18 December 2017

Committee Secretariat
Senate Standing Committee on Economics
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Dear Committee Secretariat

SUBMISSION TO THE SENATE STANDING COMMITTEE ON ECONOMICS - TREASURY LAWS AMENDMENT (NATIONAL HOUSING AND HOMELESSNESS AGREEMENT) BILL 2017 [PROVISIONS]

NT Shelter welcomes the opportunity to contribute to the Economic Legislation Committee's inquiry and report into the *Treasury Laws Amendment (National Housing and Homelessness Agreement) Bill 2018 [Provisions]*.

NT Shelter is the Northern Territory's peak body for affordable housing and homelessness.

The needs of homeless people, those who are at risk of homelessness, and low-income earners experiencing rental unaffordability are dependent on a whole-of-government, non-partisan policy approach. The Commonwealth Government has traditionally, and appropriately, overseen funding for housing across the nation through the Commonwealth State Housing Agreement (CSHA) and, more recently, the operation of the National Affordable Housing Agreement (NAHA) Special Purpose Payment and National Partnership Agreement on Homelessness (NPAH).

It is noted in the Bill that three of four benchmarks set out in the current NAHA have not been achieved or are unlikely to be met. It is therefore appropriate to review the funding framework and preconditions for funding.

Allocation of Funding under NAHA and NPAH

Funding received from the Commonwealth under NAHA and NPAH for affordable housing and homelessness is manifestly inadequate for the particular and unique circumstances facing the Northern Territory.

Based on the 2011 ABS Census, the rate of homelessness in the NT is a staggering **14.7 times** that of the Australian average[1]. However, because the bulk of funding for housing and homelessness services has been distributed on a per capita basis, the Northern Territory receives only 1.3% of the available funding.

The following table (Table 1) sets out the distribution of Commonwealth funding to the various states and territories for the year ending 2015-16.

Table 1 - Australian Government Nominal Expenditure ($ million) – NAHA and NPAH 2015-16[1]

	NSW	VIC	QLD	WA	SA	TAS	ACT	NT	AUST
NAHA SPP	424.3	331.7	266.0	144.0	94.2	28.6	21.7	13.5	1,324.1
NPAH	30.0	22.8	28.7	15.0	8.9	2.8	1.5	5.3	115.0
Total	454.3	345.5	294.7	159.0	103.1	31.4	23.2	18.8	1,439.1
% of total	**31.5**	**24.6**	**20.5**	**11.0**	**7.2**	**2.2**	**1.6**	**1.3**	100%

The funding allocation of NAHA SPP on a per capita basis provides $13.5 million to the NT or a miserly 1.3% of the national total. If the state of public housing and homelessness in the NT was comparable to that of other states and territories, a per capita distribution would be reasonable. However, the level of disadvantage across Northern Territory communities is well known and well documented. Public housing stock is in short supply and often in poor condition, with long waiting periods of up to 8 years[2]. There is a paucity of supported accommodation[3] and community housing available despite strong demand across the NT. Domestic family violence is a very significant and increasing problem in the NT[4] and the most significant driver of homelessness[5].

An $18.8 million allocation from a $1.4 billion national fund, given the affordable housing and homelessness challenges across the Northern Territory, is overwhelmingly inadequate and inequitable. The Australian Institute of Health and Welfare (AIHW) has now accumulated six years of comprehensive data across Australia on the characteristics on the demand (met and unmet) for homelessness services. The evidence is now available to determine how the available funding pool should be allocated to the states and territories. Put simply, the resources should be apportioned according to need. Continuation of a per capita method of distribution is not appropriate and delivers non-sensical distributions in view of what the data is demonstrating.

Demand for Specialist Homelessness Services in the NT increasing at a Disproportionate Rate

Last week the Australian Institute of Health and Welfare released its sixth annual report into Specialist Homelessness Services (SHS) across Australia. This comprehensive dataset provides an evidence base regarding the characteristics of clients of SHS, the services requested, outcomes achieved, and unmet requests for services[6].

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[1] Productivity Commission, *Report on Government Services 2017*, January 2017

[2] NT Department of Housing and Community Development, *Public Housing Wait Times as at 30 June 2017,* https://dhcd.nt.gov.au/our-services/public-housing-wait-times

[3] Supported accommodation shortfalls in the NT include crisis shelters, youth shelters, visitor accommodation, social housing and a range of other special-purpose short, medium and long accommodation to support client needs

[4] Reported domestic and family violence increased by 2% on the previous year according to NT Police crime statistics.

[5] A total of 38.9% of NT clients for specialist homelessness services cited domestic and family violence as their main need for assistance according to the Australian Institute of Health and Welfare's 2016-17 annual report.

