



*Legislative Assembly for the Australian Capital Territory*

**THE ROLE OF**  
***Public Housing***  
**IN THE AUSTRALIAN**  
**CAPITAL TERRITORY**

*Select Committee on*  
*Public Housing*  
*March 2000*

## **Resolution of appointment**

On 1 July 1999, the Assembly resolved to appoint a select committee on the role of public housing to inquire into and report, by 30 November 1999, on the role of public housing in the ACT with particular reference to:

- (a) the role of government housing policy in alleviating poverty and other forms of disadvantage and in contributing to social cohesion;
- (b) the arrangements for developing regulatory policy for community housing and the competition related issues for providers;
- (c) the impact on the ACT community of the Government's proposed changes; and
- (d) any other related matters.<sup>1</sup>

On 25 November 1999, the Assembly resolved to amend the reporting date to 31 March 2000, and to authorise the Speaker to give directions for the printing, circulation and publication of the committee's report if the Assembly is not sitting when the committee has completed its report.<sup>2</sup>

## **Committee membership**

Ms Kerrie Tucker MLA, Chair

Mr Harold Hird MLA, Deputy Chair

Mr Bill Wood MLA

Secretary Ms Judith Henderson

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<sup>1</sup> ACT Legislative Assembly, *Minutes of Proceedings No 54*, 1 July 1999, p 464.

<sup>2</sup> ACT Legislative Assembly, *Minutes of Proceedings No 70*, 25 November 1999, p 622.



## Table of contents

Resolution of appointment .....	i
Committee membership .....	i
<b>Summary of recommendations .....</b>	<b>vii</b>
<b>Background.....</b>	<b>1</b>
Terms of reference .....	1
Conduct of the inquiry .....	1
Acknowledgment .....	1
<b>1. Introduction.....</b>	<b>3</b>
The 1999-00 budget .....	3
Auditor General's report .....	3
The Commonwealth State Housing Agreement (CSHA) .....	4
Earlier reforms and resultant inequities .....	5
The Stock Transfer Program .....	6
The development of public housing policy .....	7
Consultation on the proposed changes.....	7
<b>2. The role of public housing in alleviating poverty and other forms of disadvantage and in contributing to social cohesion .....</b>	<b>9</b>
Poverty and housing in the ACT.....	9
ACT data .....	9
Australian studies .....	10
Other people experiencing disadvantage .....	11
Social cohesion .....	12
The Commonwealth/State Housing Agreement's position on alleviation of poverty .....	13

<b>3. The impact on the ACT community of the proposed changes.....</b>	<b>17</b>
Eligibility .....	17
Income limits.....	17
Asset limits.....	19
Lease renewal eligibility .....	19
The impact of the introduction of lease renewal eligibility criteria.....	21
General concerns about the proposed lease renewal eligibility criteria....	22
Specific concerns about the proposed lease renewal eligibility criteria ...	24
The committee’s views on the proposed introduction of lease renewal eligibility criteria.....	31
Segmentation of the waiting list .....	32
Pricing .....	35
Rent assessment policy .....	35
Changes to the treatment of residents’ income .....	35
Minimum rent payable .....	37
Minimum rent rebate payable. ....	38
Discretion to cease rent rebate after an absence of three months .....	38
Cessation of the rental bonds loan scheme .....	39
<b>4. The arrangements for developing regulatory policy for community housing and the competition related issues for providers.....</b>	<b>43</b>
What is community housing?.....	43
Regulation of community housing.....	44
Regulation at the national level.....	44
Regulation at the ACT level.....	45
Avenues of redress and appeal.....	45
Competition.....	46
<b>5. Other significant issues raised in evidence .....</b>	<b>49</b>

Consumer protection .....	49
Availability of single accommodation .....	50
Access children .....	51
Adaptable and accessible housing.....	52
Housing for young people.....	53
Housing needs of the indigenous community .....	53
Maintenance .....	54
<b>Appendix 1 List of submissions .....</b>	<b>57</b>
<b>Appendix 2 Witnesses at public hearings .....</b>	<b>59</b>
<b>Appendix 3 .... Comparison of public rental housing policies and practices with other jurisdictions of Australia as at 30 June 1999 .....</b>	<b>63</b>
<b>Appendix 4 Acronyms .....</b>	<b>75</b>



## **Summary of recommendations**

### **Recommendation 1**

The committee recommends that security of tenure for public housing tenants be maintained. If the Government wishes to proceed to remove security of tenure for public housing tenants, it first undertake a comprehensive assessment of people likely to be affected and that the issue be brought before the Assembly for debate. (Paragraph 3.68)

### **Recommendation 2**

The committee recommends that security of tenure be available for community housing tenants. (Paragraph 3.70)

### **Recommendation 3**

The committee recommends that the Government not proceed with the proposed further segmentation of the applicant list. (Paragraph 3.82)

### **Recommendation 4**

The committee recommends that the Government urgently review the exclusion barrier of \$100 for residents taking into account current research on poverty and the findings of the Task Group on Poverty in the ACT. (Paragraph 3.89)

### **Recommendation 5**

The committee calls on the Government to urgently review the proposal to increase minimum rent to \$30 per week taking into account current research on poverty and the findings of the Task Group on Poverty in the ACT. As an interim measure the committee recommends that the minimum rent for those receiving income of less than \$120 per week be no more than 25 per cent of income. (Paragraph 3.95)



### **Recommendation 6**

The committee recommends that the Government implement a policy of no rebate unless the tenant qualifies for a rebate of at least \$5 per week. (Paragraph 3.98)

### **Recommendation 7**

The committee recommends that the Government continue to provide a rental bonds loan scheme with improved processes of recording action on applications. (Paragraph 3.111)

### **Recommendation 8**

The committee recommends that the Government address the management issues raised by the Auditor General concerning the rental bonds loan scheme. (Paragraph 3.112)

### **Recommendation 9**

The committee recommends that a separate fund be established to provide emergency relief to tenants. (Paragraph 3.113)

### **Recommendation 10**

The committee recommends that a non-litigious, formal and external complaints and appeals mechanism be established for community housing tenants to provide an interim step between providers and the Residential Tenancies Tribunal for resolving tenant complaints. (Paragraph 4.21)

### **Recommendation 11**

The committee recommends that the Government establish clear divisions between the purchaser and the provider of public housing. (Paragraph 4.27)

**Recommendation 12**

The committee recommends that the Government amend the *Essential Services (Continuity of Supply) 1992 Act* to provide an avenue of review for public housing tenants facing eviction because of arrears or debts. (Paragraph 5.6)

**Recommendation 13**

The committee recommends that the Government make available to the public a plan to provide for the accommodation needs of single people eligible for public housing. (Paragraph 5.14)

**Recommendation 14**

The committee recommends that ACT Housing develop a more flexible approach to the bedroom entitlement of tenants who share the care of their children when a relationship has broken down so that both parents have an effective way to exercise the residency rights given to them by the Family Court. (Paragraph 5.17)



## **Background**

This inquiry was initiated following concerns raised about changes to public housing policy in hearings conducted by the Select Committee of Estimates 1999-2000, held in May and June 1999.

On 1 July 1999, the Assembly resolved to appoint a select committee on the role of public housing.<sup>3</sup>

## **Terms of reference**

The terms of reference are as follows.

Inquire into and report on the role of public housing in the ACT with particular reference to:

- (d) the role of government housing policy in alleviating poverty and other forms of disadvantage and in contributing to social cohesion;
- (e) the arrangements for developing regulatory policy for community housing and the competition related issues for providers;
- (f) the impact on the ACT community of the Government's proposed changes; and
- (d) any other related matters.

## **Conduct of the inquiry**

Advertisements detailing the inquiry's terms of reference and inviting input were placed in *The Canberra Times* and *The Chronicle* in July 1999. In addition, letters advising of the inquiry and inviting input were sent to organisations and individuals known to have an interest in the matter.

In response, the committee received 45 submissions and heard from 44 witnesses at public hearings. A list of submissions is at Appendix 1 and a list of witnesses who gave evidence at public hearings is at Appendix 2.

## **Acknowledgment**

The committee wishes to thank all those who took an interest in the inquiry.

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<sup>3</sup> ACT Legislative Assembly, *Minutes of Proceedings No 54*, 1 July 1999, p 464.



# 1. Introduction

1.1. This chapter discusses the context of the Government's proposed changes to public housing policy in the ACT.

## **The 1999-00 budget**

1.2. The ACT Government announced a package of reforms in the 1999-00 budget. The Government claimed that the reforms aimed to better target public housing assistance so that it is delivered more efficiently and equitably to people in the ACT community most in need. The Government developed the reform package in the context of a budget strategy for a clever, caring capital. The reforms also responded to the findings of the Auditor General's Report No 5 of 1998, *Management of Housing Assistance*, and, according to the Government, to changing housing circumstances requiring a new approach to providing housing assistance.

1.3. The reforms included changes in the areas of public housing tenure, eligibility, allocation and rent levels.

1.4. As part of the 1999-00 budget the ACT Government also announced the expansion of the community housing sector to give low-income renters greater choice and the opportunity for better linking of housing assistance with support services.

1.5. The budget also included strategic initiatives to improve the quality and standard of ACT Housing's stock and to better match the stock profile to the needs of public housing tenants and applicants.

1.6. Implementation of the reforms has been deferred until the recommendations of the select committee's inquiry are considered.

## **Auditor General's report**

1.7. In 1998, the ACT Auditor General conducted a review of the management of housing assistance in the ACT.<sup>4</sup>

1.8. The review examined the following:

- public housing assistance;
- Kickstart grants assistance; and
- rental bond loans.

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<sup>4</sup> *Management of Housing Assistance*, Auditor General's Report No 5, 1998.

1.9. In relation to the delivery of assistance through public housing the review found that it has been very effective but inefficient.

1.10. In relation to Kickstart grants assistance the review found it delivered effective housing assistance and the assistance provided had been delivered efficiently.

1.11. In relation to the rental bonds loan scheme the review found that it had been neither effective nor efficient.

## **The Commonwealth State Housing Agreement (CSHA)**

1.12. The CSHA is designed to provide strategic direction and funding certainty for the provision of housing assistance across Australia.<sup>5</sup> A new agreement came into effect on 1 July 1999.

1.13. The agreement includes the following guiding principles.

- (a) The purpose of funding is to assist those whose needs for appropriate housing cannot be met by the private rental market. The duration of assistance provided should be based upon those needs.
- (b) Housing assistance arrangements should be sufficiently flexible to reflect the diversity of situations which currently exist in the States and to assist micro-economic reform.
- (c) Funding arrangements should promote efficiency and cost-effective management, including longer term planning and alternative methods of housing provision.
- (d) Providers of assistance should meet high standards of public accountability and quality, and the costs of assistance should be transparent.
- (e) Housing assistance should be responsive to the needs of consumers, as identified in subclause 1(1)(a), and should:
  - (i) provide priority of assistance to those with the highest needs;
  - (ii) be designed to minimise work disincentives;
  - (iii) provide assistance on a non-discriminatory basis; and
  - (iv) give reasonable choice, and meet community standards on consumer rights and responsibilities, including consumer participation.

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<sup>5</sup> *Commonwealth State Housing Agreement*, p 2.

1.14. The Government advised that the reforms also responded to the requirements of the Commonwealth to review policies in the areas of public housing tenure, eligibility, allocation and rent levels. The aim being to make assistance to low-income public renters through the Commonwealth-State Housing Agreement (CSHA) more equitable in relation to the private rental assistance provided directly by the Commonwealth.<sup>6</sup>

1.15. Since 1996-97 there has been a reduction in Commonwealth funding under the CSHA. Table 1 provides information on these cutbacks.

**Table 1 Commonwealth CSHA funding for the ACT 1996-97 to 2002-03**

<b>Year</b>	<b>\$m</b>
1996-97	21.242
1997-98	19.658
1998-99	19.414
1999-00	19.090
2000-01 (est)	18.933
2001-02 (est)	18.778
2002-03 (est)	18.625

This excludes additional funding from 2000-01 to offset the impact of the GST on public housing operations.

1.16. The Agreement proposed by the Commonwealth to secure public housing funding to June 2003 continues the trend of a reduction in real terms of Commonwealth funding. Under the current agreement there is no provision for indexation. There is an accumulating efficiency dividend of one per cent.<sup>7</sup>

### **Earlier reforms and resultant inequities**

1.17. In the 1997-98 budget the ACT Government introduced changes to the rent assessment policy for public housing tenants. Since 1 July 1998, all new tenants pay 25 per cent of their household income on rent, capped at market rent. This change is also being phased in for existing tenants. However statutory dependent child payments continue to be assessed at the concessional

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<sup>6</sup> Submission 43.

<sup>7</sup> Minister for Urban Services, Answer to question in notice dated 31ay 1999, Select Committee on Estimates 1999-00.



rate of 10 per cent in line with an understanding reached with the Commonwealth. The Government reported that this is consistent with other States including New South Wales.<sup>8</sup>

1.18. 'Residents' (people who reside with tenants of ACT Housing but who are not party to a tenancy agreement) in properties tenanted since 1 July 1998 have their income assessed at the 25 per cent rate, again, subject to the concessional rate for dependent child payments. Rent for existing residents, however, continues to be calculated at 10 per cent of income.

1.19. The Auditor General was critical of this treatment of existing residents, and estimated that withdrawing the concessional treatment of residents' income would raise an additional \$2 million in rental revenue each year.

1.20. Under the reform proposals, the income of existing residents will be included in the calculation of rebated rent at the 25 per cent rate, the same as for new residents. Existing residents' incomes will be included as part of the rent rebate review which occurs six-monthly for most households and annually for households on fixed incomes such as pensions.<sup>9</sup>

### **The Stock Transfer Program**

1.21. The Government has embarked on a project to transfer 1,000 properties from public housing to community-based management. A trial, overseen by a task force, was established to transfer 200 properties to Community Housing Canberra, a not-for-profit company set up to manage housing properties on behalf of the community. The transfer of the 200 properties was completed in December 1999. Following an evaluation of the first 200 transfers, it is planned to transfer a total of 1, 000 properties to the community housing sector by 2005.

