



NT Shelter Submission to the Territory Economic Reconstruction Commission

23 July 2020

NT Shelter welcomes the opportunity to provide this submission to the Territory Economic Reconstruction Commission (“the Commission”).

About Us

NT Shelter is the Northern Territory’s peak body for housing and homelessness. We advocate for affordable and appropriate housing for all Territorians, especially those with low incomes, and those particularly vulnerable and disadvantaged in the housing market. NT Shelter strongly supports efforts to safeguard and protect the rights of those people for whom access to affordable and appropriate housing remains elusive.

Preamble

NT Shelter is pleased to present to the Commission an opportunity to kickstart the economy, support our heavily hit building and construction sector, get more people working, increase economic activity, and deliver much needed safe, affordable and appropriate housing to Territorians in need.

The severe effects and impacts of the economic downturn have been well documented, including a forecast reduction in residential home builds of 21%. The building and construction sector is clearly facing significant hardship and many Territorians are also facing significant financial hardship through job losses, reduced wage income and housing stress.

Much of the hardship is being acutely felt by low to moderate income earners and those that are homeless.

The provision of social housing is increasingly accepted across Australia as key social and economic enabling infrastructure. With very significant shortfalls in social housing across the NT, now is the time to supporting a struggling building and construction sector and stimulate the economy generally in a manner that represents good public value for money as well fulfilling pressing social objectives.

The COVID-19 pandemic has been described as Australia's largest challenge since the Second World War. We need nation-building and Territory-building infrastructure projects as we emerge from hardship. Australia has embarked on significant social housing construction projects in the past which have been instrumental in underpinning economic recovery. It is hard to envisage a time where a similar response, with win-win outcomes for builders, tradespersons and struggling Territorians alike, would be more needed.

This submission sets out the opportunity and details the economic considerations and benefits involved. We refer to recent research to articulate the benefits to the Northern Territory, as it seeks to rebound from the severe economic and social impacts of COVID-19.

NT Shelter seeks an opportunity to present to the Commission in detail on the contribution that an increased supply of social and affordable housing can make to economic recovery and a more sustainable, resilient, functional and cost-effective housing system generally. We are in a position to do this with the assistance of a small number of national housing experts and academics who can speak in detail to economic modelling and assist the Commission assess the proposal on its merits.

Headline summary of benefits

Economic modelling recently conducted by SGS Economics and Planning¹, when scaled up to a level of 1,050 additional social housing dwellings for the Northern Territory, indicates a build program would:

- Generate additional **GSP of \$340 million**
- Create **280 full time jobs over four years**
- Secure fast roll-out of benefits due to short lead times and existing capability within the community housing sector
- Develop scale and capacity in not-for-profit Community Housing Providers (CHPs), realising strong financial value for the Territory through securing additional Commonwealth Rent Assistance (CRA) to the NT, cost-efficient delivery of social housing, the opportunity to leverage further social and affordable housing development through improved cash flow and strengthened balance sheets, and a viable alternative to expensive, struggling and rigid state owned and managed public housing system models.

A key question for the Northern Territory is how to finance the construction, at scale, of additional social and affordable housing.

In our view a sensible approach is to leverage Commonwealth Government and institutional investor support for the construction of social housing through the provision of low-cost debt finance. This sits nicely within the remit of the National Housing Finance and Investment Corporation (NHFIC). National housing advocates have recently released details of how the scheme could operate nationally².

Securing finance through Commonwealth issued bonds should be particularly attractive to a jurisdiction with severe fiscal constraints and budget pressures. For its part, the Northern Territory

¹ SGS Economics and Planning, Economic Impacts of Social Housing Investment, Final report June 2020
<https://www.sgsep.com.au/assets/main/SGS-Economics-and-Planning-SHARP-Final-ReportSGS.pdf>

² Referred to as the Social Housing Acceleration and Renovations Program (SHARP), the proposal is for a \$7.2 billion bond issuance that would result in the supply of 30,000 additional social housing dwellings across Australia. See <https://www.communityhousing.com.au/wp-content/uploads/2020/05/SHARP-Full-document.pdf?x59559>

Government would support social housing development through being incentivised to contribute land, via an equity investment or via discounted land sale to CHPs. The Territory Government has access to underutilised or surplus land that could be contributed.

