

HOUSE OF ASSEMBLY
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Triennial Review 2013-14 to 2016-17

South Australian Housing Trust

*South Australian
Housing Trust*

Triennial Review

June 2018



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Executive summary

The Triennial Review is a legislative requirement under the *South Australian Housing Trust Act 1995* (the Act). Renewal SA, on behalf of the Minister has commissioned PwC to conduct the Triennial Review over the period of 2013-14 to 2016-17. The responsible Minister at the time the review was commissioned was the Minister for Housing and Urban Development. Since the change of Government during the period of writing the review, there have been changes to Ministerial portfolios. The review is focused on the Terms of Reference developed by Renewal SA in conjunction with the SAHT Board and stakeholders on behalf of the Minister. These can be found in Section 1: Introduction.

The SAHT is the primary vehicle for the State and Commonwealth to assist South Australians in need of a secure and supportive housing solution. The SAHT provides an array of functions across the housing continuum, ranging from crisis accommodation to affordable home ownership initiatives, with a concentration of operations focused on the social housing sector through its public and Aboriginal housing programs.

Operationally over the review period, the SAHT's governance and structure has changed. In February 2015 the State Government finalised changes in the structure of the SAHT, with responsibility for the Act transferred to the Minister for Housing and Urban Development. Functions under the Act are carried out through two State Government agencies (Renewal SA and Housing SA) as detailed within two Service Level Administrative Agreements (SLAAs). Renewal SA are responsible for asset and supply strategy and Housing SA are responsible for service delivery, including maintenance. A Memorandum of Administrative Arrangement (MOAA) also exists between the SAHT and the Department for Communities and Social Inclusion relating to Corporate Overhead Funding. Previously Housing SA had responsibility for all functions of the SAHT and the Minister for Social Housing was solely responsible for the Act.

Social housing in South Australia is experiencing significant levels of change across a multitude of factors. Tenants within the social housing system are becoming increasingly vulnerable with complex needs and the involvement of community housing providers in the system is growing.

Statistical analysis on the tenant, allocation and housing register profiles of those within public or Aboriginal housing together show that the average SAHT tenant is increasingly likely to be single, older, and reliant on Commonwealth Supports and reside in public or Aboriginal housing for longer periods. This analysis is found in the body of the report and summarised below:

- Over the review period the proportion of single or single parent households has increased from 76% to 78% and this household type represents 87% of allocations and 85% of the register
- At present only 10.2% of tenants report wages or other forms of private income as their primary source of income with greater than 85% reporting some form of Commonwealth support. This is even more extreme for recent allocations with only 4% reporting wages or other private income as their primary source of income and greater than 90% reporting some form of Commonwealth support
- The proportion of tenants who have been in public or Aboriginal housing for more than 10 years has increased from 44% to 50% over the review period
- The proportion of tenants aged over 55 years old has increased from 54.1% to 58.8% over the review period, likely a result of the increased length of support tenants are receiving. Interestingly those still on the housing register or recently allocated housing are younger, with 58% of those on

the waitlist and 61% of recent allocations being under 45 years of age. The relatively small number of allocations available across the portfolio and the extended length of tenure of existing tenants means the average age is still increasing.

Transfers to the community housing sector have and will continue to change the dynamic of the housing system in South Australia. The SAHT has recently completed two tranches of transfers to selected community housing organisations totalling approximately 5,000 properties. Each transfer has specific objectives, the focus of the first tranche is placemaking and maintenance whilst the focus of the second tranche is achieving asset renewal and development outcomes.

This report is structured such that initial sections (1-4) provide contextual information of the operations and trends in SAHT performance over the review period, followed by an overview of the characteristics to be considered within a future housing system in section 5 and the final section (6) contains the individual response to each of the 8 Terms of Reference. Throughout the report there are a number of key themes that underline the position of the SAHT and some, if unattended, will have impacts on the viability of the SAHT moving forward. These have been discussed in the below table.

Key Themes	Details/Implications
The social housing tenant profile is changing	<ul style="list-style-type: none"> • More vulnerable and at risk tenants result in: <ul style="list-style-type: none"> – Increased cost of service provision – Reduced rental revenue. • Together placing increased financial pressure on the SAHT to continue to deliver outcomes • Tenants are less likely to have the capability to enter the private market resulting in low stock turnover and limiting allocations.
Housing affordability for low income South Australian's is decreasing	<ul style="list-style-type: none"> • Low income South Australian's in social housing with rental payments proportionate to household income are not in rental stress • Low income South Australian's that are in the private rental market and receiving CRA (Commonwealth Rent Assistance) are often in rental stress • More South Australians will enter rental stress and likely increase the number of people on the social housing register • Current trends indicate that social housing will only service those in most need and at highest risk of homelessness • Many people in need of social housing but not at risk of homelessness will remain in the private market and likely continue to experience rental stress
The functions and responsibilities of the SAHT are changing	<ul style="list-style-type: none"> • Functions and responsibilities required upon the SAHT have increased over time resulting in a broader scope of service. Some of these additional functions have not been funded • Skillsets required to undertake responsibilities are changing and the SAHT will be required to upskill existing staff or employ people with new skills.
Funding level and mix impact the SAHT's ability undertake operations and renewal objectives	<ul style="list-style-type: none"> • Year on year funding under the State budget process has varied which impacts the SAHT's ability to develop/deliver long term plans • Any reductions in funding has resulted in the SAHT undertaking additional asset sales, spending cash balance or reducing maintenance expenditure to meet operating costs • Asset sales reduce total stock holdings and the number of housing outcomes

Key Themes	Details/Implications
Asset condition and suitability will require capital expenditure to meet tenant needs	<ul style="list-style-type: none"> Whilst the current asset base is large and asset sales can continue for a period of time, this strategy is not sustainable. No full asset condition assessment has been undertaken recently — there is expected to be a significant maintenance backlog requiring large capital outlays in future years to ensure properties meet tenant requirements Underutilisation and overcrowding figures indicate properties do not meet changing tenant profile needs Realignment of properties to meet tenant requirements is costly. The SAHT has undertaken strategies to redevelop properties through the transfer process to the community housing sector The SAHT currently is developing a strategic asset management plan that will determine the extent of the maintenance backlog. It is estimated this will be in the order of \$700m and without immediate action this will likely continue to grow.
A long term, system level strategy will be required	<ul style="list-style-type: none"> There is no current system level strategy that identifies the interactions and roles of different providers within the broader housing continuum The new Commonwealth Funding agreement (NHHA) will require the State to develop a system level strategy. A long term system level strategy will: <ul style="list-style-type: none"> Provide clarity of responsibilities and operations to be conducted by the SAHT and other housing organisations Define the future multi-provider housing system and the integration between different housing organisations The role of the SAHT will likely differ in a future housing system compared to current state.
Performance/ accountability frameworks have not been set	<ul style="list-style-type: none"> The SAHT currently does not have a clear performance framework set out through Ministerial direction or funding arrangements resulting in: <ul style="list-style-type: none"> Uncertainty surrounding where effort and focus should be directed Limiting the SAHT Board's ability to effectively manage the financial viability of the SAHT, as it delivers its core business and other conferred responsibilities.
Transparency of information is critical to ensure monitoring of performance	<ul style="list-style-type: none"> Currently the SAHT experiences significant data restrictions. Data available on SAHT properties is not extensive and there is no consistent collection or database for all housing providers. Transparent, accurate and reliable data that is provided in easy to interpret reporting provides clarity in decision making processes. The Business Systems Transformation (ICT system replacement) currently underway will provide a more robust data set.

In line with these key themes above, findings from each of the individual Terms of Reference can be found below.



Terms of Reference #1

What impacts will current and expected changes in the profile of SAHT tenants have on:

- 1 the demand for more appropriate built form and asset planning of total stock;
- 2 net rent revenue;
- 3 the ability to deliver urban renewal; and
- 4 the private rental market.



Findings

The SAHT tenant profile is increasingly becoming more complex, costlier to service and with lower incomes.

- 1 Demand for appropriate built form and asset planning — the existing utilisation of dwellings demonstrates the challenges of matching stock to tenant needs, ie underutilisation of public housing dwellings (26%) compared to relatively smaller incidence of overcrowding of public housing (2%), which rises to 7.5% of Aboriginal housing. As the trends in tenant profile eventuate, the SAHT will face further challenges to:
 - a deliver appropriately sized (ie single/two bedroom) properties;
 - b deliver properties which meet the needs of vulnerable people, including access/provision to appropriate support services;
 - c deliver properties which meet the needs of larger families, in particular amongst Aboriginal and migrant families.

As a result, the SAHT will need to consider a range of different asset planning strategies in order to better meet the needs of tenants through suitable built form.

- 2 Net rent revenue —the current rent policy links rent to household income, including Centrelink benefits (over 85% of tenants already report Centrelink benefits as their primary source of income). In the absence of any rent reform or other policy change, net rent revenue per dwelling is expected to decrease further over time as a result of:
 - a new tenants/allocations being increasingly high need with a high reliance on Centrelink benefits;
 - b increasing proportion of single tenant households; and
 - c **rent policy that doesn't incentivise employment/participation and mobility through the system.**
- 3 Ability to deliver urban renewal — delivery of urban renewal is typically funded by grants and **asset sales rather than tenant rents. As such, the trend in tenant profile will affect the SAHT's** ability to deliver urban renewal noting that:
 - a **The decline in net revenue per dwelling has a marginal impact on the SAHT's financial** capacity to undertake urban renewal; and
 - b Tenant needs around the built form (eg type of dwelling, location, design/modification) may increase the cost of urban renewal projects.

Within this context, we note that there are other potentially more significant factors which affect **the SAHT's ability to undertake urban renewal that are not related to the tenant profile.**

- 4 Private rental market — Limited mobility into private rental sector as limited affordable private rental stock available to lower income earners.
 - a There will be minimal interaction between the current SAHT tenants and the private rental market due to tenants heavy reliance on Commonwealth Supports and hence inability to pay market rental rates. The SAHT also plays a broader role within the housing continuum to influence the supply of affordable housing for all South Australians. The SAHT performs



Findings

these functions through their Private Rental Liaison Program, Private Rental Assistance Program and affordable home ownership initiatives.

- b The SAHT tenant profile already suggests that tenants have low capacity to transition from social housing into the private rental market (50% of tenants are in SAHT accommodation for over 10 years, and only 14% of tenants pay market rents). Further, analysis of rental affordability suggests only a small portion of private rental accommodation is affordable to a single person on the aged pension. The increasing incidence of older people with high needs and unable to maintain employment suggest that the incidence of tenants transitioning to the private rental market will decrease further over time, without intervention.



Terms of Reference #2

What models are in place to best allow the SAHT to undertake its tenancy management responsibility while ensuring tenants are appropriately supported from broader government and non-government agencies?



Findings

- 1 Fundamentally there are differences within the Housing SA (government) and community housing provider models. The government sector is larger, having broader functions, administrative and reporting responsibilities resulting in it being less agile and less flexible to scale up or down. The Community Housing sector also offer affordable housing properties typically providing greater financial returns.
- 2 Specifically with respect to tenancy management and ensuring appropriate government and non-government support, it appears that:
 - a Community housing providers (**CHP's**) are generally able to provide greater focus on regional or individual service attributes
 - b There is no clear difference between tenant pathways
 - c Due to the longstanding connections between Housing SA and other government agencies, there are more observable connection points between Housing SA and government agencies compared to **CHP's**. There is no clear difference between non-government support connections
 - d There are some factors that make comparison difficult such as employment, funding and tax arrangements
 - e The volume base business which can provide efficiencies for SAHT – eg overheads can lead to under-performance when stretched too far with limited visibility on its tenants and assets.
- 3 Future transfers could seek to address the community housing sectors connection to government support services by considering:
 - a Regional transfers; and
 - b Cohort transfers.



Terms of Reference #3

How is the financial viability of the SAHT and its operations impacted by different tenant profile scenarios?



Findings

- 1 The impact of the changing tenant profile and demographics will have a range of impacts on the rent revenue to the SAHT, in particular:
 - a increasing proportion of tenants reliant on Commonwealth supports – new tenant allocations are increasingly reliant on Commonwealth supports and current tenants whose primary income source is wages are ageing. This ageing cohort could also soon be reliant on Commonwealth supports. A 50% shift in primary income source towards the profile of new allocations would reduce SAHT rent revenue by \$5.2 million (or 1.9% decrease in rental revenue);
 - b increasing proportion of single tenant households – average rent revenue per dwelling for single person household (\$103/week) compared to couple (\$172/week) is significant. In 2016-17 89% of new tenant allocations were single or single parent households. Based on the example of a 5 percentage point increase in the proportion of single and single parent tenants, such a shift would reduce SAHT rent revenue by \$6.7 million per annum (or a 2.4% decrease in rental revenue); and
 - c increasing proportion of older tenants – based on the average level of government assistance to individuals, the ageing profile of tenants will result in lower levels of government funding flowing to the SAHT as tenants age. A high-level estimate of the tenant profile over a 40 year period (based on conservative assumptions), suggests a reduction in rent revenue of \$5.5 million per annum (or a 2% decrease in rental revenue).
- 2 The changing profile of tenants will also impact the ongoing cost of service delivery. The cost of service delivery to more complex groups is not currently captured by SAHT, however cost pressures might arise from:
 - a the demand for additional tenancy management and other services, ie already seen through introduction of regional response teams to deal with complex mental health, drug abuse, family violence, and other issues;
 - b increasing requests for property modifications for select cohorts (eg security for victims of domestic violence)
 - c increasing requirement for repairs and maintenance based on property damage.The SAHT has limited levers to address the increasing cost of service delivery, its primary options include asset sales or reduction in maintenance.



Terms of Reference #4

How equipped is the SAHT to make a meaningful impact in the affordable housing sector in light of these growing and evolving challenges?



Findings

- 1 There are many mechanisms available to the SAHT to influence the affordable housing sector, including:
 - a Direct financial support;
 - b Policies and programs such as Inclusionary Zoning;
 - c Advocacy;
 - d Leveraging the current public housing asset base; and
 - e Financing tools such as shared equity.

The SAHT is limited in leveraging the mechanisms to deliver on: whole of system analysis, response to changing tenant needs, influence planning to deliver urban renewal programs, treasury and Commonwealth to deliver on new policy initiatives impacting the sector.

- 2 The most significant mechanism (in terms of expenditure and activity) applied by the SAHT remains direct financial support.
- 3 Given the SAHT's current financial position and funding position (as covered within Term of Reference 3), it does not allow this mechanism to extend much beyond its current levels of impact.



Terms of Reference #5

Do current operations and services funded by the SAHT appropriately reflect its legislative remit, and is this legislative scope appropriate to support a modern housing system?



Findings

- 1 The legislative scope broadened in 2007 from provider of public housing to include functions to promote affordable housing including a provision for the Minister to direct the SAHT to undertake other functions as prescribed, including working with other sectors.
- 2 Over time the SAHT has also had additional functions placed on it as a result of changing policy positions by governments. Some of these functions have been fully funded activities however others receive partial funding (ie services provided however does not consider additional employment impacts) or no do not receive funding. These additional functions place pressure on the SAHT to deliver multiple objectives and could provide for dilution or realignment of effort.
- 3 Current operations and services funded by the SAHT reflect its broad legislative remit.
- 4 The legislation is sufficiently broad to allow the SAHT to operate flexibly within the construct of a future modern housing system, including through ability to deliver system-level outcomes, deeper engagement with CHPs, deliver asset renewal, and secure a range of affordable housing outcomes. There is an importance for the SAHT to align efforts across departments/agencies to deliver housing outcomes. To support a modern housing system, a business model should be developed that enables policy objectives to be achieved in the most effective and sustainable manner.



Terms of Reference #6

Do current SAHT governance arrangements allow the SAHT to appropriately undertake its operations, and are these governance arrangements appropriate for a modern housing system?



Findings

- 1 The current governance arrangements do not place any restrictions on the SAHT in carrying out its current operations and functions under the Act. Similarly, under current governance arrangements the Board and responsible agencies are able to consider alternate strategies, delivery approaches, partnerships, and other means of carrying out the functions of the SAHT.
- 2 However, some consulted in the preparation of this review noted issues of clarity, consistency and culture with regards to financial and operational governance. With the latter largely resulting from the separation of responsibilities between Housing SA and Renewal SA, as two separate agencies performing the functions that used to solely be carried out by Housing SA.
- 3 Financial governance requirements could be clarified through enacting Section 28 of the Act whereby the Minister places explicit financial objectives on the management of the SAHT.
- 4 There is a need to have an overarching strategy to provide line of sight of asset and tenant operations across Renewal SA and Housing SA, and most importantly align the two agencies with a common vision and resolution process.
- 5 The current governance arrangements are sufficiently flexible to allow a range of activities, services, delivery models, and other initiatives to occur in a way which supports the development of a future modern housing system.
- 6 Whilst there are no explicit restrictions of current arrangements on the SAHT's ability to transition to a modern housing system identified, particular attention will need to be given to:
 - a Forming stronger relationships between Housing SA and CHPs to provide a more integrated and simplistic approach for customers, with increased choice and empowerment;
 - b Building sector capability (ie to support skills, training, infrastructure, information sharing, etc.);
 - c Articulating within SLAAs how the various functions of Housing SA, Renewal SA and the SAHT come together and identify responsibility for such coordination issues;
 - d Explicitly dealing with, through SLAAs or other, who has responsibility for broader sector coordination; and
 - e Ensuring consistency of data on service outcomes across the sector. Currently there is a lack of consistent data available beyond **the SAHT's functions**.



Terms of Reference #7

What is the best model to ensure various business units undertaking SAHT activities are appropriately benchmarked to ensure value for money?



Findings

- 1 To ensure value for money a range of benchmarks should be used based on a holistic set of indicators system wide to measure strategic targets and operational performance.
- 2 The best model includes a combination of:
 - a ROGS to set peer comparisons;
 - b Longitudinal data to track performance over time; and
 - c Targets/bespoke studies to ensure specific outcomes are being sought.
- 3 Current data sources are insufficient to provide a holistic set of appropriate benchmarks. The Business Systems Transformations (BST) (ICT system replacement) project currently underway is expected to deliver improved data sources to overcome this issue.
- 4 As per the Auditor-General's findings, operational benchmarks should be revised and designed through SLAAs. We note that this is in the future work plan for SAHT.
- 5 Review of current Board reporting found further emphasis could be considered around the following areas:
 - a Maintenance expenditure as a portion of total asset value;
 - b Asset benchmarks including asset age and condition of stock;
 - c Tenant satisfaction and tenant outcomes; and
 - d Other programs and initiatives outside of social housing.



Terms of Reference #8

What workforce planning is required to prepare for the future state of a multi-provider social housing system?



Findings

- 1 To date, workforce planning/management initiatives by the SAHT have revolved around major initiatives; 'Business Systems Transformation' Project (endorsed by BST Steering Committee July 2017) and the CHP transfer strategy (approved impacts as reordered in Department of Treasury and Finance budget systems).
- 2 The role of the SAHT in future multi-provider social housing system is ultimately dependent on the direction of Ministers and the Government. Regardless of if the role changes, the skills required by the SAHT are likely to change highlighting the importance of workforce planning and development.
- 3 For the SAHT, the benefits of workforce planning in a multi-provider system include: financial benefits; improved financial value; increased capability and capacity; increased public value; and improved decision-making.
- 4 The SAHT should move beyond workforce management strategies to detailed workforce planning to prepare for the future state of a multi-provider social housing system. To achieve this SAHT should:
 - a Understand future talent demands;
 - b Assess talent supply and identify gaps;
 - c Model scenarios and prioritise; and
 - d Develop a workforce plan.

Glossary

Acronyms	
<i>BST</i>	Business Systems Transformation
<i>CHP</i>	Community Housing Provider
<i>CRA</i>	Commonwealth Rent Assistance
<i>CSO</i>	Community Service Obligation
<i>DCSI</i>	Department for Communities and Social Inclusion
<i>DV</i>	Domestic Violence
<i>MOAA</i>	Memorandum of Administrative Arrangement
<i>MOU</i>	Memorandum of Understanding
<i>NAHA</i>	National Affordable Housing Agreement
<i>NDIS</i>	National Disability Insurance Scheme
<i>NPAH</i>	National Partnership Agreement on Homelessness
<i>NPRH</i>	National Partnership on Remote Housing
<i>PwC</i>	PricewaterhouseCoopers
<i>ROGS</i>	Report on Government Services
<i>SAHT</i>	South Australian Housing Trust
<i>SDA</i>	Specialist Disability Accommodation
<i>SLAA</i>	Service Level Administration AgreementArrangement
<i>SOMIH</i>	State Owned and Managed Indigenous Housing

Definitions	
<i>Crisis accommodation</i>	Safe and secure short-term housing for people (commonly homeless, victim of domestic violence, long term unemployed and other complex issues) requiring an immediate housing response
<i>High needs/social housing</i>	Rental housing provided by not-for-profit, non-government or government organisations to assist people who are unable to access suitable accommodation in the private rental market
<i>Public housing</i>	Rental housing owned and managed by the government or leased from the private market whereby rent is no more than 25% of tenant income
<i>Community housing</i>	Rental housing managed by a community housing provider, leased from the private market or owned by either the government or community housing provider

<i>Definitions</i>	
<i>Affordable housing</i>	Housing that is priced so that low to moderate income households pay no more than 30% of their income on rent or mortgage. In South Australia affordable housing is determined under notice in the government gazette and includes a price point, eligibility and legal agreement. The term encompasses both government and community sectors and includes affordable rental and affordable home ownership
<i>Affordable rental</i>	Rental housing for low to moderate income earners where rent is set at a discount to market (eg less than 75% of market rental)
<i>Affordable home ownership</i>	The supply of home ownership for low to moderate income earners at predefined affordable price points (potentially below the normal market rate)
<i>Shared equity</i>	Joint ownership of a property with a housing authority owning a percentage of capital along with a low to moderate income earner
<i>Key worker housing</i>	A sub-category of affordable housing aimed at key workers (nurses, police, firefighters, teachers and early childhood educators, social workers) with the aim of locating them closer to their jobs.

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1. Introduction

1 Introduction

The Triennial Review is a legislative requirement under the *South Australian Housing Trust Act 1995* with Terms of Reference laid out by the Minister. The responsible Minister when this review was commissioned was the Minister for Housing and Urban Development. Since the change of Government during the period of the writing this review, there have been changes to Ministerial portfolios. The Review considers the activities and performance of the SAHT over the period of 2013-14 to 2016-17¹. The review has been supported by the project reference group including members from the SAHT Board, Renewal SA, Housing SA, Department of Treasury and Finance, and Department of Premier and Cabinet.

1.1 Ministerial Terms of Reference

Renewal SA, on behalf of the Minister has commissioned PwC to conduct the Triennial Review. The review is focused on the following Terms of Reference developed by Renewal SA in conjunction with the SAHT Board and stakeholders on behalf of the Minister:

Policy

- 1 What impacts will current and expected changes in the profile of SAHT tenants have on:
 - a the demand for more appropriate built form and asset planning of total stock;
 - b net rent revenue;
 - c the ability to deliver urban renewal; and
 - d the private rental market.
- 2 What models are in place to best allow the SAHT to undertake its tenancy management responsibility while ensuring tenants are appropriately supported from broader government and non-government agencies?
- 3 How is the financial viability of the SAHT and its operations impacted by different tenant profile scenarios?
- 4 How equipped is the SAHT to make a meaningful impact in the affordable housing sector in light of these growing and evolving challenges?

Operations

- 1 Do current operations and services funded by the SAHT appropriately reflect its legislative remit, and is this legislative scope appropriate to support a modern housing system?
- 2 Do current SAHT governance arrangements allow the SAHT to appropriately undertake its operations, and are these governance arrangements appropriate for a modern housing system?
- 3 What is the best model to ensure various business units undertaking SAHT activities are appropriately benchmarked to ensure value for money?
- 4 What workforce planning is required to prepare for the future state of a multi-provider social housing system?

¹ Section 43 (1) of the SAHT Act requires the Minister to cause a report to be prepared on the operations and administration of the SAHT once every three years. Due to the timing of the previous triennial review and the time taken to prepare each report, this review has scope over the last four financial years.

1.1.1 Future housing system

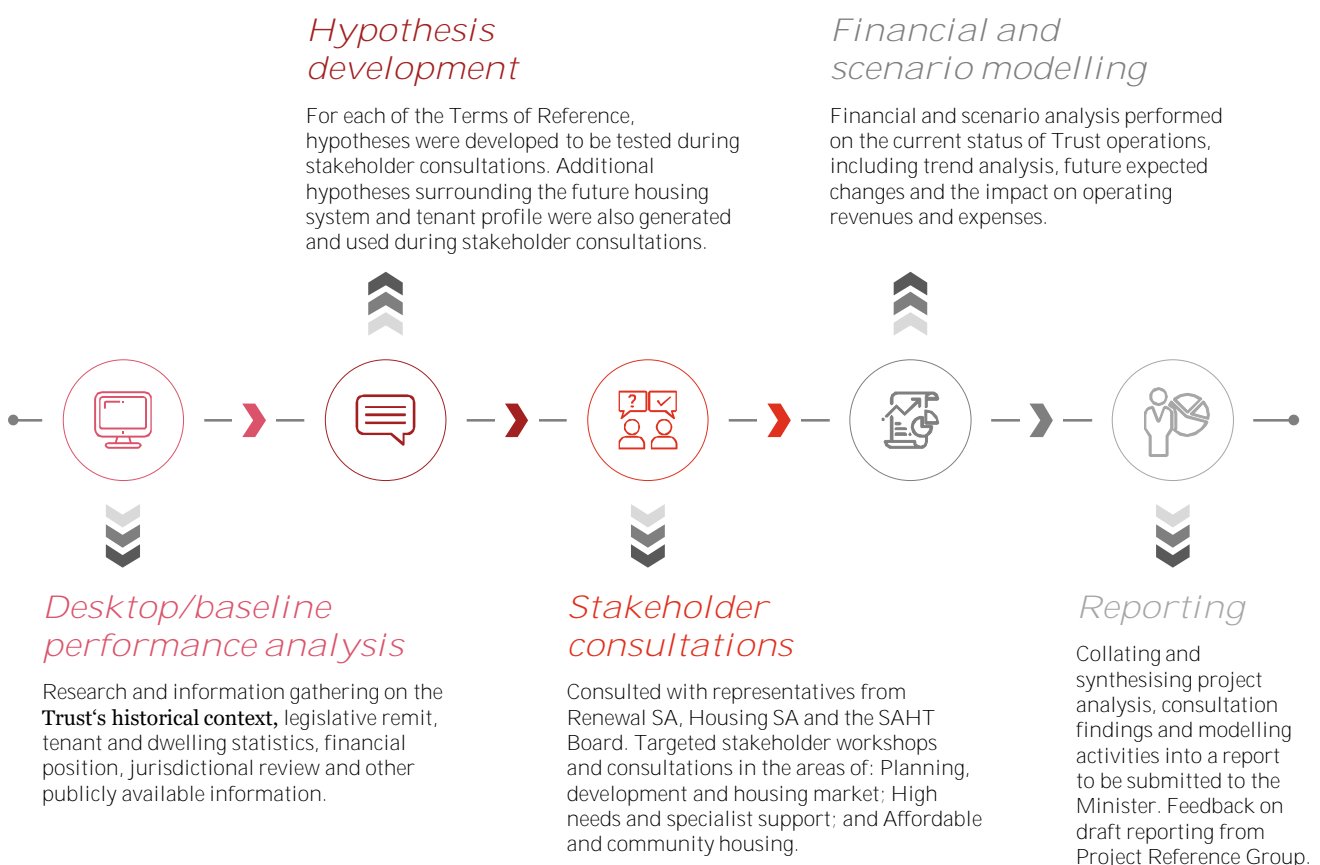
Several of the Terms of Reference cite a future modern housing system. Additionally the Terms make **reference to other future looking aspects of SAHT's operations** (eg by consideration of alternate models, benchmarks, tenant profile, and other issues). Therefore to address the Terms of Reference **PwC has had to develop a view of a 'future housing system'**. This has been done by compiling a set of characteristics that a future housing system may exhibit through analysis of the current SAHT and other State Housing Authorities trends along with any macro level trends that are likely to affect the social housing sector. The characteristics that were developed have been tested with stakeholders in consultation.

Section 5 sets out some the characteristics and demands of a future housing system and provides a **framework for considering the SAHT's role within that system in the future.**

1.2 PwC approach

The figure below outlines the key activities carried out by the Review Team in undertaking the Triennial Review.

Figure 1: PwC's approach to the Terms of Reference



Report Structure

The report has been structured to provide understanding and context to the reader of the SAHT's current position in Sections 2, 3 and 4, followed by an overview of the characteristics to be considered

within a future housing system and the final section where responses are provided to each of the Terms of Reference. The remainder of the report is structured as follows:

- Section 2: Overview of SAHT activities — Provides a snapshot of the current performance of the South Australian housing system, the activities SAHT are involved with along the housing continuum, SAHT performance (financial, tenant and dwelling outcomes and characteristics), and a jurisdictional comparison of other housing models across Australia.
- Section 3: SA Housing System — Principally statistical analysis on the trends in tenant profile and dwelling status that the SAHT and social housing more generally have experienced in recent years. This leads into the expected changes in tenant profile.
- Section 4: SAHT Financial Performance — Overview of the financial performance of the SAHT, comprising of the financial statements, associated breakdown of revenues and expenses and the State and Commonwealth funding provided.
- Section 5: Characteristics of a future system — Development of characteristics that should be considered in the proposed future housing system.
- Section 6: Review Terms of Reference — Assessment of each of the 8 Terms of Reference.



2. Overview of SAHT activities

2 Overview of SAHT activities

2.1 Role of the South Australian Housing Trust

The South Australian Housing Trust (SAHT) facilitates a range of housing options for South **Australians through its stewardship of the State's public and Aboriginal housing stock of** approximately 38,000 dwellings and through the delivery of other housing related services to South Australians. Housing SA and Renewal SA act on behalf of the SAHT Board to undertake the functions of the *South Australian Housing Trust Act 1995* and other relevant legislation and to carry out the objectives and policies of the Government. The activities conducted by Housing SA and Renewal SA **work towards four of the main targets as detailed in South Australia's Strategic Plan** developed in 2011 ²:

- Affordable Housing — South Australia to lead the nation over the period to 2020 in the proportion of homes sold or built that are affordable by low and moderate income households;
- Housing Stress — South Australia to lead the nation over the period to 2020 in the proportion of low-income households not experiencing housing stress;
- Aboriginal Housing — Reduce overcrowding in Aboriginal households by 10 per cent by 2014; and
- Homelessness — **Halve the number of 'rough sleepers' in South Australia by 2013 and maintain thereafter.**

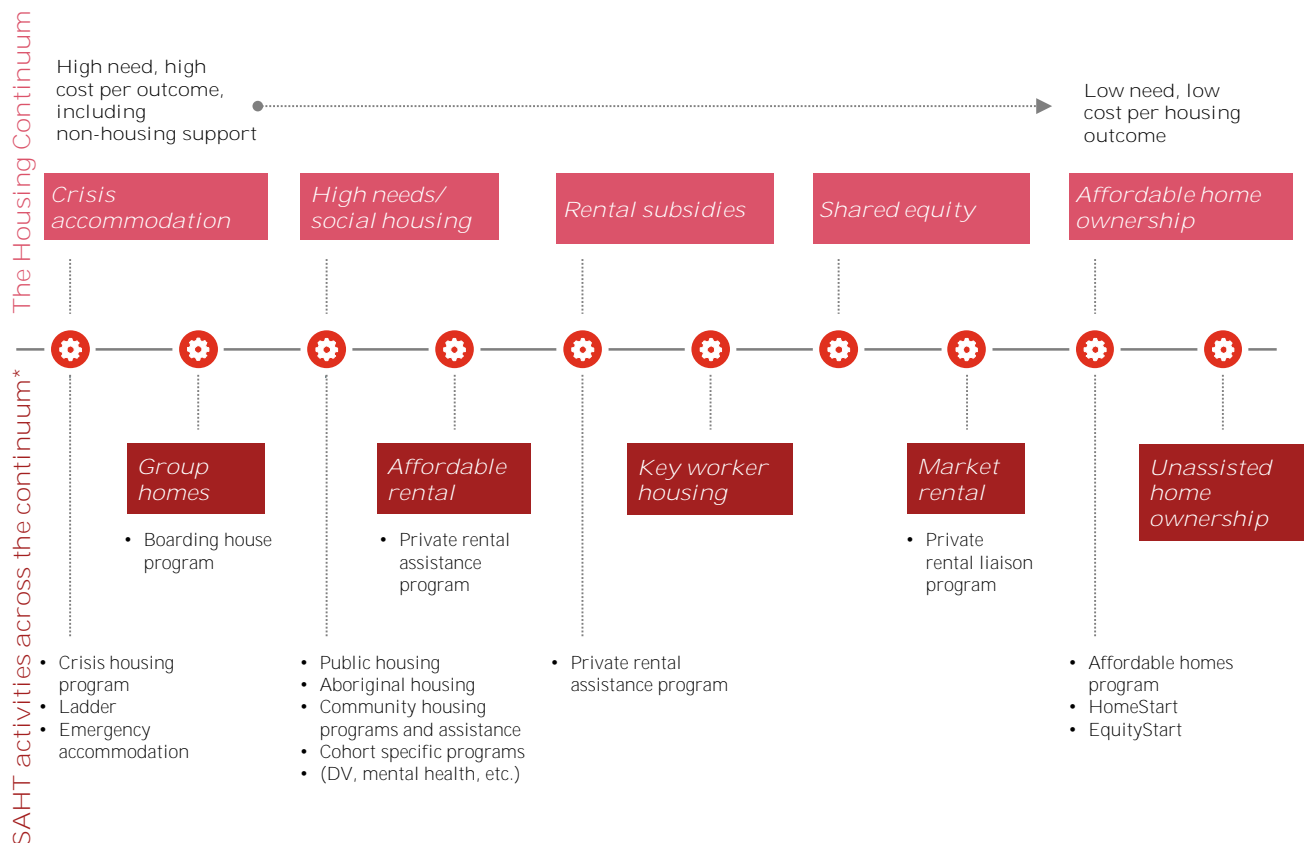
2.2 SAHT Activities across the housing continuum

The housing continuum is a concept that is often referred to in the housing industry and amongst policy makers. The housing continuum describes the different forms of housing available to people based on the different level of need and government support required.