1.22. Under the contract, tenants occupying the 200 transferred properties are subject to the terms of the Public Rental Housing Assistance Program, which is a gazetted program under the *Housing Assistance Act 1987*. This program specifies arrangements for the provision of assistance to public tenants including operational arrangements in relation to eligibility, allocation, pricing and tenure.<sup>10</sup> These tenants will therefore be subject to the proposed reforms in relation to eligibility, allocation, pricing and tenure.

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<sup>8</sup> Submission 43.

<sup>9</sup> *ibid.*

<sup>10</sup> *ibid.*

## **The development of public housing policy**

1.23. The Auditor General's role is to conduct reviews of programs to determine their efficiency and effectiveness. While the Auditor General's findings may inform social policy to some extent, other views also need to be taken into account in the development of social policies such as public housing policy.

## **Consultation on the proposed changes**

1.24. The proposed reforms were introduced in the budget context. Departmental officials told the committee that once the Government has made decisions in a budgetary context the department cannot then consult on those decisions.<sup>11</sup> Therefore there was effectively no consultation with the community on the proposed changes.

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<sup>11</sup> Transcript p.241.



## **2. The role of public housing in alleviating poverty and other forms of disadvantage and in contributing to social cohesion**

2.1. Much of this chapter is based on the submission from the ACT Council of Social Service (ACTCOSS), which includes a comprehensive section on housing policy, poverty and social cohesion. However, the importance of public housing in alleviating poverty and disadvantage and in contributing to social cohesion was emphasised in many other submissions.<sup>12</sup>

2.2. The provision of adequate, stable and affordable housing is recognised as one of the central elements to mitigating poverty amongst people on low incomes. The provision of public housing has also been recognised by governments across Australia as one of the most effective forms of ensuring people on low incomes have access to accommodation.

2.3. The provision of public housing, therefore, establishes for many people on low incomes and experiencing disadvantage, the key platform from which to address other life concerns, such as health matters, furthering education and training, as well as seeking, obtaining and maintaining employment.

### **Poverty and housing in the ACT**

#### ACT data

2.4. ACTCOSS pointed out that many commentators in the ACT continue to claim, on the basis of generalised income and employment figures, that the Territory is well off socio-economically, compared to other jurisdictions. *The State of the Territory Report 1999* noted that in 1996-97, 21 per cent of ACT people lived on low incomes compared with 32 per cent nationally. Annual incomes of \$26,500 for people in family households and \$15,600 for single person households are classified as low.<sup>13</sup> ACTCOSS claimed that according to an analysis of ABS figures, almost 40 per cent of the ACT's population has an income of under \$300 per week.<sup>14</sup>

2.5. This information indicates that a significant proportion of the ACT population is living in a situation where budgets are precariously balanced and where expenditures such as new clothes, housing costs and food are very carefully planned and in most cases restrained.

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<sup>12</sup> For example submissions 9, 12, 15, 18, 33, 34, 37, 44, 45.

<sup>13</sup> ACT Government, *The State of the Territory Report*, 1999.

<sup>14</sup> Australian Bureau of Statistics, July 1997, *1996 Census of Population and Housing: Selected Social and Housing Characteristics for Statistical Local Areas Australian Capital Territory*, ABS, Canberra, p 30.

2.6. The claim, therefore, that the ‘average’ income<sup>15</sup> figures for the ACT population, which show the highest incomes in Australia, accurately reflects the situation of all citizens is a gross misrepresentation of the true picture. In fact, many low-income people would not be able to continue to sustain themselves and their families if it were not for the availability of community service support.

2.7. The difficult situation of many low-income people is further exacerbated by the ACT’s private rental market. For example, figures from the 1996 census indicate that the ACT’s median weekly rental costs were \$150, compared to an Australian weekly figure of \$123. The same differentials exist in relation to home loan repayments, where the weekly repayment figure in 1996 in the ACT was \$923, compared to an Australian figure of \$780. Together, these figures suggest that low-income people in the Territory have a smaller proportion of their income to spend on other essential items, such as food, clothing, and heating because their housing costs are relatively higher.

2.8. Further, the household affordability index, that is the ratio of average household income needed to meet the repayments for an average house, indicates that home ownership in Canberra is less affordable than Hobart, Perth and Adelaide. (Information for Darwin was not available).<sup>16</sup>

2.9. Figures from the Australian Housing and Urban Research Institute<sup>17</sup> also suggest that of the low-income people who have attempted to enter the private home ownership market, many have returned both to the end of the public housing waiting list and into massive debt. In fact, the ACT has the third highest level (at 44 per cent) of low-income people attempting to purchase their home who are experiencing housing burden.<sup>18</sup> (A household is likely to find housing costs a burden when they exceed 30 per cent of gross household income.)

2.10. The need for the provision of viable housing alternatives is underscored by the continued vulnerability of low- and moderate-income earners in the private home ownership and rental markets. Vacancy rates in the private rental market in the ACT have been declining steadily over the last few years the vacancy rate was estimated to be zero at the beginning of 2000.

### Australian studies

2.11. Studies into poverty in Australia support the central role of housing in addressing poverty. Burke notes:

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<sup>15</sup> Australian Bureau of Statistics, July 1997, *1996 Census of Population and Housing: Selected Social and Housing Characteristics for Statistical Local Areas Australian Capital Territory*, ABS, Canberra. Pages 12 and 33.

<sup>16</sup> ACT Government, *The State of the Territory Report*, 1999.

<sup>17</sup> Australian Housing and Research Institute, *Australian Housing Monitor*, Australian Housing and Research Institute, Brisbane, November 1998.

<sup>18</sup> Op cit

Historically housing has been a key factor in poverty, principally because housing has always been the largest single household expenditure. If the income of a household, after meeting housing costs is not sufficient to afford other necessary expenditures for existence, that household will be plunged into poverty.<sup>19</sup>

2.12. In response to such a predicament, Burke suggests that people on a low income pursue an:

...adaptation to poverty, or rather to potential future poverty, ...seek[ing] a housing tenure whose costs in the long-term will be cheaper and therefore more affordable on a low-income.<sup>20</sup>

2.13. ACTCOSS asserts that public housing is such an adaptation, and that, as such, it should be regarded, not as the economic asset which it is considered, but a rather as an investment in securing the future of individuals, and the long-term strength of families and community.

2.14. In a similar vein, the Australian Urban and Regional Development Review reported that:

Homelessness provides the most stark indicator of disadvantage. Having a secure place to live is fundamental to establishing all other areas of life.<sup>21</sup>

### **Other people experiencing disadvantage**

2.15. As ACTCOSS and a number of other participants in the inquiry pointed out, the ongoing provision of public housing also assists in mitigating other forms of social exclusion affecting people experiencing disadvantage in the ACT.

2.16. In particular, ACTCOSS and others reported that the experience of Aboriginal and Torres Strait Islander peoples in the private rental market indicates a high level of discrimination and differential treatment.<sup>22</sup> Added to this, Aboriginal and Torres Strait Islander peoples have a rate of multi-family households at almost three times the rate of the total ACT population.<sup>23</sup> The

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<sup>19</sup> Burke T, 'Housing and Poverty' in Fincher R and Nieuwenhuysen J, (eds), *Australian Poverty: Then and Now*, Melbourne University Press, Melbourne, 1998, p 165.

<sup>20</sup> *ibid*

<sup>21</sup> Australian and Regional Development Review, *Urban Australian Trends and Prospects Report #2*, Department of Housing and Regional Development, Canberra, 1995, p 165.

<sup>22</sup> Submission 38, Transcript p.199.

<sup>23</sup> Australian Bureau of Statistics, *Census of Population and Housing: Aboriginal and Torres Strait Islander People Australian Capital Territory*, ABS, Canberra, 1996

provision, therefore, of non-discriminatory public housing is an essential element in maintaining an adequate level of housing access and affordability.

2.17. The case of people with disabilities, as outlined in the submissions by DPI ACT and Transitional Accommodation Services and People First also point to the inability of the private rental market to provide appropriate housing options.<sup>24</sup>

2.18. Where people with disabilities are in receipt of an income above the proposed threshold, such income does not in most cases provide for the necessary modifications to private housing in order to ensure its appropriateness. Continued access to public housing is therefore essential to maintaining access to employment, health care and social networks.

2.19. A significant amount of evidence noted that the ongoing availability of public housing is essential for some people with a psychiatric disability.<sup>25</sup>

2.20. The continued availability of public housing is also essential for other groups of people for example, single mothers, large families, and young people, whose access to the private rental or purchase markets is severely restricted, as a result of rising costs and low vacancy rates.

## **Social cohesion**

2.21. The primary role of government is to ensure that those most in need are cared for, but this needs to be done in a way that nurtures a feeling of participation in society and encourages the development of independence.

2.22. Good public housing provides a vital infrastructure fundamental to the development of a sense of wider belonging. A sense of not belonging is a key factor in the incidence of anti-social behaviour. Community cohesiveness can be eroded by changes in housing tenure, both public and private. The impact of insecure housing has multiple effects on communities, and on the ability to respond to the needs of those who comprise them. ACTCOSS reported that the effects can, and have, manifested themselves in incidence of crime, mental and physical health problems, family breakdown, demand for community services and deterioration in a sense of 'community' and 'belonging'.

2.23. ACTCOSS drew the committee's attention to the Australian Urban and Regional Development Review<sup>26</sup> that commented that a focus on social equity was justified on two premises:

The first is the general proposition that societies and governments have a responsibility to all their citizens to

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<sup>24</sup> Submissions 28, 32.

<sup>25</sup> Submissions 12, 14, Transcript p.164-166, p.183.

<sup>26</sup> Australian Regional Development Review, p 155 as quoted in Submission 38.

strive for equality of opportunity and a fair distribution of the fruits of society's endeavour. Secondly, it is argued that [urban] development will proceed more efficiently within a cohesive society.

2.24. Further, the Review states:

Different locations provide varying degrees of well being. The general term, amenity, has been used to refer to the benefits that a particular location provides to its residents. Amenity arises through the quality of the physical and social environment, the cost of living, access to goods and services, both publicly and privately provided and access to employment opportunities.

2.25. This analysis of the nature of urban development is linked to the provision of public housing, through the policy approach which aims for public housing to be located in all suburbs across the ACT. The Review progresses this discussion by commenting that:

While people have different values and priorities, the general level of amenity in urban residential areas will be reflected in the price of land. Through the mechanism of land prices, it is inevitable that cities will be locationally stratified according to the economic status of households and individuals. The higher the level of income, the higher the level of residential amenity which households can purchase.

2.26. As ACTCOSS pointed out, in this context, the redistributive element of public housing, which places people with low economic resources in localities with medium to high residential amenity, becomes increasingly important. Public housing, is therefore an essential factor in not only improving the opportunities of low-income people, but in also strengthening and providing a more solid foundation for community.

### **The Commonwealth/State Housing Agreement's position on alleviation of poverty**

2.27. The Government reported that the position taken by the Commonwealth, State and Territory Governments in relation to the role of public housing in alleviating poverty is set out in the *Recitals and Guiding Principles* of the 1999 CSHA.

2.28. Recital C of the Agreement requires that:

In entering into this Agreement the Commonwealth and the States recognise that the provision of housing assistance to people requiring access to affordable and appropriate



housing is essential to reduce poverty and its effects on individuals and on the community as a whole. The aim of this Agreement is therefore to provide appropriate, affordable and secure housing for those who most need it, for the duration of their need.

2.29. Recital D of the Agreement requires that:

It is also recognised that the Commonwealth and the States must work together to improve housing outcomes for those in need through better linkages between programs under this Agreement and other relevant Commonwealth and State programs, including those relating to income support, health and community services. In implementing this Agreement, both the Commonwealth and the States will seek opportunities for co-ordination of programs within each level of Government and between Governments in order to improve outcomes for those assisted under this Agreement. In delivering assistance, improved linkages with the non-government sector will also be sought.

2.30. The Guiding Principles specified in the 1999 CSHA are as follows:

(a) the purpose of funding is to assist those whose needs for appropriate housing cannot be met by the private market. The duration of assistance provided should be based upon those needs;

(b) housing assistance arrangements should be sufficiently flexible to reflect the diversity of situations which currently exist in the States and to assist in micro-economic reform;

(c) funding arrangements should promote efficiency and cost-effective management, including longer term planning and alternate methods of housing provision;

(d) providers of assistance should meet high standards of public accountability and quality, and the costs of assistance should be transparent;

(e) housing assistance should be responsive to the needs of consumers, as identified in subclause 1 (1) (a), and should:

(i) provide priority of assistance to those with highest needs;

(ii) be designed to minimise work disincentives;

(iii) provide assistance on a non-discriminatory basis;  
and

(iv) give reasonable choice, and meet community standards on consumer rights and responsibilities, including consumer participation; and

(f) the provision of housing assistance should have regard to:

(i) the economic, social and environmental objectives of government; and

(ii) other agreements made between both levels of government.

2.31. The Government advised that the housing initiatives announced in the recent ACT Budget are in accordance with these principles and guidelines. The ACT Government told the committee that it is committed to alleviating poverty and sees public housing provision as an important means for achieving this goal.<sup>27</sup>

2.32. However, many of the submissions to the inquiry claim that the Government's proposed reforms will result in a welfare model of public housing.

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<sup>27</sup> Submission 43.



### **3. The impact on the ACT community of the proposed changes**

#### **Eligibility**

3.1. Changes proposed for eligibility include changes to income limits, changes to the asset limit, and the introduction of a new category of 'lease renewal' eligibility. In addition, the Commissioner for Housing will have discretion to provide assistance to people with disabilities who have income and assets above the limits and who cannot be appropriately accommodated in the private rental market<sup>28</sup>

3.2. The Government advised that the revised eligibility criteria for new tenants are aimed at better targeting public housing to people most in need of housing assistance.

#### **Income limits**

3.3. The Government advised that the income limits for new tenants, announced in the 1999-2000 budget, are based on receiving at least \$1 of a Centrelink or Veteran's Affairs pension/allowance or less than \$482 per week [gross] for one person, \$766 per week [gross] for two persons plus \$37 per week for each subsequent person. These income eligibility criteria will be reviewed periodically in line with movements in the Centrelink pension rate.<sup>29</sup> The committee notes that the income limits advised in the Government's submission to the inquiry are significantly higher than those advised in the Minister for Urban Services' media release on budget day 1999. The committee understands that the higher income limits are the result of adjustments made to Centrelink pensions.

