr Lee, Mr Bassett, Mr Piper, Mr Daley, Mr Williams

### Officers in attendance

Elaine Schofield, Abigail Groves, David Hale, Leon Last

#### 1. Confirmation of minutes

Resolved, on the motion of Mr Bassett, seconded by Dr Lee: That the minutes of meeting no. 79 held on 2 July 2014 be confirmed.

2. \*\*\*

3. \*\*\*

4. \*\*\*

5. Inquiry into tenancy management in social housing

The Chair tabled the Executive Summary of the AHURI paper entitled *Assessing management costs and tenant outcomes in social housing: developing a framework*, and proposed that the table entitled *Figure 1: Conceptual framework for measuring social housing cost of provision and tenant outcomes* be tabled at the next meeting.

Resolved, on the motion of Mr Bassett, seconded by Dr Lee: That the Committee note the Executive Summary of the AHURI paper entitled *Assessing management costs and tenant outcomes in social housing: developing a framework*.

6. \*\*\*

7. \*\*\*

8. \*\*\*

The meeting adjourned at 10.33am.

## MINUTES OF MEETING 81

Thursday 14 August 2014

9.50am

Room 1043, Parliament House

### Members present

Mr O’Dea (Chair), Dr Lee, Mr Bassett, Mr Piper, Mr Daley, Mr Williams

### Officers in attendance

Elaine Schofield, Abigail Groves, David Hale, Leon Last

## 1. Confirmation of minutes

Resolved, on the motion of Mr Piper, seconded by Mr Williams: That the minutes of meeting no. 80 held on 7 August 2014 be confirmed.

2. \*\*\*

3. \*\*\*

4. \*\*\*

## 5. Inquiry into tenancy management in social housing

### 5.1 Submissions

Resolved, on the motion of Dr Lee, seconded by Mr Bassett: That the Committee publish Submissions 2, 3, 6, 7, 10, 11, 12, 14, 15, 18, 19, 20, 21, 22, 23, 24, 25, 26, 27, 28, 29, 30, 31, 33 and 34; that Submissions 1, 4, 9, 13, 16, and 17 be published subject to removal of information that is likely to identify individuals; and that Submissions 5, 8 and 32 remain confidential.

### 5.2 Figure 1: Conceptual framework for measuring social housing cost of provision and tenant outcomes

Resolved, on the motion of Mr Bassett, seconded by Mr Daley: That the Committee note the extract from *Assessing management costs and tenant outcomes in social housing: developing a framework*, Positioning Paper No 160 by Australian Housing and Urban Research Institute (AHURI).

### 5.3 Witnesses

The Chair invited members to notify him by Friday 22 August 2014 of any witnesses they would like called to appear at a public hearing in relation to the Inquiry into Tenancy Management in Social Housing.

## 6. Public hearings (8 and 15 September 2014)

Resolved, on the motion of Dr Lee, seconded by Mr Bassett: That the Committee conduct public hearings on 8 and 15 September 2014 and the Chair invite witnesses to give evidence in relation to the Inquiry into Tenancy Management in Social Housing, the Examination of the Auditor-General's performance audits May 2013 – July 2013, and the follow up of repeat recommendations from the Auditor-General's 2013 Financial Audits.

7. \*\*\*

The meeting adjourned at 10.08am



## MINUTES OF MEETING 82

Monday 8 September 2014  
9.15am  
Room 814/15, Parliament House

### Members present

Mr O’Dea (Chair), Dr Lee, Mr Williams, Mr Daley, Mr Piper

### Officers in attendance

Helen Minnican, David Hale, Abigail Groves, Sasha Shevtsova, Tanja Zech

#### 1. Apologies

An apology was received from Mr Bassett.

#### 2. Confirmation of minutes

Resolved, on the motion of Dr Lee, seconded by Mr Piper: That the minutes of meeting no. 81 held on 14 August 2014 be confirmed.

#### 3. \*\*\*

#### 4. \*\*\*

#### 5. Inquiry into tenancy management in social housing

##### 5.1 Submissions

Resolved, on the motion of Mr Williams, seconded by Dr Lee: That Submissions 35, 36, 37, 38, 39, 40, 41, 42, 43, 44, 45 and 46 be published on the Committee’s website with signatures and direct contact details redacted.