The SAHT has a legislative remit to deliver and facilitate programs and services across the entirety of the housing continuum, although the vast majority of its activities have been in the delivery of social housing. The figure below illustrates some of the primary activities that the SAHT is involved with along the housing continuum. Please note this is not an exhaustive list of activities carried by the SAHT.

² SAHT Annual Report 2015-16

Figure 2: SAHT involvement across the housing continuum



*Selected activities across the continuum, additional activities are carried out that are not represented in this illustration

2.2.1 Social housing programs

The SAHT is the primary provider of social housing to South Australians through their two key social housing programs, their Public and Aboriginal housing programs. Through these programs together provide 36,771 tenancies to those in need of housing support. These programs are primarily funded through State and Federal Government grants and rental revenue (as paid by tenants).

In addition to this the SAHT also supports community housing programs. The community housing sector as at June 30 2016 provides a further 7,472 dwellings for South Australians, of which a number are a result of property transfers between the public and community housing sectors. Funding for the community housing providers is sought from a combination of rental revenues and Commonwealth Rental Assistance payments.

Later sections discuss these three programs in further detail.

2.2.2 Other housing enablers and programs

Outside of the traditional social housing programs provided there are a range of other supports, programs and policies with functions being carried out by the SAHT, other government agencies, not-for-profit providers and other private organisations.

Some of the key programs that support people across the spectrum achieve housing outcomes include the following that have been discussed in more detail below:

- Private Rental Assistance Program;

- Private Rental Liaison Program;
- Inclusionary Zoning and Affordable Homes Program;
- HomeStart and EquityStart; and
- Emergency accommodation.

Private Rental Assistance Program

This program provides financial assistance to low to moderate income earners who meet eligibility conditions through providing one or more of:

- Bond guarantees;
- Bond cheques;
- Rent in advance; and
- Rent in arrears.

Bond guarantees are made to a property owner, agent or proprietor for any unpaid rent or other charges at the end of tenancy³. At June 30 2017 the SAHT had guaranteed \$58 million of bonds at a total opportunity cost of \$1.1 million (interest forgone). In 2017 there was 9,690 instances where bonds were required to be claimed at a total cost of \$8.3 million to the SAHT, with an average cost of \$856 per claim. The total number of bonds claimed has remained relatively steady over the period of this Triennial Review. The SAHT also provides a small number of cash bonds, with 78 cash bond recipients in the 2016-17 financial year⁴.

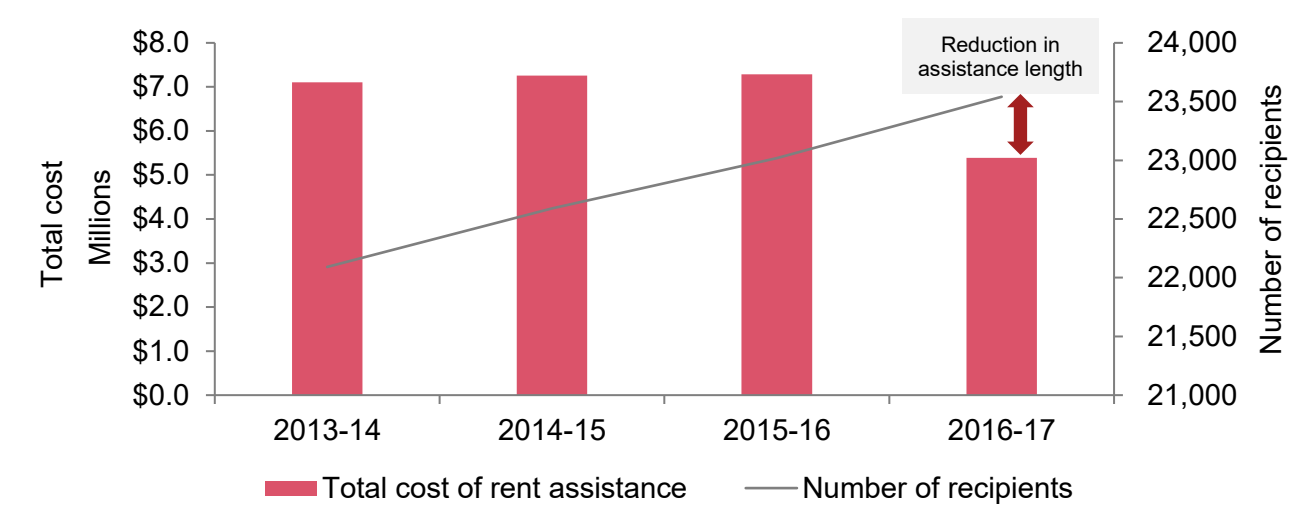
The total value of rental assistance provided through rent in advance or rent in arrears totalled \$5.4 million during the 2016-17 financial year with a total of 23,541 recipients at an average cost per instance of \$229. This total cost of this assistance has decreased during the 2016-17 financial year **as the 'normal' amount of rent assistance provided was reduced from 2 weeks rent to 1 weeks rent**⁵. The figure below illustrates this change.

³ Department for Communities and Social Inclusion, Private Rental Assistance Program Policy, <http://dcsi.sa.gov.au/services/housing-sa/housing-trust-policies/Private-rental-programs/private-rental-assistance-program-policy>

⁴ DCSI/Renewal SA information requests

⁵ DCSI/Renewal SA information request

Figure 3: Rental assistance provided under Private Rental Assistance Program



Source: DCSI/Renewal SA information requests

Private Rental Liaison Officers

The Program employs officers who support people experiencing difficulties accessing the private rental market but could maintain a private rental tenancy once housed. People may have difficulty entering the private rental market for a number of reasons including: lack of financial skills but have financial resources; lack social skills to interact with required personnel; no rental history; socio-cultural issues; and or currently renting through a supportive program such as public housing⁶.

Private Rental Liaison Officers can provide assistance through:

- Identifying suitable properties;
- Referring people to suitable support agencies;
- Advocating and negotiating with landlords and real estate agents; and others.

The cost of this program to the SAHT was \$829,000 in 2016-17. This is primarily comprised of the costs of employee salaries and associated on costs. The total program cost was lower in 2016-17 compared to the previous 3 years within this review period. Program costs were highest in 2013-14 at \$992,000⁷.

Inclusionary Zoning and Affordable Homes Program

In 2005 through the Housing Plan for South Australia, Inclusionary Zoning was introduced with a target that all significant new developments comprise of 15% of all dwellings to be affordable, including 5% for high-needs groups. Low to moderate income earners have the opportunity to purchase these properties sold under a set price point through the Affordable Homes Program for a limited amount of time. Properties are currently listed on either realestate.com.au or

⁶ Department for Communities and Social Inclusion, Private Rental Liaison Program policy, <http://dcsi.sa.gov.au/services/housing-sa/housing-trust-policies/Private-rental-programs/Private-Rental-Liaison-Program-policy>

⁷ DCSI/Renewal SA information requests

domain.com.au⁸. The affordable housing function was transferred to Renewal SA in 2012, to better integrate affordable housing with renewal and urban development. The program receives CSO funding in the State Budget of \$756,000 in 2016-17, separate to the SAHT to undertake this function⁹.

Houses and land sold through the program come from both the private market and existing SAHT properties. The total number of houses or land sold through this program over the past 4 years is shown in the below table. This does not include properties sold outside of the exclusive listing period.

Table 1: Affordable Housing Program sales

Financial Year	Private Market	SAHT	Total
2013/14	57	168	225
2014/15	118	184	302
2015/16	70	163	233
2016/17	55	103	158

HomeStart

HomeStart is a State Government organisation which provides home loans for South Australians. HomeStart is a separate entity to the SAHT however work closely to facilitate access to products that assist lower income households into home ownership.

HomeStart's aim is to make home ownership a reality for more people in more ways through offering a range of different loans that assist in reducing the upfront costs associated with home ownership and increase borrowing power. HomeStart is continually looking for new and innovative ways to help South Australians get into their own home. During stakeholder consultations, a HomeStart representative raised Shared Equity loans as a potential loan type that HomeStart could provide to better assist South Australians achieve home ownership in the future¹⁰.

Two of the loans available from HomeStart are the HomeStart home loan and the EquityStart home loan. These programs are provided by HomeStart Finance.

- HomeStart home loan — provides South Australians the opportunity to enter into the housing market with as little as 5% deposit for existing homes and 8% deposit for new builds, with the benefit of avoiding the Lenders Mortgage Insurance charge that most lenders charge, instead paying a Loan Provision Charge which costs less for most customers¹¹.
- EquityStart home loan — an additional subsidised loan for SOMIH, public and community housing tenants only. This additional loan boosts borrowing power by up to \$50,000 and is not required to be paid until the customer has paid their HomeStart loan portion in full. The

⁸ Urban Renewal Authority Annual Report 2015-16

⁹ DCSI/Renewal SA information requests

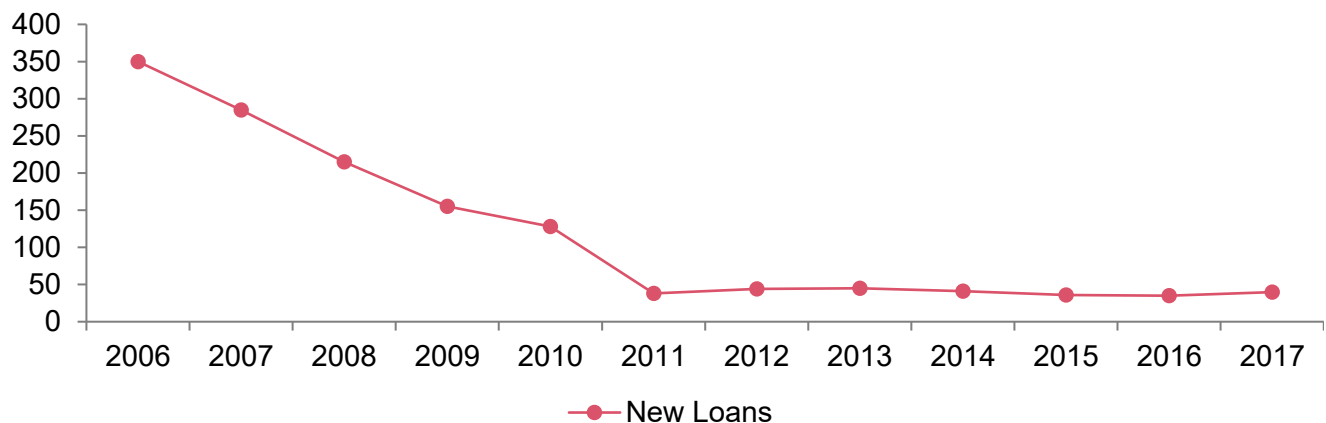
¹⁰ HomeStart Finance, HomeStart loan, <http://www.homestart.com.au/home-loans/homestart-home-loan>

¹¹ HomeStart Finance, HomeStart loan, <http://www.homestart.com.au/home-loans/homestart-home-loan>

interested rate applied to this loan is subsidised and lower than the equivalent consumer price index rate¹².

The total number of new loans provided under the equity start program has decreased over time, with a maximum of 350 provided in the 2006 calendar year. Since the inception of the program there has been a total of 1,435 loans provided ¹³. The figure below shows the decline in new loans provided over time.

Figure 4: New loans provided under EquityStart



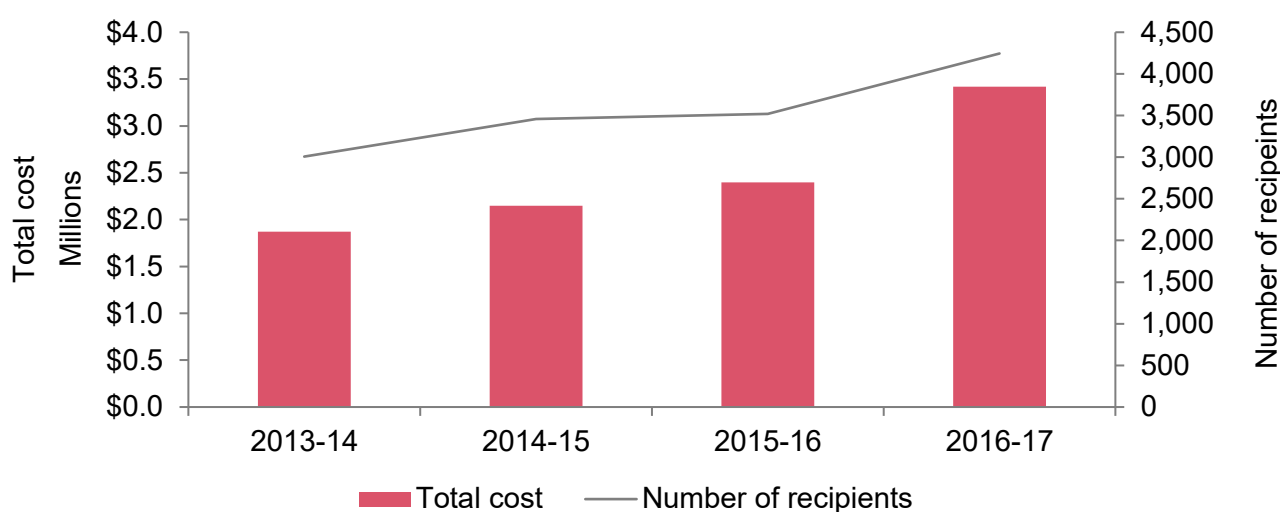
Source: DCSI/Renewal SA information requests

Emergency Accommodation

The SAHT, through Housing SA, provides emergency accommodation to people who require accommodation for a temporary or bridging nature. In 2016-17 the SAHT provided 4,245 people emergency accommodation at a total cost of \$3.4 million with an average cost of \$805 per recipient. The accommodation cost is funded by the SAHT, with no separate or specific funding provided. The figure below illustrates the total number of recipients and total cost to the SAHT for Emergency Accommodation provided over the Review period.

¹² HomeStart Finance, EquityStart loan, <http://www.homestart.com.au/home-loans/equitystart-loan>

¹³ DCSI/Renewal SA information requests

Figure 5: Emergency Accommodation, total recipients and cost

Source: DCSI/Renewal SA information requests

Other supports, programs and policies

There are a range of other non-public housing supports, program and policies that the SAHT is involved with. Some of these have been listed below:

- Homelessness programs — Integrated Homelessness Program, Aged Homelessness Assistance Program, Crisis Housing Program, Homelessness Supportive Housing, and Homelessness Support Program.
- Programs for individual cohorts — DV Perpetrators, Disability Housing Program, Mental Health Supported Housing, and Integrated Housing Exits Program.
- Tenant advice services — Tenants Information and Advisory Service, Housing information and advice (Housing Options), Boarding Housing Outreach Program, and Housing Improvement Program.

2.2.3 Funding for activities

The SAHT receives funding from both State and Commonwealth governments. The Commonwealth government provides funding under the National Affordable Housing Agreement (NAHA), National Partnership on Remote Housing (NPRH) and also funds homelessness through the National Partnership Agreement on Homelessness (NPAH) that is now distributed directly to DCSI. The State provides funding through the budget process like other agencies and instrumentalities of Government. The SAHT also receives State Grants that are primarily recorded in SAHT financial statements as land tax reimbursements. Additional recurrent and capital funding from both Commonwealth and State is also provided to the SAHT and other housing and homelessness organisations.

- NAHA — The agreement was introduced in 2009 whereby funding under the National Affordable Housing Specific Purpose Payment and a number of other National Partnerships was made to all the States and Territories. The funding is ongoing and indexed annually. Payments are made to the State which is responsible for determining the amount of funding directed into each of the

different services, one of which is public housing¹⁴. Total NAHA funding to South Australia in 2016-17 was \$95 million¹⁵ split between housing and homelessness function. The SAHT in 2016-17 received \$73.8 million¹⁶ of this, with the remaining directed into homelessness¹⁷.

- NPAH – This agreement, initiated in 2009, provides additional funding for programs and services related directly to homelessness. State and Territory governments have the responsibility of service delivery and are also required to meet financial and performance reporting requirements and match any funding contributions. In 2016-17 funding provided by the Commonwealth under this agreement totalled \$8.87 million and an additional \$9.6 million matched by the State. Funding under the NPAH is provided to DCSI and a MOAA is in place to reimburse the SAHT the costs of homelessness services¹⁸. NPAH funding is not annually indexed. The funding under this agreement is terminating 30 June 2018¹⁹.
- NPRH – The 2016 agreement replaces the National Partnership Agreement on Remote Indigenous Housing (NPARIH) and focuses on addressing the critical housing needs for Aboriginal and Torres Strait Islander people in remote communities. This Agreement will conclude on 30 June 2018. The total funding provided to South Australia under this Agreement between 2016 and 2018 is \$26.805 million²⁰.
- State Grants – SAHT receives a State Grant under the State budget process. The State Grant is recorded in SAHT financial statements primarily as a land tax reimbursement, with additional other State Grant funding also provided on a year to year basis. Historically the SAHT has received a State Grant greater or equal to the total land tax paid however in recent years the total State Grant funding has been reduced flowing from the Commonwealth Government's balance sheet relief provided in 2012-13.

Further discussion on funding is provided in Section 4.

Commonwealth funding reform

The 2016 COAG Report on Performance found that nationally three of the four benchmarks set out under the NAHA had not been achieved. The Commonwealth government as such is looking to establish a new national agreement with the states and territories under the new National Housing and Homelessness Agreement (NHHA). This newly established agreement has been set out with the intent of delivering more affordable housing and build more houses. The funding under the NAHA and NPAH will be combined under this new agreement, totalling \$4.6 billion over 3 years and links ongoing funding to outcomes in priority areas including aggregate supply and planning and zoning reforms. The total funding provided under this new agreement maintains the Commonwealth's current funding of \$1.3 billion a year under the NAHA and \$115 million a year under the NPAH and will be indexed annually. The agreement is due to commence 1 July 2018 following the termination of the NPAH and NAHA.

¹⁴ Social Housing and Homelessness
https://www.aph.gov.au/About_Parliament/Parliamentary_Departments/Parliamentary_Library/pubs/rp/BudgetReview201718/Social_housing_and_homelessness

¹⁵ Australian Government. Part 2: Payments for specific purposes. Available: http://www.budget.gov.au/2016-17/content/bp3/html/bp3_03_part_2f.htm

¹⁶ 2016-17 SAHT audited financial statements

¹⁷ DCSI/Renewal SA information requests

¹⁸ DCSI/Renewal SA information requests

¹⁹ Implementation of the National Partnership Agreement on Homelessness, The Auditor-General, Audit Report No.31 2012-13

²⁰ Australian Government, National Partnership Agreements, <https://www.pmc.gov.au/indigenous-affairs/housing/national-partnership-agreements>

2.3 Service agreements

The activities of the SAHT are carried out under two Service Level Administrative Agreements with the Department for Communities and Social Inclusion (activities carried out by Housing SA) and the Urban Renewal Authority (conducting operations as 'Renewal SA'). The SLAAs set out the services, obligations of each party, duration of the SLAA, and the administration of the SLAAs. The SLAAs were approved by Government in December 2014 to improve the model of service delivery. The Department of Communities and Social Inclusion also have a Memorandum of Administrative Arrangement (MOAA) with the SAHT relating to Corporate Overhead Funding that has been in existence since April 2011.

Renewal SA

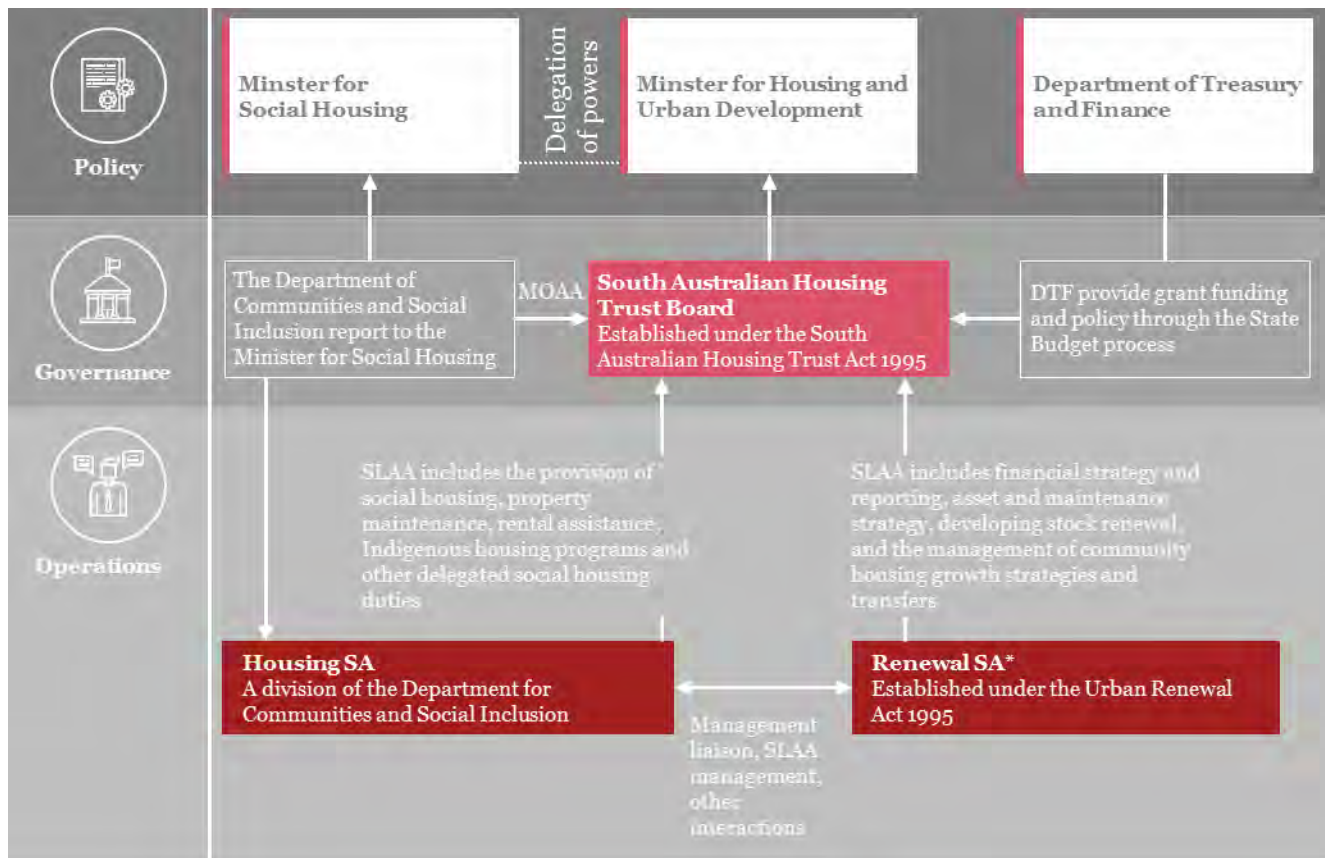
The SLAA in place between the South Australian Housing Trust (SAHT) and Renewal SA, sees Renewal SA responsible for the provision of services in respect of all aspects of SAHT's financial strategy and financial reporting required by legislation, services for asset and maintenance strategy, the development and delivery of projects that will renew SAHT's housing stock, management of not-for-profit community housing growth strategies and transfers, including relevant financial management, and the management and administration of the SAHT/DCSI SLAA.

DCSI (Housing SA)

The SLAA in place between SAHT and the Department for Communities and Social Inclusion (Housing SA) sees Housing SA provide social housing services, including property maintenance, and other housing programs and responsibilities, including rent assistance, Indigenous housing programs and delegated social housing duties. Housing SA is further responsible for managing and maintaining SAHT assets, and performing all obligations as landlord of such properties.

Under these SLAAs, services are to be provided to SAHT by Renewal SA, and by DCSI in a manner consistent with the requirements of the SAHT Act. These SLAAs will continue in perpetuity, unless the parties agree otherwise. The figure below provides an overview of the operational structure of the SAHT, this is further discussed in response to Terms of Reference 6.

Figure 6: SAHT governance structure as at 30 June 2017²¹



Source: DCSI/Renewal SA information requests

*Whilst Renewal SA has an SLAA in place with the SAHT Board, its Board of management is subject to the control and direction of the Minister for Housing and Urban Development. Renewal SA report on their activities directly to the Minister for Housing and Urban Development separate to the SAHT.

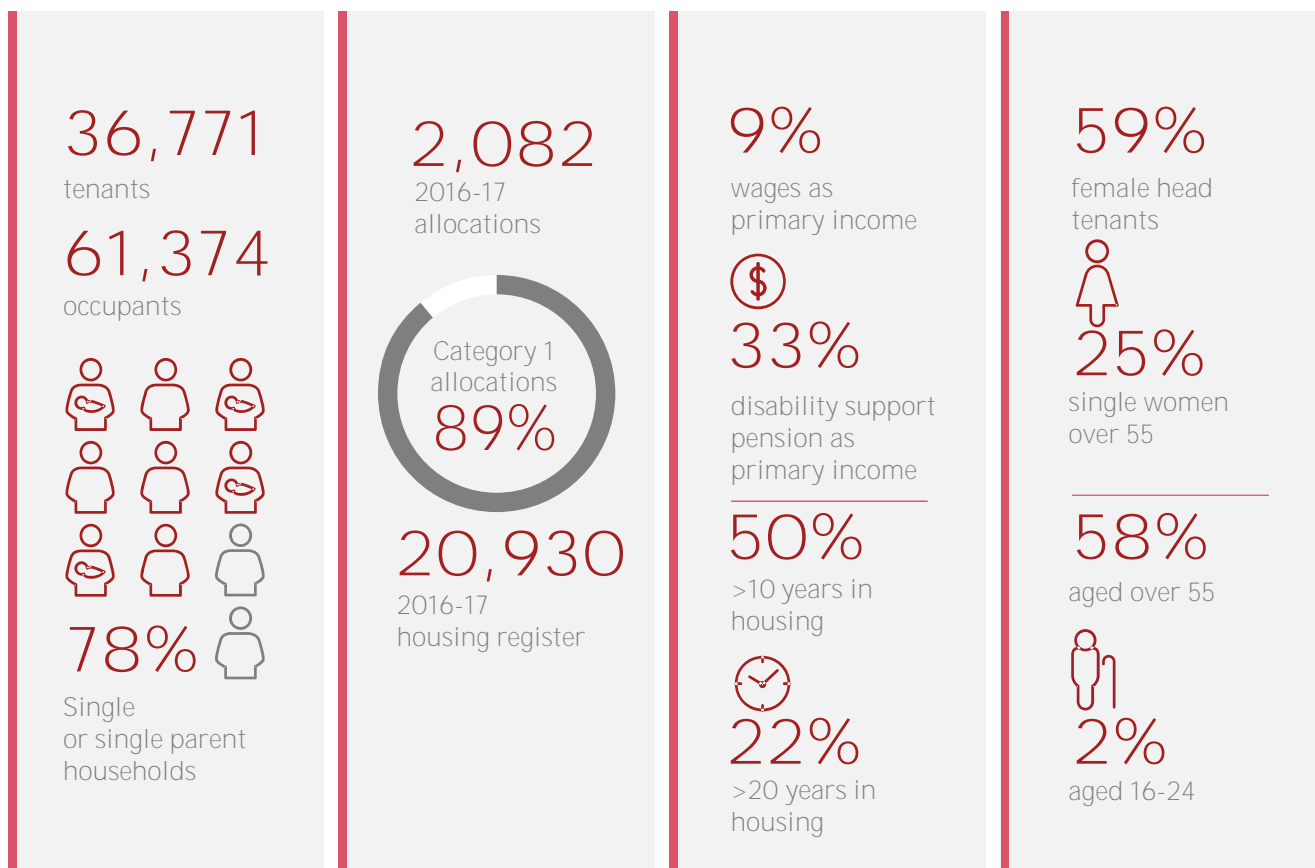
2.4 SAHT customer and dwelling profile

Whilst the SAHT performs functions across the majority of the housing continuum, the primary function performed by the SAHT is the delivery of social housing through their Public Housing and **SOMIH programs. Together these activities account for approximately 90% of SAHT's expenses and income.**

The below figure provides an overview of the key characteristics of the current SAHT public housing and SOMIH customer profile.

²¹ Although reported within annual reports that a delegation of powers exists between the Minister for Social Housing and Minister for Housing and Urban Development, advice from management indicates that no delegations exist between Ministers.

Figure 7: Characteristics of public housing and SOMIH customers (2016-17)



Source: DCSI/Renewal SA information requests

The Public and Aboriginal housing programs are delivered through assets owned and managed by the SAHT. The following statistics provide a snapshot of the current state (June 30 2017) of the dwellings held by the SAHT²²:

- 37,854 lettable Public or Aboriginal dwellings;
- 1,719 properties owned by SAHT and managed by community housing providers;
- \$9.8 billion property value including assets managed by community housing providers;
- Average age of dwellings is 39 years old;
- 42% of dwellings built prior to 1980;
- 49% of all dwellings have 3 or more bedrooms;
- 29% of all dwellings are located in Northern Adelaide suburbs;

²² DCSI/Renewal SA information requests and SAHT audited financial statements

- 3% of properties are untenanted (ie undergoing maintenance or identified for redevelopment or sale)²³;
- 30% planned maintenance expenditure; and
- 283 financial viability sales in the last financial year.

2.5 Comparison of outcomes with national average

As the SAHT has functions across a large portion of the housing continuum, outcomes at a system level become relevant. The following table displays a comparison between South Australia and the Australian national average.

Table 2: South Australian housing system outcomes

Indicator	South Australia	National Average
Proportion of overall households		
Public housing	5.9%	3.6%*
Community housing	1.1%	0.7%+
Ownership Status		
Outright	30.9%	30.4%
Mortgage	35.7%	37.1%
Renting	31.4%	30.3%
Median weekly housing costs		
Outright ownership	\$55	\$51
Owned with Mortgage	\$380	\$452
Renting	\$261	\$350
Housing affordability		
Low income households paying 30% or more in housing costs	39.4%	44.2%
Mean value of dwelling	\$400,000	\$520,000

Source: Productivity Commission, Report on Government Services 2017 & Australian Bureau of Statistics, Housing occupancy and costs

*2013-14 most recent data provided in ROGS

+2011 most recent data provided in ROGS

²³ Vacant properties are either undergoing maintenance prior to reallocation, or have been identified for redevelopment or sale

Every jurisdiction has a State Housing Authority that is responsible for the provision of public and Aboriginal housing. Data on the outcomes of each State can be obtained from the Productivity Commission's Report on Government Services. This report has been utilised to present the outcomes of the SAHT relative to the national average across selected key metrics detailed in the below table.

Table 3: SAHT public housing and SOMIH performance

	Indicator	SAHT		National Average
Public housing	Tenants experiencing rental stress	0%	✓	0.7%
	Tenants in overcrowded households	2.1%	✓	4.2%
	Tenants in underutilised households	26.1%	✗	16.4%
	Greatest need allocations	86.5%	✓	75.1%
	Average cost of services per dwelling	\$9,806	✗ ²⁴	\$8,766
SOMIH	Tenants experiencing rental stress	0%	✓	0.2%
	Tenants in overcrowded households	7.5%	✓	8.9%
	Tenants in underutilised households	30%	✗	24.8%
	Greatest need allocations	91.2%	✓	57.7%
	Average cost of services per dwelling	\$11,570	✗ ²⁵	\$11,424

Source: Productivity Commission, Report on Government Services 2017 & Australian Bureau of Statistics, Housing occupancy and costs

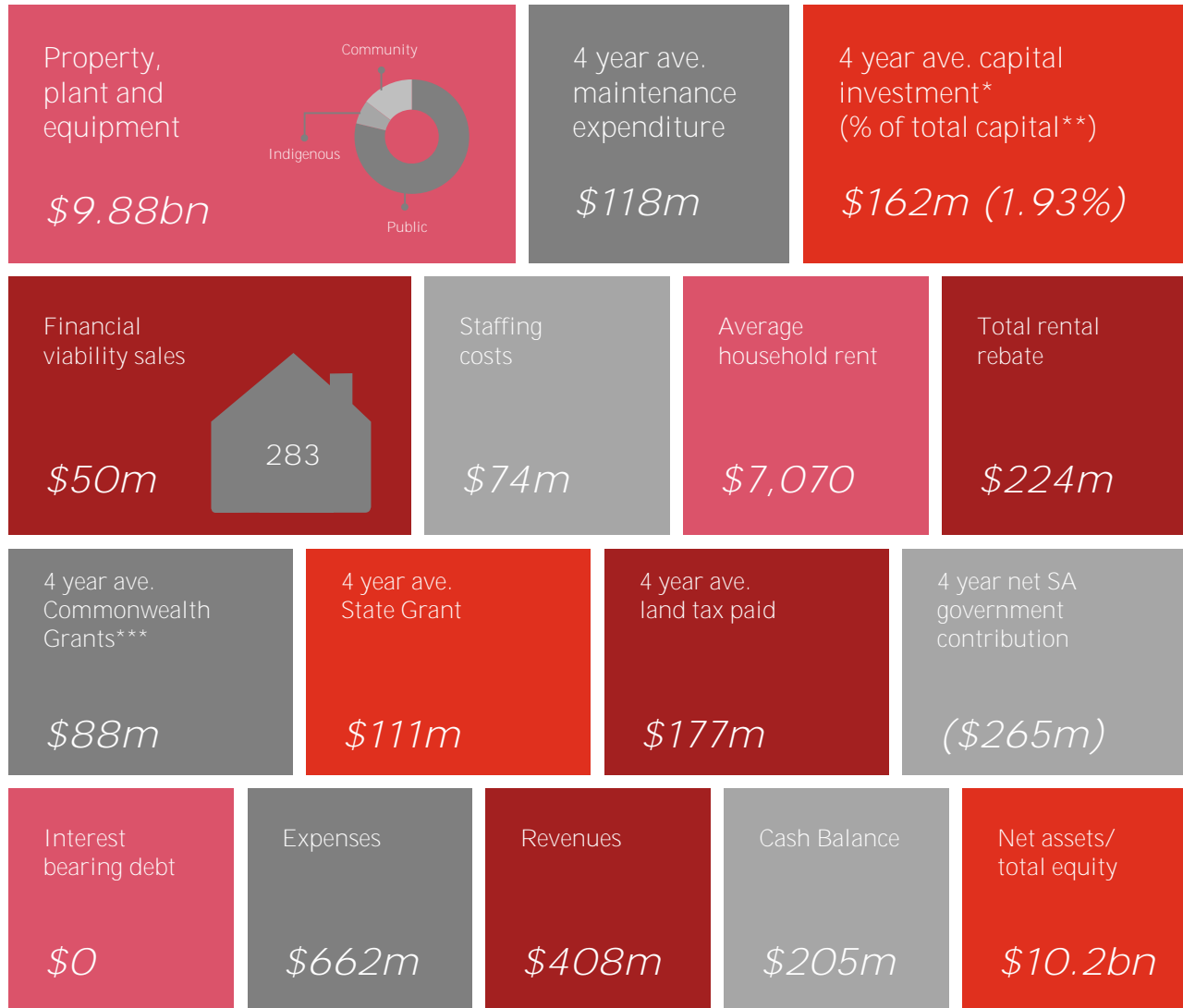
²⁴ The average cost of services per dwelling is higher in South Australia compared to the national average in both public housing and SOMIH. This could be seen as being high due to either: 1) inefficiency in the delivery of services; or b) South Australia provides a greater depth and range of services than other jurisdictions and hence service costs are greater. Should the higher cost of service be due to the second option the higher cost of service will likely be offset by the provision of a better suite of services and would no longer be seen as being below the national average.