3.4. The Government reported that the new income eligibility criteria will not be conditional on receiving Centrelink payments. Analysis of the Applicant List indicated that approximately 20 per cent of applicants do not receive Centrelink payments but have incomes within the two lowest ABS income quintiles.

3.5. The Government advised that the proposed income limits take into account the views of the Auditor General in his report on *Management of Housing Assistance*, Centrelink Rent Assistance (RA) available to private renters, and local economic conditions, in particular housing affordability. Modelling conducted by the National Centre for Social and Economic

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<sup>28</sup> *ibid.*

<sup>29</sup> *ibid.*

Modelling (NATSEM) and poverty equivalence scales also informed this process. The criteria were tested against the incomes of people on the Applicant List, and tenants housed during recent twelve-month and three-year periods.<sup>30</sup>

3.6. The income limit for two people is consistent with the Centrelink income threshold for part-pensioner couples. That is, it is equivalent to the income level at which an otherwise eligible couple ceases to be entitled to part payment of an age pension. On the other hand, the income limit for one person is set higher than the Centrelink threshold for part-pensioner singles. Around 50 per cent of the Applicant List comprises single people. There is limited affordable one bedroom accommodation in the private rental market in the ACT and the Government reported that using the Centrelink criteria for singles would make single people particularly vulnerable to after-housing poverty. Similarly, taking into account only the Centrelink allocation for each additional person in a household could contribute to hardship among larger families.<sup>31</sup>

3.7. The new criteria will lead to a lowering of income thresholds in some household categories, particularly larger families. A Government review of the incomes of people on the Applicant List indicated these changes would have minimal negative impact on applicants seeking housing assistance with the proposed eligibility criteria expected to exclude less than 1 per cent of applicants (23 applicants).<sup>32</sup> Modelling done by the National Centre for Social and Economic Modelling indicated that this group was made up of households without children, both single persons and couples. However, the effect on 11.4 per cent of applicants on the Applicant List was not known.<sup>33</sup>

3.8. The committee noted concerns from two major umbrella organisations that the changes in income limits demonstrate that the ACT Government is moving away from the concept of providing public housing to providing welfare housing.<sup>34</sup>

3.9. Income limits for single applicants, and families of two persons and joint tenancies will increase under the new proposal. The committee is concerned however, that the changes in income limits will impact significantly on larger families. Families of four or more will be significantly affected with the limit for a family of six being reduced by almost \$100 per week under the new proposal. The committee noted a significant discrepancy between the information provided by the Minister in January 2000 on income limits and that on ACT Housing's Internet site at the same time. The committee considers that

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<sup>30</sup> *ibid.*

<sup>31</sup> *ibid.*

<sup>32</sup> *ibid.*

<sup>33</sup> National Centre for Social and Economic Modelling, *Estimating the impact of ACT public housing reforms*, Report prepared for the Department of Housing and Urban Services, Australian Capital Territory, November 1998, p 14.

<sup>34</sup> Submissions 25, 38.

the Internet site should provide up-to-date information at all times on such a critical issue.<sup>35</sup>

### Asset limits

3.10. Asset eligibility criteria will be increased from \$20,000 to \$40,000.

3.11. The Government advised that the current asset limit in ACT public housing is lower than other jurisdictions and has not been reviewed since 1987. The \$20,000 limit is having the unintended consequence of excluding from public housing some older people on low incomes who have a small inheritance or superannuation payment.

3.12. According to the Government, the proposed change has strong community support, including support from the Council on the Ageing (COTA). However Community Housing Canberra, while welcoming the increase, is of the view that \$40,000 represents too low a level of eligibility particularly for aged persons who may wish to participate in a shared-equity community housing model.<sup>36</sup>

### Lease renewal eligibility

3.13. A new category of lease renewal eligibility criteria will be established to accommodate the proposed new tenure arrangements. Income limits applying to lease renewal will be set 10 per cent higher than entry-level eligibility criteria to minimise poverty traps and work disincentives.

3.14. Furthermore, income in this context will be averaged over an 18 month period to ensure that a tenant is not disadvantaged because of short-term increases in income arising from periodic overtime and other allowances.<sup>37</sup> The Minister advised that in such cases an assessment would be made as to whether the tenant or a member of the tenant's household had a disability that required modified housing or that otherwise would make private rental housing not viable.<sup>38</sup>

3.15. Modelling done by the National Centre for Social and Economic Modelling (NATSEM), in 1998, indicates that of the tenants receiving a rent rebate, whose tenancy had been three years or longer, only two would be deemed to be ineligible when income cutoff points used to determine eligibility for Centrelink allowances were increased by approximately 10 per cent. The modelling also indicated that these rebated tenants would have to pay between \$16 and \$22 per week more for an equivalent private rental property. However,

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<sup>35</sup> Proposed new rates compared with current rates as detailed in correspondence from the Minister for Urban Services dated 13 January 2000. ACT Housing Internet site, as at 17 January 2000.

<sup>36</sup> Submission 9, p 15.

<sup>37</sup> Submission 43.

<sup>38</sup> Minister for Urban Services, correspondence dated 13 January 2000.

the study did not include the 17 per cent of tenants not receiving a rebate. NATSEM cautioned that if this group was taken into account, the study results may have been quite different. It is quite likely that many would be ineligible for continued tenancy.<sup>39</sup> Further, the committee notes that the NATSEM study does not discuss issues such as the likelihood of the sustainability of increased income levels and the fluctuating income levels of some people with mental illness, where there can be periods of employment followed by periods of unemployment, both longer than 18 months.

3.16. The Government advised that in all States and Territories except New South Wales and the ACT new tenants no longer have security of tenure.<sup>40</sup> However, the committee noted that South Australia will allow tenants, who no longer meet the needs test, that is their income exceeds the limits for a period of three consecutive years, to stay in public housing, on the condition that they pay a premium (around 3 per cent) on their rent. This South Australian policy will not affect any tenant until September 2002.<sup>41</sup> Western Australia offers those no longer eligible for public housing the opportunity for home ownership under certain conditions.

3.17. The Government advised that following review under the proposed arrangements, any decision to require a tenant to vacate public housing would be subject to appeal to the Housing Review Committee (HRC). The role of the HRC is to consider the merits of the case, having regard to the information provided by ACT Housing and the appellant, and to recommend to the Commissioner for Housing how the matter might be equitably resolved. If unsuccessful at that level the tenant would have a further right of appeal to the Administrative Appeals Tribunal (AAT) which would review the matter on its merits and make its own decision, having regard to the material submitted by both parties.<sup>42</sup>

3.18. If a tenant's appeal to the AAT is not successful, ACT Housing would not be able to remove the tenant, except in accordance with the *Residential Tenancies Act 1997*. ACT Housing would be required to apply for a termination and possession order from the Residential Tenancies Tribunal. The tenant would be entitled to contest such an application before the tribunal.<sup>43</sup>

3.19. Under the proposed review arrangements, in cases where a tenant is found not to be fully utilising the public dwelling they occupy, they could be asked to move to smaller accommodation. In those cases the tenant would not be offered accommodation that would result in overcrowding, consideration

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<sup>39</sup> National Centre for Social and Economic Modelling, *Estimating the impact of ACT public housing reforms*, Report prepared for the Department of Housing and Urban Services, Australian Capital Territory, November 1998, 15.

<sup>40</sup> Minister for Urban Services, correspondence dated 13 January 2000.

<sup>41</sup> South Australian Housing Trust, *Information about the Housing Policy Reforms*.

<sup>42</sup> Minister for Urban Services, correspondence dated 13 January 2000

<sup>43</sup> *ibid.*

would be given to the tenant's preferences in relation to region and type of housing, and ACT Housing would meet reasonable relocation costs. In these circumstances ACT Housing could not require an unwilling tenant to move out of their accommodation except in accordance with the provisions of the *Residential Tenancies Act 1997* and would need to obtain a termination and possession order from the Residential Tenancies Tribunal.<sup>44</sup>

### The impact of the introduction of lease renewal eligibility criteria

3.20. The introduction of lease renewal criteria effectively removes permanent tenure for new tenants.

3.21. The Auditor General's performance audit on *Management of Housing Assistance* was critical of the policy on security of tenure. The Auditor General suggested that the introduction of set periods in all tenancy agreements would provide for a regular review to ensure that 'all public housing stock is being used to meet the needs of those with the highest needs for public housing'.

3.22. The Government advised that instead of offering public tenants rental housing for life regardless of changes in their financial or family circumstances, it is now proposed that new public tenants be granted leases which will be reviewed every 3 to 5 years. Five-year review cycles will be reserved for tenants on fixed incomes such as age pensions.<sup>45</sup>

3.23. At the time of review, a tenant's circumstances will be checked against the eligibility criteria being applied to new applicants for public housing at that time (but with more generous income criteria as noted above). Subject to safeguards, tenants who are assessed as capable of renting in the private market will be asked to vacate public accommodation to create a greater supply of low rent housing for those more in need.<sup>46</sup>

3.24. The review arrangements will apply to new tenants and existing tenants who sign a new tenancy agreement in some circumstances.

3.25. An existing tenant who moves to a different housing property or negotiates a new lease after 1 July 1999, will retain existing tenant status in the following circumstances:

- the tenant meets the criteria for a priority 1 transfer, such as domestic violence;
- a transfer to alternative public housing is requested by ACT Housing (eg because their current dwelling is under-utilised or is required for redevelopment, repair, renovation or sale);

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<sup>44</sup> *ibid.*

<sup>45</sup> Submission 43.

<sup>46</sup> *ibid.*



- a transfer to a partner in circumstances where a couple commenced a tenancy together but only one of them originally signed a tenancy agreement;
- a transfer to a remaining partner when one partner who was a joint tenant has died or vacated the property;
- a transfer is required because the tenant has been declared bankrupt and a new tenancy is created;
- a transfer under the Witness Protection Program:
- a transfer to a larger property to accommodate additional children of the tenant in cases of overcrowding;
- the tenancy is transferred from ACT Housing to Community Housing Canberra, and the tenant continues to reside in the same dwelling; and
- at the discretion of the Commissioner for Housing, consistent with operational policy.<sup>47</sup>

3.26. The Government reported that three and five yearly reviews of leases will have a positive impact on clients on the Applicant List through better targeting of public housing. It will also provide the opportunity to better match the housing stock with the needs of clients on the Applicant List in the long term, and improve the utilisation of housing stock. The *Report on Government Services 1998* indicated that 9.7 per cent of ACT Housing premises were underused.

3.27. The Government advised that the average length of tenancy in public housing is currently between four and five years. The median duration of tenancies is 765 days, that is, half the tenancies last for less than 765 days and half last for more than 765 days. For many tenants, therefore, the introduction of three and five yearly reviews will have no impact on the actual length of their tenancy. The Government pointed out that three and five yearly review periods also offer substantially more security than the six to twelve month leases usually offered in private rental accommodation.<sup>48</sup>

### General concerns about the proposed lease renewal eligibility criteria

3.28. A large number of submissions to the inquiry were very critical of the proposed changes to tenure arrangements.<sup>49</sup> However the Property Owners' Association of the ACT argued strongly for a tightening of eligibility criteria. It

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<sup>47</sup> Minister for Urban Services, response to question on notice received on 16 June 1999, Select Committee on Estimates 1999-2000. Submission 43.

<sup>48</sup> Submission 43.

<sup>49</sup> For example submissions 17, 18, 19, 25, 26, 33, 38, 42.

told the committee that it knows of cases of long-term public housing tenants on high incomes and with a high level of assets such as rental houses. In its view public housing should be allocated to those in the community in most need.<sup>50</sup>

3.29. The major opposition to the changes in security of tenure related to the loss of stability of housing for people on low incomes, which it was claimed would reduce their amenity of life.<sup>51</sup> Stability of housing was reported as an important factor in enabling people to get and keep jobs, and to maintain health.<sup>52</sup> Removal of security of tenure is a removal of a safeguard that all tenants in the private rental market already have—while they abide by the terms of their lease and the premises continue to remain available they are able to stay in the premises.<sup>53</sup>

3.30. Removal of security of tenure, it was reported, could also:

- result in the development of a welfare housing model ie emergency housing in social housing;<sup>54</sup>
- lead to disincentives to find employment or improve economic security;<sup>55</sup>
- reduce incentives to care for the dwelling;<sup>56</sup>
- cause serious disruption for families;<sup>57</sup>
- breakdown community networks;<sup>58</sup>
- further disadvantage some women especially single women, female single parents and older women;<sup>59</sup>
- seriously disadvantage people with mental illness and people with disabilities;<sup>60</sup> and
- undermine social cohesion.<sup>61</sup>

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<sup>50</sup> Transcript p.96-97.

<sup>51</sup> Transcript p.118, p 143. Submissions 25, 33, 38, 42

<sup>52</sup> Transcript p.143

<sup>53</sup> Submission 33.

<sup>54</sup> For example submissions 2, 9, 13, 33.

<sup>55</sup> Submissions 13, 18, 25, 29, 33, 34, 35, 36, 42.

<sup>56</sup> Submissions 2, 29, 33.

<sup>57</sup> Submissions 10, 17, 21, 25, 29, 34, 35, 36, 38.

<sup>58</sup> Submissions 10, 17, 21, 25, 29, 34, 35, 36, 38.

<sup>59</sup> Submission 35, 37.

<sup>60</sup> Submission 14 p 5.

<sup>61</sup> Submission 25, 34,

3.31. The Tenants Union and Welfare Rights and Legal Centre, while opposing the proposed changes to security of tenure, acknowledged that a positive effect is that the proposal may allow tighter targeting of assistance.

3.32. The Housing Advisory Committee, a Ministerial Advisory Committee, reported that there is a range of competing interests around security of tenure and that it is a highly sensitive issue. For instance, security of tenure confers advantages on current clients at the expense of wait list clients. In cases where a dwelling is being under-utilised, but the occupants do not wish to relocate to a smaller property, under the present system, ACT Housing cannot compel the tenant to relocate despite the fact that other clients may better utilise the larger property.

3.33. The Housing Advisory Committee did not come to a unified view on the proposed changes to security of tenure. Some members were of the view that security of tenure is a fundamental aspect of public housing that should not be replaced with security of assistance or fixed term leases. Some members believe that security of assistance is an acceptable principle for housing assistance. While others believe that housing assistance should be better aligned with private sector principles.<sup>62</sup>

3.34. The Housing Advisory Committee suggested that there be further investigation of issues around security of assistance and security of tenure during the life of the Commonwealth State Housing Agreement operative from 1 July 1999.