##### 5.2 Public hearing 8 September 2014

Resolved, on the motion of Mr Piper, seconded by Mr Williams: That the Committee invite the witnesses listed in the notice of the public hearing as circulated to members to give evidence in relation to the Inquiry into Tenancy Management in Social Housing on Monday 8 September.

##### 5.2.1 Media

Resolved, on the motion of Dr Lee, seconded by Mr Piper: That the Committee authorises the audio-visual recording, photography and broadcasting of the public hearing on 8 September 2014 in accordance with the NSW Legislative

Assembly's guidelines for coverage of proceedings for parliamentary committees administered by the Legislative Assembly.

**5.2.2 Transcript of evidence**

Resolved, on the motion of Dr Lee, seconded by Mr Piper: That the corrected transcript of evidence given on 8 September 2014 be authorised for publication and uploaded on the Committee's website.

**5.2.3 Answers to questions on notice**

Resolved, on the motion of Dr Lee, seconded by Mr Piper: That witnesses be requested to return answers to questions taken on notice and supplementary questions within two weeks of the date on which the questions are forwarded to the witness, and that once received, answers to questions on notice be published on the Committee's website.

**5.2.4 Documents tendered during the public hearing**

Resolved, on the motion of Mr Williams, seconded by Mr Piper: That documents tendered during the public hearing be accepted by the Committee and published on the Committee's website.

**6. Public hearing 15 September 2014**

Resolved, on the motion of Dr Lee, seconded by Mr Williams: That the Committee invite the Office of Environment and Heritage and the Department of Family and Community Services to give evidence in relation to the follow up of the Auditor-General's performance audits, and the Department of Family and Community Services, the Australian Housing and Research Institute, and the City Futures Research Centre, UNSW to give evidence in relation to the Inquiry into Tenancy Management in Social Housing on 15 September 2014.

**7. Public hearing 8 September 2014**

The Chair opened the public hearing at 9.30am. Witnesses and the public were admitted.

The following witnesses representing community housing providers were affirmed and examined:

- Ms Lucy Burgmann, Chief Executive Officer, NSW Federation of Housing Associations
- Ms Marg Kaszo, Chief Executive Officer, Southern Cross Community Housing Ltd
- Mr Andrew McAnulty, Chief Executive Officer, Link Housing Ltd
- Ms Andrea Galloway, Chief Executive Officer, Evolve Housing

The following witness representing community housing providers was sworn and examined:

- Mr Trevor Wetmore, Acting Chief Executive Officer, St George Community Housing Ltd

Evidence concluded, the witnesses withdrew.

The Chair adjourned the public hearing for 15 minutes at 11.15am. Witnesses and the public withdrew.

The Chair resumed the public hearing at 11.30am. Witnesses and the public were admitted.

The following witnesses from Shelter NSW were affirmed and examined:

- Ms Mary Perkins, Executive Officer
- Mr Adam Farrar, Policy Officer

Ms Perkins tendered the following documents:

- *View from the estates* Shelter NSW June 2011
- *We look after our neighbours here* Shelter NSW December 2012

Evidence concluded, the witnesses withdrew.

The following witness from the Tenants' Union of NSW was affirmed and examined:

- Dr Chris Martin, Senior Policy Officer

The following witnesses from Redfern Legal Centre were affirmed and examined:

- Ms Jacqui Swinburne, Acting Chief Executive Officer
- Mr Tom McDonald, Tenants' Advocate
- Ms Lindsay Ash, Tenants' Advocate

Evidence concluded, the witnesses withdrew.

The Chair adjourned the public hearing for 30 minutes at 12.45pm. Witnesses and the public withdrew.

The Chair resumed the public hearing at 1.15pm. Witnesses and the public were admitted.

The following witnesses from People with Disability Australia were affirmed and examined:

- Ms Kate Finch, Advocacy Projects Manager
- Ms Catherine Posniak, Regional Advocate

The following witnesses from the Council of Social Service of NSW (NCOSS) were affirmed and examined:

- Ms Tracy Howe, Chief Executive Officer
- Mr Warren Gardiner, Senior Policy Officer

Evidence concluded, the witnesses withdrew.