Alternatively, or additionally, the issuance of bonds by NHFIC or the Northern Territory Government specifically targeted at a social housing investment program in the Northern Territory would also attract considerable investor interest, especially given the overwhelming levels of need and far reaching social outcomes that would be delivered upon the provision of quality housing at scale. This would be relatively affordable in the current historically low-interest rate environment.

Modelling contained in the Northern Territory Government's Housing Strategy³ shows a shortfall of 8,000 to 12,000 social and affordable homes required across the NT by 2025, approximately 75% of which are estimated to be for social housing,⁴ reflecting the order of magnitude of the gap between the current level of social housing supply and what is needed.

As others have noted⁵, there is a strong historical precedent for the social housing system as a contributor to economic growth and productivity as well delivering equitable housing outcomes for those vulnerable in the housing market. Developments such as the Green Valley project in the Liverpool area of NSW in 1960 have been highlighted as notable examples of the role that housing plays in supporting rebuilding, or the development of new industries and an accessible local source of labour necessary to sustain it.

Context

Across Australia there are an estimated 116,000 persons who were homeless during Census night in 2016. In addition to those who are sleeping rough, or couch surfing, or living in temporary boarding houses, or emergency shelters, or in overcrowded dwellings, many more Australians cannot find affordable housing in the private market, and the social housing system is "under-resourced and manifestly unable to meet demand"⁶.

The situation in the NT is particularly dire, with a significant and disproportionate level of homelessness and acute housing need. The rate of homelessness sits at twelve times the national average, and year-on-year increased presentations to specialist homeless service providers are being seen, and at a pace far greater than the national trajectory.

The Productivity Commission has stated that Australia's public housing system is broken⁷. This is particularly the case in the Northern Territory.

With wait times for public housing up to 8 years, the Minister for Local Government, Housing and Community Development has described the situation as "particularly challenging". Despite significant investment in remote housing in recent years, and over \$150 million of funding for public housing

³ Department of Local Government, Housing and Community Development (NTG), *A Home for all Territorians: Northern Territory Housing Strategy 2020-2025*, https://dlghcd.nt.gov.au/_data/assets/pdf_file/0010/765433/nt-housing-strategy-2020-2025.pdf

⁴ Northern Territory Department of Local Government, Housing and Community Development, *A Home for all Territorians: Northern Territory Housing Strategy 2020-2025*.

⁵ See Flanagan K., Martin, C., Jacobs K., and Lawson J., in Australian Housing and Urban Research Institute (February 2019), *A Conceptual analysis of social housing as infrastructure*, Final report, page 1

⁶ Ibid.

⁷ Productivity Commission, *Social Housing in Australia* (Chapter 5), page 171 <https://www.pc.gov.au/inquiries/completed/human-services/reforms/report/02-human-services-reforms-housing.pdf>

stimulus programs (renovations, repairs etc.) over the past two years, the housing prospects for far too many Territorians remain dire.

Aboriginal persons represent one third of the Territory's population but are significantly overrepresented at 88.5% of all homeless persons.⁸ A total of 83% of homeless persons in the NT live in severely overcrowded dwellings, requiring four or more additional bedrooms. The majority (71%) are found in remote or very remote communities outside of Alice Springs and Darwin.⁹

Put simply, a lot more houses are needed in urban, regional and remote communities across the Northern Territory. We have already referred above to the NT Government's own estimate of the shortfall above (8,000 to 12,000 homes).

Access to safe, affordable and appropriate housing is a fundamental human need and one enshrined in international human rights law. The absence of suitable housing for low to moderate income earners leads to either severe rental stress or homelessness. Both have significantly adverse implications, in economic and social terms, on both individuals and society as a whole.

It is in the Northern Territory's interests to tackle its significant social and affordable housing shortfall. In doing so, we avoid expensive system costs of homelessness (i.e. costs that are incurred across a range of government portfolios) and realise the improved wellbeing and economic benefits that access to stable housing provides.

We make an important distinction between housing affordability and affordable housing. We are referring to low cost, appropriately priced housing that is affordable to those on income support payments or those on low to moderate incomes who are unable to pay market rent. It is inevitably the case that the gap to market rent needs to be subsidised by the state in order to ensure affordability for lower income households.