3.35. In the following sections some of the effects of the removal of permanent tenure for new tenants are examined in detail.

### Specific concerns about the proposed lease renewal eligibility criteria

#### **The effects of relocation on tenants**

3.36. The Government claims the review provisions will also allow a reassessment of the housing requirements of tenants who, although remaining eligible for assistance, may not be adequately utilising the housing they occupy. In cases of under-utilisation, the tenant might be offered smaller alternative housing more in keeping with their current needs, thus releasing the larger accommodation for people in urgent need of that form of housing. Where a tenant is asked to move in these circumstances, reasonable relocation costs will be met by ACT Housing.<sup>63</sup>

3.37. According to some, compulsory relocation will have an adverse effect on some groups. For example, one of the most common circumstances where

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<sup>62</sup> Submission 40.

<sup>63</sup> Submission 43.

people under occupy their premises is after a relationship breakdown. In such circumstances stability for children is most important and it is often better for children not to be moved out of the area with the consequent disruptions to schooling, support networks and friendships.<sup>64</sup>

3.38. Relocation is likely to cause special problems for people with a serious mental illness and for housing managers. People with severe mental illness are often on disability support pensions for long periods of time, however their health can stabilise allowing them to hold down a job. Mental illness is often episodic and if they are required to move out of public housing when they have a job, in times of relapse, these people could again be without an income and unable to afford private housing. Safe, secure and appropriate accommodation is one of the most important issues for long-term mental health for people with a psychiatric disability.<sup>65</sup>

3.39. With the increasing tendency for people to be employed on short-term contracts many people in the community will have fluctuating incomes due to periods of employment and unemployment. While their income may not meet the eligibility criteria for some periods, it could also drop substantially at other times and be well within the eligibility limit. The requirement for people in these circumstances to move out of public housing will place them under additional stress.

3.40. It could also create serious problems for people with disabilities if they are required to re-locate to a new and unknown area, leaving behind a friendly and supportive local community of which they may have been a part for many years.<sup>66</sup>

3.41. The Government indicated that the Commissioner for Housing will have discretion to provide assistance to people with disabilities who have income and assets above the general criteria and who cannot be appropriately accommodated in the private rental market.<sup>67</sup>

3.42. While the committee considers that the lease renewal eligibility criteria should aim to ensure that public housing is targeted at those in greatest need, there will be circumstances where income alone must not be the only consideration. The committee is concerned that the effort of obtaining access to the discretionary provision may place additional stress on some groups, particularly those with a disability including psychiatric disability. For these people security of tenure is often critical for their continued well being.

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<sup>64</sup> Submissions 17, 33.

<sup>65</sup> Transcript p.164

<sup>66</sup> Submissions 14, 32.

<sup>67</sup> Submission 43.

### **Tenants with poor rental history**

3.43. Tenants who have established a poor rental history will be reviewed after six months. The Minister advised that determining whether a poor tenancy history exists will require evidence that one or more of the following exist:

- debt
- damaged property
- fraud
- severe ongoing neighbourhood problems
- other serious breaches of a tenancy agreement.

Evidence could include:

- police reports
- medical reports
- neighbourhood complaints
- reports of ACT Housing inspections
- photographs
- earlier documented history of similar occurrences
- other documentary evidence.<sup>68</sup>

3.44. According to the Government these review arrangements will be used to better manage new tenancies granted to housing applicants who have established a poor history during previous tenancies. This form of review will occur mostly in cases where the tenant has incurred significant rental arrears in the past. It is a way of responding to the existing housing requirements of previously defaulting tenants, whilst alerting them to the need to observe their contractual obligations.<sup>69</sup>

3.45. Under the existing Public Rental Housing Assistance Program, debt arising from a former tenancy is not an eligibility criterion and an applicant cannot be refused registration on the Applicant List because of an outstanding debt from a previous tenancy. The program does, however, provide discretion

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<sup>68</sup> Minister for Urban Services, response to question on notice received on 16 June 1999, Select Committee on Estimates 1999-2000.

<sup>69</sup> Submission 43.

allowing the Commissioner for Housing to refuse to offer a tenancy to an applicant who still owes a debt at the time of allocation.<sup>70</sup>

3.46. Some serious concerns were expressed about this measure, including that:

- it will particularly affect marginalised and disadvantaged young people;<sup>71</sup>
- it does not provide an avenue for solving the problems that cause these people to have poor tenancy records in the first place;<sup>72</sup>
- people will be forced into the private rental market, which they will be unable to afford;
- the definition of ‘poor history’ is too subjective and open to abuse;<sup>73</sup>
- in situations of family breakdown or violence, debt that may have arisen during the partnership will act as a barrier to both parties, no matter who is responsible for the debt; and
- avenues for review of a poor tenancy decision are unclear.<sup>74</sup>

3.47. The Tenant’s Union and the Welfare Rights and Legal Centre were very critical of the proposal to instigate six monthly reviews for tenants with a poor rental history. In their view the proposal is fraught with definitional and privacy problems. They argued that any requirement to sign an arrears agreement in relation to a debt for a previous tenancy could be a breach of the Residential Tenancies Act. The reason being that the Act precludes a lessor requiring any ‘consideration for giving a tenant a right to occupy premises’ other than rent or bond. An agreement to repay a debt that does not relate to the current residential tenancy agreement is not rent or bond.

3.48. There can be instances where an existing tenant owes a debt when approved for a priority transfer. In such instances ACT Housing assesses the particular needs of the household to determine whether the transfer should be deferred while the debt is addressed.<sup>75</sup> The committee would be most concerned if a tenant who had made a commitment to repay the debt was not allocated a priority transfer until the debt was fully paid. Such action could place some tenants, for example, women escaping domestic violence at risk.

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<sup>70</sup> Minister for Urban Services, correspondence dated 13 January 2000.

<sup>71</sup> Submission 25, p 13.

<sup>72</sup> Submissions 34 p 12, 37, p 7.

<sup>73</sup> Submissions 25, 29, 33, 37.

<sup>74</sup> Submission 33.

<sup>75</sup> Minister for Urban Services, correspondence dated 27 March 2000.

3.49. A number of participants in the inquiry strongly argued against the proposal to deny housing assistance to an applicant with a previous debt to ACT Housing or a previous breach of a tenancy agreement. To refuse housing on the basis of a debt can further penalise some very disadvantaged people.<sup>76</sup>

3.50. Care Financial Counselling and Legal Service pointed out that in discussing this issue it is vital to discriminate between tenants willing but unable to pay and tenants who are able but unwilling to pay. In their view consistent policies across different political parties and early and appropriate intervention is the most effective way to minimise housing debt.<sup>77</sup>

3.51. The committee notes that ACT Housing has introduced some measures in the last year to ensure early intervention in rental arrears. According to ACT Shelter, many tenants have welcomed the direct debit system.<sup>78</sup> The sector has also welcomed the early intervention policies that have enabled a tenant to be made aware of a debt before it becomes unmanageable.

3.52. However, the committee was told by a number of organisations that awareness of the Housing Budgeting Service which offers financial counselling to tenants with debt is quite low among housing organisations and that the number of referrals to Care from ACT Housing is also very low. Care advised that in the first six months of the service there were 12 referrals from the Debt Management Unit and none from the Applicant Services Centre. A significant number of clients found their own way to the service, suggesting that ACT Housing staff were resisting making referrals.<sup>79</sup>

3.53. As Care Financial Counselling and Legal Service told the committee, locking people out of public housing readily translates into cost shifting.<sup>80</sup> Supported Accommodation Assistance Program (SAAP) services reported that people refused access to public housing will have no option but to seek accommodation in the already overburdened SAAP system. It would make more sense if they were to remain in their ACT Housing properties while receiving support to develop better life skills.<sup>81</sup>

3.54. The committee has serious concerns about the proposal to subject people with a poor tenancy history to six monthly reviews with the possibility of the outcome being termination of their tenancy. The committee considers early and appropriate intervention on arrears and support to develop better life skills is the key to resolving the problem of tenants with debt or other poor tenancy history rather than eviction from public housing, which after all is housing of

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<sup>76</sup> Submissions 10, 23, 33,

<sup>77</sup> Submission 29, p5.

<sup>78</sup> Submission 25, p 20.

<sup>79</sup> Submissions 25, 29.

<sup>80</sup> Submission 29.

<sup>81</sup> Submissions 10, 27, 37.

last resort.

### **Possible effects on community housing organisations of the proposed lease renewal eligibility criteria**

3.55. Community housing organisations claimed that the proposed changes to tenure will affect their functional viability in a number of ways.<sup>82</sup> Firstly, there will be a constant loss to the organisation of committed and skilled people with experience in supporting the organisation. Secondly, since many community housing providers provide housing under a number of different schemes, with the proposed changes applying to Stock Transfer Program tenants only, but not to other tenants, an individual tenant may be eligible for assistance under one scheme but not another, creating a difficult operating environment for community housing providers. Further, others claimed that the removal of security of tenure threatens their capacity to meet their objectives and to strive towards national accreditation. Part of the definition of community housing is that tenants are housed for as long as they wish to be housed.<sup>83</sup>

3.56. The committee discussed this matter with officials of the Department of Urban Services and was told that there is nothing in the *Report on Government Service Provision 1999* that mentions tenure as being a critical element of community housing.<sup>84</sup> However, the committee notes that the *Report on Government Services 1999*, states the following:

The primary objective of the community housing program is to develop a viable community based sector to provide appropriate, affordable and long-term rental accommodation. Another objective is to provide choice of housing location, physical type and management arrangement, with security of tenure and an opportunity for people to participate in the management of their housing in a responsive environment.<sup>85</sup>

3.57. The committee is most concerned about the effects of the proposed changes to tenure on community housing that is part of the Stock Transfer Program. Community housing is different from general public housing. Tenants are actively involved in the management of the housing organisation and take on significantly greater responsibilities than tenants of public housing. Security of tenure is an important principle of community housing and should apply to all tenants of community housing.

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<sup>82</sup> Submissions 9, 19, 21

<sup>83</sup> Submission 19, p 1. Submission 30.

<sup>84</sup> Transcript p.272.

<sup>85</sup> *Report on Government Services 1999*.



## **Stigmatisation**

3.58. Some community groups have expressed concern that the changes to tenure would increase the concentration of low-income people in public housing and lead to stigmatisation. According to the Government, this would only be a valid concern if public housing were concentrated in large estates as it is in some other parts of Australia. ACT Housing's stock of three and four bedroom dwellings is generally well distributed throughout the city. While public housing flats and bedsitters are concentrated in some areas, these complexes are generally well-located in terms of access to shops and public transport, and active steps are being taken to address concerns about particular complexes.<sup>86</sup>

## **Access to the private rental market**

3.59. Tenants who for what ever reason, lose their eligibility for public housing will need to move into the private rental market. The capacity for the private rental market to meet increasing demand is severely limited. The vacancy rate has been declining. At the end of 1999, the vacancy rate was predicted to be zero.<sup>87</sup> The very short supply of private rental housing is predicted to result in an increase in rents.<sup>88</sup>

## **Loss of revenue**

3.60. A number of organisations claimed that removal of permanent tenure will, to a large degree, remove the cross subsidisation between full rent paying tenants to rebated tenants. This will result in a loss of revenue for ACT Housing and community housing providers.<sup>89</sup>

3.61. The Government advised there will be no impact on revenues of ACT Housing of reduced numbers of full-rent-paying tenants until a few years after the introduction of the proposed changes. There has been a gradual decline over the last few decades in full-rent-paying tenants. The Government has responded in a number of ways to offset this decline, including, increasing the proportion of income paid as rent rebates from 22 per cent to 25 per cent as announced in the 1998-99 budget; and improving the efficiency of ACT Housing by such measures as disposing of stock that is costly to maintain and replacing it with better stock.<sup>90</sup>

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<sup>86</sup> Submission 43.

<sup>87</sup> Transcript p.98.

<sup>88</sup> Transcript p.102.

<sup>89</sup> Submissions 9, 25, 29 30, 32, 33; 34; Transcript, p 44, Transcript p.118.

<sup>90</sup> Minister for Urban Services, response to question on notice Select Committee on Estimates 1999-2000.

3.62. The Government advised that many of the proposed changes such as the new tenure procedures relating to under-utilisation will also help offset the loss of market rent payers to ACT Housing.<sup>91</sup>

3.63. The committee was told that loss of revenue from cross subsidisation is a very real problem for the smaller community housing providers.<sup>92</sup> Community Housing Canberra is concerned that the financial model that underpins the Stock Transfer Program will be incorrect. The program was developed on the assumption that some tenants' incomes would increase to the point where they would pay market rent. This would have a cross-subsidising effect, allowing the organisation to absorb some normal operational losses. If cross subsidisation does not occur at the anticipated level there will be a long-term effect on the financial viability of provider organisations.<sup>93</sup> The committee considers the lack of cross subsidisation will have a serious effect on the functional viability of community housing providers participating in the Stock Transfer Program.

#### The committee's views on the proposed introduction of lease renewal eligibility criteria

3.64. The proposed introduction of lease renewal eligibility criteria would result in a number of changes for new tenants. New tenants whose incomes over an 18 month period average more than ten per cent above the entry-level income limit would no longer be eligible for public housing. New tenants with a poor rental history would be subject to six-monthly reviews. New tenants who continue to meet the lease renewal eligibility criteria but whose accommodation is considered to be greater than their needs, because of, for example, a reduction in family size would be required to relocate.

3.65. The committee has carefully considered the effects on the community of the lease renewal eligibility criteria. As people's financial circumstances improve or their family size decreases, as a general rule they usually relocate. In some instances this will mean a move into the private housing market, and in others to alternative public housing.

3.66. The individual circumstances of tenants must be taken into account in any review. For some tenants whose incomes are just above the threshold, obtaining rental accommodation in the private market in a climate of low vacancy rates may be extremely difficult. As pointed out in evidence there will be tenants whose income may rise above the threshold who could be severely disadvantaged by being forced to move into the private market. These can include people with a disability including psychiatric disability, indigenous people, single parents and young people. Having to apply at each review to the

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<sup>91</sup> *ibid.*

<sup>92</sup> Transcript, p 44.