²⁵ As above

2.6 Financial snapshot

The below infographic provides a snapshot of some of the key financial metrics of the SAHT. A more detailed review of financial outcomes during the review period is provided in Section 4.

Figure 8: Financial snapshot of SAHT (2016-17 figures or past 4 financial year average)



*Annual capital investment sourced from SA budget paper forward estimates and estimated results

**Capital investment as proportion of property, plant and equipment allocated to public or Indigenous housing

***Funding for homelessness under then NAHA distributed directly to DCSI in 2015-16 and 2016-17

Source: SAHT financial statements, DCSI/Renewal SA information requests and SA Government Budgets

2.7 SAHT Outcomes

Since being established in 1936 the South Australian Housing Trust has contributed to the State housing and economic outcomes. Some of the notable outcomes over the last ten years and in particular the last four years include:

- Broadened the SAHT legislated functions to include affordable housing, and establishment of an affordable housing innovations fund, demonstrating new ways to deliver affordable housing through partnerships with the not for profit and community housing sectors;

- Supported growth in community housing sector to facilitate a multi-provider housing system through grants, stock transfers and various funding programs, including the recent transfer of 5,000 assets (over 2015 and 2017);
- First state in Australia to introduce state-wide inclusionary policy, including facilitating affordable housing through the planning system;
- Streamlined maintenance contracting through the Multi Trade Contract Maintenance Model, moving from management of many individual subcontractors to 5 multi trade contractors across metropolitan and regional areas;
- Renewal of communities and housing assets, contributing to economic stimulus and jobs, through renewal programs and large scale renewal projects. Recent examples of this include the 1000 homes in 1000 days and the redevelopment or upgrade of 4,500 dwellings;
- Delivered mixed tenure housing projects such as UNO, which integrated social and private housing and won the 2013 national UDIA award for excellence in the high density housing category; and
- Reoriented the service delivery model to reflect a higher risk and vulnerable customer group, eg through the roles of tenancy practitioners and social workers.

2.8 Other strategic and policy context

The activities undertaken by the SAHT are broad as per its legislative remit. These activities align to a **range of different State and Commonwealth strategies and policies. The South Australia's Strategic Plan is the State's overarching plan to guide individuals, community organisations, governments and businesses to secure the wellbeing of all South Australians.** As discussed in the Introduction the SAHT works towards and focus on four of the key targets within this plan. In addition to this the SAHT is guided by a range of other strategies and policies, some of which are discussed below.

2.8.1 Housing Strategy for South Australia 2013-18

The Housing Strategy for South Australia 2013-18 was developed in alignment with the State's plan to 'Build a Stronger South Australia'. The strategy identifies the overarching strategies of:

- **Increase housing choice and diversity** through growth of the community housing sector, driving innovation to deliver greater diversity, supporting affordable home purchases, stimulating investment in affordable rental and securing the sustainability of social housing;
- **Create places where people want to be** through creating new vibrant, mixed use communities, accelerating renewal and infill development, facilitating investment in regional South Australia, facilitating delivery of well-designed homes and neighbourhoods and delivering on climate change priorities; and
- **Change the way housing services are delivered** through reforming how people access and experience housing services, assisting people into secure and affordable rental, providing opportunities for people living with disabilities to exercise greater choice in housing, reducing homelessness and improving housing services for Aboriginal people.

The Strategy also notes that as a smaller state, **SA's advantage has been its flexibility and innovation.** Community housing providers are playing a greater role and will become a major supplier of affordable housing to those on low incomes. For example, the Strategy noted the governments (then) commitments to take the number of properties under the management of community housing providers to 27% over five years and the presence of HomeStart, which presents an opportunity for households to complete the pathway from public rental through to home ownership, through the delivery of home finance products.

2.8.2 Housing SA Blueprint 2013-18

The Housing SA Blueprint for 2013-18 was released under the previous governance arrangements where Housing SA was the sole government department or agency delivering services for the SAHT, with the intent of articulating the Housing and Homelessness System they planned to design and deliver with partnering agencies.

Housing SA identified seven key strategic drivers that will guide the organisations future direction under one unifying vision – Connecting People to Place, to be achieved through an integrated multi-provider Housing and Homelessness System that provides high quality housing and services that **build on people’s strengths and enhance the wellbeing of people and community**. The strategic drivers are shown below.

Figure 9: Housing SA strategic drivers



Source: Housing SA Blueprint 2013-18

2.8.3 Renewing our Streets and Suburbs

The SAHT, through Renewal SA, is in the process of renewing its public and Aboriginal housing stock **through the ‘renewing our streets and suburbs’ initiative. This initiative aims to renew aged SAHT dwellings.** The key programs that are related to this initiative are;

- Build of 1,000 homes in 1,000 days, including 100 disability houses
- Renewal of 4,500 pre-1968 SAHT homes within 10 kilometres of the city by 2020
- Transfer of 5,000 properties to the not-for-profit community housing sector

These initiatives not only rejuvenate older housing stock held by the SAHT and increase the supply of affordable housing, however also stimulates the housing and construction industry. This serves as a significant investment for the state, with investment totalling \$1.9 billion and an estimated 2,400 jobs each year²⁶.

Progress against these objectives has been reported in the Auditor-**General's report on the SAHT** completed 30 June 2017.

- 1,000 homes in 1,000 days — 164 homes completed and 167 under construction. A further 765 homes have been released to the market and any further remaining homes to be released to the market by end of September 2017
- Renewing 4,500 pre-1968 homes by 2020 — 187 homes completed and 104 homes under construction. A further 1760 homes have been released to the market.
- Transfer of property to CHPs — the first tranche of 1086 properties was successfully transferred in October 2015. The second tranche of 4,000 properties was finalised in September 2017.

²⁶ SAHT Annual Report 2015-16



3. SA Housing system

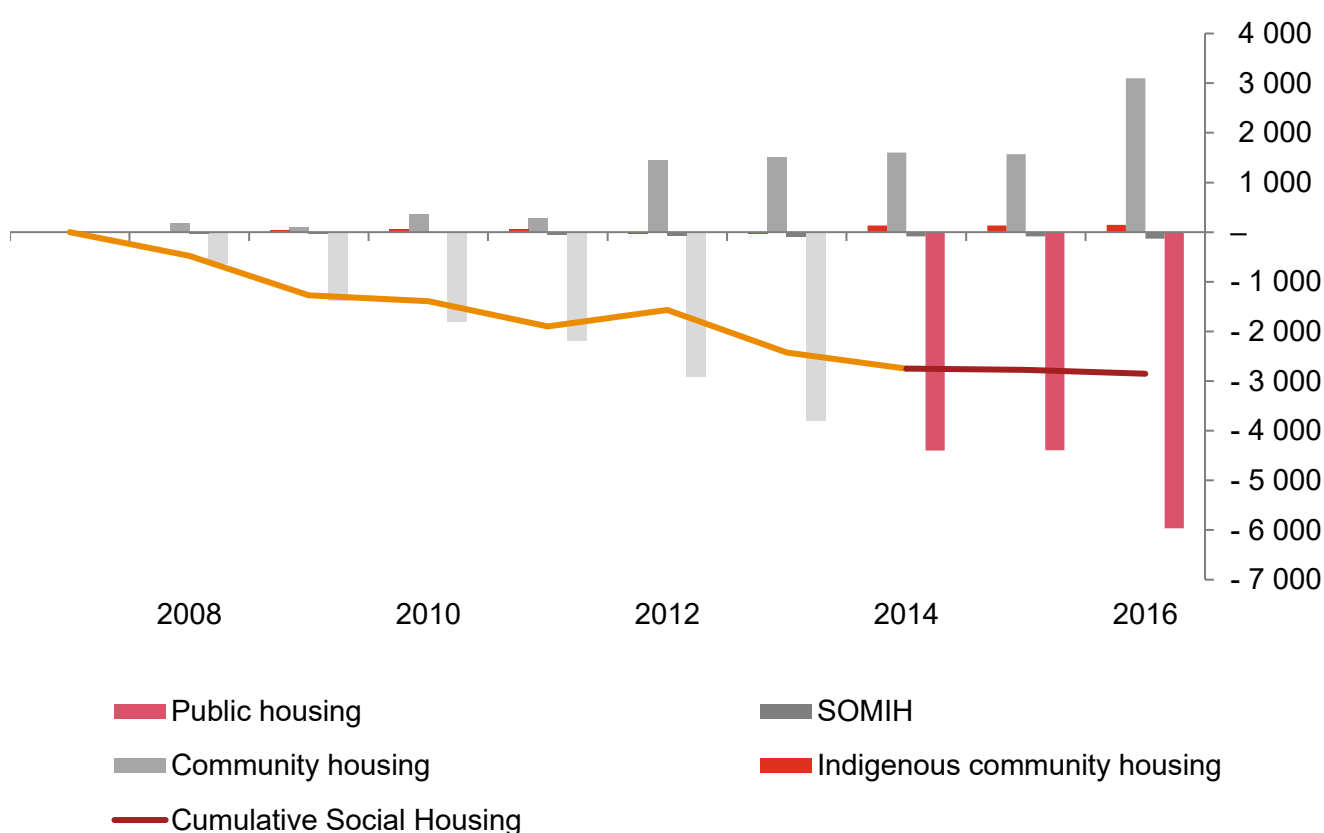
3 SA Housing system

3.1 Supply of social housing

At a system level there has been a cumulative decline in social housing over the last 10 years, largely driven by the decline in public housing stock. Recent management transfers to the community housing sector is one reason for this decline in public housing stock, however the continual sale of assets out of the social housing system is another notable driver for this decline. This has been discussed in section 4.5.2.

The below figure illustrates the decline in total social housing dwellings from 2007-2016.

Figure 10: Social housing dwellings in South Australia



Source: Productivity Commission, Report on Government Services 2017

*Based on 2016 ROGS data. In 2017 Housing SA data indicates a net decrease in public or Aboriginal dwellings between June 30 2016 and June 30 2017 of 843 (Note: excludes property transfers).

As seen in the above figure since 2007 there has been a decrease of ~3,000 social housing dwellings, this is a result of the ~6,000 decrease in public housing dwellings offset by the ~3,000 increase in community housing. Within this review period (not inclusive of 2017 data not released by the ABS at the time of writing) the decline of social housing stock has been minimal (only 102). Over this period however there has been a shift from public housing to community housing of approximately 1,500. This is largely a result of the first tranche of 1,087 transfers in October 2015 to community housing providers.

Community housing stock has increased 61% between 2007 to 2016, and has increased further following the second tranche of 4,000 properties transferred to that sector in 2017



Transfers to not-for-profit providers

Government has had a focus on transferring stock from the public to the not-for-profit (community) sector. During the 2009 Housing Ministers Conference, State and Territory Ministers prioritised the expansion of the community housing sector, indicating this sector should **constitute ‘up to 35 per cent’ of all social housing by 2014**²⁷.

In October 2015 the first of two major transfers to community housing providers was carried out. This involved 1,100 public housing properties in Elizabeth Grove, Elizabeth Vale and Mitchell Park being transferred to Anglicare SA and Junction Australia²⁸. This tranche of transfers had a focus on utilising the taxation benefits and Commonwealth Rental Assistance (CRA) available to community housing providers to meet maintenance requirements and improve tenancy support services.

The second tranche of transfers occurred in September 2017 whereby 4,000 public housing properties across the State were transferred to 5 different community housing providers. This second tranche of transfers has a focus on renewal and redevelopment outcomes.

Asset sales and disposals

The SAHT sells assets for various reasons and internally records these differently. There are two **primary categories that the sale of assets falls under, ‘financial viability sales’ and ‘project sales’**.

Financial viability sales

In 2007 a financial viability strategy was developed to ultimately enable the SAHT to continue providing social housing in a financially stable manner through eliminating the interest bearing debt accrued over a number of years. The strategy developed included the sale of assets held within the SAHT to pay down debts and to create a surplus for future capital investment. Sales of this nature have since been used outside of this specified strategy by SAHT management deliberately in recent times, such sales have supported renewal and community housing transfer initiatives.

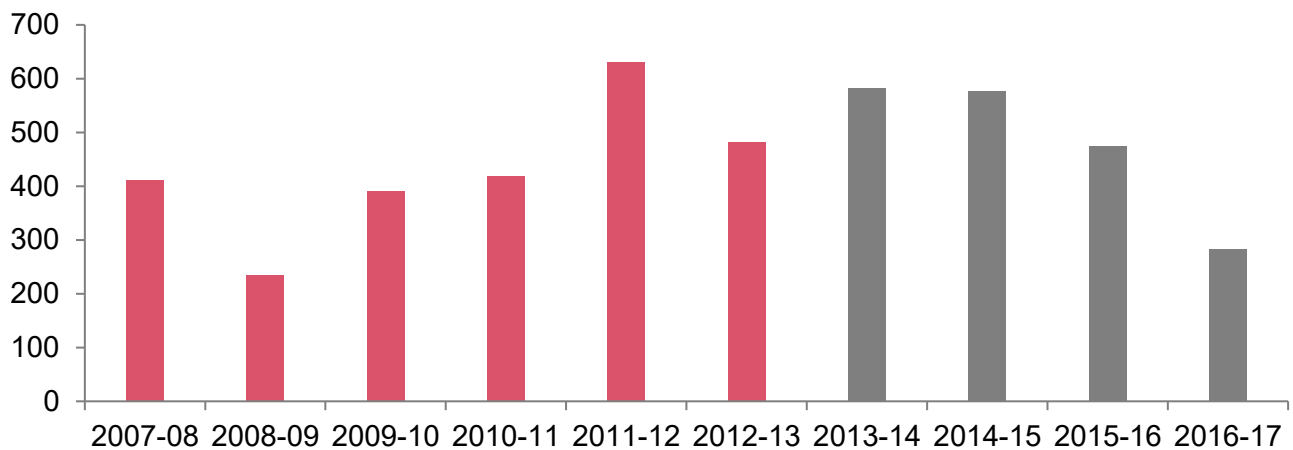
There number of financial viability sales has varied over time, peaking in 2011-12 at 630. These sales have raised revenue of between \$47.1 million in 2008-09 up to \$126.7 million in 2013-14. In 2016-17 there were 283 financial viability sales raising \$50 million in revenue, this is lower than previous years however SAHT management have indicated that this is a result of pushing back scheduled sales to later years. The cumulative total financial viability sales since 2007-08 is 4,482. It should be noted that these figures include sales to tenants, which was a key platform of the strategy to provide a housing pathway into home ownership. Sales to tenants in the last financial year totalled 17 and have been no greater than 54 in any of the past 10 financial years²⁹.

The profile of financial viability asset sales is shown in the figure below.

²⁷ Pawson, H., Milligan, V., Wiesel, I. and Hulse, K. (2013) Public housing transfers: past, present and prospective, AHURI Final Report No.215. Melbourne: Australian Housing and Urban Research Institute

²⁸ The transfer of public housing properties to community housing provides, SA GOV

²⁹ DCSI/Renewal SA information requests

Figure 11: Financial viability sales – Across review period (maroon) and previous (grey)

Source: DCSI/Renewal SA information requests

Project Sales

Project sales commonly fund the cost of redevelopments by reimbursing the initial investment. The number of assets sold that are classified as project sales is not captured, however the total revenue raised from project sales since 2007-08 is \$660 million (compared to just over \$900 million in financial viability sales over this period).

3.1.1 Profile of current social housing stock

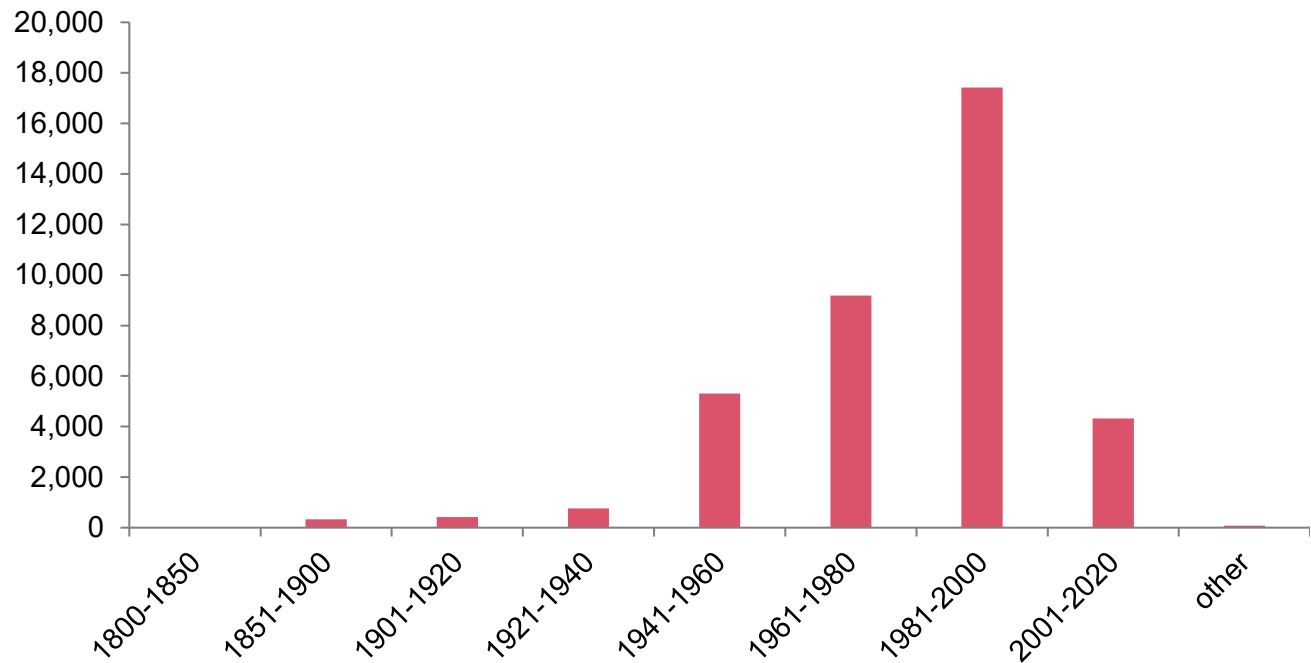
Key features of the housing profile discussed in detail below include the:

- Age of stock;
- Type of stock (ie flat, 2 bed, 3 bed, etc.);
- Location of stock; and
- Condition of stock.

Age of stock

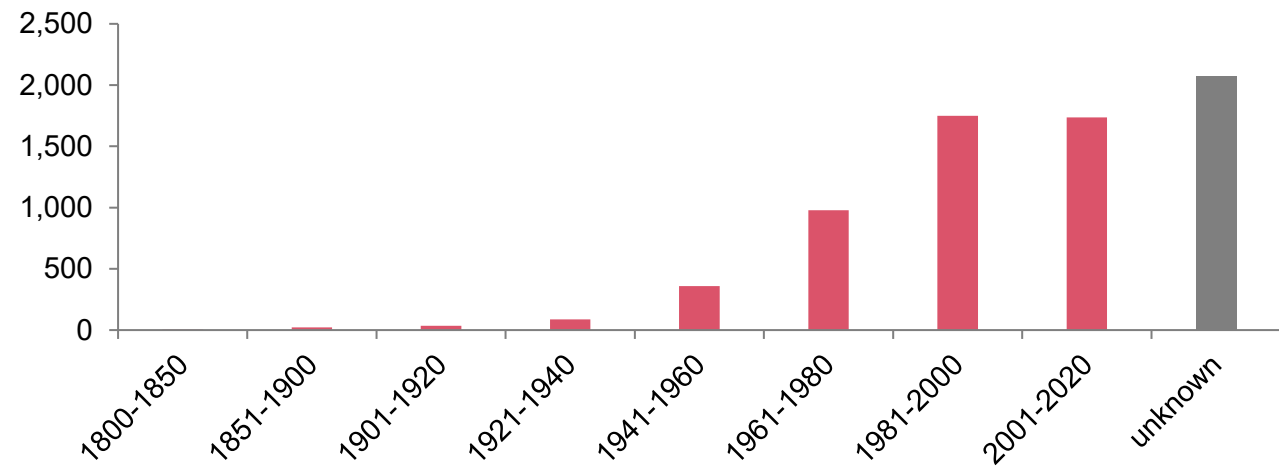
The figures below shows the current breakdown of public housing and community housing stock by year built.

Figure 12: Public and Aboriginal Housing dwelling build year



Source: DCSI/Renewal SA information requests

Figure 13: Community Housing dwelling build year



Source: DCSI/Renewal SA information requests

Type of stock

The SAHT commenced initial operations in 1936 to provide affordable housing as a tool to attracting **industrial investment by keeping the State's labour costs below that of rival states**³⁰. Workers within these industrial sectors commonly had families move with them to South Australia, as such the housing type was tailored to meet this cohorts needs, resulting in larger allotments of lower density attached or detached housing.

The current profile of different stock types held in public and Aboriginal housing is shown below.

Table 4: Public and Aboriginal Housing profile of dwelling type

Dwelling Type	% of Overall Stock	Definition
Single Unit Brick	31.55%	Detached brick dwelling
Attached House	29.54%	Medium density, ground level or multistorey
Double Units	16.71%	Dwellings constructed in pairs with party wall
Cottage Flats	11.58%	Purpose build flats for the older people, usually ground level
Flats	6.21%	Attached, generally multi-storey configurations
Single Unit Timber	4.38%	Detached timber dwelling
Boarding House	0.04%	A number of people (10+) rent single or shared rooms

Source: DCSI/Renewal SA information requests

Of the stock managed by the SAHT there is a high proportion of dwellings with 3 or more bedrooms. The below table provides the breakdown of bedrooms.

Table 5: Public and Aboriginal Housing profile of bedrooms per dwelling

Number of bedrooms	Proportion of overall stock portfolio
1	14%
2	38%
3	45%
4+	4%

Source: DCSI/Renewal SA information requests

³⁰ Susan Marsden, 'Playford's metropolis', in Bernard O'Neil, Judith Raftery & Kerrie Round eds, *Playford's South Australia: essays on the history of South Australia, 1933-1968* Association of Professional Historians, Adelaide 1996, pp.117-134.

Location of stock

The SAHT historically developed large, concentrated areas of social housing. This was seen during the 1950's where the SAHT built 20,000 homes between 1951 and 1957, and the Northern Adelaide population grew from 7,730 to 68,711 between 1954 and 1966³¹. The SAHT held a large portion of their stock in this region that was targeted due to the new opportunities that existed in industrial development at Elizabeth. Due to these initial holdings the SAHT today still holds a large portion of its stock in Northern Adelaide.

The location of public and Aboriginal housing stock is categorised into 8 different regions. Total current lettable stock is displayed below.

Table 6: Public and Aboriginal Housing profile of dwelling location

Location	# Dwellings	% of Total
Northern Adelaide	11,095	29%
Western Adelaide	8,428	22%
Southern Adelaide	6,481	17%
Southern Country	3,469	9%
Eastern Adelaide	3,151	8%
Northern Country	2,260	6%
Western Country	2,106	6%
Far West & Remote	864	2%
Total	37,854	

Source: DCSI/Renewal SA information requests

Condition of stock – Maintenance

The only reported measure for asset condition is the ROGS 2016 tenant self-assessment of the standard of their home based on the criteria of; “at least four working facilities and not more than two major structural problems”. When comparing results across different housing providers it is noted that community housing reports the highest proportion of households with at least four working facilities and less than two major structural problems with 92.6%, compared to public housing (85.2%) and SOMIH (68%)³².

Complete property condition profiles have not been kept up to date by the SAHT in recent years and this has resulted in an unclear picture of the maintenance backlog. To determine the condition of properties held by the SAHT requires a comprehensive property condition inspection, with the last being carried out in 2003, covering approximately 80% of properties³³. In response to comments

³¹ Susan Marsden, ‘Playford’s metropolis’, in Bernard O’Neil, Judith Raftery & Kerrie Round eds, *Playford’s South Australia: essays on the history of South Australia, 1933-1968* Association of Professional Historians, Adelaide 1996, pp.117-134.

³² Productivity Commission, Report on Government Services, 2017

³³ Auditor-General’s Department, Report on SAHT 2016-17: further commentary and analysis

made in the recent Auditor-General's report the SAHT is developing a strategic asset management plan and has begun a program of inspecting and maintaining profiles of property condition.

Following the recent transfer of properties to Community Housing Providers feedback from that sector is that the maintenance backlog per property is in excess of \$20,000³⁴. This aligns to the average expenditure per dwelling that the SAHT is experiencing in their Renewing our Streets and Suburbs initiative. Through initial stages of the program SAHT is experiencing an average expenditure of \$22,000 per property (November 2017)³⁵.

3.2 Demand for social housing

3.2.1 Housing Register

There is considerable demand for public and community housing with total register for each 20,930 and 12,405 respectively³⁶. Housing SA administers two registers, one for public housing and one for community housing. From the customers perspective there is only one registration form whereby customers have the choice to apply for both public and community housing lists when they first register. SAHT has the view to move to a single database register following completion of the Business Systems Transformation project (planned 2020 completion).

Once placed on the housing register, applicants are categorised on a needs basis. These categories are shown below³⁷:

- *Category 1* – Urgent housing need with long term barriers to accessing or maintaining private housing options;
- *Category 2* – Not currently in urgent housing need, but has long term barrier to accessing or maintaining private housing options;
- *Category 3* – **Doesn't have urgent housing need or long term barriers to other housing options;** and
- *Category 4 ** – Public or Aboriginal housing tenants who apply for and are approved for a transfer, but don't **pass the needs test in line with the Transfer policy.**

*Not used by community housing who only categorise applicants into 3 categories.

To qualify as Category 1, the status of the registrant household must have at least one of the Homelessness/At Risk needs criteria met in addition to other factors. Category 2 does not require this criteria be met and this is the primary difference between Category 1 and Category 2. A person is considered homeless or inadequately housed if they are without conventional accommodation, move frequently between temporary shelter, or have housing which either is likely to damage health, threatens their safety, does not provide access to personal amenities or the economic and social supports that a home normally affords³⁸. The figure below shows the change in housing register over the past 4 years within Public and Aboriginal housing, and community housing.

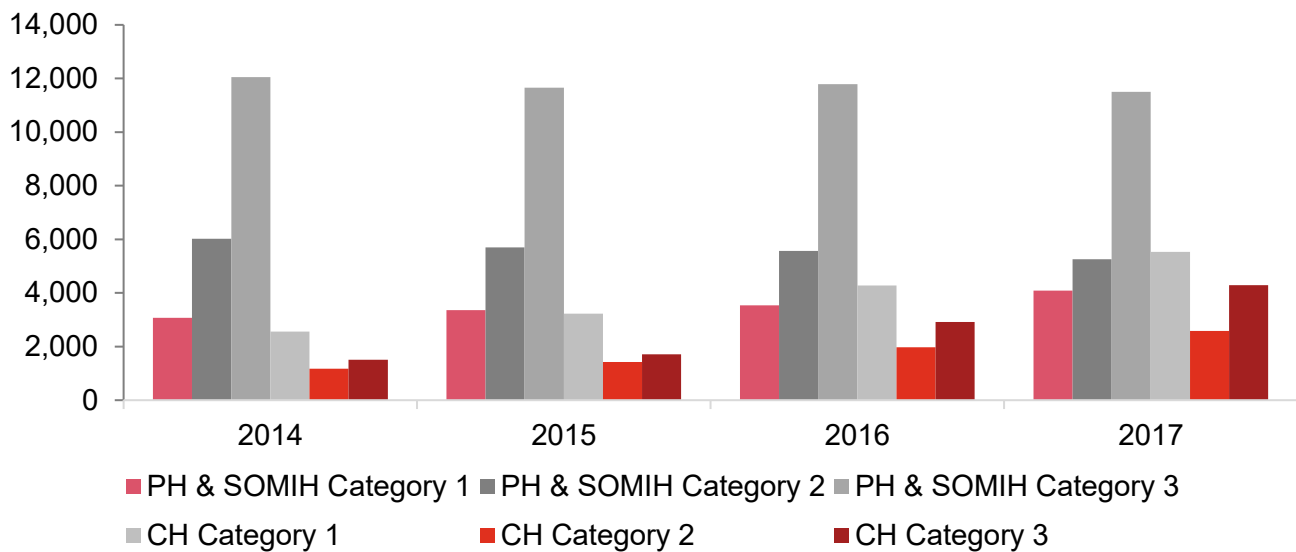
³⁴ Stakeholder Consultation (31 October 2017) Community Housing Provider

³⁵ DCSI/Renewal SA information request

³⁶ DCSI/Renewal SA information requests

³⁷ DCSI, Eligibility for public housing policy, <https://dcsi.sa.gov.au/services/housing-sa/housing-trust-policies/registering-for-public-and-community-housing/eligibility-for-public-housing-policy>

³⁸ Government of South Australia, Housing Needs Report Form

Figure 14: Public and SOMIH, and community housing register

Source: DCSI/Renewal SA information requests

Note, PH and CH are abbreviations for Public Housing and Community Housing

There has been a 33% increase in public housing category 1 applicants and 116% increase in community housing category 1 applicants from 2014-2017, highlighting that the unmet need in the system is continuing to grow.



The housing register is predominantly composed of category 3 applicants in the public and Aboriginal systems, together these account for over 55% of the total public and Aboriginal housing register. **Feedback from stakeholder groups is that there is also ‘under reported need’, particularly amongst Aboriginal people, who should be considered Category 1 but have been unable to complete the necessary application process/forms to be recognised as such (ie due to language, access to services, or other barriers).** The community housing register has a different distribution between categories, with a much higher portion of category 1 applicants. In June 2017 there were 5,532 Category 1 applicants out of 12,405 on the register, equating to 44.5%. Overall the combined housing register has increased from 26,414 in 2014 to 33,284 in 2017. During this period the public and Aboriginal register actually declined approximately 300 and the community housing register increased approximately 7,000³⁹. Housing SA have indicated that there may be double counting of people who are on both the public and Aboriginal housing registers.

³⁹ DCSI/Renewal SA information requests

3.2.2 Allocations

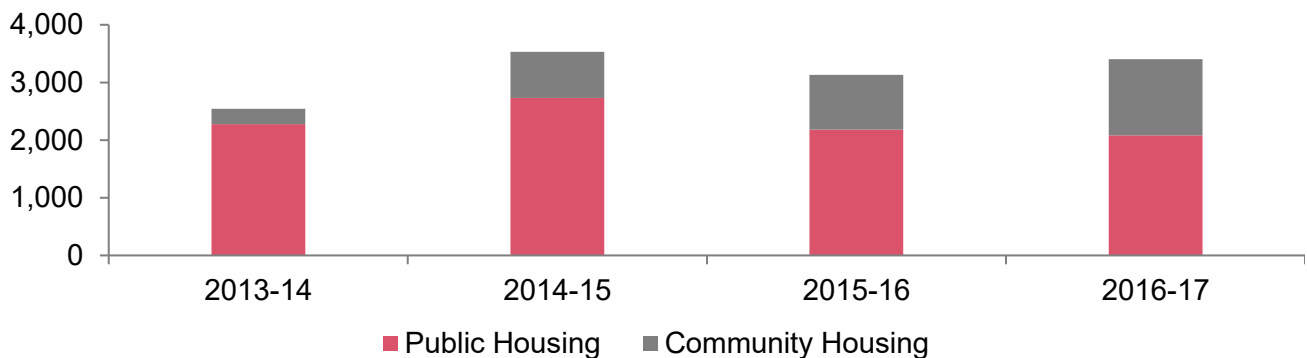
In 2016-17 there were 2,082 public housing allocations, with 88% of these Category 1 allocations. Similarly 81.5% of the 1,324 community housing allocations in 2016-17 were Category 1.