Costs of homelessness and benefits of providing social housing

There is a substantial, growing body of evidence that quantifies the costs of homelessness across a range of domains.

It is not our intention to reproduce the full extent of the academic and grey literature research undertaken in this field. Instead, we refer to some of the estimated cost savings and benefits of providing last resort emergency housing, and longer-term stable housing, as an alternative to homelessness.

Accessing crisis homeless services is often a person's last resort. Homeless people are often heavy users of non-homeless services like the health system, welfare services and the justice system. Australian Housing and Urban Research Institute (AHURI) reported that in 2010 dollars the average annual costs to these three sectors for a homeless person was \$25,343. The cost of a person with stable housing on these same sectors was \$2,588. AHURI also noted that the cost of supporting a homeless person in accommodation was \$4,890.¹⁰

⁸ Australian Bureau of Statistics, 2016 Census of Population and Housing: Estimating Homelessness, 2016

⁹ Ibid

¹⁰ Zaretsky, K., Flatau, P., Clear, A., Conroy, E., Burns, L. and Spicer, B. (2013) The cost of homelessness and the net benefit of homelessness programs: a national study – Findings from the Baseline Client Survey, AHURI Final Report No. 205, Australian Housing and Urban Research Institute Limited, Melbourne, <https://www.ahuri.edu.au/research/final-reports/205>.

The provision of housing for homeless persons whose lives are in crisis provide benefits in terms of health cost savings, reduced crime, improved human capital, community pride and social justice, avoided property blighting, volunteering benefits and economies of scale and scope in the last resort housing sector. The University of Melbourne's Sustainable Society Institute quantified the economic benefits of addressing homelessness for an entire community (Melbourne) as follows:¹¹

- For every \$1 invested in housing beds to address crisis homelessness, \$2.70 worth of benefits are generated for the community (a BCR of 2.7 over 20 years).
- The annualised value of all benefits is estimated at \$25,615 per new bed provided.

In our view, it is reasonable to assume that the total "system costs" that are saved by providing housing to persons categorised as homeless, including those living in severely overcrowded dwellings in remote and very remote communities, are likely to be substantially higher. This is due to substantially high costs of providing services and other costs of doing business in remote communities, including access and logistics over great distances. An example is the cost to medivac a patient with rheumatic heart disease from a remote community for emergency surgery, the cost of which is often in excess of \$50,000. Rheumatic heart disease and overcrowded housing are inextricably linked.

In his 2017 submission to the Australian Productivity Commission, Associate Professor Robert Parker, President of the AMA (NT), compared the health costs of two people experiencing the same condition. One was a resident of remote Arnhem land and the other was a resident of Campsie in NSW. Dr Parker estimated the costs to the NSW health service in providing care to be \$638.52, the cost to the NT health service to achieve the same health outcome came in at \$38,364.18.¹² A 2018 evaluation of the crusted scabies elimination project also highlighted the necessity for affordable and appropriate housing in the treatment of this preventable disease. The expected health care cost per patient diagnosed with Crusted Scabies is \$31,209.20.¹³ This investment can often be wasted when the patient returns home to an unhygienic and overcrowded living space only to be reinfected.

In a literature review on the subject of social and affordable housing as social infrastructure undertaken by Swinburne University of Technology, substantial social and economic benefits from constructing 100 social or affordable dwelling units per annum were recorded¹⁴. The conclusion reached was that the wider social and economic benefits can be large for both individuals and society, and "in some cases can equal the funding gap that currently prevails in social and affordable housing provision"¹⁵.

Indeed, Infrastructure Australia included social infrastructure in its 2019 infrastructure audit, recognising the role that social housing has in supporting economic growth and quality of life.