<sup>93</sup> Submission 9, p 15.

Commissioner for Housing for special dispensation may place unnecessary stress on such people. The committee notes that the Government has acknowledged the need to address a number of women's issues. Some of the actions to be included in the first *ACT Women's Action Plan 2000-01* as announced by the Chief Minister on International Women's Day include: ensuring that services are accessible to indigenous women, women with a disability and those from linguistically and culturally diverse backgrounds; and ensuring monitoring of services which records outcomes in gender disaggregated terms is subject to continuous improvement and allows for measuring achievement of goals.

3.67. The committee does not support the removal of permanent tenure for public housing tenants. It would like to see the Government adopt a more flexible approach, for example to examine the suitability of the South Australian policy, where tenants who no longer meet the needs test, but who do not wish to move out of public housing, will be allowed to remain in public housing on condition that they pay a small premium on their rent. If the Government wishes to proceed to remove permanent tenure it needs to undertake a more comprehensive analysis of groups that may be affected.

### **Recommendation 1**

**3.68. The committee recommends that security of tenure for public housing tenants be maintained. If the Government wishes to proceed to remove security of tenure for public housing tenants, it first undertake a comprehensive assessment of people likely to be affected and that the issue be brought before the Assembly for debate.**

3.69. The application of the lease renewal criteria to community housing which is part of the Stock Transfer Program is of great concern to the committee. Community housing is different from public housing. The evidence points out that security of tenure is a fundamental component of successful community housing.

### **Recommendation 2**

**3.70. The committee recommends that security of tenure be available for community housing tenants.**

### **Segmentation of the waiting list**

3.71. Under the current system applicants for public housing are identified in categories of priority, wait turn or transfer. Priority is further segmented into 'priority next available' for those in urgent need and 'priority wait turn'. Priority is assessed on a case by case basis to determine the relative urgency of the applicant's situation compared with other applicants in crisis. It requires professional judgement informed by documentary evidence, operational

experience and comparative operational information to assess circumstances such as domestic violence, unmanageable debt, mental or physical risks in current housing, pending eviction and inadequate income.<sup>94</sup>

3.72. The Auditor General's Performance Audit on the *Management of Housing Assistance* found that the current priority assessment system is subjective and reliant on individual judgement.

3.73. The Government reported that centralising assessment of priority allocations from four regional offices to the Applicant Services Centre has improved the consistency of decision making, however, the very practise of allocating priority will continue to require sound judgement.<sup>95</sup>

3.74. Under the proposed new system all applicants for public housing will be placed in one of four categories of priority on the Applicant List:

- applicants in urgent need of housing;
- applicants for whom the private rental market is not viable as a long-term option;
- applicants with affordability problems; and
- tenants who wish to transfer within the public housing stock for reasons of personal preference, within the parameters of the Public Rental Housing Assistance Program.

3.75. The Government advised that the applicant management system will include priority listing of all registered applicants for public housing and people transferring within public housing properties. Although the basis for allocation will not change substantially, there will be clearer guidelines on handling priority access.<sup>96</sup>

3.76. There will be two categories of priority in which applicants who have a more urgent need for housing assistance, for reasons additional to affordability problems, will be given priority listing ahead of other applicants.<sup>97</sup>

3.77. The committee heard mixed views on further segmentation of the waiting list. Disabled Peoples Initiative (DPI) ACT, Transitional Accommodation Services and the Property Owners' Association of the ACT support the proposal.<sup>98</sup> The Tenants' Union and the Welfare Rights and Legal

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<sup>94</sup> Submission 43.

<sup>95</sup> *ibid*

<sup>96</sup> Submission 43.

<sup>97</sup> *ibid*

<sup>98</sup> Submission 28, Transcript p.106.

Centre commended the inclusion in the draft program of a clause that permits an applicant to appeal their assigned priority category.

3.78. However the majority of submissions raised concerns. The major concerns were:

- a segmented wait list necessitates the ranking of ‘competing’ needs and potentially marginalises those whose only need is affordability-based;<sup>99</sup>
- the changes will reduce fairness of access and applicants in categories three and four may never get an offer of accommodation;<sup>100</sup>
- the changes will lead to longer waiting periods for many;<sup>101</sup>
- older people in categories three and four could be adversely affected if they have to wait for three or four years for accommodation;<sup>102</sup>
- the changes are not reflected in the draft program which could result in discrimination and unfair treatment of applicants;<sup>103</sup>
- the changes do not reflect the needs of women needing a transfer due to safety, domestic violence or inappropriate housing;<sup>104</sup>
- it is unclear how applicants will be assigned to each of the categories;<sup>105</sup> and
- the changes will not lead to a reduction in the waiting list.<sup>106</sup>

3.79. The committee notes that two jurisdictions, namely Victoria and South Australia (to be implemented in March 2000) have segmented their applicants’ list into four categories.<sup>107</sup>

3.80. The Auditor General commented that ‘the laid down procedures for processing applications are considered to be effective and equitable’.<sup>108</sup>

3.81. The committee considers that public housing should be made available to those with the greatest need. However it is not convinced that, in general, the proposed further segmentation of the applicant list will result in more efficient or equitable delivery of housing resources.

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<sup>99</sup> Submission 40.

<sup>100</sup> Submissions 25, 33.

<sup>101</sup> Submissions 25, 32, 35, 36.

<sup>102</sup> Submission 31.

<sup>103</sup> Submission 33.

<sup>104</sup> Submissions 35, 37.

<sup>105</sup> Submission 38.

<sup>106</sup> Submissions 33, 36

<sup>107</sup> Minister for Urban Services, correspondence dated 13 January 2000.

<sup>108</sup> ACT Auditor General, *Management of Housing Assistance*, Report No 5 1998, p 53.

### Recommendation 3

**3.82. The committee recommends that the Government not proceed with the proposed further segmentation of the applicant list.**

### Pricing

#### Rent assessment policy

3.83. In the 1997-98 Budget the ACT Government introduced changes to the rent assessment policy for public housing tenants. Since 1 July 1998, all new tenants pay 25 per cent of their household income on rent, capped at market rent. This change is also being phased in for existing tenants. However statutory dependent child payments continue to be assessed at the concessional rate of 10 per cent in line with an understanding reached with the Commonwealth. Most other States and Territories are moving towards charging 25 per cent of income or market rent.<sup>109</sup>

#### Changes to the treatment of residents' income

3.84. 'Residents' (people who reside with tenants of ACT Housing but are not party to a tenancy agreement) in properties tenanted since 1 July 1998 have their income assessed at the 25 per cent rate, again, subject to the concessional rate for dependent child payments. Rent for existing residents, however, continues to be calculated at 10 per cent of income. Residents' income of \$100 a week or less is not currently included in assessing the level of rent subsidy received by a household.

3.85. The Auditor General's report on *Management of Housing Assistance* was critical of this treatment of existing residents, and estimated that withdrawing the concessional treatment of residents' income would raise an additional \$2 million in rental revenue each year.<sup>110</sup>

3.86. Under the reform proposals, the income of existing residents will be included in the calculation of rebated rent at the 25 per cent rate. The \$100 a week exclusion barrier will continue to apply. Existing residents' incomes will be included as part of the rent rebate review that occurs six-monthly for most households and annually for households on fixed incomes such as pensions.<sup>111</sup>

3.87. ACT Shelter reported that an increase in a resident's contribution is a valid income raising measure in some circumstances where a resident's income is adequate. However they also pointed out that shared housing tenants do not have the same rights of protection as those living independently. Care Financial

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<sup>109</sup> Submission 43. Minister for Urban Services, correspondence dated 13 January 2000.

<sup>110</sup> ACT Auditor General, *Management of Housing Assistance*, Report No 5 1998, p 31.

<sup>111</sup> Submission 43.

Counselling and Legal Service also saw merit in increasing residents' rent to 25 per cent of income so long as it does not create barriers for families offering support to adult members at a time of crisis.<sup>112</sup>

3.88. ACT Shelter along with a number of other organisations also raised concerns about the proposal. The major concerns expressed were:

- it will lead to a decreased standard of living;<sup>113</sup>
- it may result in an increased demand for community support services where the resident/child who currently assists an elderly or disabled parent moves to independent accommodation;<sup>114</sup>
- it may place an extra burden on parents when younger people, especially those earning just over \$100 per week, are asked to contribute to rent;<sup>115</sup>
- it may lead to more pressure on the Applicant List or a further tightening of the private rental market especially on single persons' accommodation;<sup>116</sup>
- it will be unfair to people who have a family member with a disability living with them, whose cost of living is likely to be higher than that of people without disabilities.<sup>117</sup>

3.89. The system operating currently is inequitable with some residents paying 25 per cent of their income in rent and others ten per cent. The committee notes that this is another inconsistency between current and new tenants. In light of the fact that the provision of affordable housing is recognised as one of the essential elements to mitigating poverty, the committee considers that the implications of any measures that increase the financial burden on people on low incomes must be clearly understood. The work being undertaken on poverty in the ACT by ACTCOSS should better inform such policy decisions. The committee is very concerned that the proposal to maintain the exclusion barrier at \$100 per week was not informed by any substantial research. Evidence before the committee indicates that this could place a severe financial burden on people earning just over \$100 per week. This group typically comprises young people who are supplementing their youth allowance.

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<sup>112</sup> Submission 29.

<sup>113</sup> Submission 38.

<sup>114</sup> Submission 25.

<sup>115</sup> Submission 12.

<sup>116</sup> Submission 25.

<sup>117</sup> Submission 36.

## **Recommendation 4**

**3.90. The committee recommends that the Government urgently review the exclusion barrier of \$100 for residents taking into account current research on poverty and the findings of the Task Group on Poverty in the ACT.**

### **Minimum rent payable**

3.91. The Government advised that for many years the minimum rent payable for public rental housing has been set at \$20 per week. It is proposed that the minimum rent be increased to \$30 per week to ensure that tenants make a reasonable contribution towards the cost of their housing. This is marginally less than the 25 per cent of gross weekly income that Centrelink minimum rate beneficiaries will be required to pay.<sup>118</sup>

3.92. The Government submission, along with a number of other submissions pointed out that a small number of people will be affected by this change. They include young single people who do not qualify for an independent living allowance from the Commonwealth (that is, the Commonwealth considers that they have the option of living with their parents). For those unable to receive the independent Youth Allowance \$30 will represent much more than 25 per cent of their income.<sup>119</sup>

3.93. Other people who may pay the minimum rate are those who do not have access to Centrelink benefits for a specified period following receipt of an employment termination payment and people with no income.<sup>120</sup> People who need assistance while longer term income support issues are being resolved may apply for assistance from the proposed grant of \$20,000 which is to be administered by a charitable organisation.

3.94. The committee concurs with Care Financial Counselling and Legal Service that for those who, for whatever reason are not eligible for, or in receipt of, an income of more than \$120 per fortnight, a minimum rental payment of \$30 makes no sense economically or socially. It is simply another cost shifting exercise that will create intolerable hardship.<sup>121</sup> The committee considers that the minimum rent for those receiving an income of less than \$120 per week should be no more than 25 per cent of income.

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<sup>118</sup> Submission 43.

<sup>119</sup> Submissions 13, 19, 33, 43.

<sup>120</sup> Submissions 13, 18, 25, 29, 33.

<sup>121</sup> Submission 29.



## **Recommendation 5**

**3.95. The committee calls on the Government to urgently review the proposal to increase minimum rent to \$30 per week taking into account current research on poverty and the findings of the Task Group on Poverty in the ACT. As an interim measure the committee recommends that the minimum rent for those receiving income of less than \$120 per week be no more than 25 per cent of income.**

### **Minimum rent rebate payable.**

3.96. There is currently no minimum level of rent rebate. Consequently, situations arise where tenants can receive rent rebates of less than a dollar per week on a property with market rent of \$150 per week. According to the Government, the administrative costs associated with providing this level of rebate far outweigh the benefit provided to the tenant. Under the proposed arrangements, no rebate will be payable unless the tenant qualifies for a rebate of at least \$5 per week under the formula for assistance.<sup>122</sup>

3.97. The proposal drew little reaction from the community. The committee supports this proposal in principle.

## **Recommendation 6**

**3.98. The committee recommends that the Government implement a policy of no rebate unless the tenant qualifies for a rebate of at least \$5 per week.**

### **Discretion to cease rent rebate after an absence of three months**

3.99. Under the current arrangements tenants can continue to receive rebated rent while they are away from the properties they rent for extended periods of time. This may occur in unforeseen circumstances such as where a tenant is nursing a sick relative, but it may also occur in circumstances where a tenant is on holiday. It is proposed that unless there are special circumstances, the Commissioner for Housing will suspend rent rebate concessions in circumstances where tenants are absent from the properties they rent for periods in excess of three months.<sup>123</sup>

3.100. The committee's attention was drawn to some concerns about the implementation of this provision.

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<sup>122</sup> Submission 43.

<sup>123</sup> Submission 43.

3.101. The three month period of absence may prove to be too short for women escaping domestic violence as resolving issues of violence is often complicated and takes time. During their stay in alternative accommodation women may wish to maintain their home with the expectation of returning to it. It is important that this option is not closed off to women and their children already in distress.<sup>124</sup>

3.102. The Welfare Rights and Legal Centre asserted that the proposed amendments to the draft public rental housing assistance program contain an inconsistency in relation to the cessation of rental rebates. Where rent rebate is cancelled because a tenant is absent for more than three months, when they return they must establish 'special circumstances' under clause 17 (12) to be eligible for rent rebate. Yet for it to be backdated they must argue 'exceptional circumstances' exist under clause 17 (11).<sup>125</sup>

3.103. The committee agrees in principle with the need to ensure public housing is available to those most in need. However the proposal to cease rent rebates after absences of more than three months may result in a serious diminishing of rights for some public housing tenants. For example women escaping domestic violence and their children could be disadvantaged by the provision

3.104. Until it is demonstrated that there is a significant problem, the committee cannot support the cessation of rental rebates after absences of more than three months.

### **Cessation of the rental bonds loan scheme**

3.105. The Auditor General found that the provision of rental bond loans by ACT Housing was neither effective nor efficient, and that the scheme was expensive to deliver and had been managed ineffectively. Many of the loans for up to \$600 each were in default, and the cost of recovery was prohibitive.<sup>126</sup> People who had accessed these loans but were unable to repay them, owed a debt to ACT Housing which potentially restricted their access to public housing stock at a later time.