[6] Australian Government, Australian Institute of Health and Welfare, *Specialist homelessness services annual report 2016-17,* https://www.aihw.gov.au/reports/homelessness-services/specialist-homelessness-services-2016-17/data

A total of 9,178 people across the Northern Territory sought the assistance of specialist homelessness services providers last year, a rise of 13% on the previous year[7]. The rate of increase far exceeded those of other states and territories, with a 3% increase nationally.

The per capita rate of demand for services is more than twice, and in most cases three times, that of other states and territories. The client demand in the NT is 374 clients per 10,000 population whereas the national average is 117.1 per 10,000.

Unsurprisingly, the rate of unmet demand in the Northern Territory for SHS client services is disproportionately high. As outlined in Table 2, unmet demand represents 45.3% of total client demand in the Northern Territory compared to 23% nationally (which includes NT figures).

Table 2 – Northern Territory Client Demand for Homelessness Services compared to National Average

	Northern Territory	National Average
Client demand per 10,000	374	117.1
Total Clients	9,178	288,273
% of total clients	3.2%	100%
Estimated homeless count (ABS)	15,479	105,000
Clients to homeless ratio	0.59	2.74
Unmet client demand[8]	4,161	66,320
Unmet to total clients ratio	45.3%	23.0%

The other telling ratio is that of total clients to estimated homeless count. Nationally, specialist homelessness service providers are able assist 2.74 clients for every homeless person. This means that they have an ability to assist clients who are homeless as well as those that are at risk of homelessness. The data provided by AIHW in the 2016-17 Annual Report demonstrates that almost 9 in 10 clients living in public or community housing were assisted to maintain their existing tenancy.

In contrast, SHS providers across the NT do not have the capacity to assist all potential homeless clients let alone those at risk of losing their tenancy. Providers need to prioritise the clients they can assist, often focussing on short term / immediate needs rather than on prevention. For example, longer term accommodation needs of clients could only be addressed for 7% of clients. Increased funding is desperately needed not only for the most vulnerable people who are already homeless but to meet the needs of those who are at risk of losing accommodation and entering into homelessness.

Housing Affordability

Housing and rental unaffordability are not issues confined to major metropolitan centres of Sydney and Melbourne alone. The Northern Territory is currently the third least affordable state or territory to rent a property[9].

[7] Ibid
[8] Ibid, *Table UNMET2: Daily average unassisted requests* (total daily count x 365)
[9] Real Estate Institute of the Northern Territory, *Housing Affordability Report*, December 2016, Deakin ACT, p.3, 15

Further evidence can be given to the Standing Committee, if required, in relation to the shortage of affordable housing stock and issues associated with affordable housing in the Northern Territory. The challenges associated with providing appropriate and affordable housing to low income earners (i.e. the fourth and fifth income quintiles) are in every way as challenging as meeting the needs of those who are homeless or at risk of homelessness.

Again, a total Commonwealth funding provision to the NT of $18.8 million out of $1.43 billion to address housing affordability and homelessness is utterly inadequate and disproportionate to the level of need.

NHHA and a National Housing Strategy

NT Shelter supports calls from other peak bodies including National Shelter and Homelessness Australia for a national housing strategy to accompany a renegotiated NHHA. We reiterate concerns expressed by those organisations that the current Bill is ambiguous as to what a "credible" homelessness strategy and a "credible" housing strategy infers. Any potential cessation or postponement of funding in the event of goals not being achieved by states and territories would only hurt and punish specialist homelessness services and the vulnerable people they are trying to assist.

Goals, targets and deliverables under the NHHA should be co-designed by the Commonwealth, State and Territory Governments in order to ensure that funding provided represents value for money and is directed to where it is needed the most. NT Shelter, like many others, does not have an issue with transparency of reporting and how funds are spent. However, we do have issues with requiring the Northern Territory Government to deliver more outcomes and activities with the same quantum of funding.

Concluding Remarks

Affordable housing and homelessness are significant and growing problems and challenges across Australia. A more significant amount of funding must be available from the Commonwealth under the NHHA if Australia is to improve housing affordability and reduce homelessness.

However, the reality is that these issues are particularly acute in the Northern Territory. Increased investment in infrastructure (social and other affordable housing), service provision and capacity building is needed urgently.

The Northern Territory needs to receive a level of funding from the Commonwealth commensurate with need. Funding for homelessness services, as a minimum, should be in the order of 15% of the national allocation rather than the current level. While the size of the national allocation to affordable housing and homelessness clearly needs to increase, the evidence is clear – the NT for too long has not been receiving a reasonable share.

Yours faithfully

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Peter McMillan
Executive Officer