In respect of the known impacts between housing and health, it is well established that severely overcrowded housing is one of the most important factors in the transmission of preventable infectious diseases, and increased prevalence of chronic illness within households. This is especially

¹¹ See University of Melbourne, *the Case for Investing in Last Resort Housing*, Issues Paper No. 10, March 2017 https://sustainable.unimelb.edu.au/_data/assets/pdf_file/0010/2740834/MSSI-IssuesPaper-10_Last-Resort-Housing_2017_0.pdf

¹² https://www.pc.gov.au/_data/assets/pdf_file/0006/223386/subdr101-horizontal-fiscal-equalisation.pdf

¹³ [https://static1.squarespace.com/static/56b141b11bbee06392b16f36/t/5c776171eb3931100c9b8395/1551327637716/One+Disease+Ev
aluation+Report_Final.pdf](https://static1.squarespace.com/static/56b141b11bbee06392b16f36/t/5c776171eb3931100c9b8395/1551327637716/One+Disease+Evaluation+Report_Final.pdf)

¹⁴ Swinburne University of Technology, Nygaard C., *Social and Affordable Housing as Social Infrastructure*, 7 November 2019. See <https://www.communityhousing.com.au/wp-content/uploads/2019/11/Social-and-affordable-housing-as-social-infrastructure-FINAL.pdf?x73896>

¹⁵ Ibid.

the case for Aboriginal communities in the Northern Territory, where there is a high burden of disease generally. In particular, there is a high incidence of disease associated with poverty and generally not found elsewhere across Australia including, but not limited to, acute rheumatic fever (ARF) and rheumatic heart disease (RHD), trachoma and scabies. There is also a higher incidence of other illness which results in disproportionately higher rates of hospital admissions for gastroenteritis and other conditions.

Research reported in the Medical Journal of Australia undertaken by Menzies School of Health Research and others showed that people presenting as frequent attendees at the Katherine hospital emergency department were 16 times more likely to be homeless than not homeless¹⁶.

It is also well established that homelessness, and a lack of safe, affordable and appropriate housing that places people at risk of homelessness, drives adverse social and economic outcomes associated with domestic and family violence, mental health, adverse education outcomes, higher rates school attendance rates and a lack of educational outcomes. These are, of course, high and ongoing cost burdens on the Northern Territory budget.

We would be pleased to provide the Commission with an opportunity to hear further commentary on the wider social and economic impacts of social and affordable housing, which are realised in the following respects¹⁷:

- (a) Transitioning people who are homeless to social / affordable housing
- (b) Health savings (including mental health savings)
- (c) Public sector savings
- (d) Social wellbeing and social justice outcomes
- (e) Educational outcomes
- (f) Overcrowding
- (g) Family stability and functioning

The role of Community Housing Providers in driving growth

A lack of state-owned public Housing, an underdeveloped Community Housing Provider (CHP) sector, and the absence of revamped programs to address affordability post the National Rental Affordability Scheme (NRAS), directly prevent people from being able to obtain affordable and appropriate housing in order to exit homelessness.

In the private rental market, research indicates there are almost no rental properties on the NT rental market that are affordable and appropriate for persons on income support payments.¹⁸

The private rental system is not delivering property that is priced appropriately for low income earners. Government intervention is needed to ensure that the gap between affordable rents and market rents can be bridged. At the present time, the failure of the market to supply sufficient social

¹⁶ MJA 204(3), 15 February 2016, *Factors contributing to frequent attendance to the emergency department of a remote Northern Territory hospital*

https://www.mja.com.au/system/files/issues/204_03/10.5694mja15.00648.pdf

¹⁷ We refer here to the framework set out by Associate Professor Nygaard, referenced above.

¹⁸ NTCOSS Cost of Living Report - Issue No. 27, March 2020

and affordable housing, and insufficient government intervention to address the supply shortfall, means that the housing needs of many of Australia's most vulnerable people are not being met. We are seeing this translate into ever growing pressures for the homelessness sector, with commensurate adverse impacts on mental health, chronic illness, education, employment, family violence, interactions with the justice system and poverty.

Social housing that is owned and managed by CHPs can deliver better social, asset quality and economic dividends compared to state government public housing systems. This is due to greater operational efficiencies achieved through operating models and tax concessions, better customer service for clients, the ability to attract Commonwealth Rent Assistance (CRA) revenues, philanthropic interest and reduced liabilities for state governments.