The following witness from Side by Side Advocacy was sworn and examined:

- Dr Aida Morden, Individual Advocate

The following witness from Action for People with Disability was affirmed and examined:

- Ms Christine Agius, Executive Officer

Evidence concluded, the witnesses withdrew.

The following witness from the Property Owners' Association of NSW was affirmed and examined:

- Mr Rick Banyard, Committee Member

Evidence concluded, the witness withdrew.

The Chair adjourned the public hearing for 15 minutes at 3.15pm. Witnesses and the public withdrew.

The Chair resumed the public hearing at 3.30pm. Witnesses and the public were admitted.

The following witnesses from the Public Service of Association of NSW were affirmed and examined:

- Ms Sonia Rhodes, Delegate Housing NSW
- Ms Leonie Donohue, Delegate Housing NSW
- Ms Michelle Bogatyrov, Industrial Advocate

Evidence concluded, the witnesses withdrew.

The following witnesses from City of Sydney were affirmed and examined:

- Dr Lisa Simone, Safe City Manager
- Ms Kate O'Connor, Acting Manager City Business and Safety
- Mr Dominic Grenot, Project Manager Safe City

Evidence concluded, the witnesses withdrew.

The public hearing concluded at 4.34pm. Witnesses and the public withdrew. The Committee resumed its deliberations.

**7.1 Publication of documents tendered**

Resolved, on the motion of Mr Daley, seconded by Mr Williams: That the documents tendered by Ms Perkins during the public hearing be accepted by the Committee and published on the Committee's website.

The meeting adjourned at 4.35pm.

**MINUTES OF MEETING 83**

Thursday 11 September 2014  
9.50am  
Room 1043, Parliament House

**Members present**

Mr O'Dea (Chair), Mr Bassett, Mr Daley, Mr Piper, Mr Williams

**Officers in attendance**

Elaine Schofield, David Hale, Abigail Groves, Jenny Whight, Tanja Zech

**1. Confirmation of minutes**

Resolved, on the motion of Mr Piper, seconded by Mr Williams: That the minutes of meeting no. 82 held on 8 September 2014 be confirmed.

**2. Public hearing 15 September 2014**

Members noted the notice of hearing for the public hearing on 15 September 2014.

**3. \*\*\***

**4. \*\*\***

The meeting adjourned at 10.08am.

**MINUTES OF MEETING 84**

Monday 15 September 2014  
9.30am  
Room 814/15, Parliament House

**Members present**

Mr O'Dea (Chair), Dr Lee, Mr Bassett, Mr Piper, Mr Williams

## Officers in attendance

Elaine Schofield, David Hale, Abigail Groves, Sasha Shevtsova, Abigail Javier, Tanja Zech

The Chair opened the deliberative meeting at 9.34am.

### 1. Apologies

An apology was received from Mr Daley.

### 2. Confirmation of minutes

Resolved, on the motion of Mr Piper, seconded by Mr Bassett: That the minutes of meeting no. 83 held on 11 September 2014 be confirmed.

### 3. \*\*\*

### 4. Public hearing

#### 4.1 Witnesses

Resolved, on the motion of Mr Piper, seconded by Dr Lee: That the Committee invite the witnesses listed in the notice of the public hearing for Monday 15 September 2014 to give evidence in relation to the Examination of the Auditor-General's Performance Audits May 2013 – July 2013 and the Inquiry into Tenancy Management in Social Housing.

#### 4.2 Media

Resolved, on the motion of Mr Piper, seconded by Dr Lee: That the Committee authorises the audio-visual recording, photography and broadcasting of the public hearing on 15 September 2014 in accordance with the NSW Legislative Assembly's guidelines for coverage of proceedings for parliamentary committees administered by the Legislative Assembly.

#### 4.3 Transcript of evidence

Resolved, on the motion of Mr Piper, seconded by Dr Lee: That the corrected transcript of evidence given on 15 September 2014 be authorised for publication and uploaded on the Committee's website.

#### 4.4 Answers to questions on notice

Resolved, on the motion of Mr Piper, seconded by Dr Lee: That witnesses be requested to return answers to questions taken on notice and supplementary questions within 2 weeks of the date on which the questions are forwarded to the witness, and that once received, answers to questions on notice be published on the Committee's website.