The high proportion of Category 1 allocations to both public and community housing (88 and 81.5% respectively) illustrates the changing emphasis of housing services those in most need.



The total number of public housing allocations has decreased slightly whilst community housing allocations have increased over the past 4 years, as shown in the figure below.

Figure 15: Public and Community Housing allocation 2013-14 to 2016-17



Source: DCSI/Renewal SA information requests

3.2.3 Projected allocations and housing register

The SAHT has conducted internal analysis to develop projections of the future allocations and size of the housing register. Projections have been made until 2022. The modelling took into account factors such as:

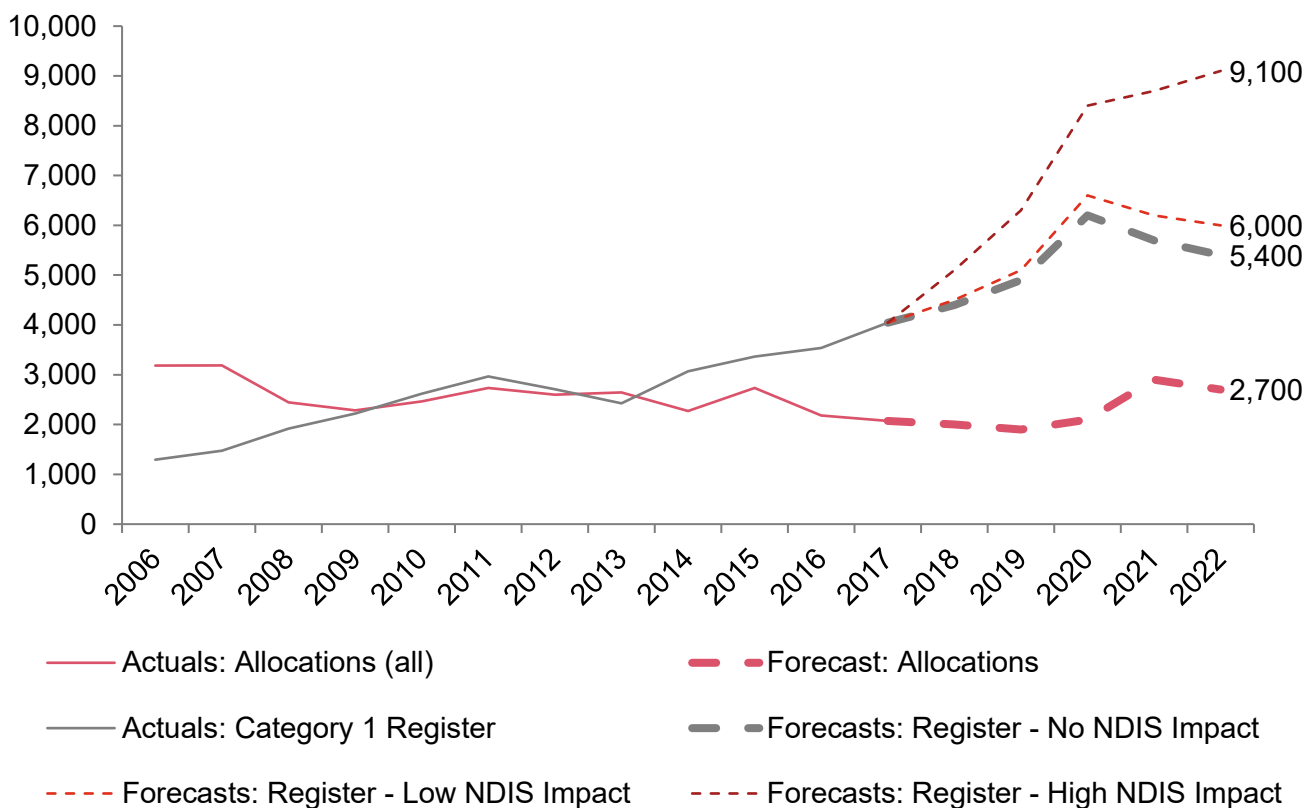
- National policy and funding changes;
- NDIS impacts;
- New government priorities;
- Redevelopment changes (timing/projects);
- Customer behaviour (tenant/public); and
- Amended sales targets.

The SAHT have estimated the impacts of the NDIS based on the Disability Housing Futures Working Final Report 2016⁴⁰. The impact on South Australia is based on the national estimate for total transitions to social housing and the supply of social housing over the next decade. The high level impact represents a 100% impact and the low level impact represents a 50% impact over the decade.

⁴⁰ Disability Housing Futures Working Group. (2016). Final Report. Available: http://nahc.org.au/documents/DHF_Final_Report_February_2016.pdf.

The below figure shows the projections made by the SAHT in addition to past trends dating back to 2006. It should be noted projections are influenced by the combination of the public and community housing registers. The modelling has also assumed that in 2020 due to the new IT system combining community and public registers there are 1,000 mutual customers that will move from Category 2 to Category 1 on public housing register to align with existing community housing assessment.

Figure 16: SAHT projected category 1 allocations and housing register



Source: DCSI/Renewal SA information requests

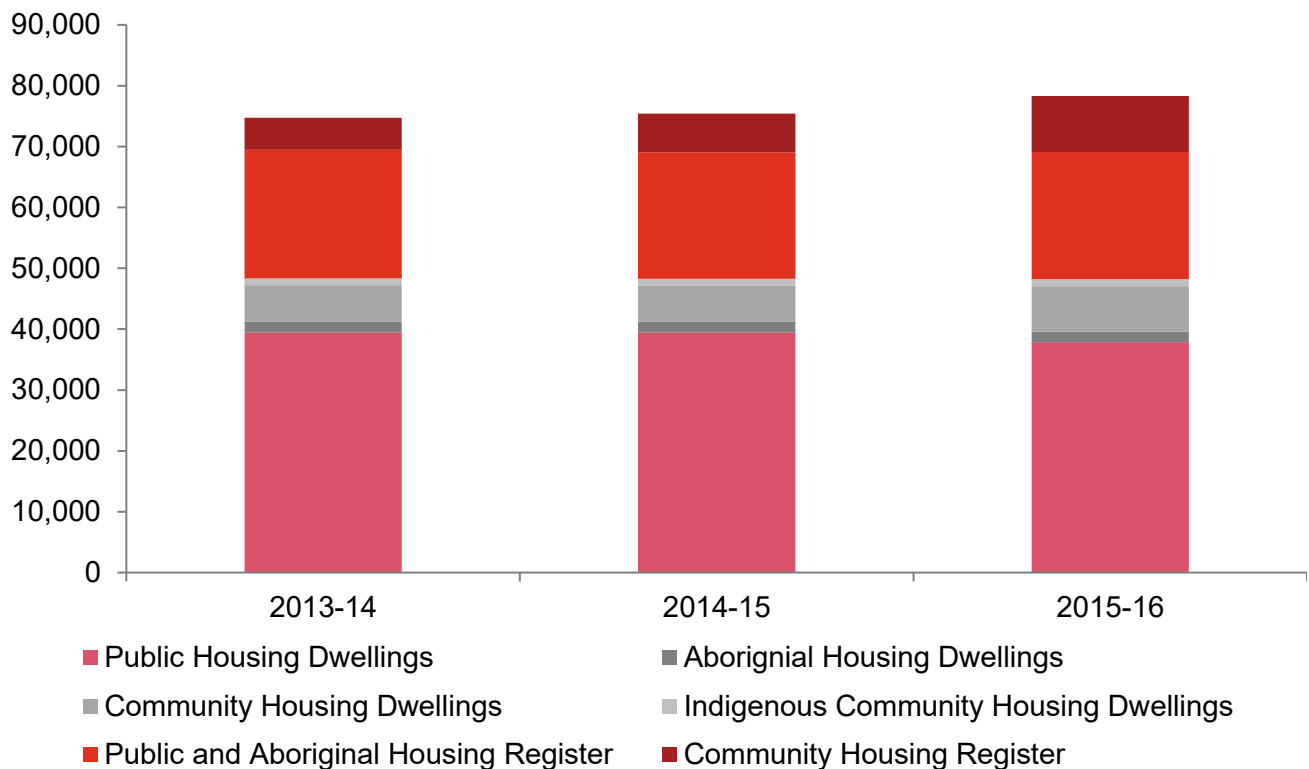
3.2.4 Total demand

As at June 30 2017 the South Australian Housing Trust provided tenancy to 36,771 tenants and had 20,879 on the housing register through their public and Aboriginal housing programs. The community housing sector as at 30 June 2016 have a further 7,472 dwelling and had 12,405 on the housing register in 2017⁴¹.

The number of tenants supported through social housing has remained mostly steady throughout the period 2013-14 to 2015-16. The total number of people on the housing register however has increased over this period. The figure below summarises the total demand for social housing through combining both the current supply of social housing stock in South Australia with those people waiting for housing on the register.

⁴¹ DCSI/Renewal SA information requests

Figure 17: Total demand for social housing in South Australia



Source: DCSI/Renewal SA information requests and Productivity Commission's Report on Government Services 2017

*Aboriginal Community Housing 2016 data unavailable and assumed to remain constant from 2015. 2017 ROGS data not available.

3.3 Profile of the social housing tenant

The changing profile of the average social housing tenant can be characterised through four key features;

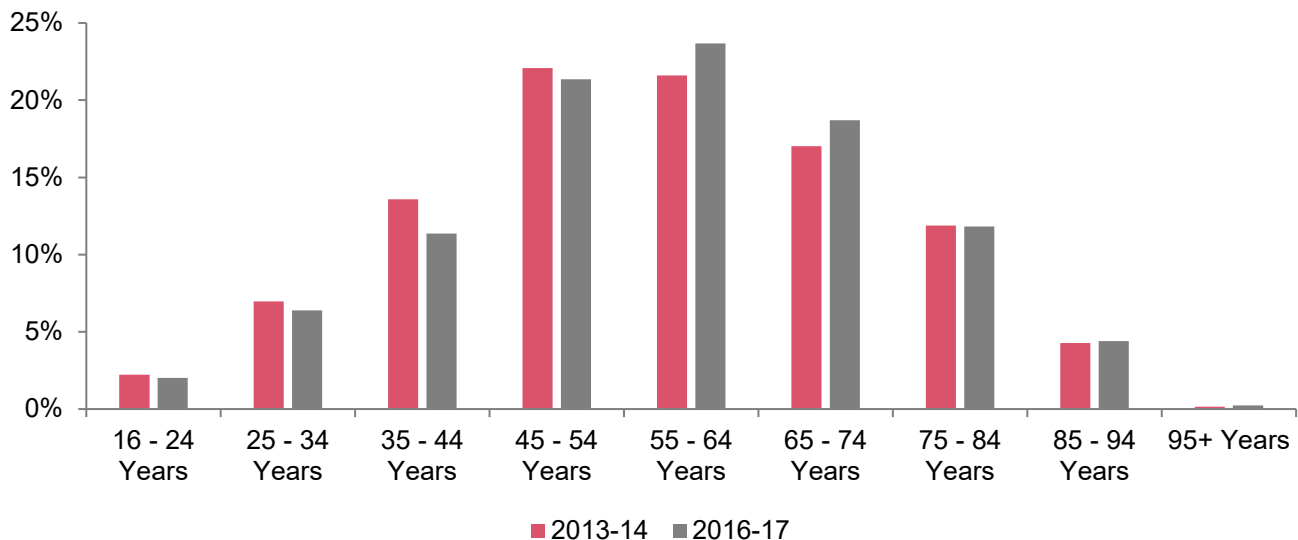
- **Ageing population** – high proportion of tenants aged 55+ years
- **Reliance on Commonwealth supports** – high proportion of tenants primary income source is some form of Commonwealth support
- **Single households** – less families and more singles residing in social housing
- **Longer length of stay** – higher proportion of tenants staying in public housing for extended periods

Analysis below has been conducted for public housing and SOMIH only. Tenant data for the community housing sector was requested however was not available.

3.3.1 Age profile

The figure below illustrates the current age profile of tenants in public housing.

Figure 18: Public and SOMIH tenant age profile



Source: DCSI/Renewal SA information requests

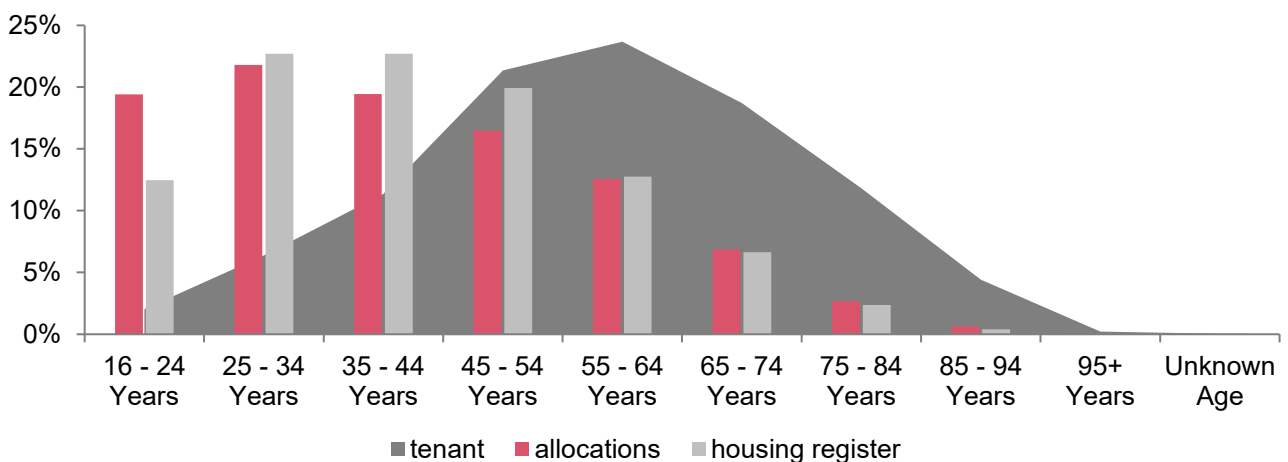
58.8% of public housing tenants are aged 55 years or older (2016-17).



The proportion of the tenant base in this ageing category is changing dramatically. Only 4 years ago in 2013 the proportion of those aged greater than 55 was 54.1%, compared to the 58.8% in 2016-17. This trend is expected to continue.

The age distribution differs considerably from the existing tenant base and those recently allocation or on the waiting list. The figure below illustrates the much younger age profile of allocations and those applicants on the waiting list compared to the current tenant profile.

Figure 19: Public Housing tenant age profile vs allocations age profile and current housing register



Source: DCSI/Renewal SA information requests

61% of allocations in 2017 were tenants younger than 45, considerably greater than the 20% of current tenants in this age bracket.



3.3.2 Primary income source

There is a heavy reliance on Commonwealth supports as the primary source of income for public housing tenants. The table below illustrates this reliance;

Table 7: Public and Aboriginal Housing tenant primary income source

Primary Income	2013-14	2014-15	2015-16	2016-17
Disability Support Pension	36%	36%	35%	33%
Age Pension	28%	28%	28%	29%
Newstart Allowance	10%	11%	12%	12%
Wages	10%	9%	9%	9%
Overseas Govt	5%	5%	5%	5%
Other	12%	11%	11%	12%

Source: DCSI/Renewal SA information requests

62% of tenants are on either the age or disability support pension, whilst only 9% of tenants earn a wage as their primary source of income.

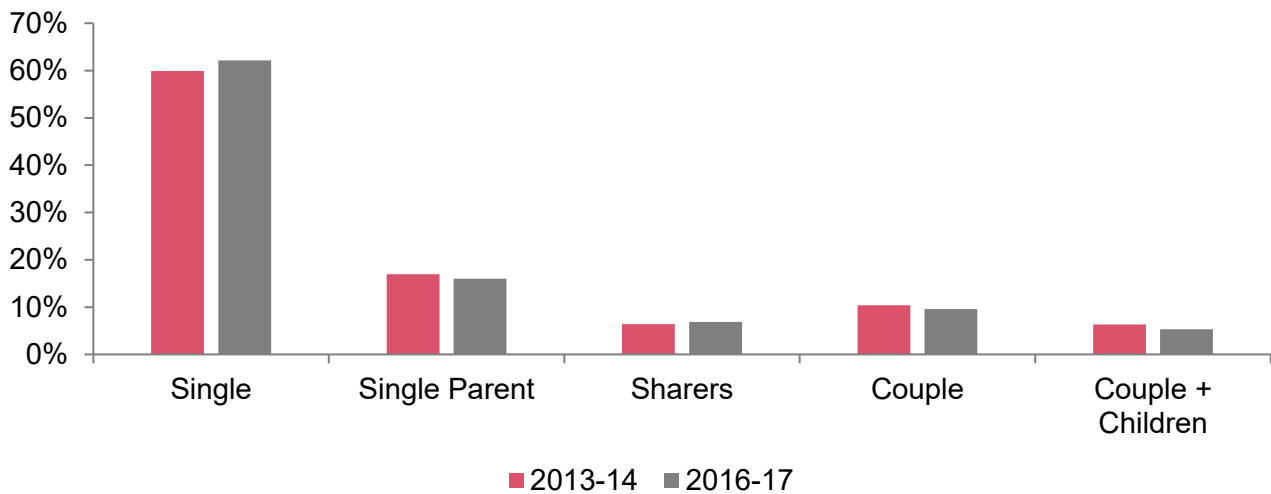


As previously discussed the new allocations (2016-17) age distribution is considerably lower than that of the existing tenant base. The primary source of income of these new allocations is more heavily skewed towards Newstart (26.6%), the Disability Support Pension (27.5%) and the Single Parenting Payment (11%) as opposed to the Aged Pension (8.7%). The proportion of new allocations who report wages as their primary income source (3.9%) is considerably lower than that of the current tenant profile (9%).

The SAHT customers on the housing register display similar characteristics, with high portions on Commonwealth supports. The Newstart allowance is the primary source of income (26%), followed by the Disability Support Pension (25%) and Single Parenting Payment (14%). 11% of the total register report wages as their primary source of income, this however declines to only 4% when isolating Category 1 applicants only.

3.3.3 Household type

The origins of the SAHT saw a considerable proportion of public housing oriented towards families. This has shifted over time to today where the predominant household type are singles or single parent. The figure below shows the current structure of household types.

Figure 20: Public and Aboriginal Housing household type

Source: DCSI/Renewal SA information requests

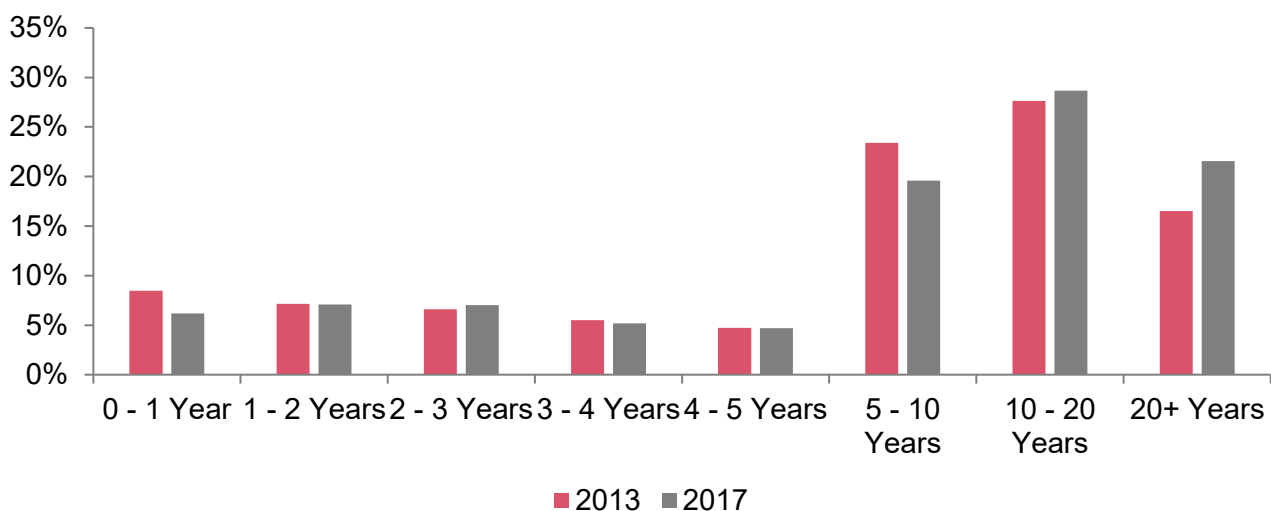
78% of public housing households are single or single parent.



The household type of 2016-17 allocations and those customers on the housing register is more heavily weighted towards single and single parent households. 89% of allocations in 2016-17 and 85% of those on the housing register are single or single parent households.

3.3.4 Length of tenancy

The length at which a public housing tenant is staying within the same dwelling is increasing. The figure below compares the length of tenancy in 2013 and 2017 where it is noted distinctly higher proportion of tenants who have been in public housing 10-20 years and 20+ years.

Figure 21: Public and Aboriginal Housing tenancy length

Source: DCSI/Renewal SA information requests

The proportion of tenants who have been in public housing for greater than 10 years has increased from 44% in 2013 to 50% in 2017.



3.3.5 Individual cohorts

There are a number of different cohorts that have been assessed. The snapshot of tenant profiles below shows some of the key cohorts with specific needs. All data has been sourced from DCSI Tenant and Dwelling Information Requests provided.

Aged singles (over 55)

- 15,118 single households over the age of 55 representing 41% of all households in 2016-17, growing from 38% in 2013-14⁴².
- 57.7% of aged singles have been in public housing for greater than 10 years in 2016-17, up from 53.3% in 2013-14⁴³.
- 61% of aged singles are women in 2016-17⁴⁴.
- 85% of aged singles in 2016-17 have a primary income source from the Aged Pension, Disability Support Pension or Department of Veterans Affairs Pension⁴⁵.

Aged single women

- Single women aged 55 years or older represent 25.1% of all households in 2016-17, up from 23.9% in 2013-14⁴⁶.
- 74% of all single women housed in public housing are over the age of 55 years old, much greater than the overall average of 58.5%⁴⁷.
- 75% of single women are on the Aged or Disability Support Pension⁴⁸.

Stakeholder feedback from workshops indicated that the rising proportion of aged single women in social housing is often a result of broken marriages and that these women are unable to adequately support themselves (eg unable to gain employment or have inadequate financial resources, lack of superannuation, etc.).

Young people (aged 16-24 years old)

- Comprise only 2% of all tenants, yet 19.4% of allocations in 2016-17⁴⁹.

⁴² DCSI/Renewal SA information requests

⁴³ DCSI/Renewal SA information requests

⁴⁴ DCSI/Renewal SA information requests

⁴⁵ DCSI/Renewal SA information requests

⁴⁶ DCSI/Renewal SA information requests

⁴⁷ DCSI/Renewal SA information requests

⁴⁸ DCSI/Renewal SA information requests

⁴⁹ DCSI/Renewal SA information requests

- 83% of this cohort are in single or single parent households⁵⁰.
- Primary income sources are Youth Allowance (35%), Single Parenting Payment (21%) and Newstart allowance (18%)⁵¹.

Tenants on wage incomes

- Tenants reporting wages as their primary source of income has decreased from 10.7% in 2013 to 9.1% in 2017⁵².
- Only 9% of tenants who report wages as their primary source of income are aged below 35 years old⁵³.

While this group is arguably in less need than those on Category 1 housing register, advice from Housing SA is this figure should be interpreted cautiously. These groups can include dependents who earn wages and the head tenant may not be able to easily transition to private market accommodation.

3.3.6 Expected future demographic

The consensus amongst all stakeholders consulted throughout the review process is similar in that the tenants are expected to become more complex and the trends seen throughout the review period are expected to continue.

The current tenant profile has a large proportion of older people. Those that are getting allocated to social housing are young however due to the small number of allocations and longer length of tenancy average age of tenants is likely to continue to grow.

The allocations to the social housing system are younger than the current tenant profile and display high levels of reliance on Commonwealth support payments. These people entering social housing system due to their complex needs are less likely to gain stable employment and have the financial capability to leave this highly supported system.

The current profile of SAHT tenants displays a high proportion of single tenant or single parent households. With both allocations in 2016-17 having 89% in these categories and the increasing number of single older people due to either divorce or becoming widowed this cohort of single or single parent households is expected to grow.

The SAHT currently has a large portion of tenants who rely on Commonwealth Supports. Due to this already comprising the majority of the total tenant base in the SAHT it is anticipated that this characteristic will remain steady or grow slightly due to the heavy reliance on Commonwealth Supports of those people entering the housing system and the ageing demographic that will transition out of the workforce and onto Commonwealth supports such as the Aged Pension.

⁵⁰ DCSI/Renewal SA information requests

⁵¹ DCSI/Renewal SA information requests

⁵² DCSI/Renewal SA information requests

⁵³ DCSI/Renewal SA information requests

3.4 Matching social housing demand and supply

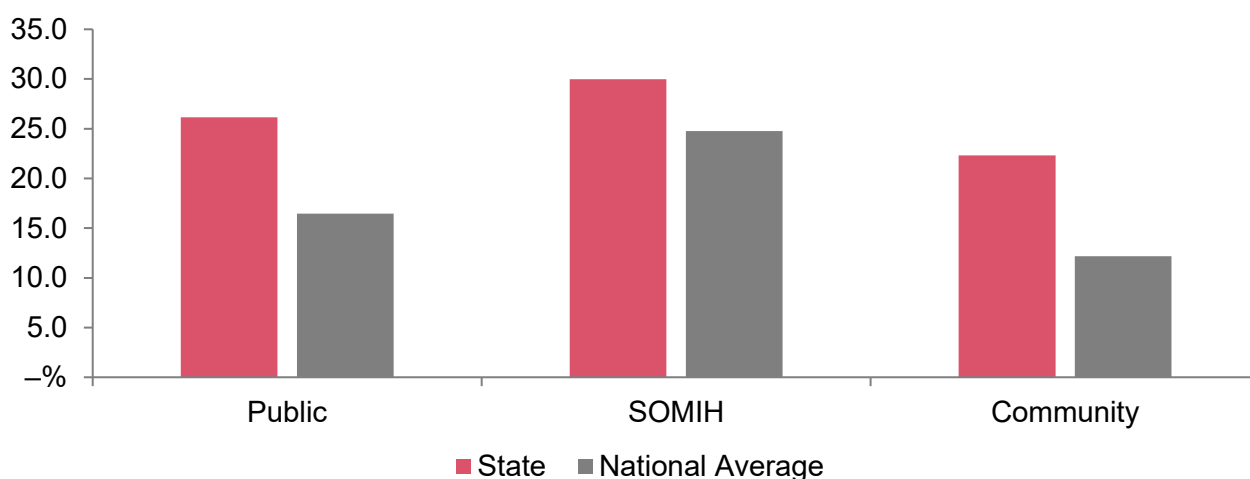
3.4.1 Underutilisation and overcrowding

Underutilisation and overcrowding are two measures to determine how well a tenant is suited to the dwelling they are placed in. ROGS defines these two measures as:

- Underutilisation is defined as when the number of bedrooms exceeds the number that the household needs by two or more⁵⁴.
- Overcrowding is defined as when a household requires one or more bedrooms than they have in their current household⁵⁵.

As a result of the ageing single population and the supply of dwellings with 3 bedrooms, South Australia experiences a high level of underutilisation. The figures below indicate the proportion of underutilisation and overcrowding experienced in South Australia.

Figure 22: Social Housing underutilisation figures, 2016



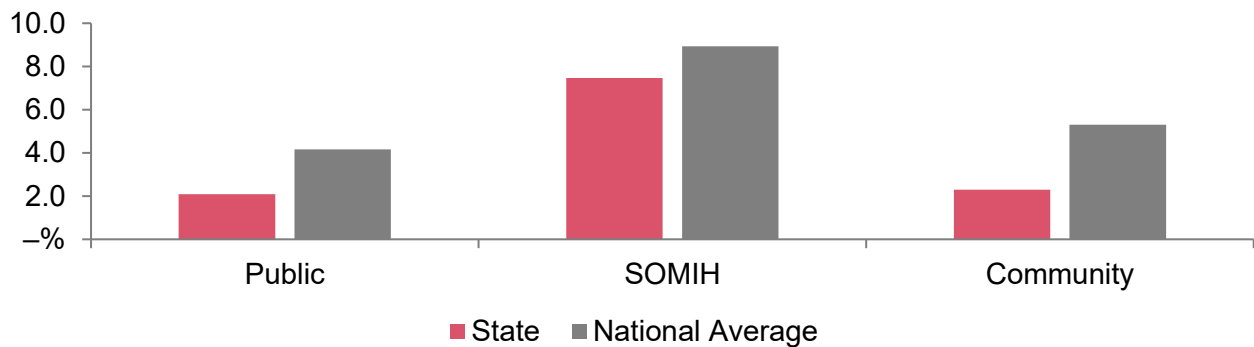
Source: Productivity Commission, Report on Government Services 2017

Social housing dwellings in SA are not well matched to tenant requirements, resulting in high levels of underutilisation.



⁵⁴ Productivity Commission, Report on Government Services, 2017

⁵⁵ Productivity Commission, Report on Government Services, 2017

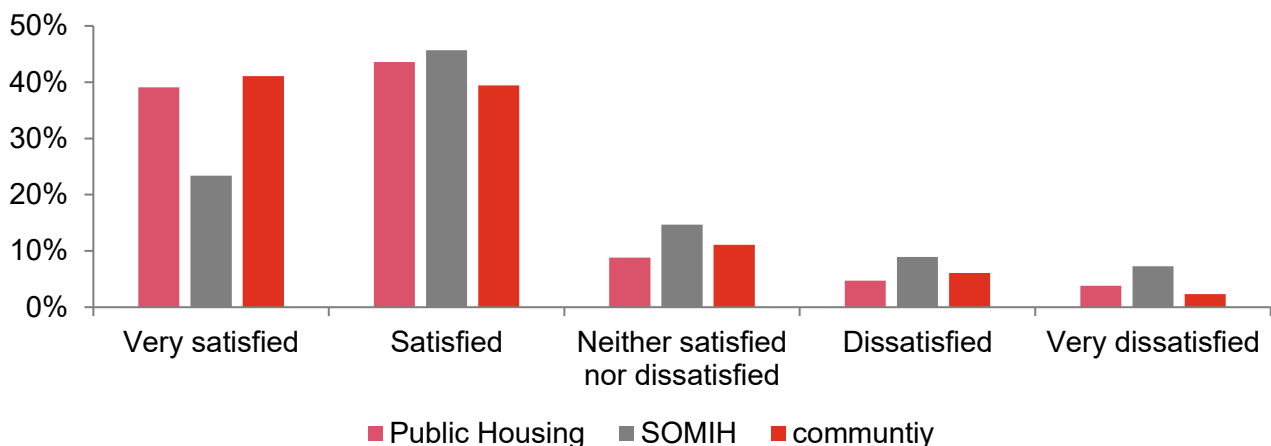
Figure 23: Social Housing overcrowding figures, 2016

Source: Productivity Commission, Report on Government Services 2017

3.5 Social housing tenant satisfaction

Tenant or customer satisfaction is one measure of SAHT's ability to meet the needs of the tenants, through both appropriate allocation of dwellings and satisfactory tenancy management services.

A measure of customer satisfaction is found in the National Social Housing Survey conducted by the Australian Institute of Health and Welfare in 2016. This provides a breakdown of customer satisfaction into 5 reported categories; very satisfied, satisfied, neither satisfied or dissatisfied, dissatisfied and very dissatisfied. The figure below illustrates customer satisfaction for tenants within the public, SOMIH and community housing sectors.

Figure 24: Social Housing tenant satisfaction with services provided (South Australia)

Source: Australian Institute of Health and Welfare 2017. National Social Housing Survey: detailed results 2016. Cat. no. HOU 290. Canberra: AIHW

As seen in the above figure community housing experiences the highest level of very satisfied tenants with 41.1% compared to public housing at 39.1%. When comparing the level of satisfied and very satisfied tenants however, public housing has the greatest proportion with 82.7% compared to 80.5% in community housing and 69.1% in SOMIH.

Across all three housing types South Australia outperforms the national average. Public housing tenants in South Australia are 9.6% more likely to report being satisfied or very satisfied. SOMIH and community housing tenants are 1.5% and 0.2% respectively more likely to report as being satisfied or very satisfied.

3.5.1 Location

Dwelling location is one of the important factors that needs to be considered when placing a tenant in suitable accommodation. Being situated close to services, family and other support networks may be the differentiating factor between a successful tenancy and an unsuccessful tenancy.

The following table outlines the different location factors reported on within the Productivity Commission's Report on Government Services that meet public housing tenants' needs. The high proportion of needs met indicates the SAHT is housing tenants favourably.