We recognise the fiscal limitations of the Northern Territory Government to deliver, at scale, the supply of social and affordable houses that are needed to meet demand. The challenge is exacerbated by a nascent community housing sector, who would otherwise be a more than capable provider of social housing, but whose market share in the NT is 6.9% (compared to the CHP national average share of social housing of 20.7%)¹⁹. Opportunities to grow the size of the community housing provider segment in the NT must be pursued as a matter of urgency.

Community Housing Providers in the Northern Territory are well placed to develop and manage social and affordable housing. To ensure a successful economic stimulus is achieved, the following five key elements are required:

1. NT Government support for initiatives such as the **Social Housing Acceleration and Renovation Program (SHARP)**, as previously mentioned throughout this submission.
2. **Social and affordable housing construction as a priority** area of focus in economic stimulus programs for the NT.
3. **Provide Community Housing Providers with title to land** from the Territory at zero cost or, at the very least, at significant discounts to market prices. This could be land currently zoned *Community Purpose* or land on which an uninhabitable public house is located, amongst other options.
4. **Public Housing stock (title) transfer at scale** to ensure both balance sheet and cash flow to facilitate the borrowing power and capacity repayment of CHPs in their development aspirations and achievement of economic stimulus (and noting that the tenants of Community Housing Providers are eligible for Commonwealth Rent Assistance which results in CHPs being able to achieve higher rents without tenants being placed in rental stress).
5. **20-year head-leasing arrangements** which provide the cash flow necessary for the CHPs to be able to obtain development finance.

We need to unlock the potential for growth in social housing in the Territory by removing obstacles that are preventing further investments from being commercially viable.

NT Shelter, representatives of the Community Housing Provider sector in the Northern Territory, and subject matter experts from across Australia are keen to assist the Commission in further exploring

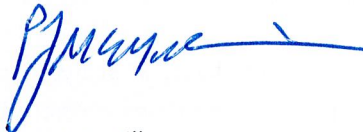
¹⁹ Productivity Commission Inquiry Report, *Introducing Competition and Informed User Choice into Human Services: Reforms to Human Services*, No.85, 27 October 2017, page 171

the opportunity that a much needed boost to social and affordable housing supply can provide, as well as expand on how this can best be achieved.

We include, for your information, further context in the attachment to our submission regarding the Northern Territory's housing and homelessness challenges and what we see as being necessary to address them more effectively.

We thank members of the Commission for the opportunity to put this submission for consideration and wish you well in the important work that lies ahead.

Regards



Peter McMillan
Executive Officer

attach.

Further Context on the Northern Territory's Housing and Homelessness challenges

Why is there such a housing shortfall in the Northern Territory?

The severe shortage of social and affordable housing in the Northern Territory is obvious, with high rates of severe house crowding and long wait lists for housing. Some of the main drivers for the current situation are as follows:

1. A lack of investment in social housing, and Aboriginal housing in particular, over successive decades. The history of Commonwealth investment in Indigenous housing is revealing – for the 22 years from 1968 to 1990, the Commonwealth invested only \$580 million. Significant investment in programs such as CHIP/NAHS, SIHIP and NPARIH saw much needed investment (totalling \$8.47 billion in total between 1990 and 2018).
2. The lack of investment in new housing, as well as repairs and maintenance of existing stock, means that much of the NT's housing stock is not fit for purpose, is old, dilapidated and beyond economic repair. We have never caught up with the housing backlog arising from under-investment.
3. For its part, in 2017 the Northern Territory committed \$1.6 billion over 10 years for remote housing. It has also committed additional funding of \$169 million for urban public housing stimulus, including new builds, over the past two years. In a small jurisdiction, this is a very significant investment, especially when compared to the overall investment since 1968. However, the results in terms of net new dwellings (i.e. total new builds less demolished stock) is less impressive:
 - a. A net increase of 136 remote public housing and town camp dwellings over the past three years
 - b. A net increase of 23 dwellings in urban communities over three years*
4. The Northern Territory is Australia's smallest jurisdiction and the one with the least fiscal capacity to invest in housing. Unlike other jurisdictions, the NT is unique in not having any "housing first" capacity such as a Common Ground or Youth Foyer model. In addition to minimal or no avenues for permanent housing for many people, there is a sheer lack of crisis accommodation across the NT and virtually no transitional or supported accommodation.
5. Slow turnover of existing stock – in Alice Springs there were 139 public housing allocations in 2019. With a wait list of 1,181 the expected wait time is over 8 years.