#### 4.5 Documents tendered during the public hearing

Resolved, on the motion of Mr Piper, seconded by Dr Lee: That documents tendered during the public hearing be accepted by the Committee and published on the Committee's website.

The Chair opened the public hearing at 9.50am. Witnesses and the public were admitted.

\*\*\*

The Chair resumed the public hearing at 11.10am. Witnesses and the public were admitted.

The following witnesses affirmed and were examined:

- Ms Anne Skewes, Deputy Secretary, Land and Housing Corporation, Department of Family and Community Services
- Mr Paul Vevers, Deputy Secretary, Southern Cluster, Department of Family and Community Services

The following witnesses were examined on their former oath or affirmation:

- Mr Rob Mathie, Assistant Auditor General, Performance Audit, Audit Office of NSW
- Mr Grant Hehir, Auditor General, Audit Office of NSW
- Mr Sean Crumlin, Director, Performance Audit, Audit Office of NSW

Evidence concluded, the witnesses withdrew.

The following witness was affirmed and was examined:

- Ms Leonie King, Executive Director, Community and Private Market Housing, Department of Family and Community Services

The following witness was sworn and examined:

- Ms Mandy Young, Acting Chief Executive, Aboriginal Housing Office, Department of Family and Community Services

The following witnesses were examined on their former affirmations:

- Ms Anne Skewes, Deputy Secretary, Land and Housing Corporation, Department of Family and Community Services
- Mr Paul Vevers, Deputy Secretary, Southern Cluster, Department of Family and Community Services

Evidence concluded, the witnesses withdrew.

The Chair adjourned the public hearing for lunch at 1.20pm. Witnesses and the public withdrew.

The Chair re-opened the public hearing at 2.00pm. Witnesses and the public were admitted.

The following witnesses affirmed and were examined:

- Dr Michael Fotheringham, Deputy Executive Director, Australian Housing and Urban Research Institute (attended by teleconference)
- Professor Hal Pawson, City Futures Research Centre UNSW
- Associate Professor Vivienne Milligan, City Futures Research Centre UNSW

Professor Pawson tendered the following document:

*Developing better measures of social housing 'cost of provision' and tenant outcomes*

Evidence concluded, the witnesses withdrew.

The public hearing concluded at 3.00pm. Witnesses and the public withdrew. The Committee resumed its deliberations.

#### **4.6 Documents tendered during the public hearing**

Resolved, on the motion of Mr Piper, seconded by Mr Bassett: That the documents tendered by Professor Pawson be accepted by the Committee and published on the Committee's website.

The meeting adjourned at 3.03pm.

## MINUTES OF MEETING 85

Thursday 18 September 2014  
Room 814/15, Parliament House

### Members present

Mr O'Dea (Chair), Mrs Sage, Mr Williams, Mr Daley

### Officers in attendance

Elaine Schofield, David Hale, Sasha Shevtsova, Abegail Javier, Tanja Zech

The Chair opened the meeting at 9.51am.

#### 1. Apologies

An apology was received from Mr Piper.

#### 2. Confirmation of minutes

Resolved, on the motion of Mr Williams, seconded by Mr O'Dea: That the minutes of meeting no. 84 held on 15 September 2014 be confirmed.



3. \*\*\*

#### 4. Inquiry into Tenancy management in social housing

The Chair reported that the transcripts of the two public hearings would be forwarded shortly to members for review and correction if required. The Committee discussed the structure and direction of the report.

The meeting adjourned at 10.17am.

### MINUTES OF MEETING 86

9:45am  
Thursday 16 October 2014  
Room 1043, Parliament House

#### Members present

Mr O’Dea (Chair), Dr Lee, Mr Piper, Mrs Sage, Mr Williams, Mr Daley

#### Officers in attendance

Abigail Groves, David Hale, Leon Last, Sasha Shevtsova, Abigail Javier, Tanja Zech

#### 1. Confirmation of minutes

Resolved, on the motion of Mrs Sage, seconded by Mr Williams: That the minutes of meeting no. 85 held on 18 September 2014 be confirmed.