3.106. The Government advised that in recent times, ACT Housing has only provided rental bond loans to eligible applicants if no public housing could be made available. This has both substantially reduced the number of loans provided and minimised the vacancy rates in otherwise 'hard-to-let' public housing stock such as bedsits and two bedroom flats. Recipients of Centrelink assistance can still access loans for rental bonds or other purposes from the

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<sup>124</sup> Submission 37.

<sup>125</sup> Submission 33.

<sup>126</sup> ACT Auditor General, *Management of Housing Assistance*, Report No 5 1998, p 104-107.

Commonwealth.<sup>127</sup> The Government proposes to make \$20,000 available for a charitable organisation to allocate bond loans and mortgage assistance loans to those in need. This amount was based on the take up of rental bonds in the first six months of the 1999 calendar year.<sup>128</sup> According to the draft bilateral housing agreement, 90 rental bond loans were made in the 1998-99 financial year.<sup>129</sup> Discussion with officials<sup>130</sup> and examination of the draft criteria for the allocation of assistance by the successful charitable organisation of the \$20,000, indicate that the assistance is not limited to rental bond loans and mortgage relief assistance, but may also be used for other urgent housing needs such as rental payments to ACT Housing or indeed as a grant with no repayment requirements.

3.107. All other States and Territories offer a rental bonds loan scheme.<sup>131</sup>

3.108. Many organisations expressed opposition to the cessation of the rental bonds loan scheme. Reasons for their opposition were:

- it will increase pressure on public housing waiting lists as people will no longer be able to access the assistance needed to get into the private rental market;<sup>132</sup>
- \$20,000 will be insufficient to provide assistance for rental bonds;
- it will disadvantage some young people;<sup>133</sup>
- there is a waiting time of 13 weeks on benefit before Centrelink will provide a loan;<sup>134</sup>
- Centrelink bond loans must be paid back immediately through fortnightly deductions which would place age pensioners in great difficulty;<sup>135</sup>
- it will disadvantage some women who wish to move from crisis accommodation to stable housing as they will not be able to save the money required for the bond;<sup>136</sup> and

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<sup>127</sup> Submission 43.

<sup>128</sup> Transcript p.248.

<sup>129</sup> *Bilateral Housing Agreement between the Commonwealth of Australia and the Australian Capital Territory*, effective from 1 July 1999, p 23.

<sup>130</sup> Transcript p.254.

<sup>131</sup> Minister for Urban Services, correspondence dated 13 January 2000.

<sup>132</sup> Submissions 13, 25, 37.

<sup>133</sup> Submissions 18, 34.

<sup>134</sup> Submission 25.

<sup>135</sup> Submission 31.

<sup>136</sup> Submission 35.

- it will place severe financial stress on refugee families settling in the ACT as they are not eligible for public housing or loan assistance from Centrelink.<sup>137</sup>

3.109. In relation to refugee families, the Federal Minister for Community Services advised that families who get a permanent protection visa are entitled to all social security payments without having to meet the prior residence requirements. However they must wait three months to be eligible for loan assistance for a rental bond. Therefore they are not eligible for assistance for a loan if they wish to rent a house before the three-month period has expired. The assistance for loans available through Centrelink is limited to a lump sum of \$500, which must be repaid from the next 13 fortnightly payments. Those on the temporary protection visa (subclass 785) are entitled to Special Benefit, which does not entitle them to assistance for loans.<sup>138</sup> Refugee families will be severely disadvantaged by the abolition of the rental bonds loan scheme.

3.110. The committee considers the amount of \$20,000 will be insufficient to meet the needs for assistance with rental bond loans and mortgage relief. The committee is concerned that the abolition of the rental bonds loan scheme will result in hardship for some groups especially refugee families settling in the ACT, age pensioners, some young people and some women. The committee is of the view that the rental bonds loan scheme should not be abolished. Rather the management issues raised by the Auditor General must be addressed. The committee supports the principle e (4) in the CSHA that applicants be given reasonable choice and that housing assistance meets community standards on consumer rights and responsibilities including consumer participation. The committee considers that people seeking rental assistance for the private market should be given a genuine choice. To ensure this occurs the processes for recording action on applications must be improved. The Government claimed that the proposed scheme, which included abolition of the rental bonds loan scheme would be more flexible because grants of assistance could be made for other housing related needs. The committee supports the availability of other forms of housing-related emergency relief.

## **Recommendation 7**

**3.111. The committee recommends that the Government continue to provide a rental bonds loan scheme with improved processes of recording action on applications.**

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<sup>137</sup> Submissions 5, 6, 15, 20.

<sup>138</sup> Minister for Community Services, correspondence dated 9 February 2000.

### **Recommendation 8**

**3.112. The committee recommends that the Government address the management issues raised by the Auditor General concerning the rental bonds loan scheme.**

### **Recommendation 9**

**3.113. The committee recommends that a separate fund be established to provide emergency relief to tenants.**

## **4. The arrangements for developing regulatory policy for community housing and the competition related issues for providers**

### **What is community housing?**

4.1. There are many possible definitions of community housing.

4.2. Community Housing Canberra Ltd (CHC) defines it as follows.

Community housing is housing which is managed by an organisation that includes the tenants themselves. It provides opportunities for tenants to participate in the management of their housing as well as support networks within their own community organisation, which are not possible in the public housing system.<sup>139</sup>

4.3. The *Report on Government Service Provision 1999* states:

Community housing comprises assistance where funding is fully or partly provided under the CSHA, and not-for-profit organisations or local government typically undertake tenancy management functions....

The primary objective of the community housing program is to develop a viable community based sector to provide appropriate, affordable and long-term rental accommodation. Another objective is to provide choice of housing location, physical type and management arrangement with security of tenure and an opportunity for people to participate in the management of their housing in a responsive environment. Community housing also aims to achieve links between housing and services which are best managed at the community level, including disability services and community care.<sup>140</sup>

4.4. Community housing programs vary within and between jurisdictions in their administration, financing and the extent to which community or government has management responsibility and ownership of the housing stock.<sup>141</sup>

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<sup>139</sup> Submission 9, p2.

<sup>140</sup> *Report on Government Services 1999*, p 1076.

<sup>141</sup> *Op cit*, p 1077.

4.5. Community Housing Canberra Ltd reported that a recent national mapping project identified 38,035 community housing dwellings in Australia, managed by 1,541 organisations.

4.6. The community housing sector in the ACT is expanding. In 1998, there were 44 dwellings owned and/or managed by housing co-operatives, 118 owned and/or managed by housing associations and 114 rooming house and Crisis Accommodation Program dwellings.<sup>142</sup> Since 1998, this number has increased significantly with the transfer of 200 dwellings from ACT Housing to Community Housing Canberra Ltd.

4.7. A number of community organisations stressed that community housing should supplement rather than be viewed as a substitute for public housing.<sup>143</sup>

## **Regulation of community housing**

### Regulation at the national level

4.8. The community housing sector is undergoing a rapid period of growth both nationally and in the ACT. Quality improvement measures for both community housing organisations and individuals working in the sector are being put in place at the national level.

4.9. In 1997, the National Community Housing Forum initiated the development of a system of standards and accreditation in community housing provision. The standards aim to reflect best practice as indicated by current research and the experience of those using and providing community housing. Organisations that meet the standards to the level required are accredited.<sup>144</sup>

4.10. Community Housing Canberra Ltd (CHC) requires the organisations that manage properties transferred from ACT Housing to be moving towards full implementation of these standards. Havelock House is already fully accredited.

4.11. National competency standards for community housing workers are being developed by the Australian Housing and Urban Research Institute. These competency standards are designed 'to assess the extent to which an individual has skills necessary to perform the work of community housing provision'.<sup>145</sup>

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<sup>142</sup> Submission 9, p 3.

<sup>143</sup> Submissions 9, 30, 33, 38.

<sup>144</sup> Submission 9.

<sup>145</sup> RPR Consulting, *Final Report: Development of National Community Housing Standards and Accreditation Implementation*, RPR Consulting, 1997, p 8.

## Regulation at the ACT level

4.12. ACT Shelter stated that ‘neither regulatory arrangements nor community service obligations of housing providers have been developed to date.’<sup>146</sup>

4.13. At the ACT level, the main issue of concern was regulatory policy governing the transfer of stock to Community Housing Canberra Ltd (CHC).

4.14. The Government advised that the requirements in relation to the transfer of the 200 properties to CHC are set out in the service purchasing contract between the Department of Urban Services and CHC.<sup>147</sup>

4.15. CHC also has a number of other mechanisms in place prescribed by the Community Housing Expansion Task Force. These include a transfer protocol, guidelines for selection of tenants, guidelines for allocation of properties and an agreement between the company and community housing organisations.<sup>148</sup>

4.16. Community housing organisations are represented on the board of CHC and through this participation have input into decision making about policy and procedures.

4.17. In relation to regulatory policy governing CHC’s operations, CHC encourages and expects all provider organisations participating in the Stock Transfer Program to adopt the nationally-accepted best practice standards. However, as CHC reported, the standards themselves do not anticipate that every organisation will be able to meet every standard immediately. CHC uses a risk assessment checklist based on the National Community Housing Standards to assess the capacity of each community housing provider to competently manage its affairs before stock is allocated under the program. This assessment includes consideration of arrangements for corporate, financial and asset management.<sup>149</sup>

## Avenues of redress and appeal

4.18. One of the requirements in the contract between the Department of Urban Services and CHC is that tenants occupying the 200 properties are subject to the terms of the Public Rental Housing Assistance Program which is a gazetted program under the *Housing Assistance Act 1987*. This program specifies arrangements for the provision of assistance to public tenants, including operational arrangements in relation to eligibility, allocation, pricing and tenure.

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<sup>146</sup> Submission 25.

<sup>147</sup> Submission 43.

<sup>148</sup> Submission 9.

<sup>149</sup> *ibid.*



4.19. However, community housing tenants do not have the same rights of appeal as public housing tenants. Whereas public housing tenants have several avenues of appeal including the Housing Review Committee, the Administrative Appeals Tribunal, and the Residential Tenancies Tribunal, there is no standard appeal mechanism available to community housing tenants. Rather there are separate internal mechanisms for each community housing provider. Within each community housing provider organisation, there is an independent panel or committee, which deals with internal disputes. Each community housing's appeal process is reviewed by CHC to ensure it adheres to natural justice principles. Community housing tenants also have access to the Residential Tenancies Tribunal.

4.20. The Residential Tenancies Tribunal was reported as not working for community housing tenants.<sup>150</sup> Community housing is expanding rapidly to include providers who have not previously had the responsibility of providing housing. As ACTCOSS pointed out rights of appeal to the Residential Tenancies Tribunal against decisions made by community housing providers are not appropriate and in reality accessible for tenants in difficult and disadvantaged circumstances. There was support for the establishment of an independent appeal mechanism for decisions affecting individual tenants as an interim step between providers and the Tribunal. The issues that compel the need for the Housing Review Committee for tenants in public housing, such as allocation and rent, are the same issues that apply to tenants of community housing. The committee considers that community housing tenants should have an avenue for appeal. This will become particularly important if the stock transfer program is expanded.

## **Recommendation 10**

**4.21. The committee recommends that a non-litigious, formal and external complaints and appeals mechanism be established for community housing tenants to provide an interim step between providers and the Residential Tenancies Tribunal for resolving tenant complaints.**

## **Competition**

4.22. One of the aims of the ACT Government's current policy of allocating dwellings through CHC to established support service and community organisations is to provide competition for ACT Housing.<sup>151</sup>

4.23. A number of organisations expressed serious concerns that the ACT Government consulted with ACT Housing about the proposed changes to public housing. No other social housing providers, such as CHC and

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<sup>150</sup> Submissions 12, 33, 38.

<sup>151</sup> Submission 43.

community housing associations were consulted yet the proposed changes will also affect their operations.

4.24. The committee understands that competitive neutrality seeks to ensure that government businesses do not enjoy any net competitive advantage over private sector competitors simply by virtue of their public ownership.

4.25. There appears to be a blurring of divisions between the purchaser and the provider of public housing in the ACT, that is, between the housing policy unit in the Department of Urban Services and ACT Housing, the government public housing provider.<sup>152</sup> It could be argued that as a provider of social housing, ACT Housing could have been in a privileged position compared to community providers if the reforms were implemented at the time intended by the Government.

4.26. The committee considers that in line with its service purchasing practices in other areas, the Government needs to establish clearer divisions between the purchaser and the provider of public housing in the Territory.

### **Recommendation 11**

**4.27. The committee recommends that the Government establish clear divisions between the purchaser and the provider of public housing.**

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<sup>152</sup> Transcript p.232



## 5. Other significant issues raised in evidence

### Consumer protection

5.1. In addition to better consumer protection measures for tenants of community housing, discussed earlier in this report, the need for a more adequate review mechanism particularly in relation to the collection of debts was raised.

5.2. The Housing Review Committee considers the merits of a case, having regard to the information provided by ACT Housing and the appellant and recommends to the Commissioner for Housing how the matter might be equitably resolved. A tenant has a further right of appeal to the Administrative Appeals Tribunal.

5.3. Care Financial Counselling and Legal Service reported that while many of the policies related to public housing are sound there is too frequently a problem with interpreting and implementing them, which is particularly evident in the collection of debts. In Care's view the current internal review mechanism is inadequate and does not meet the Commonwealth standards for dispute resolution. The committee is not seen as independent of ACT Housing and has no power to bind ACT Housing to decisions. These views were also raised in other submissions.<sup>153</sup>

5.4. The Welfare Rights and Legal Centre went so far as to say that it may not be supportable for the Housing Review Committee to continue to deal with evictions where there are arrears or a debt. They along with the others who raised the matter suggested that in such cases tenants be able to access the Essential Services Review Committee as housing could be defined as an essential service. This would obviously require the *Essential Services (Continuity of Supply) 1992 Act* to be amended.

5.5. The committee raised the matter with government officials, who did not pose any arguments against the suggestion.<sup>154</sup> The majority of the committee considers that the Act should be amended to enable access to the Essential Services Review Committee to tenants of public housing.