Table 8: Public Housing location, tenant satisfaction, 2016 (South Australia)

Location Aspect	Needs Met (%)
Shops and banking	95.9
Public transport	93.6
Parks and recreation facilities	93.3
Emergency services, medical services, hospitals	92.9
Child care facilities	84.7
Education/training facilities	89.5
Employment/place of work	86.1
Community and support services	90.7
Family and friends	91.5
Average	90.9

Source: Productivity Commission, Report on Government Services 2017

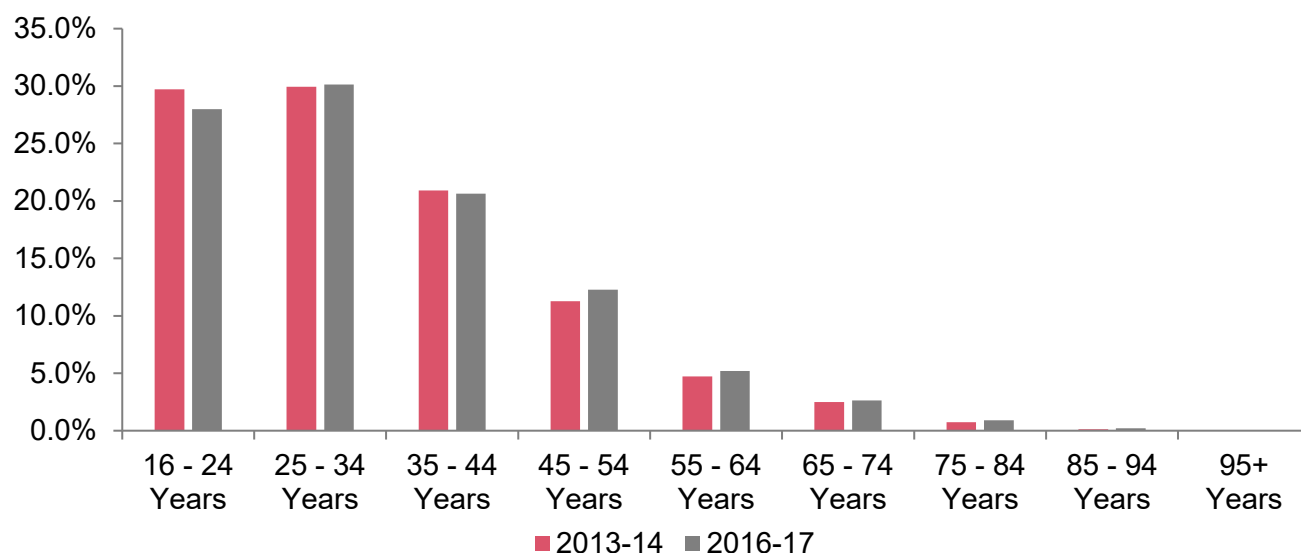
3.6 Private Rental Assistance Program customer profile

The SAHT provide financial assistance to South Australian's in the private rental market through their Private Rental Assistance Program (PRAP). The size of this program has decreased from 24,465 in 2013/14 to 23,431 in 2016/17. Customers receiving this service are primarily females, increasing from 58.5% to 61.7% over this review period, and have a much younger age profile than those in public and Aboriginal housing programs.

3.6.1 Age profile

The below figure illustrates the age profile of customers within PRAP over the review period. The figure shows there has been a slight increase of age of people receiving this support over the review period.

Figure 25: PRAP age profile

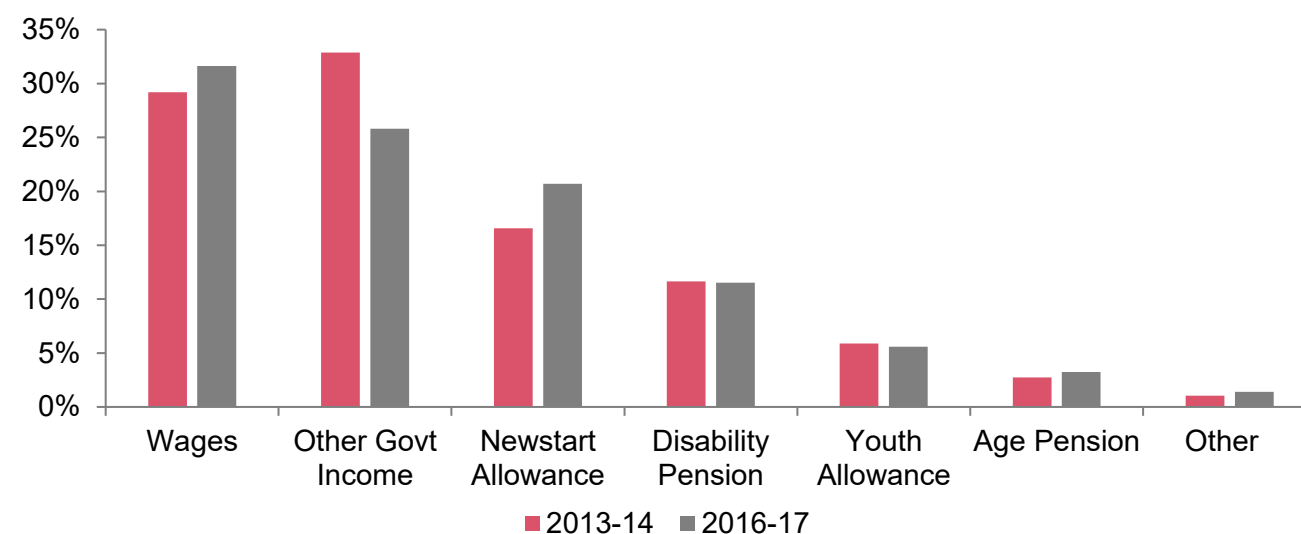


Source: DCSI/Renewal SA information requests

3.6.2 Primary income source

Commonwealth Supports are the primary source of household income for customers receiving private rental support. The proportion of households receiving these supports are high, however not as high as those within the public and Aboriginal housing programs. There is also a large portion of customers receiving private rental assistance who report wages or business income as their primary source of household income, different to that of those within the public or Aboriginal housing programs. The figure below shows that there has been an increase over the review period in the number of customers who report wages and Newstart Allowance as their primary income source.

Figure 26: PRAP primary income source

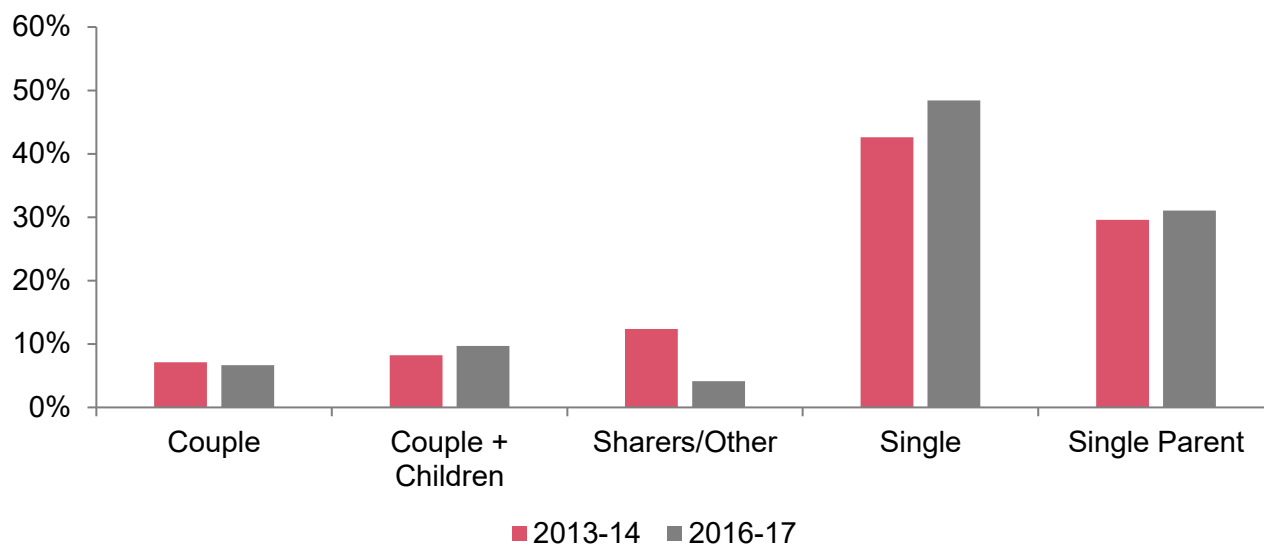


Source: DCSI/Renewal SA information requests

3.6.3 Household type

Similar to public and Aboriginal housing programs run by the SAHT, the profile of customers receiving private rental assistance is weighted towards single or single parent households. The below figure shows the increase in single and single parent households over the review period.

Figure 27: PRAP Household type



Source: DCSI/Renewal SA information requests



4. SAHT Financial performance

4 SAHT financial performance

4.1 Overview

The SAHT is primarily a provider of housing assets and tenancy management services to high need people within the community. Public housing services are provided to people who are unable to participate in the private accommodation market. As a consequence, services provided by the SAHT require subsidised or below-market rents and charges. Those below market rent payments require **ongoing subsidy funding in order to sustain the SAHT's operations and asset base.**

The South Australian Housing Trust primarily receives subsidies from the State and Commonwealth governments in the form of State Grants and NAHA funding respectively.

The financial performance of the SAHT has been emphasised as an issue since at least the 2007 financial viability strategy that was introduced to remove the \$880m of interest bearing debt accumulated by the SAHT. Today, the SAHT has no interest bearing debt on its balance sheet. This is primarily a result of two key factors;

- The sale of housing assets
- The \$320m Commonwealth debt forgiveness provided in 2012-13.

The Commonwealth debt forgiveness fast-tracked the removal of interest bearing debt from the balance sheet of the SAHT. Following this Commonwealth debt forgiveness the State reduced the total State Grant funding provided under the Budget process. The exact value of this reduction was not specified however total State Grant funding since this time has been less than the total land tax paid by the SAHT to the State. It is expected that the State Grant Funding received by the SAHT will increase in 2017-18 and 2018-19 as discussed in the recent State Budget. The nature of this increase in Grant funding has changed between budgets from a full increase at one financial year to a transitional increase. The following paragraph is an excerpt from the 2017-18 Budget indicating this transitional increase. Further discussion on budgeted funding is found in later sections of this chapter.

“Total state grant funding provided to SAHT is estimated to increase by \$45.7 million from 2016–17 to 2017–18 and a further \$63.1 million in 2018–19, primarily due to the transitional increase in state grants over the next two years as a result of the conclusion of the reduction in state grants to SAHT flowing from the Commonwealth Government’s balance sheet relief provided in 2012–13”⁵⁶

⁵⁶ Government of South Australia, State Budget, Budget Statement, Budget Paper 3, 2017-18

Financial statements

SAHT financial statements provide a summary of the overall financial performance of the SAHT. Summaries of the Income Statement, Balance Sheet and Cash Flow statements have been provided below with specific commentary below each of these statements. These statements have been provided by the SAHT and have not been audited or reviewed by PwC.

Table 9: SAHT Balance Sheet (4 year summary)

\$ in 000s	2017	2016	2015	2014
Current Assets				
Cash and Cash Equivalents	205,354	397,198	271,389	249,338
Inventories	149,900	92,416	81,892	82,378
Other Current Assets	34,998	39,599	45,087	61,534
Total Current Assets	390,252	529,213	398,368	393,250
Non-Current Assets				
Property, Plant and Equipment	9,885,738	9,904,427	9,764,987	9,660,402
Other Non-Current Assets	4,285	5,085	6,100	7,947
Total Non-Current Assets	9,890,023	9,909,512	9,771,087	9,668,349
Total Assets	10,280,275	10,438,725	10,169,455	10,061,599
Current Liabilities				
Payables	(47,696)	(171,402)	(44,970)	(73,684)
Other Current Liabilities	(23,067)	(27,338)	(22,162)	(21,068)
Total Current Liabilities	(70,763)	(198,740)	(67,132)	(94,752)
Non-Current Liabilities				
Staff Entitlements	(15,103)	(14,051)	(13,265)	(12,512)
Other Non-Current Liabilities	(5,098)	(5,917)	(6,656)	(8,481)
Total Non-Current Liabilities	(20,201)	(19,968)	(19,921)	(20,993)
Total Liabilities	(90,964)	(218,708)	(87,053)	(115,745)
Net Assets	10,189,311	10,220,017	10,082,402	9,945,854
Equity				
Retained Earnings	3,161,506	3,254,264	3,309,987	3,304,949
Asset Revaluation Surplus	6,934,458	6,881,953	6,711,539	6,603,589
Contributed Capital	93,347	83,800	60,876	37,316
Total Equity	10,189,311	10,220,017	10,082,402	9,945,854

Source: SAHT audited financial statements

The SAHT balance sheet has low levels of liabilities proportionate to its asset base, largely due to the property, plant and equipment holdings through public, Aboriginal and community housing stock held. As a result of this the equity held within the SAHT is approximately \$10 billion.

Approximately 60% of SAHT total equity is in the form of Asset Revaluation Surplus. This is a result of the stock held that has increased in value, as determined by the Valuer-General annually, since purchasing these properties.

Table 10: SAHT Income Statement (4 year summary)

\$ in 000s	2017	2016	2015	2014
Income				
Rental Income	278,510	280,078	287,168	283,998
Recurrent Commonwealth Revenues	74,485	73,582	92,905	103,527
Other Income	44,924	42,183	33,033	52,738
Total Income	397,919	395,843	413,106	440,263
Revenues from SA Government				
Recurrent Revenues from SA Government	86,318	76,735	150,166	132,242
Capital Revenues from SA Government	1,311	4,440	28,500	-
Total Revenues from SA Government	87,629	81,175	178,666	132,242
Expenses				
Rental Property Expenses	(375,102)	(373,377)	(372,621)	(365,637)
Staffing Costs	(74,196)	(75,196)	(69,638)	(84,955)
Other Expenses	(124,502)	(109,209)	(173,165)	(184,988)
Total Expenses	(573,800)	(557,782)	(615,424)	(635,580)
EBITDA	(88,252)	(80,764)	(23,652)	(63,075)
Depreciation and Amortisation	(88,274)	(88,779)	(87,336)	(85,760)
Interest Income	6,679	7,888	6,638	9,813
Net Gains form Disposal of Assets	3,459	7,592	(1,409)	5,921
Net Result Before Income Tax Equivalent	(166,388)	(154,063)	(105,759)	(133,101)
Income Tax Equivalent	-	-	-	-
Net Result After Income Tax Equivalent	(166,388)	(154,063)	(105,759)	(133,101)
Changes in Asset Revaluation Surplus	126,683	269,391	218,747	(18,332)
Total Comprehensive Results	(39,705)	115,328	112,988	(151,433)

Source: SAHT audited financial statements

SAHT is operating with total expenses exceeding total income. The total comprehensive result however is positive in 2 of the 4 financial years analysed during this review primarily due to asset revaluations by the Valuer-General.

The net result for the SAHT is primarily driven by the following:

- Rental income;
- Recurrent Commonwealth and State revenues;
- Rental property expenses;
- Depreciation and Amortisation; and
- Change in Asset Revaluation Surplus.

Throughout the period of this review rental income, rental property expenses and depreciation and amortisation have remained relatively steady. Recurrent Commonwealth and State revenues have both declined as a result of the changes to NAHA funding where the Department for Communities and Social Inclusion receives homelessness funding directly and the State Grant funding reduction following the Commonwealth Debt Forgiveness. These are further discussed in later funding sections. Asset revaluation is largely related to the underlying property market and hence displays property market volatility.

Table 11: SAHT Cash Flow Statement (4 year summary)

\$ in 000s	2017	2016	2015	2014
Cash flows from Operating Activities				
Cash Outflows				
Staffing Costs	(74,697)	(74,188)	(69,048)	(85,731)
Rental Property Expenses	(195,211)	(200,787)	(209,282)	(192,737)
Land Tax Equivalents Paid	(313,660)	(44,619)	(175,523)	(177,603)
Development Costs/Purchase of Rental Property	(113,503)	(109,433)	(126,068)	(137,746)
Other Operating Cash Outflows	(91,070)	(94,133)	(183,395)	(137,534)
Cash used in Operations	(788,141)	(523,160)	(763,316)	(731,351)
Cash Inflows				
Rent Received	264,354	271,392	275,672	262,918
Receipts from Commonwealth	74,485	73,582	105,540	110,827
Proceeds from Sale of Rental Property	107,694	153,495	142,401	197,478
Other Cash Inflows	54,256	49,118	58,589	55,994
Cash generated from Operations	500,789	547,587	582,202	627,217

\$ in 000s	2017	2016	2015	2014
Cash flows from SA Government				
Receipts from SA Government	87,629	81,175	180,865	132,242
Cash Generated from SA Government	87,629	81,175	180,865	132,242
Net Cash provided by/(used in) Operating Activities	(199,723)	105,602	(249)	28,108
Cash flows from Investing Activities				
Cash Outflows				
Purchase of Property, Plant and Equipment	(265)	(1,205)	(353)	(566)
Purchase of Intangibles	(1,403)	(1,512)	(907)	(1,609)
Cash used in Investing Activities	(1,668)	(2,717)	(1,260)	(2,175)
Net Cash used in Investing Activities	(1,668)	(2,717)	(1,260)	(2,175)
Cash flows from Financing Activities				
Cash Outflows				
Repayment of Borrowings	-	-	-	(109,702)
Cash used in Financing Activities	-	-	-	(109,702)
Cash Inflows				
Capital Contributions from SA Government	9,547	22,924	23,560	37,316
Cash generated from Financing Activities	9,547	22,924	23,560	37,316
Net Cash used in Financing Activities	9,547	22,924	23,560	(72,386)
Net Increase/(Decrease) in Cash Held	(191,844)	125,809	22,051	(46,453)
Cash at the Beginning of the Financial Year	397,198	271,389	249,338	295,791
Cash at the End of the Financial Year	205,354	397,198	271,389	249,338

Source: SAHT audited financial statements

The statement of cash inflows and outflows shows that the SAHT primarily uses cash in operating activities.

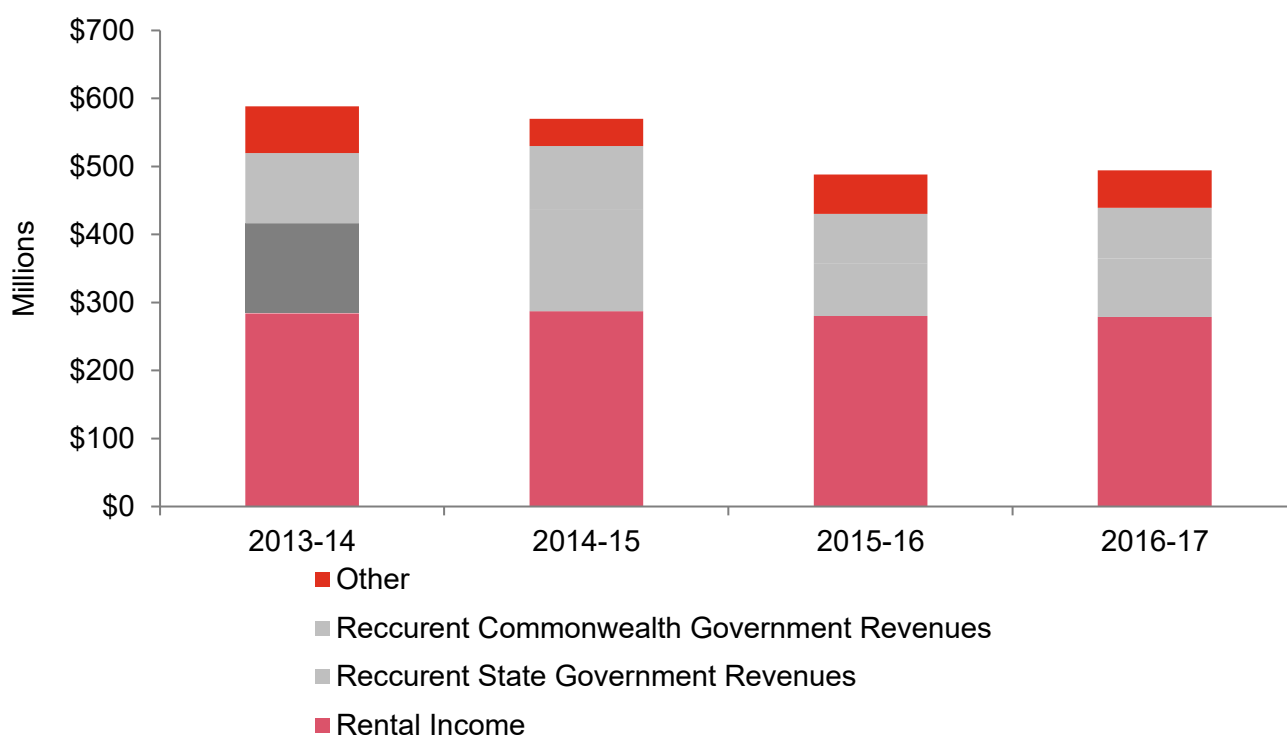
The net cash held throughout the review period shows a increase in 2016 followed by a drop in 2017 due to timing issues with land tax equivalents paid. Analysis of the total land tax equivalent payments accrued throughout each of these years in the notes of financial statements shows they are similar in each period, as such this inconsistency between land tax equivalents paid is likely a result of payment timings. This has been confirmed by the SAHT finance team who note that all payments were made in line with Revenue SA instalment options and there were no late or overdue payments. Overall throughout the period the total cash balance has decreased by approximately \$45 million.

The total proceeds from sale of rental properties totals approximately \$600 million throughout the review period. Without the sale of rental property assets, and any further alternate actions, the SAHT would have a negative cash balance.

4.2 Revenues

The SAHT funds operations through three primary revenue streams: rental income, Commonwealth, and State government revenues. Together these three streams comprise greater than 88% of overall revenue. The figure below shows illustrates the breakdown of different revenue streams the SAHT receives.

Figure 28: SAHT Revenue streams (\$ millions,)



Source: SAHT audited financial statements

Note: 'Other' contains capital Commonwealth and State revenues, interest revenue, recoveries, net gain from disposal of assets and other.

4.2.1 Rental income

Rental income is the single largest revenue stream for the SAHT, comprising over half of all revenues. Rental income is charged to all tenants residing in public and Aboriginal housing properties with the current rent policy capping tenant contributions to the lower of market rent or 25% of their household income. In 2017 the total rental income collected was \$263 million⁵⁷, note this excludes \$15 million classified as 'Other Rent' that is from Community Housing Providers and remote Indigenous communities, neither of which relate to tenants⁵⁸.

⁵⁷ SAHT 2016-17 audited financial statements

⁵⁸ Based on advice from SAHT finance team

The rent policy results in the SAHT providing a discount on market rental rates. The market rental income receivable to the SAHT for 2016-17 was \$487 million, of which 46% or \$224 million is recognised as a rebate subsidy provided to tenants and income foregone for the SAHT⁵⁹. The table below illustrates the market rental, rental income and rental rebate provided by the SAHT to tenants and the associated proportion of this rebate of total market rental over the past 4 financial years.

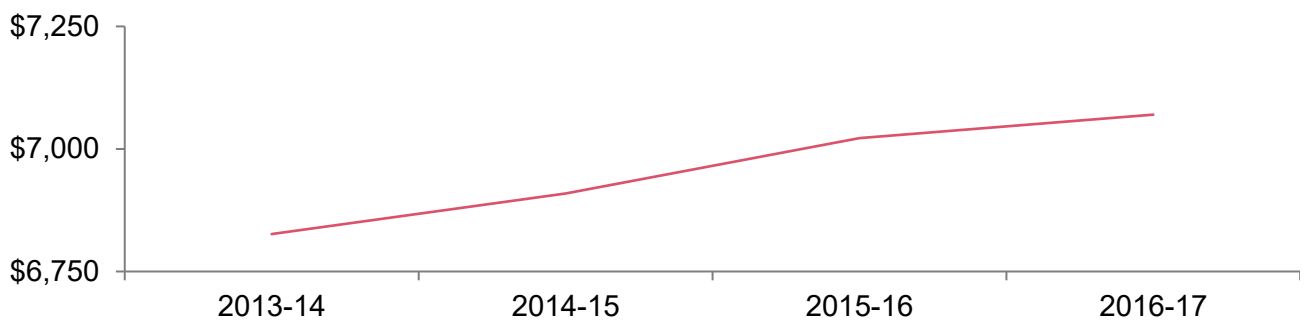
Table 12: SAHT rental income, market rental and rental rebate

	2013-14	2014-15	2015-16	2016-17
Total market rental (\$ millions)	493.35	497.77	489.60	487.42
Rental rebate (\$ millions)	221.12	224.53	225.17	224.31
Rental rebate (% of market rental)	45%	45%	46%	46%
Other rent (\$ millions)	11.77	13.93	15.64	15.41
Rental Income (\$ millions)	84.00	287.17	280.08	278.51

Source: SAHT audited financial statements

The figure below indicates the change in rental revenue per tenant over the past 5 years.

Figure 29: Public and Aboriginal Housing average rental revenue per tenant



Source: Calculated from SAHT audited financial statements & DCSI/Renewal SA information requests

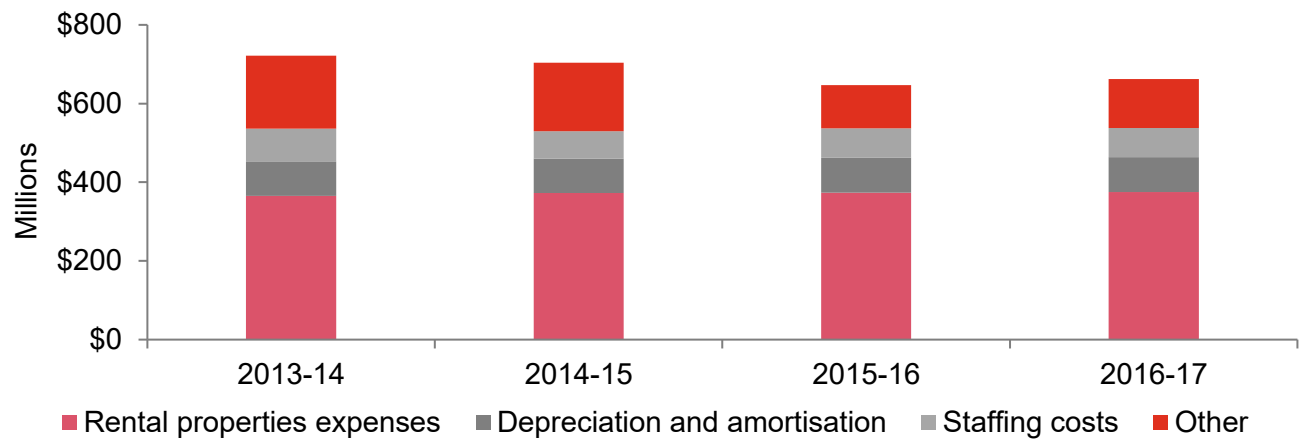
Note: Total tenants over one financial year has been assumed as the average between the total tenants at the start of the period and the end.

4.3 Expenses

The three largest expenses for the SAHT are; rental property expenses, depreciation and amortisation and staffing costs. Together these account for over 80% of expenses. The figure below illustrates the change in expenses over the review period.

⁵⁹ SAHT 2016-17 audited financial statements

Figure 30: SAHT Expense profile 2013-17 (\$ million, nominal)

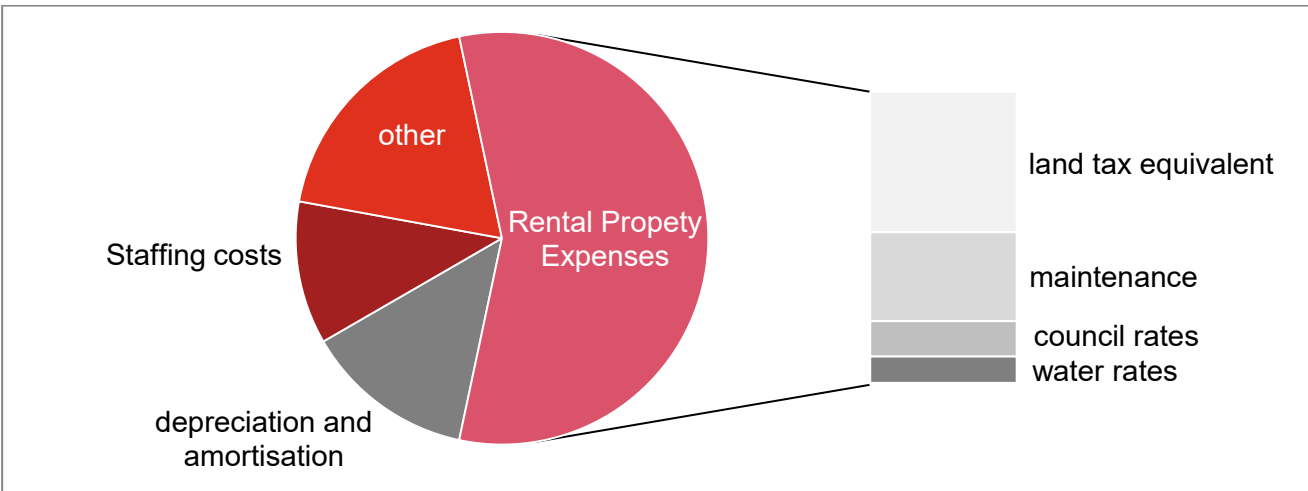


Source: SAHT audited financial statements

Note: Other expenses included supplies and services, business service fees, grants and subsidies, and impairment expenses.

The figure below illustrates this expense profile in 2017 and breaks down the rental property expense into individual components on the right.

Figure 31: SAHT 2016-17 expense profile



Source: SAHT audited financial statements

Note: Other expenses included supplies and services, business service fees, grants and subsidies, and impairment expenses.

Rental property expenses comprise over 55% of all expenses, totalling \$375 million of the overall \$662 million SAHT expenditure.



Rental property expenses encompasses a number of different individual expenses, with the primary being payment of a land tax equivalent to the South Australian government. Other expenses classified as rental property expenses include maintenance costs, council rates and water rates.

4.4 Distribution of funding across SAHT activities

The SAHT conducts activities across six different areas defined in its financial statements. These are shown below⁶⁰:

- Public Housing;
- Indigenous Housing;
- Community Housing;
- Private Rental Assistance;
- Homelessness Services and Support; and
- Emergency Relief Support.

Components of the income statement and balance sheet are broken down by SAHT within its financial statements.

In 2016/17 the SAHT operated at a level where expenses were greater than income streams across all six of these activities.

The table below illustrates the composition of total expenses, income, assets and liabilities across each of the six activities within the financial statements.

Table 13: SAHT 2016-17 breakdown of expenses, income, assets and liabilities

	% of Total Expenses	% of Total Income	% of Total Assets	% of Total Liabilities
Public Housing	82.5	88.8	78.7	91.9
Indigenous Housing	7.3	3.6	6.7	3.1
Community Housing	2.7	2.8	14.5	1.1
Private Rental Assistance	5.0	2.0	0.0	2.1
Homelessness Services and Support	1.0	0.9	0.0	1.6
Emergency Relief Function	1.4	1.9	0.0	0.0

Source: SAHT audited financial statements

Public housing is the primary function of the SAHT from a financial perspective.

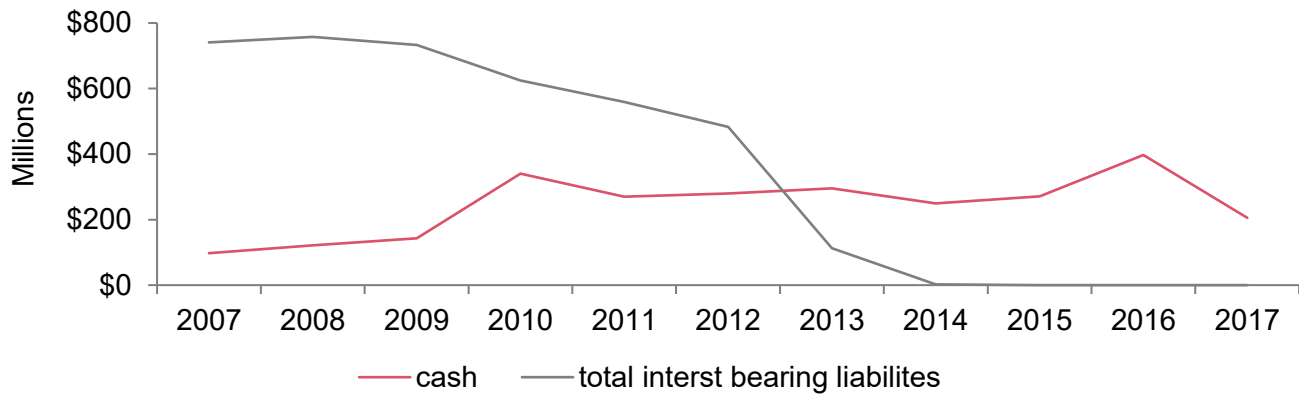


⁶⁰ SAHT 2016-17 Audited Financial Statements

4.5 Debt and Cash Balance

The SAHT currently has a positive cash balance of approximately \$200 million and no interest bearing debt. This is largely a result of the measures taken dating back to the 2007 Financial Viability Strategy. The figure below illustrates the longer term cash balance and interest bearing debt held by the SAHT.

Figure 32: SAHT cash balance and total interest bearing liabilities (\$ millions)



Source: SAHT audited financial statements

The decline in interest bearing debt seen during 2013 was a result of the \$320 million Commonwealth Debt Forgiveness.