**The Northern Territory Government's Housing Strategy outlines a shortfall of 8,000 to 12,000 social and affordable homes over the next five years, reflecting the order of magnitude of the gap between the current level of new housing supply and what is needed.*

Rental Affordability

In the private housing market, the NT is one of the least affordable jurisdictions in the country in which to rent a property – a consequence of historically high rents and a volatile economy.²⁰ The Northern Territory has an underdeveloped community housing sector and far too little stock of social and affordable housing assets. This mismatch between supply and demand for social housing translates into wait-times for public housing and a lack of housing options for transitional and longer-term purposes. For those eligible for public housing, the waitlist can be up to 6-8 years in urban areas across the Territory.²¹

An elevated and tailored response to the Northern Territory's pressing and disproportionately high housing and homelessness challenges is required. This is especially the case in relation to the provision of housing in remote communities, and other key regional infrastructure to address Aboriginal housing and homelessness disadvantage.

Mental Illness

Mental Illness is both a consequence of, and a precursor to homelessness. Failure to adequately fund mental health services reduces the sector's ability to prevent severe mental illness and thus prevent homelessness.

Across Australia, around one third of all clients seeking support from Specialist Homelessness Services in 2017-18 were experiencing a current mental health issue. 52% of these clients were housed and at risk of homelessness. Over half were complex needs clients with additional vulnerabilities such as domestic and family violence and substance misuse.²²

NT Shelter recently made a submission to the Productivity Commission Investigation into the Social and Economic Benefits of Improving Mental Health 2019²³. As outlined in this submission, mental illness is both a driver and a consequence of homelessness.

Overcrowded Housing

There has been a range of estimates of the magnitude of the shortfall of housing in the Northern Territory. Research released in early 2019 by the UNSW City Futures Research Centre identified a current shortfall of 9,000 social and affordable dwellings in the NT and a further 8,300 needed by 2036.²⁴

²⁰ NTCOSS and NT Shelter, Cost of Living Report Part 2: Housing, June 2018

²¹ https://dlghcd.nt.gov.au/_data/assets/pdf_file/0011/589763/dhcd-annual-report-2017-18.pdf

²² <https://www.aihw.gov.au/reports/homelessness-services/specialist-homelessness-services-2017-18/contents/client-groups-of-interest/clients-with-a-current-mental-health-issue>

²³ https://ntshelter.org.au/wp-content/uploads/2019/04/NTS_PC-Mental-Health_fnl-050419.pdf

²⁴ Dr Laurence Toy and Professor Bill Randolph, UNSW Sydney, City Futures Research Centre, Filling the Gap: Costing a National Affordable Housing Program, <https://cityfutures.be.unsw.edu.au/research/projects/filling-the-gap/>

In remote Aboriginal communities, 54% of homes are considered overcrowded. A lack of new, culturally appropriate designed housing has been a longstanding, systemic issue that has contributed to this situation becoming the norm for too many Aboriginal communities across the Northern Territory²⁵.

However, in most communities across the Northern Territory, overcrowded housing remains insidious. A lack of housing construction, repairs and maintenance over many years has led to houses falling into disrepair and being uninhabitable.²⁶

Funding based on need is essential if Territorians are to receive an equitable level of service

Quality, well designed and financed programs which support people who are not only homeless but also those at risk of becoming homeless are vital for closing the gap between Aboriginal Australia and the larger Australian community and, more broadly, if we are to break the cycle of poverty and disadvantage experienced in cities and towns across our nation.