### Recommendation 12

**5.6. The committee recommends that the Government amend the *Essential Services (Continuity of Supply) 1992 Act* to provide an avenue of review for public housing tenants facing eviction because of arrears or debts.**

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<sup>153</sup> For example the Tenants Union and the Welfare and Legal Rights Centre, Transcript p.145: Submission 23.

<sup>154</sup> Transcript p.281.

5.7. The committee is most concerned that the only specialised consumer credit legal service is threatened with closure because the Government intends withdrawing funding for the service. This will have an adverse effect on tenants in public housing who need legal assistance related to financial issues.

### **Availability of single accommodation**

5.8. Many organisations and individuals raised concerns about the availability of suitable single person accommodation.<sup>155</sup>

5.9. The Government advised that the demographic profile of applicants for public housing does not match stock availability. The majority of stock holdings are three bedroom dwellings, but about 50 per cent of the applicants list are single people, including older single people.

5.10. One bedroom units and bedsits are currently concentrated in multi-unit complexes in specific locations, usually close to shops and transport. However, these days, concentrating people with low income and other social disadvantages in such units is considered inappropriate. These complexes were built to provide short-term accommodation for public servants moving to Canberra. Such accommodation, especially bedsits, is considered inappropriate for most of the current residents who are unemployed and on pensions or benefits. Consequently, the Government has embarked on a welcomed program of initiatives to address the problems associated with multi-unit complexes.

5.11. These include a major upgrade of Condamine Court, the sale of MacPherson Court to Community Housing Canberra Ltd for development as a mixed public/community/private housing complex, the sale of Lachlan Court in Barton and the redevelopment of Burnie Court. In total these complexes provided 740 public housing dwellings, many of which were single-person units. Since 1996, there have been 223 one-bedroom properties demolished and 151 one-bedroom properties sold.<sup>156</sup> This has certainly put severe pressure on other accommodation services such as SAAP services and crisis accommodation services.

5.12. It is unclear how many single-person dwellings will be available after the upgrades and redevelopments have been completed. This is creating anxiety in the community, particularly among some residents at Burnie Court.<sup>157</sup> The Minister advised that Condamine Court is to include 70 public housing dwellings. Units to the value of the sale price of \$2.7m will be received by ACT Housing on completion of the redevelopment of MacPherson Court. It is not anticipated that there will be any public housing units on the Lachlan Court site and details of the redevelopment of Burnie Court have not been finalised.

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<sup>155</sup> Submissions 12, 13, 14, 18, 25, 29, 31, 33, 35, 38, 45.

<sup>156</sup> Submission 43; Minister for Urban Services, correspondence dated 13 January 2000.

<sup>157</sup> Submission 45, Transcript p 219.

5.13. While the Government is aware of a shortage in single-person accommodation, it is unclear to the committee and the community how the problem is being addressed in a strategic manner. The committee urges the Government to release details of how it is planning to meet the accommodation needs of single people requiring public housing.

### **Recommendation 13**

**5.14. The committee recommends that the Government make available to the public a plan to provide for the accommodation needs of single people eligible for public housing.**

### **Access children**

5.15. The matter of ACT Housing's current policy regarding 'access' children was criticised in a number of submissions. According to the evidence presented by the Welfare Rights and Legal Centre and an affected individual, the current policy where a parent has 'access' to their child/children is only to allocate an extra bedroom for that child/children if a person would otherwise be entitled to a one-bedroom property. Under the policy, a couple who have one child permanently and six children on access would only be entitled to a two-bedroom property. It is claimed that this policy inhibits both of the child/children's parents.<sup>158</sup>

5.16. The reforms to the *Family Law Act 1996* did away with the old concepts of custody and access and developed new concepts based on residency and shared care. It is claimed that ACT Housing's policy is to treat the parent having the greater amount of residency as having custody (and therefore the entitlement to extra rooms) and the other parent as having access (and no entitlement to extra rooms). It was reported that such a decision is made even where there is genuine 'joint residency' (sometimes a 50/50 share). This policy is contrary to the spirit of the Family Law reforms, which were intended to encourage both parents to develop relationships with their children, including overnight stays.

### **Recommendation 14**

**5.17. The committee recommends that ACT Housing develop a more flexible approach to the bedroom entitlement of tenants who share the care of their children when a relationship has broken down so that both parents have an effective way to exercise the residency rights given to them by the Family Court.**

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<sup>158</sup> Submissions 7, 33.

## **Adaptable and accessible housing**

5.18. A number of submissions raised the matter of adaptable housing.<sup>159</sup>

5.19. Many people living in public housing in the ACT will require either major or minor alterations to their houses at some stage in their lives. Their house may become unsuitable due to a disability, mobility difficulties or frailty. For people in this position, having to move to a more suitable dwelling can be very stressful.

5.20. The ACT Council on the Ageing and ACROD reported that for older people, and people with disabilities, housing is crucial to their quality of life. The type and standard of housing can promote independence, good health, feelings of well being and security. Inappropriate housing can lead to poverty, distress and ill health, and give rise to difficult and traumatic life transitions.<sup>160</sup>

5.21. An alternative to the need for people to move out of their houses when the house becomes unsuitable for their needs is to build adaptable public housing. Adaptable housing is:

housing that is designed with basic accessible features which can easily be complemented with further features to meet individual needs over time. The dwelling can be easily adapted, if required, to cater for the changing needs and capabilities of an older or disabled occupant, and then be readapted to a conventional configuration if that person moves out.<sup>161</sup>

5.22. The cost of adapting most items to the Australian Adaptable Housing standards was reported to be minimal if they are designed in from the beginning.<sup>162</sup>

5.23. The Government has taken some steps to provide adaptable housing and the community is supportive of these initial initiatives. However the committee was advised that some people requiring this type of housing often wait two years to be allocated a house.<sup>163</sup> In the long term, the Government should aim for an eventual target of 100 per cent of housing stock complying with at least level C of the Australian Adaptable Housing standards.

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<sup>159</sup> For example submissions 22, 28, 31, 36, 39.

<sup>160</sup> Submissions 22, 31.

<sup>161</sup> Hill Martin, quoted in submission 31, p 5.

<sup>162</sup> Submission 31 p 5.

<sup>163</sup> Submission 36.

## **Housing for young people**

5.24. The committee was told that there is an acute shortage of housing for young people.<sup>164</sup> The private rental market is often unaffordable and widespread discrimination against young people and groups leads to limited access.<sup>165</sup>

5.25. According to the Youth Coalition of the ACT, public housing continues to be the most affordable housing for young people. Most young people are housed in one-bedroom flats or bedsits in multi-unit sites.<sup>166</sup> There is a perception that all young people live in group houses, however this is not the case.<sup>167</sup>

5.26. The loss of a high proportion of one-bedroom flats and bedsits as a result of the redevelopment of many of the multi-unit sites will have a serious impact on the availability of accommodation for young people.

5.27. The committee was most concerned about the availability of suitable accommodation and support for young people and raised the matter with Government officials. The committee was told that a Task Force incorporating the education, community services and housing portfolios has been established to examine the housing and support needs of young people.<sup>168</sup> The Task Force includes Government and community representatives and is expected to report early in 2000.

## **Housing needs of the indigenous community**

5.28. The committee's attention was drawn to a number of issues concerning housing in the ACT for indigenous people.

5.29. Indigenous people were reported to experience a high level of discrimination and differential treatment in the private rental market.<sup>169</sup> In addition they have a rate of multi family households at almost three times the rate of the total ACT population.<sup>170</sup>

5.30. The committee was told that there is a wealth of information and recommendations on indigenous housing matters in reports such as the report on Aboriginal deaths in custody and the National Aboriginal Health Strategy.

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<sup>164</sup> Submission 34, Transcript, p 129.

<sup>165</sup> Submission 34.

<sup>166</sup> *ibid.*

<sup>167</sup> Transcript, p 129.

<sup>168</sup> Transcript, p 130, p 235.

<sup>169</sup> Submission 38, Transcript, p 192.

<sup>170</sup> Australian Bureau of Statistics, *Census of Population and Housing: Aboriginal and Torres Strait Islander People, Australian Capital Territory*, ABS, Canberra, 1996.



However, it was claimed that the recommendations on public housing issues have not been implemented.<sup>171</sup>

5.31. Billabong Aboriginal Corporation reported that there are no indigenous housing providers in the ACT. The nearest community with indigenous housing providers is Queanbeyan, which has three indigenous housing cooperatives and an identified indigenous housing provider.<sup>172</sup>

5.32. One explanation for this situation is that the ACT does not receive any funds under the Commonwealth State Housing Agreement for indigenous housing, because, the committee was told, the perception is that the focus of that program is on rural housing, although there is evidence that funds from that program are spent on indigenous housing in metropolitan areas in other States.<sup>173</sup>

5.33. However, Government officials advised that they are consulting with ATSIC to develop a multilateral agreement to look at an integrated way of delivering housing for indigenous people.<sup>174</sup> Further, by the middle of 2001, it is hoped to establish an indigenous housing provider in the ACT.<sup>175</sup> The committee encourages the Government to move forward quickly on these initiatives.

## **Maintenance**

The following issues related to maintenance were raised.

- There is a huge backlog of maintenance.<sup>176</sup>
- Tenants are being forced to carry out their own maintenance by use of the tenant responsible maintenance practice, with ACT Housing only taking responsibility for maintenance associated with health and safety.<sup>177</sup>
- The arbitrary way in which maintenance is deemed tenant responsibility maintenance is questionable and at times a flagrant cost shifting exercise.<sup>178</sup>
- Older dwellings often require substantive maintenance.<sup>179</sup>

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<sup>171</sup> Transcript, p 193.

<sup>172</sup> Submission 24.

<sup>173</sup> Transcript, p 266.

<sup>174</sup> *ibid.*

<sup>175</sup> Transcript, p 267.

<sup>176</sup> Submission 13.

<sup>177</sup> Submissions 13, 18, 33; Transcript p.217.

<sup>178</sup> Submissions 18, 44.

<sup>179</sup> Submission 16.

- Lack of information about maintenance responsibilities and ways to access and arrange maintenance and repairs causes confusion and anxiety among tenants.<sup>180</sup>
- Tenants are not presented with itemised accounts and are sent accounts for maintenance work about which they have no knowledge.<sup>181</sup>
- The onus falls on the tenant to dispute inaccurate maintenance accounts.
- An ordinary maintenance request can take 21 days to be activated while a disability modification, simple or complex, can take months.<sup>182</sup>

5.34. ACT Housing acknowledged that there are some difficulties with recording and invoicing maintenance. Officials told the committee that the new system provides better itemisation.<sup>183</sup>

5.35. Problems with maintenance are matters that seem to cause considerable concern and stress to tenants. Maintenance matters are not central to the inquiry terms of reference, however, the committee considers it important that these concerns be recorded and that ACT Housing take note of them.

Kerrie Tucker MLA  
Chair  
29 March 2000

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<sup>180</sup> Submission 32.

<sup>181</sup> Transcript p.18

<sup>182</sup> Submission 32, p 4.

<sup>183</sup> Transcript, p 267.



## **Appendix 1 List of submissions**

1. Mr Ian Westwood
2. Ms Penny Cohen
3. Weston Creek Community Council
4. K Mailvaganam
5. The North Belconnen Cooperating Churches Refugee Support Group,  
North Belconnen Uniting Church
6. Independent Community for Refugees to Australia
7. Ms Lea Powell
8. Confidential
9. Community Housing Canberra Ltd
10. Doris Women's Refuge Inc
11. Mr Peter Letts
12. Centacare, Archdiocese of Canberra and Goulburn
13. Barnardos Australia
14. Canberra Schizophrenia Fellowship
15. Refugee Resettlement Committee, St John the Apostle Parish, Kippax
16. Handyhelp ACT Inc
17. Ms Susan Payne
18. Canberra Community Housing for Young People Inc
19. Havelock Housing Association Inc
20. The Department of Immigration and Multicultural Affairs
21. Sustainable Organic Urban Living (SOUL) Housing Association Inc
22. ACROD ACT
23. Brendan Pentony
24. Billabong Aboriginal Corporation

25. ACT Shelter
26. Ms Vanessa Smith
27. Belconnen Community Service Inc
28. DPI ACT and Transitional Accommodation Services
29. Care Financial Counselling and Legal Service
30. Meidelant Inc
31. Council on The Ageing (ACT)
32. People First ACT Incorporated
33. The Tenants' Union (ACT) and Welfare Rights and Legal Centre
34. Youth Coalition of the ACT
35. Toora Single Wimmin's Shelter Inc
36. Advocacy ACTION
37. YWCA of Canberra
38. ACTCOSS
39. Manuka LAPAC
40. Housing Advisory Committee
41. Ms Vicky Callan
42. Mr Ed Wensing
43. ACT Government
44. Mr Les Petersen
45. Ms Kerri Taranto (on behalf on sincere and concerned Burnie Court residents)

## **Appendix 2 Witnesses at public hearings**

**28 September 1999**

For ACTCOSS

Mr Peter Sutherland, Treasurer  
Ms Dianne Lucas, Acting President  
Mr Adam Stankevicius, Policy Officer

For Barnardos

Ms Siobhan Cosgrave  
Mr Andrew Miles

For the Youth Coalition of the ACT

Ms Melanie Earl, Project and Policy Officer  
Ms Kerry Browning, Executive Officer

As an individual

Mr Peter Sutherland

**29 September 1999**

For Havelock Housing Association

Ms Dawn Gardner, Chairperson  
Ms Nicola Gordon, General Manager  
Ms Gabrielle Castree, Development Worker

For the Department of Immigration and Multicultural Affairs

Ms Yole Daniels, Regional Director ACT Regional Office  
Mr Christopher Callanan, Director Humanitarian Settlement Section DIMA

For Toora Wimmin's Shelter

Ms Jacqui Pearce, Executive Director

For Meidelant Housing Cooperative

Mr Adrian Gibbs

For Community Housing Canberra Ltd

Mr Bruce McKenzie, Chief Executive Officer

**26 October 1999**

For the Property Owner's Association of the ACT Inc.