There are a number of different levers available to the SAHT to impact the underlying cash position. Some of these levers include:

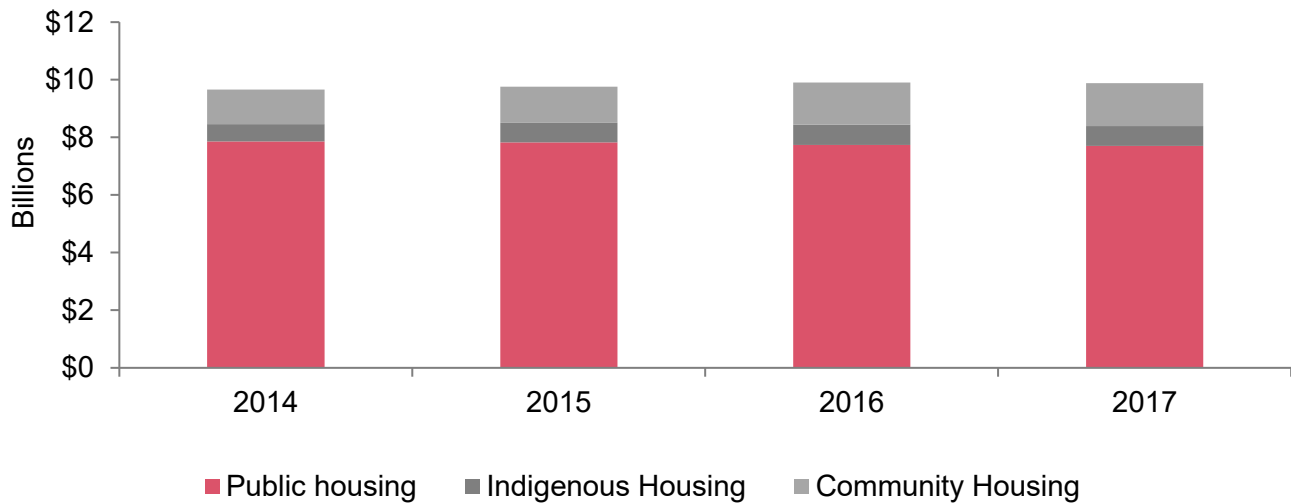
- Asset purchase or sales
- State and Commonwealth funding
- Maintenance expenditure.

These have been discussed in more detail below.

4.5.1 Property Assets

The SAHT holds approximately \$9.8 billion dollars of assets in the form of property, plant and equipment. This is distributed across the public, Indigenous and community housing sectors. Over the last 10 years there has been an increase in the total value of property assets from \$7.4 billion in 2008 to \$9.8 billion in 2017. This increase is largely due to the increase in property valuations as property prices increase.

The split of property assets between Public, Indigenous and Community housing has also changed over recent time with Community housing comprising a larger portion of the property assets held within the SAHT as a result of management transfers from public and Aboriginal housing. The figure below shows the split between these sectors.

Figure 33: SAHT value of property assets held (\$ billion)

Source: SAHT audited financial statements

Total property assets increased from \$7.47 billion to a maximum of \$10.36 billion between 2008 and 2012. Following this increase the SAHT has seen a decrease in net property assets to \$9.89 billion in 2017. This is reflective of both the revised asset valuation decrease that occurred during 2013 and 2014 and the sale of assets.

4.5.2 Sale of assets

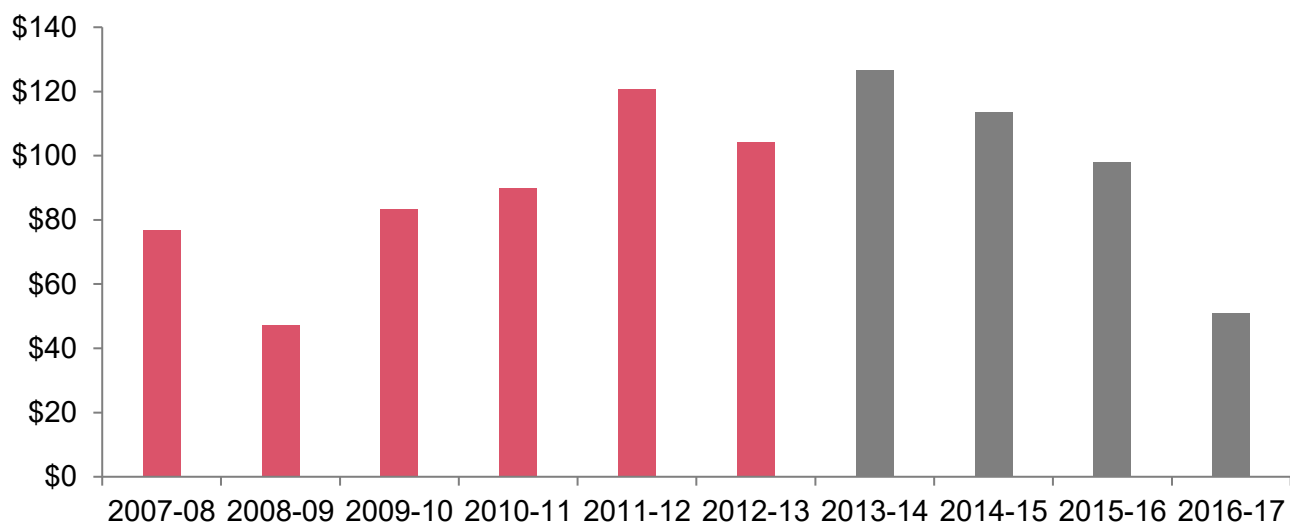
SAHT split the sale of assets into two broad categories;

- Financial viability sales; and
- Sales to fund programs and projects.

Sales to fund programs and projects (renewal/development projects) may see a return of stock to the overall holdings of the SAHT, eg the sale of 2 properties to fund the build of 3 properties. Financial viability sales however do not see a return of property holding to the SAHT. As such financial viability sales can be seen as a method of raising funds to meet operating costs and ensure the SAHT maintains a positive cash balance.

The total value of financial viability sales since 2008 is shown in the figure below⁶¹.

⁶¹ DCSI/Renewal SA information requests

Figure 34: SAHT value of financial viability sales (\$ millions, nominal)

Source: SAHT audited financial statements

Over \$900 million of asset sales have occurred since 2007 for financial viability reasons.



At present there is no publically available **strategy detailing the future requirement for the State's** long term housing requirements. SAHT asset sales have previously been used to pay down debt and more recently fund ongoing projects (including the transfers to community housing providers). Various stakeholders have observed that the sale of assets in order to maintain positive operating results is not a sustainable strategy. For example, the New South Wales Auditor-General in its Report on Public Housing referring to the Land and Housing Corporation (an equivalent State Housing Authority to the SAHT) noted the following:

“LAHC advised that to continue to operate within its means, it has implemented measures such as selling properties and delaying some capital and maintenance expenditure. This will impact the condition and level of stock, and is not financially sustainable long-term.”⁶²

4.5.3 State and Commonwealth Funding

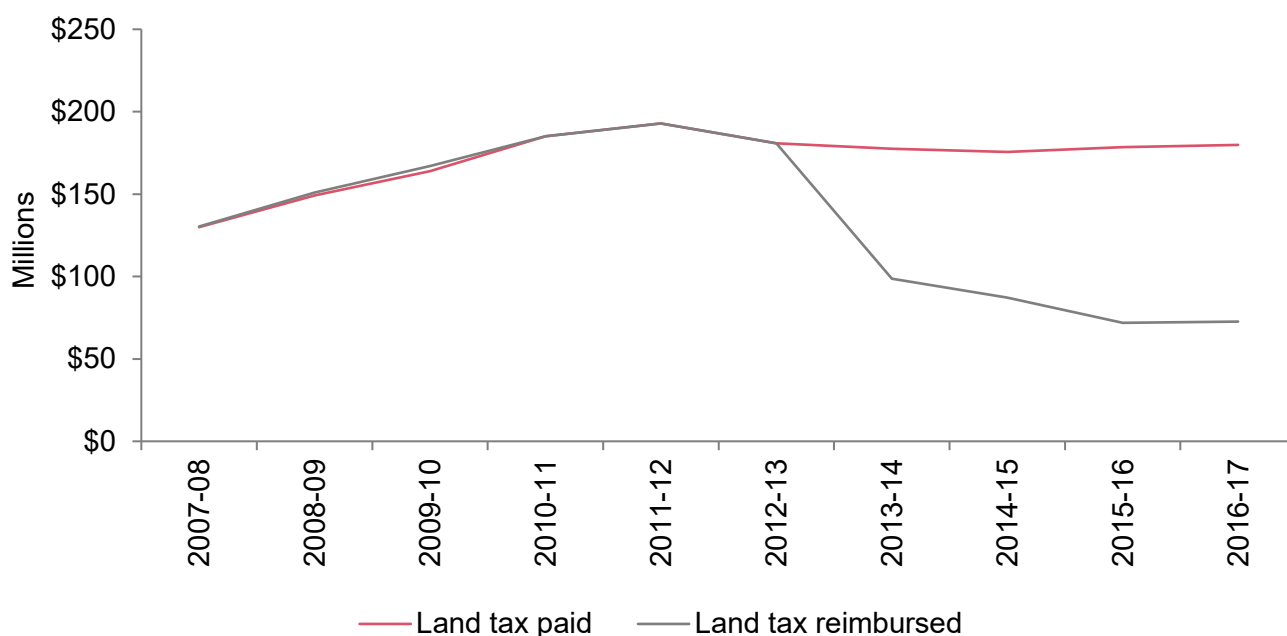
State and Commonwealth funding comprises a significant portion of overall SAHT revenue. Both the State and Commonwealth provide recurrent funding under different arrangements, in addition to capital funding and other once-off payments. Like other government instrumentalities, annual State Grant funding is obtained through the State Budget process. Where there is a shortfall in State or Commonwealth funding, the SAHT has managed any variability in funding through the levers of financial viability sales, maintenance expenditure, or reduction in the cash balance.

⁶² Audit Office of New South Wales, New South Wales Auditor-General's Report, *Making the best use of public housing*, (2013)

State funding

State funding needs to be considered in the context of financial flows to and from government. Under the Act the Treasurer holds the power to require SAHT to pay all or specified rates, duties, taxes and imposts. As such the SAHT pays land tax to the State Government, totalling \$180 million in 2016-17⁶³. The SAHT is funded via the State Budget process and receive a State Grant. SAHT financial statements record this revenue stream as a land tax reimbursement. The State Grant, or reimbursement has traditionally offset the full land tax payment, however following the 2013 Commonwealth debt forgiveness the State temporarily reduced the total funding provided under the State Grant. This reduction in State grants is currently in transition following the conclusion of the reduction in State grants flowing from the Commonwealth debt forgiveness. The figure below shows the total land tax paid from the SAHT to the State government and the land tax reimbursement provided by the State as per SAHT financial statements. It is noted that there is additional State Grant funding provided to the SAHT that is not classified on SAHT financial statements as land tax reimbursements. This additional funding is generally provided to reimburse new or additional activities that the SAHT undertake, such as the emergency management reimbursement.

Figure 35: SAHT total land tax paid and total land tax reimbursed (\$ millions, nominal)



Source: SAHT audited financial statements *

*Financial statements between 2007-08 and 2009-10 did not differentiate income tax equivalents and land tax reimbursements. Income tax equivalent reimbursements paid to the SAHT during 2007-08, 2008-09 and 2009-10 totalled \$5.5 million, \$4.9 million and \$21.4 million. Information provided by SAHT finance team.

As seen from the above figure there has been a gap between the land tax paid and the total reimbursement since 2013/14. In 2016/17 the gap totalled \$107 million. Prior to 2013/14 the reported land tax reimbursement entirely offset the land tax equivalent payment between and 2010/11 to 2012/13.

⁶³ SAHT audited financial statements 2017

The below is an excerpt from the 2013-14 Budget Statement detailing the reduction in grant funding provided by the State Government:

“The Commonwealth Government relief is passed onto SAHT in 2012–13 with the resulting benefit, less the \$50 million housing investment funding, to be returned to the government through reductions to SAHT grant funding across the forward estimates period.”⁶⁴

The table below illustrates details the gap between these payments since 2013-14, please note that there may be additional State funding provided outside of the reimbursement expense recorded in SAHT financial statements.

Table 14: SAHT total payments returned to the State (\$ millions, nominal)

(\$'millions)	2013-14	2014-15	2015-16	2016-17
Land tax expense	178	176	178	180
Reimbursement	(99)	(87)	(72)	(73)
Other Recurrent State Funding	(33)	(63)	(4)	(13)
Total returned to state	45	25	101	93

Source: SAHT audited financial statements

The cumulative effect of the total return to the State Government is \$265m over the past four financial years. This reduction in State grant funding is expected to be reinstated over the coming years.

Total state grant funding is expected to increase by \$45.7 million in 2017-18 from 2016-17 and a further \$63.1 million in 2018-19 primarily due to the transitional increase in state grants that were reduced as following the 2012-13 Commonwealth debt forgiveness⁶⁵.

The above text illustrates South Australian Treasury's most recent position in State Grant funding increases to be provided to the SAHT as per the 2017-18 South Australian third budget paper. Throughout the consultation process, SAHT management noted that the transitional increase in State grants flowing from the conclusion 2012-13 Commonwealth debt forgiveness reductions have fluctuated as highlighted in the differences between total State grants budgeted in the 2016-17 and 2017-18 South Australian Budgets. The table below shows the budgeted Grants, subsidies and CSOs provided to the SAHT over these two South Australian budgets.

Table 15: Budgeted Grants, Subsidies and CSOs to SAHT over 2016-17 and 2017-18 budgets

(\$ millions)	2016-17	2017-18	2018-19	2019-20
Budget 16-17	\$154.7	\$260.4	\$274.3	\$282.4
Budget 17-18	\$160.8	\$206.5	\$269.6	\$277.5
Differential	\$6.1	-\$53.9	-\$4.7	-\$4.9

Source: South Australian budget papers 2016-17 and 2017-18 (paper 3, table 5.9)

⁶⁴ Government of South Australia, State Budget, Budget Statement, Budget Paper 3, 2013-14

⁶⁵ Government of South Australia, State Budget, Budget Statement, Budget Paper 3, 2017-18

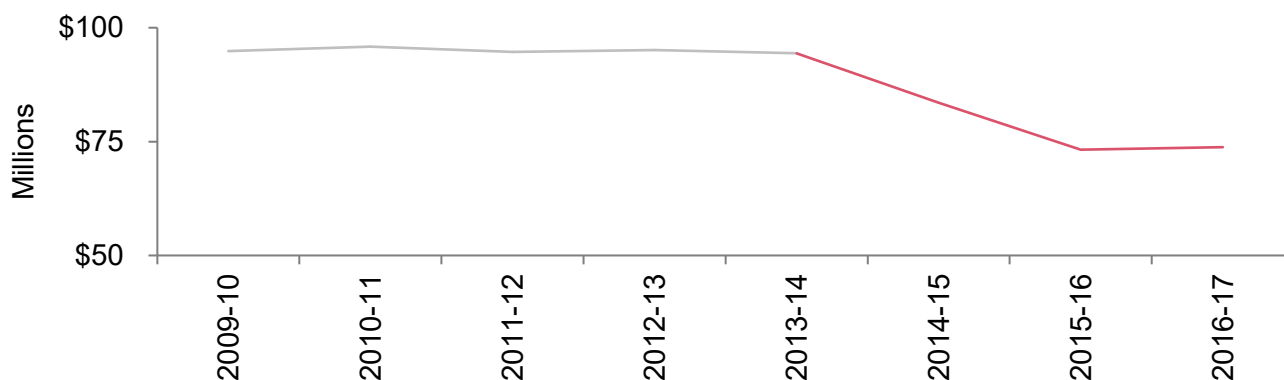
In addition to the land tax reimbursement the State Government also provides funding for other state grants, specific program funding and capital investments. An example of this is the \$65 million housing stimulus package provided in 2015 (of which there was \$20 million additional funding and \$45 million bought forward from future budgets) to accelerate the Renewing Our Streets and Suburbs initiative⁶⁶.

Commonwealth funding

The Commonwealth predominantly provide funding under the NAHA agreement. The NAHA agreement was introduced in 2009 whereby funding under the National Affordable Housing Specific Purpose Payment and a number of other National Partnerships was made to all the states and territories. Funding is split between the Department for Communities and Social Inclusion and the SAHT, with funding for homelessness being provided to the Department for Communities and Social Inclusion. The state is responsible for determining the amount of funding directed into each of the different services, one of which is public housing⁶⁷.

The total recurrent funding which the SAHT has received under NAHA arrangements has decreased since inception of this funding as shown in the figure below.

Figure 36: SAHT Commonwealth recurrent funding provided under NAHA (\$ millions, nominal)



Source: SAHT audited financial statements

The decrease in NAHA funding the SAHT received in recent years is a result of funding for homelessness no longer passing through the SAHT, instead being transferred directly to the Department for Communities and Social Inclusion.

The SAHT also receive Commonwealth funding under the National Partnership on Remote Housing. This 2016 agreement replacing the National Partnership Agreement on Remote Indigenous Housing focuses on addressing the critical housing needs for Aboriginal and Torres Strait Islander people in remote communities. This Agreement will conclude on 30 June 2018. The total funding provided to South Australia under this Agreement between 2016 and 2018 is \$26.805 million⁶⁸.

4.5.4 Maintenance expenditure

Maintenance expenditure can be broadly classified into two categories; responsive and planned. Planned maintenance expenditure is preventative in nature whereby maintenance is performed in a

⁶⁶ SAHT Annual Report 2015-16

⁶⁷ Social Housing and Homelessness
https://www.apf.gov.au/About_Parliament/Parliamentary_Departments/Parliamentary_Library/pubs/rp/BudgetReview201718/Social_housing_and_homelessness

⁶⁸ Australian Government, National Partnership Agreements, <https://www.pmc.gov.au/indigenous-affairs/housing/national-partnership-agreements>

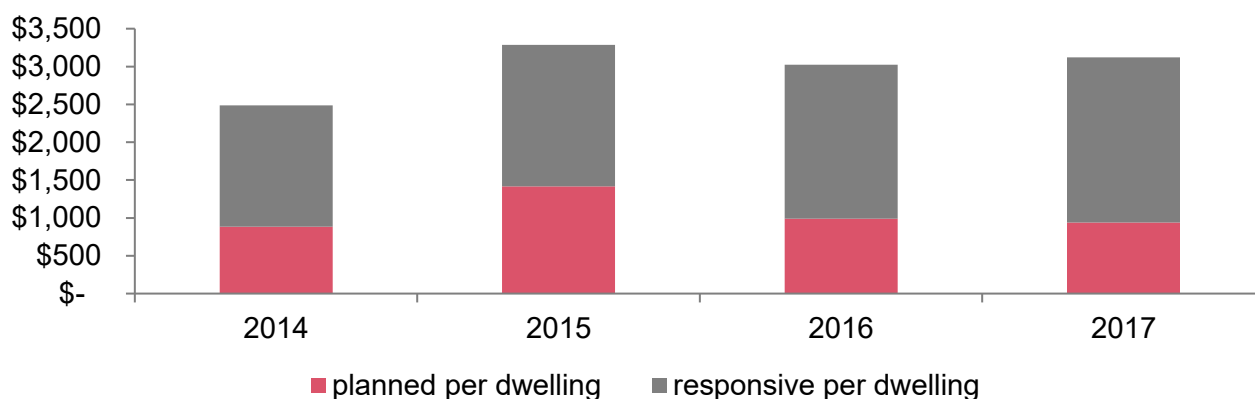
planned or programmed nature in order to ensure building quality, also encompassing capital maintenance expenditure. Responsive maintenance expenditure is reactive to a certain situation, for example damage to a property.

For the purpose of this review maintenance data has been provided by Renewal SA from 2005 – 2016. Data has been provided from Renewal SA internal maintenance systems on a cash basis and divided into four categories; responsive, programmed, capital; and vacancies & transfers.

The SAHT's total maintenance expenditure for FY 16/17 was \$118 million⁶⁹. This represents around 1.4% of the SAHT's overall property holding value (\$8.4 billion of public and Indigenous housing⁷⁰). On a per property basis the current level (2016-17) of maintenance equates to \$3,123 per property. In 2015-16, 2014-15 and 2013-14 total maintenance expenditure per property was \$3,026, \$3288 and \$2,485⁷¹. SAHT internal analysis suggests that to maintain the asset base recurrent expenditure of around \$3,600 is required⁷².

For the purposes of the figure below, programmed and capital have been assumed to be planned maintenance and responsive and vacancies & transfers have been assumed to be responsive maintenance. This is consistent with the way Renewal SA interprets these categories. This figure highlights the total planned and responsive maintenance⁷³ spent on a per dwelling basis⁷⁴.

Figure 37: SAHT maintenance expenditure per dwelling



Source: Calculated from DCSI/Renewal SA information requests

The SAHT understand the importance of planned maintenance expenditure, with their internal strategic asset management plan stating a target of 65% planned maintenance and capital expenditure⁷⁵. In 2016/17 this only accounted for 30% of total maintenance expenditure.

⁶⁹ DCSI/Renewal SA information requests

⁷⁰ SAHT 2016/17 Audited Financial Statement

⁷¹ DCSI/Renewal SA information requests & Productivity Commission's Report on Government Services 2017. Note: this calculation has been derived from 2015/16 data and community housing property holding values have not been considered as maintenance costs associated with these are the responsibility of the community housing provider. Additional DCSI/Renewal SA data provided only includes lettable properties. Per property calculations have used ROGS data including lettable and unlettable households.

⁷² South Australian Housing Trust, Strategic Asset Management Plan 2017/18 *Status: Internal management draft/not approved by SAHT Board

⁷³ DCSI/Renewal SA information requests

⁷⁴ Productivity Commission, Report on Government Services

⁷⁵ South Australian Housing Trust, Strategic Asset Management Plan 2017/18, *Status – not approved by board

Unquantified maintenance backlog

The SAHT does not currently record the maintenance backlog. Through consultation with a range of stakeholders this unquantified backlog is believed to be considerable. Following the recent transfer of properties to community housing providers PwC has received informed feedback that the maintenance backlog per property is in excess of \$20,000 as measured by the same maintenance provider to the SAHT.

The SAHT has identified in the 2017/18 Strategic Asset Management Plan the need for data to be maintained on assets with an asset condition assessment every five years. The strategic approach also discusses the need to understand asset condition in greater detail through annual reviews of the condition of assets to assist in prioritising maintenance and renewal plans⁷⁶.

4.6 Changes to Commonwealth funding

Following the Council of Australian Governments *Report on Performance* where it was indicated that three of the four benchmarks set out under the NAHA agreement are not being met, the Government is set to introduce a new National Housing and Homeless Agreement (NHHA) as announced in the 2017 Commonwealth Budget. The benchmarks set out under NAHA are shown below with the current status as per the **Commonwealth Government's Performance Reporting Dashboard**⁷⁷.

1. From 2007-08 to 2015-16, a 10% reduction nationally in the proportion of low-income renter households in rental stress.

“Not on track with the number of low-income households experiencing rental stress increasing from 35.4% in 2007 to 42.5% in 2013-14.”

2. From 2006 to 2013, a 7% reduction nationally in the number of homeless Australians

“Not on track with an increase of approximately 15,000 between 2006 and 2001.”

3. From 2008-2017-18, a 10% increase nationally in the proportion of Indigenous households owning or purchasing a home.

“There is no evidence that suggests that Indigenous home ownership has increased with 2011 Census data showing home ownership rates at 36%, about the same as in 2006.”

4. From 2008 to 2017-18, a 20% reduction nationally in the proportion of Indigenous households living in overcrowded conditions.

“On track to be met with a 16% reduction in Indigenous households living in overcrowded conditions between 2008 and 2012-13.”

The new NHHA agreement will supersede the NAHA agreement and combine this funding with the National Partnership Agreement on Homelessness (NPAH). The new arrangement will link funding to outcomes in priority areas with total funding of \$4.6 billion over 3 years beginning July 2018⁷⁸.

⁷⁶ South Australian Housing Trust, Strategic Asset Management Plan 2017/18 *Status – not approved by board

⁷⁷ Australian Government, Department of Prime Minister and Cabinet – Performance Reporting Dashboard

⁷⁸ 2017 Australian Budget

Under this new arrangement the Commonwealth will enter into bilateral schedules with the State in an attempt to improve transparency and reporting⁷⁹.

The National Partnership on Remote Housing (NPRH), previously known as the National Partnership Agreement on Remote Indigenous Housing (NPARIH), ceases on 30 June 2018. The Commonwealth have not proposed any alternate on going funding to be provided to South Australia. SAHT management have indicated that this is an additional financial pressure that the SAHT will experience without supplementary funding from either State or Commonwealth to continue programs run in remote Indigenous communities.

4.6.1 Competition for Commonwealth funding

In addition to the above, there is a broader competition issue for SAHT, where the Commonwealth may increasingly seek to fund or work with non-government bodies rather than States. For example, current plans by the National Finance Housing and Investment Corporation to:

- Establish a bond aggregator model dealing directly with CHPs — the bond aggregator aims to assist in addressing the financing challenge faced by the CHP sector. It improves efficiency and scale by aggregating the lending requirements of multiple CHPs and financing those requirements by issuing bonds to institutional investors.
- Infrastructure facility for local governments —the NHIF will offer innovative financing options working in partnership with LGs and other stakeholders to accelerate infrastructure projects, **including ‘micro-city’ deals.**⁸⁰

Conceivably, long-term reforms around individualised funding (which place funding in the hands of the consumer or individual, rather than block-funded service provider), could also affect the position of SAHT. Such reform in Aged Care and Disability is already occurring. Albeit, in the case of housing this would take several years and significant policy work to conceive, develop, and implement.

⁷⁹ 2017 Australian Budget

⁸⁰ The Hon Scott Morrison MP, Budget Speech, 9 May 2017



5. Characteristics of a future system

5 Characteristics of a future system

5.1 Overview of housing policy challenges

Housing policy and issues associated with social housing, public housing, and affordable housing are routinely reviewed by governments seeking to deliver public housing services most effectively and efficiently, whilst delivering a policy framework which maximises the ability of the market to deliver housing outcomes for those in need.

At a national level, recent and contemporary work relating to social housing includes Productivity Commission Inquiry into Reform of Human Services (October 2017) and the Senate Inquiry into Affordable Housing (2015). At a state level, all states have undertaken various review projects, strategies, initiatives over successive periods and there is much commentary on the issues facing delivery of public services by parliaments, agencies, public corporations, Auditors General as well as by non-government stakeholders.

The urgency of change was summarised recently by the Productivity Commission: ⁸¹

“Australia’s social housing system is broken. It is inequitable, with people in similar circumstances receiving vastly different levels of support, and offers little choice of home for tenants. Over 150 000 households are waiting to enter social housing and, at any time, the number of households eligible for social housing substantially exceeds the availability of properties. Reform is needed to place users at the centre of the system.

The current system of social housing is failing those in housing need. There are people in the community who wait 10 years or more to access the financial support and security of tenure offered by social housing. About 400,000 families live in social housing but many have little incentive to exit and, in some cases, there is a considerable financial disincentive to do so. The two tiered system of housing assistance drives decisions about where people choose to live, rather than the needs of the users themselves.”

For public housing authorities, the sorts of issues faced by the SAHT have been observed over some time. 10 years ago the Australian Housing and Urban Research Institute observed: ⁸²

A key constraint on the continued provision of mainstream public housing in Australia is that the net incomes after rebates received by housing authorities should at least pay for their operational costs (net of interest paid or received). If this is not the case, any addition to stock expands the funding required to pay for the growing deficit. If funding is not forthcoming, the only option for reducing or freezing the additional funding requirement is to sell stock and therefore reduce the number of households provided with longer-term assistance. The evidence is now mounting that it is this latter scenario that is happening. The rate at which these deficits are growing, and the time at which deficits outstrip current real levels of grant funding, are matters of critical policy concern.

⁸¹ Productivity Commission Reforms to Human Services, June 2017.

⁸² Operating deficits and public housing: policy options for reversing the trend, October 2007.

The various contributions to public, social and affordable housing policy debates routinely deal with the interrelated issues of:

- Static or declining supply across the system
- Lack of social housing supply targets or assessment of the need for social housing
- Deteriorating public housing stock (capital and maintenance backlog) and challenges of achieving renewal outcomes
- Commonwealth/State funding policy and optimising service delivery framework
- Increasing complexity of need for social housing tenants
- How to increase workforce participation and move people capable of maintaining market rentals into such accommodation
- Better matching of properties and dwelling configuration with tenant need and profile including increasing user choice
- Leveraging greater input from Community Housing Providers and private market to provide tenant management services of public housing tenants
- Improving the public housing delivery model
- Identifying opportunities and initiatives for private sector delivery of social housing
- Complementary policies such as inclusionary zoning, and other planning and development policies to increase supply
- Changes to planning system to increase speed and certainty of development, and the harnessing of data to inform good policy, this includes provision of supporting infrastructure and more timely development approvals
- Tax and levy burdens imposed on new supply through land tax and stamp duty
- Tenant policy and introducing incentives and opportunities to move out of social housing to enable the progression through the housing continuum
- **Interplay with governments' broader housing affordability policy agendas across State and Federal government**
- Policy measures to reduce supply chain costs (land supply, planning and development requirements, building and construction efficiency/innovation, and reducing financing costs).
- Introduction of choice, eg choice-based letting, reform of CRA (Productivity Commission), and introducing competition.

Aspects of the delivery models and approaches of other jurisdictions to such issues is discussed further below.

5.2 Australian context

The changing profile of social housing in Australia, a snapshot into the national profile for social housing tenants.

Figure 38: Changing demographics of social housing

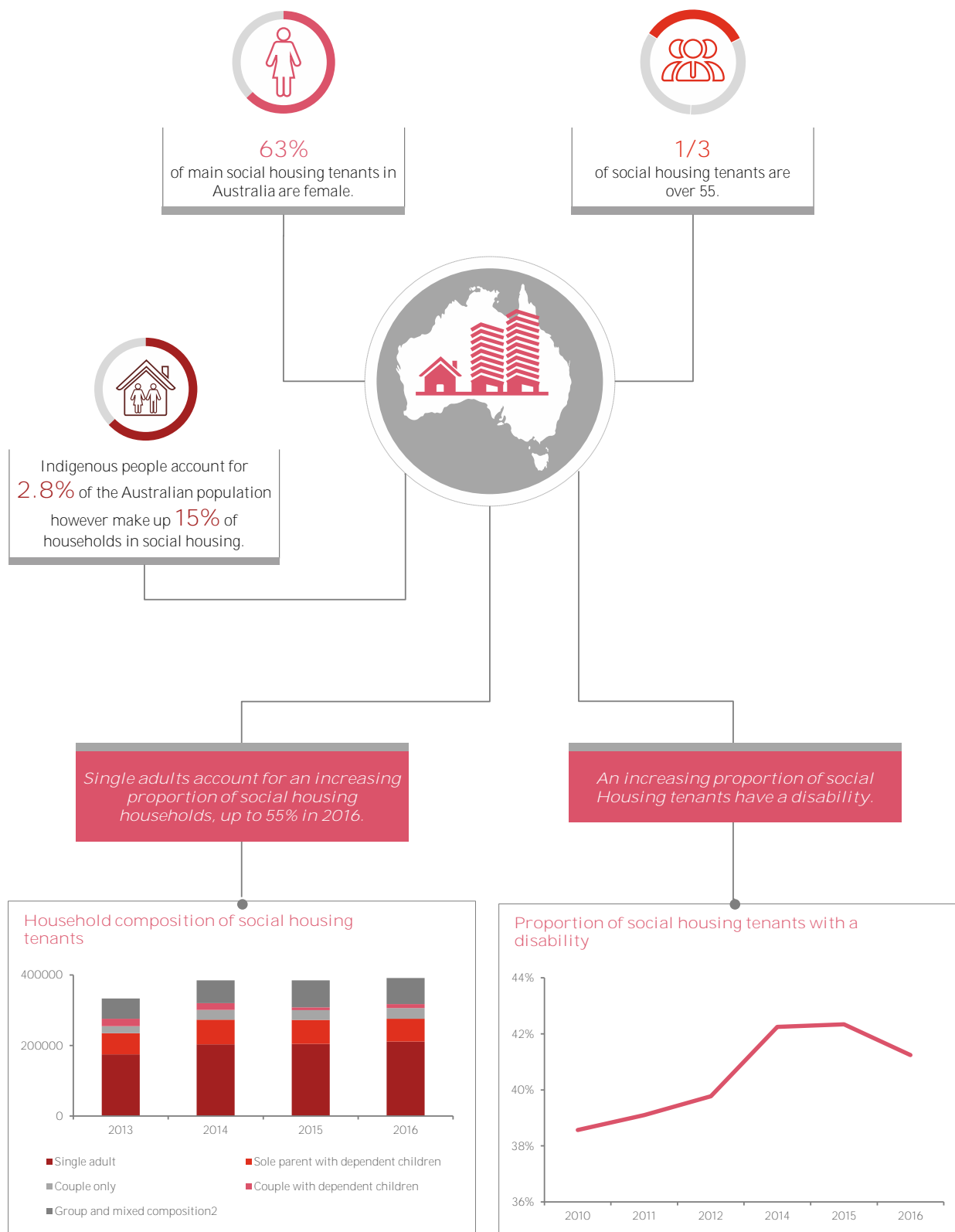


Figure 39: Snapshot of social housing tenants in Australia



Source: Australian Institute of Health and Welfare, *Housing Assistance in Australia*, 2010 to 2017 reports and supplementary data tables. <https://www.aihw.gov.au/reports/housing-assistance/housing-assistance-in-australia-2017/contents/housing-assistance-why-do-we-need-it-and-what-supports-exist>

a) Data on the number of Indigenous community housing households were not available due to issues relating to data completeness and coverage

b) For the NT, data are not currently available for around 5,000 remote public housing dwellings (including households and tenants)

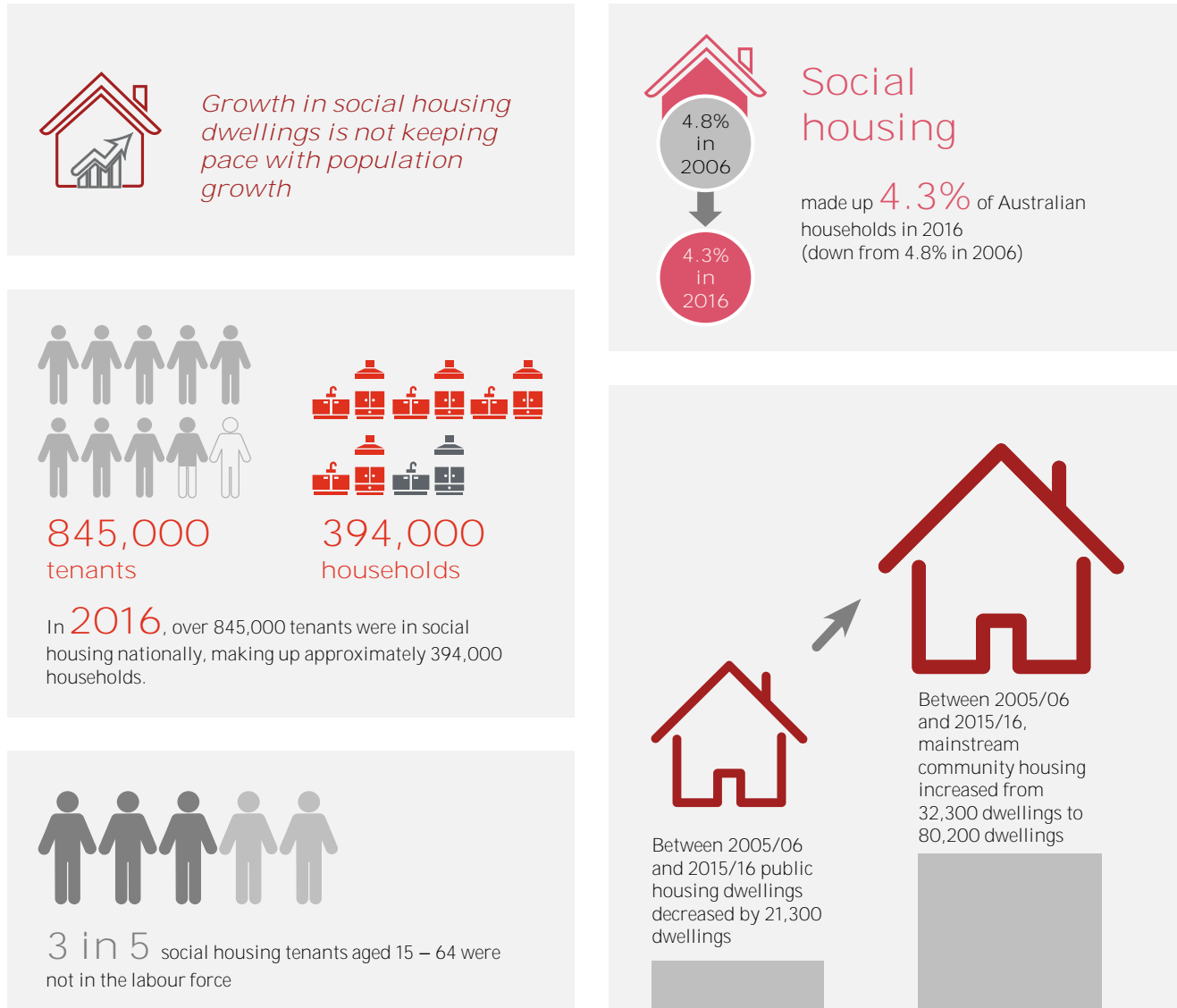
c) Qld provided partial unit record tenant data for the first time in 2015-16, this data was supplemented by aggregate administrative data. National community housing data includes NT government administrative data.