We draw the attention of Commission members to the following facts:

- NT homelessness is estimated at 13,717 persons, a rate 12 times the national average.
- Aboriginal persons represent a staggering 88% of all homeless persons, far beyond their share of the population (30%)
- Demand for homelessness services in the NT has risen by 25% since 2014-15. In the past 12 months alone, demand increased by 3.4% in the NT compared to a rise of 0.4% elsewhere²⁷.
- The Northern Territory Government does not have the financial capacity to meet the huge backlog of housing and homelessness infrastructure required. It is the jurisdiction least able to meet short to medium term housing needs of many Territory children and families.
- Funding for the NT is overwhelmingly inadequate and inequitable given the affordable housing and homelessness challenges across the Northern Territory:
 - Almost one half (48.4%) of people seeking help in the NT are unable to be assisted
 - This is twice as high as unmet requests nationally (23%)
 - The per capita rate of demand for services is over three times that of other states and territories and growing (demand in the NT is 390 clients per 10,000 population compared to the national average of 116 per 10,000)
 - Services are restricted to a limited number of urban centres, with many remote and very remote communities not having access to any services. This is at odds with the fact that the majority of homelessness is in those communities. There is therefore a substantial level of unknown demand, additional to the already large volume of unmet demand.
- In the past 12 months, requests for assistance from young people in the NT presenting alone increased by 24%, compared to a slight reduction nationally.

Under existing National Partnership Agreements for Homelessness and Affordable Housing (NHHA), funding is principally allocated on a per capita (population) basis without regard to need.

Accordingly, and as outlined in Table 1 below, the NT received a mere \$19.7 million, or 1.3% of total Commonwealth funding allocated to affordable housing and homelessness of \$1.53 billion.

²⁵ For an overview of the state of overcrowding in remote Aboriginal communities and future prospects, refer the *Remote Housing Review – A review of the National Partnership Agreement on Remote Indigenous Housing and the Remote Housing Strategy (2008-2018)* https://parliament.nt.gov.au/_data/assets/pdf_file/0003/706683/TP-5-1.pdf

²⁶ *ibid*

²⁷ Australian Institute of Health and Welfare, Specialist Homelessness Services annual report 2018-19, web report, (last updated 18 December 2019)

The data paints a disturbing picture of a funding system that is failing vulnerable people in the Northern Territory at a disproportionate and ever-increasing rate. The situation in both absolute terms and continued trends is alarming, and further undermines efforts to close the gap on Aboriginal disadvantage.

NHHA Allocations to States and Territories

State	Estimated Homeless 2016 Census	Rate per 10,000	NHHA + NAHA (\$ Million)	% of Total	Rank (actual homelessness)
NSW	37,708	50.4	476.5	31.0%	1
Vic	24,818	41.9	395.2	25.7%	2
Qld	21,675	46.1	314.3	20.5%	3
WA	9,004	36.4	163.5	10.6%	5
SA	6,222	37.1	107.5	7.0%	6
ACT	1,593	40.1	26.0	1.7%	8
TAS	1,619	31.7	33.2	2.2%	7
NT	13,721	599.6	19.7	1.3%	4
TOTAL		49.7	1535.8		

Table 1: Time for change. The NT receives a tiny and unreasonable proportion of Commonwealth funding for homelessness services despite its disproportionate and overwhelmingly high homelessness count

While the provision of housing is fundamental in ending homelessness, there is a need for adequately funded specialist homeless services (SHS) that assist those who are homeless or at risk of becoming homeless. For a person in housing crisis, these services are essential in maintaining tenancies and receiving the professional supports they need. When provided, these services get results and mitigate broader system costs in key areas including mental health, domestic and family violence, hospital admissions, educational outcomes, interactions with the justice system and so on.

In 9 cases out of 10, SHS providers can maintain a person's tenancy when assistance is provided. They are effective and ensure that more people across Australia do not become homeless. They are instrumental in securing healthy, functioning and vibrant communities.

The next iteration of the NHHA must deliver a model where distribution of Commonwealth funding is driven by the relative needs of each state and territory rather than their population size. Discussions with the states on an alternative distribution formula need to begin now. This Inquiry should recommend that happen. Until a replacement model is negotiated, the Australian government should provide interim additional funding in the form of a supplementary payment that recognizes the sheer level of demonstrated unmet demand and acute housing and service shortfalls in the Territory.

All Australians impacted by homelessness should expect to receive adequate and equitable support from their Government. There should be no disparity in Australian government investment into homelessness by state or territory. The following illustration showing spending per person on homelessness reflects the nonsensical nature of the current funding distribution model.