2. \*\*\*

3. \*\*\*

#### 4. Inquiry into tenancy management in social housing

##### 4.1 Answers to questions on notice

Resolved, on the motion of Mr Piper, seconded by Mr Williams: That the following answers to questions on notice be published and uploaded to the Committee’s website:

- Received from Department of Family and Community Services, dated 14 October 2014
- Received from Mr Aaron Jones, Public Service Association, dated 16 October 2014 (tabled at meeting)

##### 4.2 Potential conflict of interest

The Chair disclosed a potential conflict of interest in relation to the inquiry, as a family member has applied to become a director of a social housing provider. The Chair undertook to provide further advice if necessary.

5. \*\*\*

6. \*\*\*

The Committee adjourned at 10.01am.

## MINUTES OF MEETING 88

9:50am

Thursday 6 November 2014

Room 1043, Parliament House

### Members present

Mr O’Dea (Chair), Dr Lee, Mr Piper, Mr Williams, Mr Daley

### Officers in attendance

Abigail Groves, Leon Last, Abegail Javier

1. **Apologies**

Apologies were received from Dr Lee and Mrs Sage.

2. **Confirmation of previous minutes**

Resolved, on the motion of Mr Piper, seconded by Mr Williams: That the minutes of meeting no. 87 held on 23 October 2014 be confirmed.

3. \*\*\*

4. **Inquiry into tenancy management in social housing**

**4.1 Answers to question on notice**

Resolved, on the motion of Mr Piper: That the answers to questions on notice received from FACS dated 30 October 2014 be published and uploaded to the Committee’s website.

5. \*\*\*

6. \*\*\*

7. \*\*\*

8. \*\*\*

The Committee adjourned at 10.02am.

## DRAFT MINUTES OF MEETING 89

1.35pm  
Thursday 13 November 2014  
Room 1136, Parliament House

### Members present

Mr O’Dea (Chair), Dr Lee, Mr Piper, Mr Daley, Mr Williams,

### Officers in attendance

Elaine Schofield, Abigail Groves, David Hale, Leon Last, Abigail Javier, Tanja Zech

#### 1. Apologies

An apology was received from Mrs Sage.

2. \*\*\*

3. \*\*\*

#### 4. Report on Tenancy Management in Social Housing

The Committee considered the Chair’s draft report.

Dr Lee moved, seconded by Mr Williams: That the Chair’s Report on Tenancy Management in Social Housing be adopted as the report of the Committee, to be signed by the Chair and presented to the House; that the Chair and the secretariat be permitted to correct stylistic, typographical and grammatical errors; and that, once tabled, the report be published on the Committee’s website.

Recommendation 6: Mr Daley moved, seconded by Mr Piper, that: Recommendation 6 be omitted and insert instead:

‘The Committee recommends that the NSW Government invest in the construction of new social housing stock to meet increased demand. The Committee notes that the Auditor-General’s report *Making the best use of public housing* found that the current NSW Government has sold more public housing than it has built since it came to office, and that the proceeds from asset sales have been used to fund basic maintenance work rather than the construction of new social housing, a practice which the Auditor-General has described as financially unsustainable. The Committee calls upon the NSW Government not to proceed with any further asset sales until it has finalised a social housing policy, as it was recommended to do by the Auditor-General in mid-2013. The Committee further calls upon the Government to ensure that any social housing policy which it formulates clearly shows how the proceeds of any future asset sales will be utilised to increase the supply of social housing.’

Question, that the amendment be agreed to, put.

The Committee divided.

Ayes: Mr Daley, Mr Piper.

Noes: Mr O'Dea, Dr Lee, Mr Williams.

Question resolved in the negative.

Recommendation 9: Mr Daley requested that his dissent from the adoption of Recommendation 9 be noted in the minutes.

Question again put, That the Chair's Report on Tenancy Management in Social Housing be adopted as the report of the Committee, to be signed by the Chair and presented to the House; that the Chair and the secretariat be permitted to correct stylistic, typographical and grammatical errors; and that, once tabled, the report be published on the Committee's website.

Question passed.

## 5. Other business

The Chair advised that the Report on Tenancy Management in Social Housing will be tabled on Tuesday 18 November and the Report on the Public Accounts Committee of the 55<sup>th</sup> Parliament on Wednesday 19 November. The take note debate will take place on Thursday 20 November.

\*\*\*

The Committee adjourned at 1.50pm.