Source: Australian Institute of Health and Welfare, *Housing Assistance in Australia*, 2010 to 2017 reports and supplementary data tables, <https://www.aihw.gov.au/reports/housing-assistance-in-australia-2017/contents/housing-assistance-why-do-we-need-it-and-what-supports-exist>

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- b) For the NT, data are not currently available for around 5,000 remote public housing dwellings (including households and tenants)
- c) Qld provided partial unit record tenant data for the first time in 2015-16, this data was supplemented by aggregate administrative data. National community housing data includes NT government administrative data.

Figure 40: Snapshot of social housing tenants in Australia (continued)



Overall in Australia the total supply of social housing (inclusive of public housing, community housing, SOMIH and Indigenous community housing*) has increased 5% between 2007 and 2016 with 21,000 new social housing dwellings. The split between public housing and community housing has changed significantly with total public housing dwellings decreasing 19,000 (5.8% decline) and the community housing sector more than doubling in the last 10 years with 45,000 new dwellings⁸³. The following table illustrates the 10 year change in social housing dwellings in Australia and its jurisdictions.

⁸³ Productivity Commission Report on Government Services 2017

*Data supplied in the Productivity Commission's Report on Government Services does not include Indigenous community housing dwelling statistics for 2016. For calculation purposes it has been assumed this stock has remained steady from 2015 figures.

Table 16: Change in social housing dwellings across Australia and its jurisdictions (10 year change to 2016)

Jurisdiction	SA	NSW	Vic	Qld	WA	Tas	ACT	NT	AUS
(%) change in social housing	-5.59%	5.00%	13.67%	12.03%	7.71%	7.88%	0.24%	-38.88%	5.23%
(%) change in public housing	-13.62%	-9.60%	-0.94%	2.10%	7.17%	-38.61%	1.27%	-7.14%	-5.81%
(%) change in community housing	70.87%	128.19%	209.95%	86.12%	91.50%	1048.58%	-10.74%	304.35%	131.38%

Source: Productivity Commission Report of Government Services

Note: Data supplied in the Productivity Commission's Report of Government Services does not include Indigenous community housing dwelling statistics for 2016. For calculation purposes it has been assumed this stock has remained steady from 2015 figures. Social housing also includes SOMIH and Indigenous Community Housing.

The table above highlights the increasing presence of community housing stock and decreasing presence of public housing stock in each of the Australian jurisdictions. Total community housing dwellings have increased in each jurisdiction except for the ACT with the largest increase in Tasmania where Community Housing now comprises 45% of all social housing stock.

Australian jurisdictions each have their own housing bodies with responsibility for housing outcomes in their jurisdiction. The below sections compares the SAHT to counterpart housing organisations across Australia.

5.2.1 Structure and Governance

SAHT owns and manages public and Aboriginal housing assets and delivers services per its functions laid out in the South Australian Housing Trust Act 1995. The SAHT entity is a public non-financial corporation established under its own Act, however operationally it delivers services through 2 SLAAs with the Department for Communities and Social Inclusion and Renewal SA.

The below table discusses the different structures in other Australian jurisdictions.

Table 17: Jurisdictional comparison — Structure and governance

Jurisdiction	Commentary
<i>Victoria</i>	<p>The <i>Housing Act 1983</i> is the legislation specific to the Victorian public housing system. Primary objective of the Act is to ensure every person has adequate and appropriate housing⁸⁴. Other objectives include:</p> <ul style="list-style-type: none"> • expand and develop the public sector's role in housing provision; • promote cost-effective housing provision; • promote public and private housing integration; • provide a variety of public housing types in various locations; • promote security and variety of tenure; • seek tenant and community participation in public housing management; • promote stakeholder consultation on housing policy issues; and

⁸⁴ Victorian Auditor-General's Report (2017). Managing Victoria's Public Housing.

Jurisdiction	Commentary
	<ul style="list-style-type: none"> • coordinate provision of public housing-related community services and amenities. <p>The Director for Housing, who sits within the Department of Health and Human Services (DHHS) is the landlord for all of Victoria's public housing⁸⁵. The Director of Housing entity is a public non-financial corporation that is incorporated within financial reporting for the DHHS⁸⁶.</p>
<i>New South Wales</i>	<p>The Land and Housing Corporation is a statutory body that has ownership and management of NSW Government social housing assets and operate under the portfolio and direction of the Minister for family and Community services and Minister for Social Housing.</p> <p>The Land and Housing Corporation is a public trading enterprise responsible for administering the <i>Housing Act 2001</i>. They are a related entity to the NSW Department of Family and Community Services. NSW also has an Aboriginal Housing Office that is a separate statutory body that is responsible for developing affordable and culturally appropriate housing and employment opportunities for Aboriginal people⁸⁷.</p> <p>LAHC engage FACS to undertake tenancy management services including establishing and maintaining tenancies, management of tenant complaints and appeals, collection of rent and other charges, investigation of and drafting of responses to Ministerial and other enquiries relating to delivery of services⁸⁸.</p>
<i>Queensland</i>	<p>Government provided social housing services sit under the Department of Housing and Public Works. The Department consists of 5 divisions: Housing and Homelessness Services; Queensland Government Procurement; Public Works and Asset Management; Building Industry and Policy; and Corporate Services. There is additionally an Aboriginal and Torres Strait Islander Strategy Unit that reports directly to the Director-General⁸⁹.</p> <p>The Minister of Housing and Public Works administers the <i>Housing Act 2003</i> that seeks to improve access to safe, secure, appropriate and affordable housing, and help build sustainable communities⁹⁰.</p>
<i>Western Australia</i>	<p>The Housing Authority, part of the Department of Communities is the provider of public housing in Western Australia. The Housing Authority is a statutory authority established under the <i>Housing Act 1980</i> that reports to the Minister for Housing. The Housing Authority manages and oversees the social housing system, delivers special-purpose housing for people with specific needs, develops land and constructs developments, provides finance and home-ownership options⁹¹.</p>

⁸⁵ Victorian Auditor-General's Report (2017). *Managing Victoria's Public Housing*.

⁸⁶ Department of Health and Human Services, Annual Report (2016-17)

⁸⁷ NSW Family and Community Services Annual Report, Volume 1 (2016-17)

⁸⁸ NSW Family and Community Services Annual Report, Volume 2 (2016-17)

⁸⁹ Department of Housing and Public Works Annual Report (2016-17)

⁹⁰ Department of Housing and Public Works Annual Report (2016-17)

⁹¹ Housing Authority Annual Report (2016-17)

<i>Jurisdiction</i>	<i>Commentary</i>
	The Housing Authority reports 8 key functions for different target groups across the spectrum. These functions include: Land development; affordable housing construction; home ownership; affordable private rental; regional worker housing; social housing; remote Indigenous housing and essential services; and policy innovation and asset optimisation ⁹² . These wide range of functions result in the Housing Authority having impact across the entire housing continuum bar homelessness services that are provided by the Department for Child Protections and Family Support ⁹³ .

Each of the jurisdictions above, like South Australia operate in accordance to a State Act. The ownership of assets aligns with the Department under the State provider of public housing. This structure differs slightly to that in South Australia where a separate Trust, not reporting under any Government Department has ownership of assets. All of the above jurisdictions employ staff **directly and do not enter into Service Level Administration Arrangement's like the SAHT.**

5.2.2 *Strategies and initiatives*

The SAHT has identified a number of strategies to assist in developing a better housing system. Recently some of these initiatives have included the introduction of Inclusionary Zoning and associated Affordable Home Ownership Program, working with HomeStart on innovative financing products and the Renewing our Streets and Suburbs initiative (that includes the build of 1,000 homes in 1,000 days, including 100 disability houses, the renewal of 4,500 pre-1968 SAHT homes within 10 kilometres of the city by 2020 and transfer of 5,000 properties to the not-for-profit community housing sector.

The transfer of properties to the community housing sector has resulted in the significant growth of community housing dwellings in South Australia. In 2016 the community housing sector comprised 15.5% of all social housing dwellings in the State ^{94*}. The figure below illustrates the relative size of community housing in each of the other Australian jurisdictions as at June 2016.

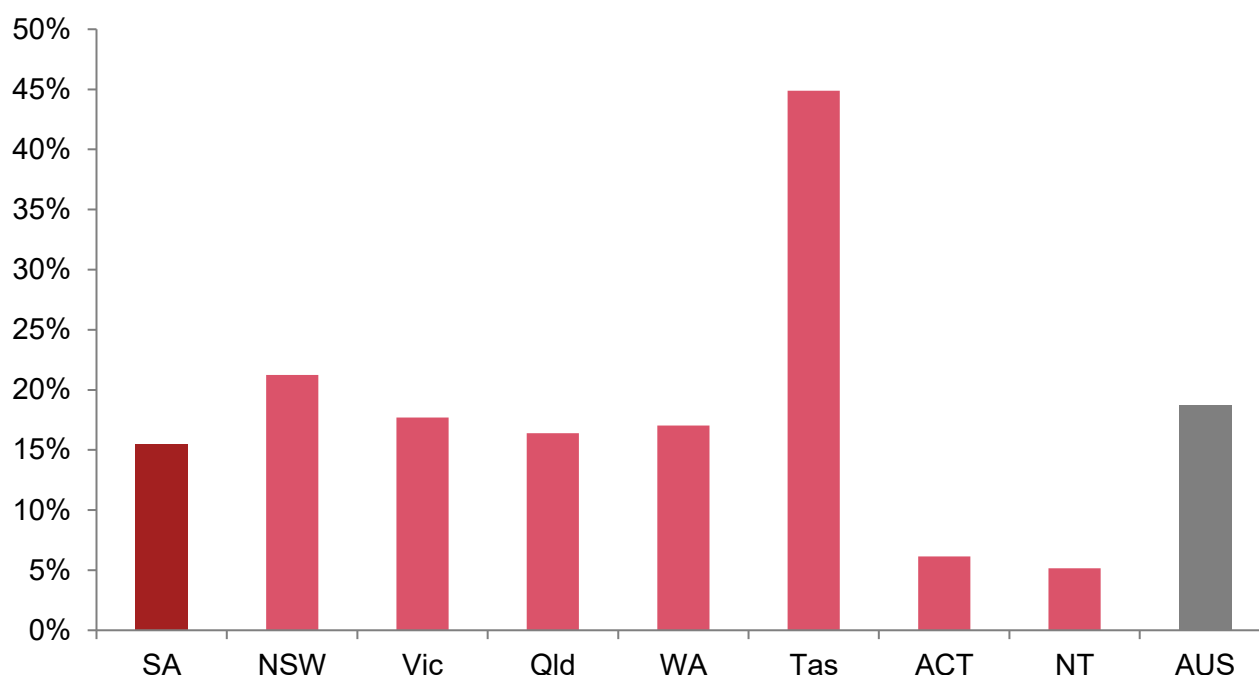
⁹² Housing Authority Annual Report (2016-17)

⁹³ Western Australian Government, www.dcp.wa.gov.au

⁹⁴ Productivity Commission Report on Government Services

* Data supplied in the Productivity Commission's Report of Government Services does not include Indigenous community housing dwelling statistics for 2016. For calculation purposes it has been assumed this stock has remained steady from 2015 figures.

Figure 41: Proportion of jurisdictions social housing that is community housing



Source: Productivity Commission Report of Government Services

Note: Data supplied in the Productivity Commission's Report of Government Services does not include Indigenous community housing dwelling statistics for 2016. For calculation purposes it has been assumed this stock has remained steady from 2015 figures. Social housing also includes SOMIH and Indigenous Community Housing.

The below table discusses the range of different strategies and initiatives in planned or in place in other Australian jurisdictions.

Table 18: Jurisdictional comparison — Strategies and initiatives

<i>Jurisdiction</i>	<i>Commentary</i>
<i>Victoria</i>	<p>Initiatives</p> <p>In March 2017 the Victorian government released the Homes for Victorians report that introduces a range of initiatives to increase housing choices and make it easier for Victorians to find a home. The Homes for Victorians report⁹⁵ details 27 initiatives under 5 categories:</p> <ul style="list-style-type: none"> • Supporting people to buy their own home; • Increasing the supply of housing through faster planning; • Promoting stability and affordability for renters; • Increasing and renewing social housing stock; and • Improving housing services for Victorians in need. <p>Some of the key initiatives include:</p> <ul style="list-style-type: none"> • Abolishing stamp duty for first home buyers for purchases under \$600,000;

⁹⁵ Victoria State Government, Homes for Victorian, Affordability, Access and Choice (2017)

Jurisdiction	Commentary
	<ul style="list-style-type: none"> • Public Housing Renewal Program to redevelop walk up flats from nine public housing estates across inner Melbourne into private and public housing, and increasing public housing supply by 10%; • Providing shared equity opportunities for first home buyers; • Inclusionary housing to increase the supply of social and affordable housing; • Reform of the <i>Residential Tenancies Act 1997</i>; • Victorian Social Housing Growth Fund (\$1 billion) • Moving homeless Victorians to stable housing • Increasing the capacity of the community housing sector • Financial backing for the community housing sector <p>Community Housing Transfers</p> <p>The Homes for Victorians report discussed above has a focus on continuing to grow the community housing sector. This includes the transfer of management for 4,000 public housing dwellings to the community housing sector on a long-term basis. To ensure smooth transition, one-off funding will be provided for \$3 million to assist in development of business support systems and establish services⁹⁶.</p> <p>In September 2016 the Director of housing committed to transferring 1,448 public housing properties to the not-for-profit community housing provider Aboriginal Housing Victoria. These transfers involved the transfer of stock ownership as opposed to management transfers. A number of these properties have been transferred already with the purpose of this transfer to give Aboriginal communities greater self-determination⁹⁷.</p>
New South Wales	<p>Initiatives</p> <p>The New South Wales government recently released the social housing policy document <i>Future Directions for Social Housing in NSW</i>. This sets out the government's vision over the next 10 years to drive better outcomes across the whole continuum — from homelessness to the private market. The initiative will do this through increasing the supply of social housing through – Communities Plus and Social and Affordable Housing Fund. The objectives are to:</p> <ul style="list-style-type: none"> • Increase the churn of people moving through social housing (primarily because their circumstances improve); • Linking social housing assistance with the types of opportunities and supports that can help people to be independent of government support (families, young people and job seekers). <p>There are 3 strategic priorities that underpin Future Directions: more social housing; more opportunities, support and incentives to avoid and/or leave social housing; and a better social housing experience⁹⁸.</p> <p>Future Directions discusses 14 actions that the State will take under the 3 strategic priorities above, some of which include⁹⁹:</p>

⁹⁶ Victoria State Government, Homes for Victorian, Affordability, Access and Choice (2017)

⁹⁷ Victorian Auditor-General's Report (2017). Managing Victoria's Public Housing.

⁹⁸ NSW Government, Future Directions for Social Housing in NSW

⁹⁹ NSW Government, Future Directions for Social Housing in NSW

<i>Jurisdiction</i>	<i>Commentary</i>
	<ul style="list-style-type: none"> • Increasing redevelopment of Land and Housing Corporation properties to renew and grow supply; • Increase the capacity of community housing providers; • Remove work disincentives; • Affordable rental as a stepping stone; and • Better maintenance and community amenity. <p>Communities Plus is the primary initiative that will assist in the redevelopment of Land and Housing Corporation properties. The LAHC plays a critical role in supporting this innovative model for social housing through fast tracking the redevelopment of its social housing portfolio in partnership with the private sector and community housing sector. This major initiative with a \$22 billion building project value will see the development of 40,000 private housing dwellings, 500 affordable housing dwellings and 23,000 new or replaced social housing dwellings¹⁰⁰.</p> <p>The Social and Affordable Housing Fund (SAHF) recently announced by the NSW Government is an innovative, outcomes focused model to deliver new supply of social housing and housing enabled outcomes. The objective is to provide access to 3,000 social and affordable houses in its first tranche and further assist the NSW Government in the initiatives discussed in Future Directions. This is fulfilling the Government's commitment to introducing innovative financing mechanisms into the social housing system. The SAHF will deliver these outcomes through the following:</p> <ul style="list-style-type: none"> • Government capitalises the Social and Affordable housing Fund with \$1.1 billion; • Return from fund investments are used to purchase accommodation and services from community housing providers; • Community housing providers deliver accommodation and 'wrap-around' services driven by outcomes. <p>The SAHF Phase 1 build a strong foundation for future success. The NSW Government launched a new and innovative model of services provision. The model:</p> <ul style="list-style-type: none"> • Increased the overall amount of social housing in the system; • Improved outcomes for tenants in line with Future Directions for Social Housing in NSW; • Introduced commissioning and contestability of social housing services; • Unlocked dormant land held by faith-based organisations. <p>The NSW Government will launch a Phase 2 of the SAHF.</p> <p>Community Housing Transfers</p> <p>There are about 144,000 social housing properties across NSW and 19 per cent are already managed by community housing providers. This is expected to grow with the NSW committing to transfer management of government owned dwellings to community housing providers and other non-government organisations through a competitive process. Within 10 years the community</p>

¹⁰⁰ NSW Government, Communities Plus, www.communitiesplus.com.au

<i>Jurisdiction</i>	<i>Commentary</i>
	<p>housing sector will manage up to 35 per cent of all social housing in NSW and see around 18,000 more properties managed locally by community housing providers. The NSW Government will create contracts with¹⁰¹:</p> <ul style="list-style-type: none"> • Longer term leases to be determine on a location by location basis; • Requirements that community housing providers work toward achieving, measuring and reporting on how tenant outcomes have improved through the Social Housing Outcomes Framework including meeting the Premier's/State targets; • Requirements that community housing providers will assist with relocating tenants to free up properties required for redevelopment.
<i>Queensland</i>	<p>Initiatives</p> <p>The recently released Queensland Housing Strategy indicates a number of the focus areas for the housing more broadly in the State. The actions under this strategy are designed to deliver the following¹⁰²:</p> <ul style="list-style-type: none"> • Increased educational capacity and opportunities for young people living in public housing to help move them out of the system; • Generating pathways through services and support for people to move through the housing continuum including social and affordable housing, private rental and home ownership; and • An affordable housing market through partnership with community housing providers through greater flexibility in use of existing program funds and financing arrangements. <p>Community Housing Transfers</p> <p>Queensland do not place an emphasis on the transfer of stock to community housing providers in two of their recently released documents, with no mention of any planned transfers to community housing organisations in their Housing Strategy 2017-2027 or their 2016-17 Annual Report.</p> <p>Prior to this however the 2013 released Housing 2020 report by the Department of Housing and Public Works states a list of 9 objectives, one of which is the management transfer of 90% of all social housing dwellings to the non-government sector¹⁰³. A prime example of this is the Logan Renewal Initiative that would have seen 4,700 homes transferred over a 20 year period and redeveloped by the Logan City Community Housing (established as a special purpose legal entity) that was aborted in July 2016¹⁰⁴.</p>

¹⁰¹ NSW Government, Future Directions for Social Housing in NSW

¹⁰² Queensland Housing Strategy 2017-2027

¹⁰³ Department of Housing and Public Works, Housing 2020: Delivering a flexible, efficient and responsive housing assistance system for Queensland's future (2013)

¹⁰⁴ Pawson, H., Martin, C., Flanagan, K., Phillips, R.. (2016). Recent housing transfer experience in Australia: implications for affordable housing industry development. Available: https://www.ahuri.edu.au/__data/assets/pdf_file/0010/10711/AHURI_Final_Report_No273_Recent-housing-transfer-experience-in-Australia-implications-for-affordable-housing-industry-development.pdf.

<i>Jurisdiction</i>	<i>Commentary</i>
<i>Western Australia</i>	<p>Initiatives</p> <p>As part of the 2015-16 Western Australia state budget it was announced there would be the introduction of a \$560 million Social Housing Investment Package that would direct investment into the most vulnerable communities. By June 30 2017 the Housing Authority had delivered and additional 1000 social housing homes either directly or in partnership with a not-for-profit¹⁰⁵.</p> <p>The State has also provided support for the Aboriginal community through a \$200 million North West Aboriginal Housing Fund to improve the lives of Aboriginal people in regional and remote Western Australia¹⁰⁶.</p> <p>A whole of government Affordable Housing Strategy has been in place in Western Australia since 2010. This strategy focuses on delivering outcomes for those low to moderate income households who have significant barriers to entry across the housing continuum. Since initiation of the Affordable Housing Strategy, the Housing Authority has delivered 28,000 affordable homes and is well on track to meet their target of 30,000 by 2020. The whole of government plan requires 15% of all Government land and housing developments to be affordable for low to moderate income households¹⁰⁷.</p> <p>The Housing Authority, through Keystart offers a range of low-deposit loans and shared equity home schemes available for low to moderate income households. The shared equity program typically provides 20 to 30 per cent of equity to reduce upfront costs and increase their ability to enter into home ownership. They run the 4 different shared equity scheme products for different target cohorts.</p> <p>Community Housing Transfers</p> <p>The Housing Authority has an asset transfer initiative in place that has increased the community housing sector over the past 7 years¹⁰⁸. They have invested over \$555 million into the community housing sector through this asset transfer initiative and transferred 198 housing assets to the community housing sector in 2016-17. The Authority also initiated a new regulatory system for the community housing sector with the aim to build capacity in the sector, improve tenant outcomes, increase investor confidence and provide greater protection for government assets¹⁰⁹.</p>

As seen in the above table the transfer of property (management and/or ownership) to the not-for-profit sector is common and one method that States are using to improve social housing outcomes through the perceived benefits associated with not-for-profit providers.

There is significant renewal funding provided by State Governments in an attempt to combat many of the issues being experienced in social housing across the country, including: ageing stock portfolio; increasing maintenance backlog and increasing the total supply of social housing.

¹⁰⁵ The Housing Authority Annual Report (2016-17)

¹⁰⁶ The Housing Authority Annual Report (2016-17)

¹⁰⁷ The Housing Authority Annual Report (2016-17)

¹⁰⁸ The Housing Authority Annual Report (2016-17)

¹⁰⁹ The Housing Authority Annual Report (2016-17)

5.2.3 Funding

The SAHT currently is predominantly funded through the State Budget process and Commonwealth negotiated funding. The National Affordable Housing Agreement provides funding to all jurisdictions that will be combined with the National Partnership Agreement on Homelessness in the 2018-19 financial year under the new National Housing and Homelessness Agreement, with negotiations currently underway.

The SAHT State funding received from Treasury is in the form of Land Tax Reimbursement, with South Australian dwellings required to pay land tax.

Tenants of not-for-profit providers are potentially eligible for Commonwealth Rent Assistance (CRA) that is a commonwealth support paid to people renting in the private or community housing rental markets.

The below table discusses the different structures in other Australian jurisdictions.

Table 19: Jurisdictional comparison — Funding

<i>Jurisdiction</i>	<i>Commentary</i>
<i>Victoria</i>	The Department of Treasury and Finance provides economic, financial and resource management advice to help the government deliver its policies. Its role is to assess budget bids that fall under the Department of Housing ¹¹⁰ . The funding mechanism reporting within the Department of Health and Human Services is detailed as output appropriations. Output appropriations as defined by the Department is Income from the outputs the department provides to the Government is recognised when those outputs have been delivered and the relevant Minister has certified delivery of those outputs in accordance with specified performance criteria. During the 2016-17 financial year the Director of Housing received \$489 million of appropriation ¹¹¹ .
<i>New South Wales</i>	The Land and Housing Corporation receives government grants for initiatives not covered by NAHA. This totalled \$151 million during the 2017 financial year. This included grants from FACS for programs such as head leasing, repairs and maintenance on crisis accommodation and capital works. Social housing in NSW has the assistance of funding from the Social and Affordable Housing Fund. This \$1.1 billion dollar seed capital will be invested through the Government's investment arm, NSW Treasury Corporation to provide returns to support new social and affordable housing projects. The first phase resulted in the procurement of 5 service providers who will deliver a pack for the 25 years of funding. The second phase provides a further opportunity for not-for-profits to work towards innovative ways to increase the supply of Social and Affordable housing ¹¹² .

¹¹⁰ Victorian Auditor-General's Report (2017). Managing Victoria's Public Housing.

¹¹¹ Department of Health and Human Services, Annual Report (2016-17)

¹¹² NSW Government, Social and Affordable Housing Fund, www.facs.nsw.gov.au/reforms/social-housing/SAHF

<i>Jurisdiction</i>	<i>Commentary</i>
<i>Queensland</i>	<p>Funding is provided under the Housing Act 2003 to providers of crisis accommodation and/or social housing services through two funded outcomes:</p> <ul style="list-style-type: none"> • Tenancy management; and • Asset Management. <p>Providers are required to deliver on both outcomes that each have a set of performance indicators that the provider must meet. Tenancy management indicators include metrics around: allocations; eligibility; maintenance; exits to homelessness; and others. Asset management indicators include: meeting Government Maintenance Management Framework; response to faults; and advising the Department of any changes to properties¹¹³.</p> <p>The Department of Housing and Public works has a number of different functions its control and as such the financial statements display the revenue appropriation that totals \$530 million for the 2016-17 financial year. It should be noted that the housing services reported on within the Departments financial statements include other activities other than the supply of public housing, also including homelessness support services, Aboriginal and Torres Strait islander housing, private rental assistance and crisis accommodation¹¹⁴.</p>
<i>Western Australia</i>	<p>The Housing Authority covers both public and Aboriginal housing, as such they receive Commonwealth funding for both Aboriginal housing and Commonwealth rental grants totalling \$173 million. Additional State grants and subsidies, predominantly from the Department of Treasury were received, totalling \$70 million.</p> <p>One of the 5 significant issues impacting the Authority as listed in their annual report is Commonwealth funding for remote Aboriginal communities. Western Australia has a number of small isolated Aboriginal communities that used to receive commonwealth funding for essential and municipal services in remote Aboriginal communities. This funding was ceased in 2014, however addition new funding under the Nation Partnership for Remote Housing (NPRH) from the Commonwealth has been gained and this will provide a total of \$214 million to Western Australia during the 2017-18 financial year. This funding ceases on 30 June 2018 and the State is looking to secure an ongoing commitment to fund remote Indigenous housing beyond 20018¹¹⁵.</p>

5.2.4 Financial context/performance

SAHT is currently in a position where operating costs of public housing (construction, maintenance, management and administration) exceed revenue (generated by rent). As a result the SAHT undertakes sales programs to fund operations. Detailed performance has been discussed in section 4: SAHT financial performance.

The below table discusses the different structures in other Australian jurisdictions.

¹¹³ Department of Housing and Public Works, Housing Services, Social Housing Program Specifications (2015)

¹¹⁴ Department of Housing and Public Works Annual Report (2016-17)

¹¹⁵ The Housing Authority Annual Report (2016-17)

Table 20: Jurisdictional comparison — Financial context/performance

<i>Jurisdiction</i>	<i>Commentary</i>
<i>Victoria</i>	<p>As per the Victorian Auditor-General's report 2017 one of the key challenges for the Victorian public housing sector is financial sustainability¹¹⁶. This was originally highlighted as a challenge in the Victorian auditor-General's report in 2012 and still remains relevant today. Public housing has run at a deficit between 2012-13 and 2015-16 and the following is an excerpt from the Auditory-General's report:</p> <p><i>“While the Director of Housing’s cash position and net operating cash flow surpluses indicate financial sustainability, these results mask the use of unsustainable strategies such as postponing renewal and acquisition programs”.</i></p> <p>The Director of Housing that sits within the Department of Health and Human Services reported a net loss from transactions in 2016-17 of \$354.4 million¹¹⁷.</p>
<i>New South Wales</i>	<p>New South Wales has rent revenue comprising ~85% of all revenues (\$869 million of \$1.05 billion). There is a still a shortfall of \$450 million with expenses at \$1.5 billion. The increase in land prices is high and totalled \$4.78 billion in 2016-17¹¹⁸.</p> <p>The latest Auditor-General's report on the Department of Families and Communities Services (2016) submitted to Parliament indicates that the Land and Housing Corporation's financial sustainability is at risk due to recurring operating losses (past 6 years). One of the key drivers is the increases in repairs and maintenance expenses as well as depreciation and amortisation expense. The Land and Housing Corporation however has a liquidity ratio of 1.5 which suggests it can meet its obligations when they fall due¹¹⁹.</p>
<i>Queensland</i>	<p>The supply of public housing falls under Housing Services as reported on within financial statements. This also includes homelessness support services and the Office of the Registrar which oversees the National Regulatory System for Community Housing in Queensland. This National Regulatory System provides uniform legislation that regulates community housing organisations with the aim of growing the capability and capacity of these organisations¹²⁰. The Housing Services unit of the Department for Housing and Public Works posted a net loss of \$260 million in the 2016-17 financial year¹²¹.</p> <p>From a service delivery aspect, Queensland has the highest level of client satisfactions in Australia, with 85.8% satisfied¹²².</p>

¹¹⁶ Victorian Auditor-**General's Report (2017). Managing Victoria's Public Housing.**

¹¹⁷ Department of Health and Human Services, Annual Report (2016-17)

¹¹⁸ NSW Family and Community Services Annual Report, Volume 2 (2016-17)

¹¹⁹ New South Wales Auditor-**General's Report, Volume six 2016, Report on Family and Community Services**

¹²⁰ Department of Housing and Public Works Annual Report (2016-17)

¹²¹ Department of Housing and Public Works Annual Report (2016-17)

¹²² Department of Housing and Public Works Annual Report (2016-17)

<i>Jurisdiction</i>	<i>Commentary</i>
<i>Western Australia</i>	<p>The Housing Authority reports a net loss of \$280 million in 2016-17. This is inclusive of a net trading profit from sales of \$88 million (\$301 million total sales value less \$213 million cost of sales) indicating that Western Australia is selling assets in an attempt to fund operations. These sales during the financial year were \$159 million below the sales program as a result of the softer real estate market conditions.</p> <p>The Housing Authority report against 3 key effective performance indicators and 5 key efficiency performance indicators. The 2016-17 performance beat target for all three effectiveness indicators however did not beat all efficiency measures. Some of the notable takeaways from this were the reducing operating costs per property (\$15,176 compared to \$15,342 in past financial year), the high operating cost per lot developed as a measure of the cost efficiency of the Authorities land development activities (\$41,950 per lot, considerably higher than the target of \$21,937 and the past financial years cost per lot of \$25,107) and the increased ratio of housing assistances to people on the public housing waiting list¹²³.</p>

5.3 Characteristics of a future housing system

In the context of the earlier chapters in this report and the developments in other Australian jurisdictions, the notion of a modern system and its characteristics begin to emerge. Below is an overview of those characteristics that should form the future housing system in South Australia in order to position the SAHT and other jurisdictions to better manage the issues they are currently facing.

The figure below summarises the key characteristics that will influence the development of the future housing system in SA. These are explained and summarised over page.