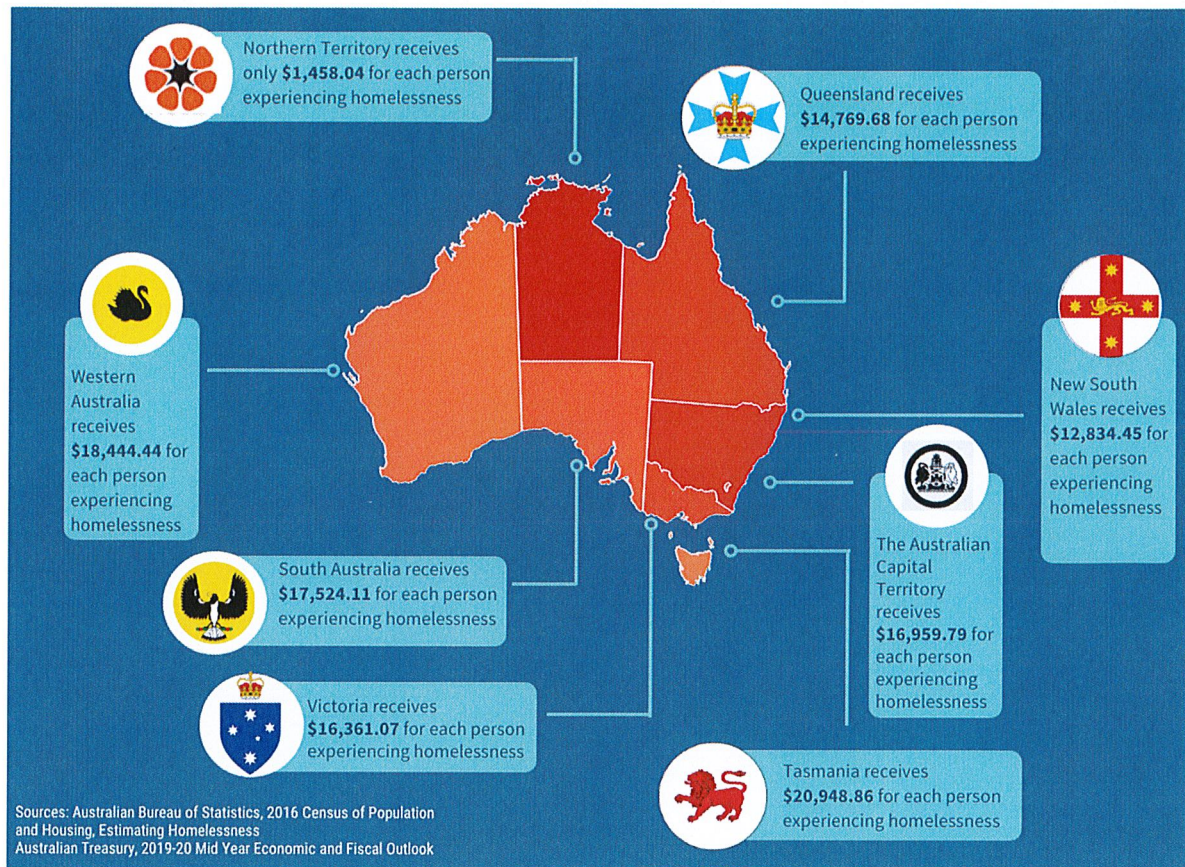


Illustration 3: A homeless citizen in the NT receives less than 7% of the investment Tasmania makes in its homeless citizens.

What is needed

NT Shelter and its members believe the following measures need to be implemented in order to effectively support those who are homelessness, and to provide much needed tenancy support to those who are housed but at risk of homelessness

1. Increase the quantum of Australian Government funding for Northern Territory Government-provided housing and homelessness services through a re-set funding allocation model through the National Housing and Homelessness Agreement (NHHA) which is based on need instead of population size.
2. Funding for the Northern Territory needs to be comparable to that provided to Western Australia, on an interim basis, in order to stem the growing tide of homelessness and meet unmet service demand and housing backlog until the NHHA expires in 2023.

Why? The level of unmet demand for homelessness services is **twice** the rate of other states. In particular, the needs of Aboriginal persons, women, and young people are not being met and the level of unmet demand is growing. The NT receives only \$19 million a year from the Commonwealth Government because we have a small share of Australia's population. This has to change.