Mr Peter Jansen, President

**4 November 1999**

For ACT Shelter

Ms Angela Seymour, Projects and Policy Officer

Ms Deborah Phippen, Secretary

For Canberra Community Housing for Young People

Ms Ginny Hewlett

Mr Alistair Jones

For the Tenant's Union and Welfare Rights & Legal Centre

Mr Eduard Pham

Ms Nadine Behan

Ms Jackie Finlay

For People First

Mr Gerry Brophy

Ms Kim Jackson

Mrs Kim Adams

**10 November 1999**

For ADACAS

Mr Michael Woodhead

Ms Sandra Russet Silk

For Care Financial Counselling and Legal Service

Mr David Tennant, Principal Solicitor

Ms Patricia Walsh, Senior Financial Counsellor

For the Canberra Schizophrenia Fellowship

Ms Annette Atherton, President

Mr Ian Morison, Committee member

For Winnunga Nimmityjah Aboriginal Health Service

Ms Julie Tongs, Chief Executive Officer

Ms Judy Harris, Treasurer

Ms Kim Davison, Co-ordinator Gugan Gulwan Youth Aboriginal Corporation

For the Aboriginal and Torres Strait Islander Consultative Council

Mr Len Barratt, member

**29 November 1999**

Mr Paul Hauser resident, Burnie Court

Mr Nick Potter resident, Burnie Court

Mr Shaun Millyn resident, Burnie Court

Ms Uyen Loewald Guardian of a Burnie Court resident

**13 December 1999**

For the Department of Urban Services and ACT Housing

Mr Ken Horsham Executive Director, Policy Coordination Group,  
Department of Urban Services (DUS)

Ms Clare Wall Manager, Housing Policy Section, DUS

Ms Barbara Norman Executive Director, ACT Housing

Ms Helen Fletcher Director Housing Services, ACT Housing





## Appendix 3 Comparison of public rental housing policies and practices with other jurisdictions of Australia as at 30 June 1999

### Tenure

Jurisdiction	Tenure Policy
NSW	In the June Housing Ministers Communique NSW recognised merit in reviewing arrangements but saw that further work was needed.
NT	Fixed term 6 month, 2 year and 5 year lease agreements from July 1998 for new tenants, renewable subject to eligibility.
Qld	Fixed term tenancies progressing from an initial 6 months probationary lease to an interim 1 year lease and then a standard 3 year lease. The last two stages are dependent on the tenant remaining eligible and having a good tenancy record.
SA	Tenancies will be reviewed after a specified period of time. Criteria are currently being developed for this review process. Tenants over the income limits will be offered a range of incentives to vacate the dwellings.
Tas	All new tenants on fixed term lease for 6 months initially and then up to 3 years.
VIC	Since November 1997 new public housing tenants have tenure reviewed after 3 or 5 years. Those tenants who remain eligible will remain in public housing.
WA	Instead of moving to short term fixed tenancies, all new tenants from July 1998 will have an annual eligibility review and those no longer eligible will be given opportunity of home ownership or notice to vacate.
Current ACT	ACT Housing provide security of tenure, including on-going right to a particular property.
Proposed ACT	Security of assistance with 3 or 5 (for people on fixed incomes) year lease reviews for new tenancies. Six month review for tenants with history of poor tenancy.

**Resident's rent contribution (Rent paid by additional income earners)**

<b>Jurisdiction</b>	<b>Rent Contribution</b>
<b>NSW</b>	People 18-20 years pay 12.5% of income (max \$73.50 per week). People aged 25 years or more who receive non statutory income have income added to household income. 20% for people aged 25years and over receiving statutory income.
<b>NT</b>	Tenant's and spouse's gross weekly incomes and proportion of other residents' income.
<b>Qld</b>	Anyone aged 19-24 who is not a spouse: 10% of gross income to a maximum of \$24 per week. Anyone aged 19 who is not a tenant or spouse: 10% of gross income to a max. of \$12 per week. Dependents aged 25 and over who have no spouse: 10% of gross income. All other additional occupants, gross income, less any tax allowance, added to tenant income.
<b>SA</b>	Gross income of all household members is assessed.
<b>Tas</b>	Gross income of all household members is assessed.
<b>VIC</b>	Gross income of all household members is assessed plus 15% of child related payments.
<b>WA</b>	For tenants occupying before 31 Aug. 1992: 100% of tenant and spouse income plus 21% of income of non dependent family members is considered in determining rent paid. For tenants occupying after 31 Aug. 1992: 100% of tenant and spouse income plus 100% of income of all non dependants over 21 is considered. For non dependants under 21, 10% of their income is added to rent.

<b>Current ACT</b>	Gross income of tenant, including joint tenants, and 10% of income of other residents who receive \$100 or more per week.
<b>Proposed ACT</b>	Residents other than the tenant who receives \$100 or more per week, are assessed at 25% of income.

## Rental bond loans

<b>Jurisdiction</b>	<b>Bond Loan</b>	<b>Amount available per loan</b>
<b>NSW</b>	Yes	Up to 75% of bond can be loaned. In extraordinary circumstances up to 100% can be loaned. For those who have already had a bond loan in the past 12 months 50% of bond may be loaned.
<b>NT</b>	Yes	2 tiers
<b>Qld</b>	Yes	Up to 4 weeks rent
<b>SA</b>	Yes	Up to 4 weeks rent
<b>Tas</b>	Yes	N/A
<b>VIC</b>	Yes	4 tiers up to \$1000
<b>WA</b>	Yes	Up to 4 weeks rent, maximum of \$640
<b>Current ACT</b>	Yes	\$600
<b>Proposed ACT</b>	No	\$20 000 available for rental bond loans and mortgage assistance loans.

**Rental eligibility criteria—gross weekly income limit**

NSW	NT	Qld	SA	Tas	VIC	WA	Current ACT	Proposed ACT	
1 person \$395	1 person \$460	Singles \$390	Single \$479	Single \$289	Prioritised Housing Income Eligibility Limits	Singles \$479	Single \$432	1 person \$482	
2 people \$500	2 people \$597	Single + 1 \$542	Single +1 \$627	Single +1 \$516		Singles \$289	2 people \$520	Single +1 \$720	2 people \$766
3 people \$580	3 people \$697		Single +2 \$700	Single +2 \$550		Couples \$482	3 people on 1 income \$630		
4 people \$665	4 people \$796	Couple \$542	Couple \$627	Single +3 \$584		Fam +1 \$516	Couple +1 \$720	(add \$72 for each extra dependant).	(add \$37 for each additional person).
5 people \$720	5 people \$896	2 singles \$542	Couple +1 \$701	Couple \$482		Fam +2 \$550	4 people \$730		
6 people \$775	6 people \$995	Single + 2 \$629	Couple +2 \$774	Couple +1 \$516		Fam +3 \$584	Couple +2 \$840		
For households with more than six people, the income limit can be raised by		Couple + 1 \$629	Couple +3 \$885	Couple +2 \$550		Fam +4 \$618	\$110 added to limit for each additional person. High limits are set for the North/West remote areas and people with disabilities. For tenants occupying	Two persons \$720 (add \$72 for each dependent)	
		Single +3 \$717	The income test is based on set percentages of SA average weekly earnings and changes over time in line with this.	Couple +3 \$584	Fam +5 \$652		Note: \$720 = ACT average weekly		
		Couple +2 \$717			Fam +6 \$686				
					Wait turn Income Eligibility Limits				
					Single applicants and singles sharing need to be in				

<b>NSW</b>	<b>NT</b>	<b>Qld</b>	<b>SA</b>	<b>Tas</b>	<b>VIC</b>	<b>WA</b>	<b>Current ACT</b>	<b>Proposed ACT</b>
raised by \$55 for each additional person.		Couple +3 \$804			receipt of at least \$1 of Centrelink pension/allowance or DVA service pension or have income under \$286.	before 31/8/92, 100% of tenant and spouse income plus 21% of income of non dependent family members is counted as income. For tenants occupying after 31/8/92, 100% of income of all non dependents under 21, 10% of their income is counted.	earnings at 30 June 1999.	

**Rent calculation policy – Percentage of income paid on rent**

NSW	NT	Qld	SA	Tas	VIC	WA	Current ACT	Proposed ACT
18% of tenants housed before 4/2/90 on the Age/disability Support or Veteran's Affairs Pension and other income received does not exceed \$11 (single) and \$22 (couple) and the household is only the tenant and or spouse.	Tenants housed after 25/1/99 pay 23%, with the exception of the aged who pay 18%.  For those housed before 25/1/99, aged and disability pensioners pay 14% of income up to pensioner	There are two rent scales. <b>Scale A:</b> For tenants housed prior to 1/11/97 or applicants on the Disability Services Register, 21.5% of gross income (when income max is \$300 per week). Then calculates 26% on	Below base income (adult single New start rate, currently \$162.85) tenants pay 19.5% of their income in rent (metro) and 18.5% (non metro).  Above the base income, a sliding scale is used starting at 21.1% for non metro and 22.4% for metro and going up to 25%. The income range for the sliding scale is \$162.85 at the start for both metro and non	For those with an income below \$248 pw, 21.5% of income is paid on rent. Those earning above \$248 pw, pay 21.5 to 25% of income.  The incomes of all members of the household are assessed. Centrelink and DVA specific purpose payments are excluded except for Family	25% of income for new tenants as from 17/11/97. Tenants who signed a tenancy agreement before 17/11/97 pay 23%.	For tenants occupying after July 1997, rents are calculated at 25% of household income, or the property market rent whichever is the lower.  Tenants occupying before July 1997 pay 22.5% of gross assessable income if their income is under \$354 per week. For any income above this threshold, 30% is paid on rent up to a max. of	For tenancies before 1/7/98, the percentage of tenant's income is being increased progressively until it reaches 25%.  Minimum weekly rent is \$20.	25% of tenant's income is paid on rent.  Minimum weekly rent is \$30.



NSW	NT	Qld	SA	Tas	VIC	WA	Current ACT	Proposed ACT
<p>20% of statutory income.</p> <p>20%-25% sliding scale for non statutory income for household members 25 years and over. A deemed interest rate is applied to savings. The first \$5000 is disregarded.</p>	<p>threshold level, 20% , thereafter.</p> <p>Sole parent pensioners pay 18% of income up to the pensioner threshold level and 20% thereafter.</p> <p>205 for other rebated tenants up to NT minimum male adult</p>	<p>26% on any additional income.</p> <p><b>Scale B:</b> For tenants after 1/11/97, 25% of gross income.</p>	<p>metro to \$216.55 metro and \$245.25 non metro. Above this, 25% of income or market rent applies.</p> <p>Aged Cottage Flats</p> <p>Pensioners occupying Cottage Flats pay 16% of Age Pension rate where the unit has no separate bedroom. Pensioners occupying cottage flats with separate bedrooms pay 18% of the Age Pension.</p> <p>Frozen Rents-</p>	<p>Allowance where 75% for the first 3 children and 50% for 4<sup>th</sup> and subsequent children is included as income to determine rent.</p> <p>Generally, the amount of rent paid by pensioners or beneficiaries is calculated on gross income, minus specific purpose payments.</p> <p>For wage earners, the amount is calculated on gross income, minus specific</p>		<p>25% of total income or the property market rent whichever is the lowest.</p> <p>Pensioners without dependants or other income earning residents receive a Pensioner allowance deduction from the calculated rent, singles \$2.60 pw and couples \$4.40 pw.</p>		

NSW	NT	Qld	SA	Tas	VIC	WA	Current ACT	Proposed ACT
	weekly earnings, and 28% , thereafter.		Some long standing tenancies are subject to a  ‘frozen rent’ policy which was discounted in 1988. If a tenant attained the age of 75 years prior to 2/7/88, their rent was frozen at that birthday.	purpose payments, tax and the Medicare Levy.				

## General rental allocation policy including waiting list criteria

<b>NSW</b>	<p>Separate lists for wait turn, priority, Aboriginal, and transfer applicants.</p> <p>Category model being developed for implementation Jan 2001.</p>
<b>NT</b>	<p>Applicants are allocated housing in chronological order. There are separate waitlists for singles, single pensioners (aged and disability) and those approved priority housing</p>
<b>Qld</b>	<p>Primarily wait turn system with limited priority allocation system (introduced in 1997). Wait list based on geographical zones.</p>
<b>SA</b>	<p>As at June 1999, old system still operational, ie single wait list with priority allocation system for applicants with urgent needs supplements the wait turn allocation process.</p> <p>A new segmented waiting list will be fully operational as of March 2000. This has four categories of need: urgent need, high/complex housing need, affordability related need and transfer applicants</p>
<b>Tas</b>	<p>Category 1 applicants have the highest housing need, and all applications in each are considered to have the same level of need.</p> <p>Once placed in a category, offers are made on a wait turn basis. As only offers of homes appropriate to an applicant's household type, need and locational preference are made, it is possible that applicants from category 2 and below are housed ahead of those in category 1.</p>
<b>Vic</b>	<p>Segmented waiting list:</p> <p><b>Segment 1</b> – long term homelessness</p> <p><b>Segment 2</b>-disability, frail aged, severe medical needs, significant personal support and/or major housing modifications.</p> <p><b>Segment 3</b>-those with unsuitable housing who are unable to access private rental market</p> <p><b>Segment 4</b>-those on low incomes only</p>

<b>WA</b>	There are separate waiting lists for emergency housing, priority assistance, wait turn assistance and Aboriginal housing. Applicants are waitlisted by zones. In the metropolitan area, a zone covers several suburbs.
<b>Current ACT</b>	Separate waiting list for priority applicants. Wait turn applicants are allocated in order of application
<b>Proposed ACT</b>	Segmented waiting list: <b>Segment 1:</b> applicant's in urgent need of housing. <b>Segment 2:</b> applicant's for whom the private rental market is not suitable or accessible as a long-term option. <b>Segment 3:</b> applicant's with affordability problems. <b>Segment 4:</b> tenant's who wish to transfer within public housing properties for reasons of personal preference.

The data concerning minimum weekly rent can be found in the table titled, Rent calculation policy – Percentage of income paid on rent.



## **Appendix 4 Acronyms**

AAT	Administrative Appeals Tribunal
ABS	Australian Bureau of Statistics
ACTCOSS	ACT Council on Social Service
ATSIC	Aboriginal and Torres Strait Islander Commission
CHC	Community Housing Canberra Ltd
COTA	Council on the Ageing
CSHA	Commonwealth/State Housing Agreement
DPI	Disabled Peoples Initiative
GST	Goods and Services Tax
HRC	Housing Review Committee
NATSEM	National Centre for Social and Economic Modelling
SAAP	Supported Accommodation Assistance Program