¹²³ The Housing Authority Annual Report (2016-17)

Figure 42: Characteristics of a future, multi-provider housing system





Customers

Addressing needs of target cohorts

- Streamlined, single assessment, including customer choice and empowerment
- System pathways approach to managing tenants



Sector Development

Building a competitive and robust sector

- Development of the affordable housing industry
- Building capability and capacity of CHP sector
- Diversity of housing and service options — choice
- Encourages specialisation and ongoing innovation and development



Assets

Stable, secure and appropriate

- Stock aligned to tenant needs
- Integrated planning approach to facilitate a range of positive and community outcomes
- Optimise asset lifecycle and portfolio to meet future tenant needs
- Balance of preventative and responsive maintenance
- Continual renewal of ageing stock



Governance

Nexus of accountability, authority and control

- Clearly defined responsibilities and accountabilities within the system across multiple legislative frameworks
- Common language across the sector
- Outcomes: transparency, accountability, effective regulation



Funding Policy

Funding environment

- Funding more closely linked to outcomes
- Policy enables medium term financial strategy
- Non-housing services transparently reported/funded



Housing Strategy

System-level outcomes

- System-level planning and strategy
- Responsive to Commonwealth and State funding and policy reform
- Targeted policy across housing continuum
- Clearly articulate roles and responsibilities of housing and service providers (government, SAHT, CHPs and other non-housing service providers)



Services

Service outcomes and KPIs

- Multiple service providers (govt/CHPs)
- Consistent service KPIs and reporting across sector
- Flexible service models for specialised groups
- Strategies/initiatives for cohorts with specific needs, e.g. aged, aged single women, and indigenous
- Connecting high needs clients to specialist services



Affordable housing for South Australians

Delivering housing outcomes across the housing continuum

- Delivering a range of affordable housing outcomes
- Providing and facilitating appropriate housing options and support for vulnerable people
- Innovative and adaptive to customer needs
- Creating sustainable communities
- Capturing benefits and incentives for the system



6. Review Terms of Reference

6 Review Terms of Reference

6.1 Terms of Reference #1

What impacts will current and expected changes in the profile of SAHT tenants have on:

- 1 *the demand for more appropriate built form and asset planning of total stock;*
- 2 *net rent revenue;*
- 3 *the ability to deliver urban renewal; and*
- 4 *the private rental market.*



Overview

Emerging customer profile doesn't match current asset base and the deeper level of support needed. The key expected changes in the profile of SAHT tenants are:

- Increasing age of tenants to continue — With the combination of tenants staying in housing for longer periods (>50% of tenants have been in the system for greater than 10 years), the small number of allocations (2,082) and the **anticipated ageing of the State's population** (median age expected to increase 5.3 years over a 40 year period), it is expected that the average age of SAHT tenants will continue to grow.
- Heavy reliance on Commonwealth supports — Current tenants, those recently allocated and those on the housing register are all heavily reliant on Commonwealth supports. This in conjunction with the increasing complexity of those entering the system suggests that the chance of tenants gaining stable employment is low and there will be an increased reliance on Commonwealth Supports.
- Increasing profile of single households — 89% of allocation and 85% of those on the register are single or single parent households. This in conjunction with the potential for older couples currently in the system to become widowed will likely result in an increase in single or single parent households.

Together these expected changes result in the SAHT having to service tenants that increasingly complex and vulnerable. Further discussion on the expected future demographic can be found in section 3.3.6.



Summary of findings

The SAHT tenant profile is increasingly becoming more complex, costlier to service and with lower incomes.

- 1 Demand for appropriate built form and asset planning — the existing utilisation of dwellings demonstrates the challenges of matching stock to tenant needs, ie underutilisation of public housing dwellings (26%) compared to relatively smaller incidence of overcrowding of public housing (2%), which rises to 7.5% of Aboriginal housing. As the trends in tenant profile eventuate, the SAHT will face further challenges to:
 - a deliver appropriately sized (ie single/two bedroom) properties;
 - b deliver properties which meet the needs of vulnerable people, including access/provision to appropriate support services;
 - c deliver properties which meet the needs of larger families, in particular amongst Aboriginal and migrant families.

As a result, the SAHT will need to consider a range of different asset planning strategies in order to better meet the needs of tenants through suitable built form.
- 2 Net rent revenue —the current rent policy links rent to household income, including Centrelink benefits (over 85% of tenants already report Centrelink benefits as their primary source of income). In the absence of any rent reform or other policy change, net rent revenue per dwelling is expected to decrease further over time as a result of:
 - a new tenants/allocations being increasingly high need with a high reliance on Centrelink benefits;
 - b increasing proportion of single tenant households; and
 - c **rent policy that doesn't incentivise employment/participation and mobility through the system.**
- 3 Ability to deliver urban renewal — delivery of urban renewal is typically funded by grants and asset sales rather than **tenant rents. As such, the trend in tenant profile will affect the SAHT's** ability to deliver urban renewal noting that:
 - a **The decline in net revenue per dwelling has a marginal impact on the SAHT's financial** capacity to undertake urban renewal; and
 - b Tenant needs around the built form (eg type of dwelling, location, design/modification) may increase the cost of urban renewal projects.

Within this context, we note that there are other potentially more significant factors which **affect the SAHT's ability to undertake** urban renewal that are not related to the tenant profile.

- 4 Private rental market — Limited mobility into private rental sector as limited affordable private rental stock available to lower income earners.
 - a There will be minimal interaction between the current SAHT tenants and the private rental market due to tenants heavy reliance on Commonwealth Supports and hence inability to pay market rental rates. The SAHT also plays a broader role within the housing continuum to influence the supply of affordable housing for all South Australians. The SAHT performs these functions through their Private Rental Liaison Program, Private Rental Assistance Program and affordable home ownership initiatives.
 - b The SAHT tenant profile already suggests that tenants have low capacity to transition from social housing into the private rental market (50% of tenants are in SAHT accommodation for over 10 years, and only 14% of tenants pay market rents). Further, analysis of rental affordability suggests only a small portion of private rental accommodation is affordable to a single person on the aged pension. The increasing incidence of older people with high needs and unable to maintain employment suggest that the incidence of tenants transitioning to the private rental market will decrease further over time, without intervention.

1. The demand for more appropriate built form and asset planning of total stock

Current Appropriateness

The current profile of stock held by the SAHT has the following characteristics:

- Ageing—average dwelling age of 39 years with 42% of stock built prior to 1980;
- Large dwellings — 45% of dwellings have 3 bedrooms;
- Concentration in Northern Adelaide — 29% of all dwellings are located in Northern Adelaide suburbs; and
- Uncertain condition — No recent asset condition assessment to clarify maintenance requirements.

Of all SAHT public housing dwellings, 26% are underutilised and 2% are overcrowded, indicating a mismatch between the current tenant and asset profiles. The high proportion of underutilised stock is likely a result of a number of issues. Some of which include:

- Historically, SAHT housing was built for working class families that required larger housing with multiple bedrooms;
- Tenant profiles have shifted to a high proportion of single or single parent households being both allocated and on the housing register;
- Tenants ageing in housing and older people becoming widowed;
- **Tenant mindset of having a ‘house for life’ and the lack of system pathways. This results in tenants** ageing in social housing and remaining in the same house for an extended period of time, which eventually becomes too large for their specific requirements and not meeting their needs;
- **Tenants’ emotional attachment to houses;**
- The economics associated with building 2 or 3+ bedroom dwellings. The cost of building a dwelling with an additional bedroom is marginal compared to the extra market rental and asset value which results from having an additional room; and
- Previous asset renewal and build programs have been focused on asset realignment, however have not addressed the housing requirements of all tenants.

Separately to the issues above relating to the undersupply of smaller dwellings, stakeholders have noted that there is also an undersupply of 4+ bedroom houses for large families, commonly required for refugee families. Statistically this is not as evident with only 2.1% of households overcrowded. This undersupply of larger homes may however restrict these families from entering the social housing system and remain on the housing register to be housed. Housing register data provided does not detail the size of families and the number of bedrooms required.

Concerns have been raised by stakeholders over the suitability of housing provided to Aboriginal people. Whilst detailed data has not been provided on the stock tenanted by Aboriginal people, public sources confirm a 24.8% underutilisation rate and 7.5% overcrowding rate in South Australian SOMIH dwellings¹²⁴. These figures suggest some Aboriginal people are not housed in appropriate accommodation.

¹²⁴ Productivity Commission, Report on Government Services 2017

Planning

Consultation feedback indicated that the process of allocating tenants is largely reactive with tenants in high need of housing commonly receiving whatever housing is currently available, regardless of its specific attributes. This results in either;

- Tenants not being placed in a dwelling that meets their specific needs; or
- The SAHT having to undertake reactive modifications to ensure tenants are placed in suitable accommodation.

Stakeholders who liaise with tenants have indicated that often the stock held is not constructed for specific cohorts, being more general in nature, and does not meet the individual needs of the tenants. Data provided by Housing SA indicates that at 30 June 2017 public and Aboriginal housing comprises 34,949 and 1,635 of the 38,492 total SAHT tenanted properties, with the small number of remaining properties for specific programs. Examples include: Mental Health (108), Disability Housing Program (368) and Crisis Housing Program (203). As a result of the small number of specific properties held, the SAHT is commonly required to undertake significant modifications to meet specific cohorts' needs. This results in delays in housing tenants and increases the total capital or maintenance expenditure that the SAHT pays to house these tenants. Some of the specific cohorts that the SAHT may need to modify properties for include: victims of domestic violence, people with disabilities, Aboriginal people and older people.

SAHT has not always actively monitored or managed all tenant circumstances and service needs after they have been housed. While it is common that an individual's needs are highest when they first move into the social housing system this is not the same for all, with some tenants requiring additional services and property modifications over time. The function of assessing tenant needs for public housing is carried out through the application and allocation process.

Future Considerations

The primary cohort that the SAHT houses currently is single aged households and this is expected to be on of a few cohorts expected to grow moving forward. A future policy/strategic issue will arise around the extent to which the SAHT should evolve its service and asset delivery to meets the needs of this specific tenant cohort under its Public and Aboriginal housing programs. The SAHT has undertaken various planning activities to determine how to best meet the needs of this cohort going forward through appropriate built form, however at this time there is no policy/strategy position on this issue.

Work has been completed by other government departments, research groups and organisations on the needs of individual tenant cohorts. An example of this is detailed below.

Housing needs of older people

The South Australian Office for Ageing, part of the Department for Health and Ageing recently completed a study into the characteristics of housing design that are most important to meeting older **people's needs as they age. The report titled Housing for Life: Designed for Living** comprises a list of essential features in housing from both the perspective of both older people and housing industry representatives, developed as part of the Innovation in Social Housing 90 Day Project. Some of the essential features from the perspective of older people include utilising available space, connection to nature, the environment and the community, security and energy management. From the perspective of the housing industry there are 4 key design principles: to convey a sense of home; improve spatial characteristics; enhance outdoor relationship; and improve social cohesion. There are also 19 indicators of quality housing including: adaptive re-use, passive design, privacy, private gardens, green space, security, visitor accommodation, self-sufficiency, local shops and integrated workplace and walkable precincts, amongst others.

Key attributes of housing valued by older people typically include:

- Independence;
- Privacy and autonomy;
- Affordability;
- Security of tenure;
- Safety;
- Adaptability for future care;
- Location;
- Suitability;
- Companionship and avoiding isolation; and
- Size amenity and space.

Statistics show that Aboriginal people housed through the SAHT's public or Aboriginal housing programs experience higher levels of overcrowding than both other jurisdictions and non-Aboriginal people. Tenant support officers who work closely with Aboriginal people indicated that it is common that extended families stay within the same dwelling therefore requiring large houses. The SAHT stock has only a small portion of large houses with 4 or more bedrooms and most are already being tenanted.

Whilst the benefits are vast for tailored accommodation to meet the needs of individual cohort needs, there are some specialisation risks associated with this, including:

- Increased cost of housing, potentially decreasing the number of dwellings that the SAHT provides to the South Australian community; and
- Increased vacancy periods during the matching of tenants to stock, assuming that specialised stock is not allocated to other applicants.

The concerns raised over the current appropriateness of the housing provided and the specific requirements of individual cohorts underscores the need for active policy/strategy positions to be taken by the SAHT. These strategies and policies would seek to improve the standard of housing and associated services provided to tenants. Considerations could include the development of strategies for specific cohorts or policies that look to monitor larger dwellings. It is noted that a housing strategy will be required under the new Commonwealth funding agreement (NHHA).



Summary of findings

1 Demand for appropriate built form and asset planning

The existing utilisation of dwellings demonstrates the challenges of matching stock to tenant needs, ie underutilisation of public housing dwellings (26%) compared to relatively smaller incidence of overcrowding of public housing (2%), which rises to 7.5% of Aboriginal housing. As the trends in tenant profile eventuate, the SAHT will face further challenges to:

- a deliver appropriately sized (ie single/two bedroom) properties;



Summary of findings

- b deliver properties which meet the needs of vulnerable people, including access/provision to appropriate support services;
- c deliver properties which meet the needs of larger families, in particular amongst Aboriginal and migrant families.

As a result, the SAHT will need to consider a range of different asset planning strategies in order to better meet the needs of tenants through suitable built form.

2. Net rent revenue

Rent Policy

The SAHT rent policy caps tenant contributions to the greater of:

- 25% of gross household income; or
- Market rental.

The market rental rate is determined annually by the State Valuer-General, taking into account a range of factors including: location, age, size and condition of the dwelling.

It should be noted that the above policy indicates the maximum that may be charged by the SAHT and it is **common for tenants to apply to pay a reduced rent. The Productivity Commission's Report on Government Services 2017** shows that in 2016 there are 4.9% of public housing households and 16.9% of SOMIH households that are paying less than 20% of household gross income on rent¹²⁵. The total rental rebate as per SAHT financial statements in 2016-17 was \$224 million, or 46% of the total market rent available¹²⁶.

Challenges for SAHT

The SAHT is currently experiencing and will likely continue to experience difficulties in raising revenues through their current rent policy. Some of these difficulties include:

- There is a small proportion of tenants able to pay full market rental due to the heavy reliance on Commonwealth supports;
- The ability for small households to pay market rent; and
- The current dwelling profile (larger houses) has a mismatch to the tenant profile (single households).

Only 9% of current tenants report wages as their primary source of income, with the majority of others (>85%) reporting some form of Commonwealth support as their primary source of income. Housing SA estimates that of all households (35,091 included, excludes all cottage flats), only 14% are paying full market rental, with the remaining 86% paying reduced rental¹²⁷. It is assumed that tenants paying full market rates are more likely to report wages as their primary income source than those paying reduced rent. SAHT management have indicated those currently paying full market rental are

¹²⁵ Productivity Commission, Report on Government Services 2017

¹²⁶ SAHT audited financial statements

¹²⁷ DCSI/Renewal SA information requests

typically in low socioeconomic areas where market rental rates are already low. Across the SAHT portfolio the SAHT only collect 54% of market rental rates highlighting the significant reduction in rent provided to tenants.

Over the course of its existence the SAHT has shifted from providing housing to working class families to being a provider of housing to Commonwealth supported, predominantly single tenant households. The total Commonwealth support payment provided to a person is largely related to the number of people required to be supported by this payment. For example an elderly couple will likely get more Commonwealth Support funding than a single elderly person. **With the SAHT's current rent policy linking rent contributions to a household's income this will impact the SAHT's ability to charge rent.**

Rent modelling by Housing SA provides the average weekly rental for each household type. This is displayed in the below table.

Table 21: Average weekly rental revenue for different household types¹²⁸

Household Type	Average weekly rental
Single	\$103.29
Single Parent	\$165.08
Couple	\$172.58
Couple + Children	\$222.26
Sharers	\$187.18
Unknown	\$231.00

Note: Modelling inputs only contain data from 35,735 households, including an unknown household type of 10 households.

Source: DCSI/Renewal SA information requests

As seen in the above table there is a significant reduction in rental revenue for single households. **Singles currently comprise 62% of all households and comprise a large portion of both last year's allocation (67%) and the current housing register (58%)¹²⁹.** The continuation of this trend will have a **material impact on the SAHT's net rental income.**

The SAHT have also completed additional internal analysis on the changes in rental revenues received from new tenants and those that have been within the public housing system for 3 years or greater. Key modelling results are shown in the below table as at June 2017.

Table 22: Average weekly rental revenue – comparison of new and existing tenants

Measure	Average weekly rental
All tenants at June 2017	\$131.51
Tenants who were in public housing at June 2014 and June 2017	\$ 135.22
Tenants who were in public housing in June 2017 but not in June 2014	\$ 108.53

¹²⁸DCSI/Renewal SA information requests

¹²⁹DCSI/Renewal SA information requests

Source: DCSI/Renewal SA information requests

As seen by the measures in the table the average weekly rental charged is considerably greater for those who were in public housing 3 years ago compared to those who recently entered public housing. This is likely attributed to the increasing complexity of those entering the public housing system.

The SAHT hold a large portion of 3 bedroom dwellings and with the high number of single tenant households, there will continue to be a large portion of tenants paying reduced rent. Given the current tenant profile developing smaller properties would likely result in tenant contributions being closer to the property market rental and therefore reducing the discount provided by the SAHT.

The changing tenant profile and the issues that are currently being experienced will likely continue to **be experienced in the future, affecting the SAHT's ability to raise revenue through rent. In real** terms it is likely this revenue stream will decline unless there are policy or operational changes made.

Future considerations

Rental policy is one of the financial levers that exists for the SAHT to increase revenues. Feedback from management is that the SAHT has previously struggled to undertake rental reform due to political reasons and poor back office systems and that it is expected that following the Business Systems Transformation project (currently underway) that there will be improved functionality in these systems to increase capability to implement future rental reform. Housing SA has modelled the potential financial benefits available to the SAHT of rental reform and this is discussed in detail in response to Terms of Reference 3 (financial viability). In summary, the additional revenue possible if the rental policy was changed to a flat 25% of household income whilst still keeping the market rental cap is \$8.7 million per annum¹³⁰. Additional rental policy options could look to a 30% household income cap like some other jurisdictions or tailoring the rental policy to encourage employment and mobility within the housing system.



Summary of findings

1 Net rent revenue

The current rent policy links rent to household income, including Centrelink benefits (over 85% of tenants already report Centrelink benefits as their primary source of income). In the absence of any rent reform or other policy change, net rent revenue per dwelling is expected to decrease further over time as a result of:

- a new tenants/allocations being increasingly high need with a high reliance on Centrelink benefits;
- b increasing proportion of single tenant households; and
- c **rent policy that doesn't incentivise employment/participation and mobility through the system.**

3. The ability to deliver urban renewal

Urban renewal in the context of the SAHT is the redevelopment of individual assets or an area to restore the quality and condition of assets. The SAHT has had an increased focus in recent years on conducting renewal activities on stock held, most recently through the Renewing our Streets and Suburbs initiative. The ability to complete these activities has been aided through the changes to

¹³⁰ DCSI/Renewal SA information requests

delivery arrangements whereby Renewal SA, which has significant experience managing major projects, now has sole responsibility for all asset renewal activities.

There is an underlying need for urban renewal on much of the current SAHT stock. As property **owners and managers of all public and SOMIH housing in the State, it is the SAHT's responsibility** to have a renewal program in place to ensure housing quality is of reasonable level. The current average age of stock is 39 years old, there is an unquantified maintenance backlog that is expected to be \$20,000 per property (as reported by community housing providers in relation to recently transferred properties), and almost half the stock has three or more bedrooms (yet 62% of households are single). Additionally stakeholder feedback has indicated that the condition of some properties is poor. Together this indicates the need for the SAHT to undertake further renewal of its stock.

Urban renewal has historically been funded through either:

- a Additional State or Commonwealth grants that has been allocated for the primary purpose of renewal; or
- b Sale of SAHT assets.

The SAHT has limited capacity to fund renewal from operating revenues as they currently do not cover operational costs with the deficit commonly being funded from asset sales.

Tenant impacts on urban renewal

For the SAHT to undertake renewal or redevelopment projects the property commonly has to be untenanted and hence results in moving tenants to a different tenancy. By reducing the number of properties available to be tenanted, housing outcomes are reduced and the SAHT is impacted financially through reduced rent. Section 39A of the Act stipulates that where the SAHT is the landlord of a residential property and require the property for redevelopment or renovation they must take the following reasonable steps¹³¹:

39A (c) to consult with any tenants occupying the residential property (the tenants) about their housing options; and

39A (d) to arrive at an outcome that is fair and reasonable in the circumstances after paying particular attention to the age, health and any special needs or circumstances of the tenants and to the nature and availability of housing (being an outcome which may include relocating the tenants to other premises on an ongoing basis or proceeding on the basis that the tenants will return to the same site or locality after the redevelopment or renovations are completed).

The above section of the Act indicates that the SAHT is able to undertake renewal under the provision that they appropriately rehouse tenants. With the increasing complexity of tenant needs and associated individualisation of properties required, there could be issues ensuring there are appropriate properties available for tenants to move into during this period. With the increasing length of tenancy that is exhibited by SAHT tenants there are also likely to be attachment issues that will need to be overcome by the SAHT, further complicating renewal activities.

¹³¹ SAHT Act 1995

Financial capacity

Undertaking urban renewal typically requires significant capital outlays. As discussed in response to Terms of Reference 1b and 3, the financial capacity for future SAHT tenants to pay rent is declining due to the increasing age, reliance on Commonwealth support and portion of single households. The rent collected by SAHT currently does not recover its operating costs. As such, any further reduction **in rent revenue will impact the SAHT's ability to undertake urban renewal, and increase reliance on capital surpluses to fund operations.**

Built form requirements

The current and expected future tenants of the SAHT are high need, not contributing as much rent, and require built form modifications to meet their increasingly complex needs. SAHT management has indicated that it is common for tenants to request modifications to existing properties to meet their individual needs. As such it is common for new SAHT properties to include a range of these modifications to ensure suitability for specific cohorts. Cohorts that may require modifications include older people, victims of domestic violence, people with a mental health issue or people with a disability. Feedback from stakeholders indicates that the costs to build a house specialised for people with a disability can be twice that of an unmodified house. The additional costs associated with these built form requirements again places a **financial constraint on the SAHT's ability to undertake urban renewal.**

Other factors influencing ability to undertake urban renewal

While the above sections discuss tenant profile changes that affect the SAHT's ability to deliver urban renewal, it is not expected that these will be the only factors impacting urban renewal. The willingness of State and Commonwealth government to provide additional grant funding for renewal activities and the appetite that the SAHT/SA Government has towards further asset sales in order to achieve urban renewal will be key drivers for the level of SAHT's urban renewal activities going forward.

Urban renewal in the context of many of the SAHT's properties does not just entail redeveloping properties however considers other elements such as community impact, open space, utilities, infrastructure, etc. that all increase the cost of renewal above that of just the house.

The SAHT's ability to undertake urban renewal is also impacted by the underlying land value of the properties it holds. One of the redevelopment strategies used by the SAHT and other housing bodies is to subdivide an existing property, selling a portion of the initial land parcel to fund renewal activities. A high underlying land value enables this strategy to be carried out successfully. The South Australian market does not exhibit high land values compared to the eastern states of Australia and the stock that is held by the SAHT is predominantly in low socioeconomic areas. This proves to be an issue when the SAHT looks to undertake urban renewal with the SAHT often required to sell properties in order to fund renewal activities.



Summary of findings

1 Ability to deliver urban renewal

Delivery of urban renewal is typically funded by grants and asset sales rather than tenant rents. **As such, the trend in tenant profile will affect the SAHT's ability to deliver urban renewal** noting that:

- a **The decline in net revenue per dwelling has a marginal impact on the SAHT's financial capacity to undertake urban renewal;** and
- b Tenant needs around the built form (eg type of dwelling, location, design/modification) may increase the cost of urban renewal projects.

Within this context, we note that there are other potentially more significant factors which affect **the SAHT's ability to undertake urban renewal** that are not related to the tenant profile.

4. The private rental market

Interaction between SAHT tenants and the private rental market

SAHT tenants refers to those currently housed in the public or SOMIH system, differing from the total customer pool of the SAHT that includes those assisted through the Private Rental Liaison Program, Private Rental Assistance Program and other programs.

In general there is minimal interaction between SAHT tenants and the private rental market. SAHT tenants have two underlying characteristics that suggest there are few tenants capable of transition to the private rental system, these are:

- There are currently 50% of SAHT tenants that have been in public or SOMIH housing for more than 10 years, indicating a large portion of SAHT tenants do not move out of social housing.
- Only 14% of households (excluding cottage flats) are paying full market rental rates, indicating that current SAHT tenants do not have the financial capacity and ability to meet market rental rates, and if they are exposed to market rental rates they will be pushed into rental stress.

In addition to these characteristics, the incentive for tenants to move out of housing provided by the SAHT is low. SAHT rental policy only requires tenants to contribute a portion of household income, **tenants are provided secure tenancy and they are also provided services. These 'benefits' that tenants experience within the public or Aboriginal housing systems would not be experienced within the private rental market.**

Private rental programs focused on demand management

The SAHT provide assistance to customers across the housing continuum, from those who require high assistance (typically in social housing or the homelessness system) to those who require minimal assistance (typically in market rental or home ownership). The SAHT provides assistance to those in the private rental market through their Private Rental Liaison Program and Private Rental Assistance Program. Stakeholders have identified the important and good work that these programs are providing to people looking to enter the private rental system across the State.

The liaison program does not provide financial support to customers, instead supports those people who could maintain private tenancy once housed but are experiencing difficulties accessing the private market. Some of the difficulties that customers could be experiencing include: lack of financial skills; lack of social skills; no rental history; socio-cultural issues; and/or currently renting through a supportive program such as public housing¹³².

The Private Rental Assistance Program provides financial assistance to low to moderate income earners who meet eligibility conditions through providing one or more of: Bond guarantees; bond cheques; rent in advance; and rent in arrears.

These programs focus primarily on demand management, keeping people out of the social housing reducing future demand. These programs do not provide assistance to those SAHT customers in public or Aboriginal housing programs. These program assists customers who are entering or currently in the private rental market.

¹³² Department for Communities and Social Inclusion, Private Rental Liaison Program policy, <http://dcsi.sa.gov.au/services/housing-sa/housing-trust-policies/Private-rental-programs/Private-Rental-Liaison-Program-policy>

Specific cohorts and their interaction with the private rental market

Older people

The South Australian population as a whole is increasing in age, with predictions that over one quarter of the population will be over 65 in 2031¹³³. A key issue is the suitability of private rental for older people who are relying on the aged pension, with an increasing proportion of older people in rental stress. The April 2017 Anglicare Australia Report on Rental Affordability indicates that proportion of private rental properties in each geographical region that are classified as affordable (less than 30% of household income). Of the 3,661 private rental properties advertised in Adelaide on the weekend of 1-2 April there were 95 properties (3%) that were affordable for a couple with no children on the age pension and only 10 properties (less than 1%) that were affordable for a single person on the aged pension¹³⁴.

Affordability issues result in the level of level of interaction between the 59% of people aged over 55 years old in public and Aboriginal housing and the private rental market to be low.

People with disabilities eligible for additional funding under the NDIS

Following the recent disability funding changes under the NDIS, there will be a cohort of current SAHT tenants that will have additional funding available to them for use on specialist accommodation through the Specialist Disability Accommodation (SDA) funding. Across the country it is estimated that there will be approximately 28,000 people who will have access to SDA funding, 12,000 of which will be new entrants into the housing market¹³⁵. The funding available to the housing provider is considerable and this could entice new providers in the private market to supply specialist housing for this cohort of people. This market response will be driven primarily by NDIA and SDA pricing decisions, which to date have signalled an intention to set prices at a level which fund new accommodation. Therefore, there may be small numbers of SAHT tenants (or dependants) who will have financial capacity to exit SAHT accommodation and enter the private rental market.

Aboriginal people

Feedback from Aboriginal representatives and stakeholders in the housing system was that Aboriginal people have difficulty firstly entering the private rental market due to the high market prices and secondly being provided with a fair rental price due to the categorisation of Aboriginal people. For these reasons Aboriginal people are less likely to access the private rental market and it is critical that the public and Aboriginal housing system is there to cater for the needs of Aboriginal people.



Summary of findings

1 The private rental market

Limited mobility into private rental sector as limited affordable private rental stock available to lower income earners.

- a There will be minimal interaction between the current SAHT tenants and the private rental market due to tenants heavy reliance on Commonwealth Supports and hence inability to pay market rental rates. The SAHT also plays a broader role within the housing continuum to influence the supply of affordable housing for all South Australians. The SAHT performs

¹³³ Housing Strategy for South Australia 2013-18

¹³⁴ Anglicare Australia (2017), Anglicare Australia Rental Affordability Snapshot.

¹³⁵ Department of Social Services (2015), Housing and the National Disability Insurance Scheme submission to the Parliamentary Joint Standing Committee on the NDIS.



Summary of findings

these functions through their Private Rental Liaison Program, Private Rental Assistance Program and affordable home ownership initiatives.

- b The SAHT tenant profile already suggests that tenants have low capacity to transition from social housing into the private rental market (50% of tenants are in SAHT accommodation for over 10 years, and only 14% of tenants pay market rents). Further, analysis of rental affordability suggests only a small portion of private rental accommodation is affordable to a single person on the aged pension. The increasing incidence of older people with high needs and unable to maintain employment suggest that the incidence of tenants transitioning to the private rental market will decrease further over time, without intervention.

6.2 Terms of Reference #2

What models are in place to best allow the SAHT to undertake its tenancy management responsibility while ensuring tenants are appropriately supported from broader government and non-government agencies?



Overview

Under the Act, the SAHT has the responsibility to be the principal property and tenancy manager of public housing in the State. This function is carried out using two broad tenancy management models:

- Housing SA servicing all Public and SOMIH properties; and
- Community housing providers where stock has been transferred.



Summary of findings

- 1 Fundamentally there are differences within the Housing SA (government) and community housing provider models. The government sector is larger, having broader functions, administrative and reporting responsibilities resulting in it being less agile and less flexible to scale up or down. The Community Housing sector also offer affordable housing properties typically providing greater financial returns.
- 2 Specifically with respect to tenancy management whilst ensuring appropriate government and non-government support is appears currently that:
 - a **CHP's** are generally able to provide greater focus on regional or individual service attributes;
 - b There is no clear difference between tenant pathways;
 - c Due to the longstanding connections between Housing SA and other government agencies, there are more observable connection points between Housing SA and government agencies compared to **CHP's**. There is no clear difference between non-government support connections;
 - d There are some factors that make comparison difficult such as employment, funding and tax arrangements; and
 - e The volume base business which can provide efficiencies for SAHT – eg overheads can lead to under-performance when stretched too far with limited visibility on its tenants and assets.
- 3 Future transfers could seek to address the community housing sectors connection to government support services by considering:
 - a Regional transfers; and
 - b Cohort transfers.

6.2.1 Tenancy management – overview

Under the South Australian Housing Trust Act, the SAHT has the function to 'be the principal property and tenancy manager of public housing in the State'.

Tenancy management in the context of social housing is;

'Social Housing Tenancy Management includes all the processes, systems and activities required of housing managers to identify and select tenants, respond to tenant needs and deal with tenancy-related matters. This involves a responsive and

client-focused approach including actively managing tenancies to promote pathways out of social housing.’¹³⁶

There is no defined list of activities that covers tenancy management responsibilities. Some of the activities that are commonly provided in the social housing sector include:

- Maintenance and property upkeep;
- Complaint management;
- Managing anti-social behaviour;
- Rent collection;
- Tenant assessments;
- Tenancy allocations;
- Managing neighbourhoods;
- Client visits;
- Providing referrals and access to required specialist services;
- Connecting tenants to opportunities such as employment, education or training; and
- Various other activities to sustain tenancies.

6.2.2 Tenancy management models

In the context of social housing, there are two key tenancy management models that are commonly employed within Australia.

Provision of services by a government entity

At present in Australia the majority of social housing stock is in the form of public housing. Within this model tenancy management responsibilities are carried out typically by an entity of State or Territory government. Commonly only one government entity that will undertake tenancy management for the entire jurisdiction. Properties are often spread across the jurisdiction with a number of regional offices in place to cover for this spread. They provide tenancy management to a wide portfolio of tenants, catering for a number of different cohorts. The delivery agency, being in government, can often leverage other more specialised services from other sectors of government (ie health services, homelessness services, etc.).

Provision of services by a not-for-profit (community housing provider)

The community housing model is the primary alternate social housing model in Australia. This model has many similarities with the public housing model in terms of the services it delivers, however is carried out by not-for-profit organisations as opposed to a government entities. Within each jurisdiction there are multiple community housing providers that will all operate in the same space. Typically individual community housing organisations do not provide tenancy management for as many tenants as in public housing, as such they commonly operate in smaller regions or focus on

¹³⁶ The State of Queensland (Department of Housing and Public Works) (May 2016). Social Housing Tenancy Management Policy – For funded social housing providers

specific cohorts. Community housing organisations can often specialise in service delivery for one cohort, whilst others provide a portfolio approach like public housing, catering for many different cohorts. It is common that community housing organisations will provide housing outcomes across the broader housing continuum, with many providing affordable housing options, ie affordable rental. The provision of affordable rental properties enables community housing providers to cross subsidise social housing properties they offer. Community housing organisations typically develop partnerships or agreements where required with specialist service providers.

Other variations

There are a number of variations to the ‘typical’ community housing provider model that are discussed below¹³⁷:

- Regional housing association — A subset of the community housing model where they provide housing outcomes to a specific region, this could be metropolitan or regional/rural areas;
- Local government housing association — Local government housing associations provide housing outcomes in a specific region. Local governments are also involved in planning, funding and/or mentoring roles; and
- Specialist provider — An organisation with a specific purpose or function. Specialist providers commonly service a specific target cohort (ie people with a disability, older people, etc.), they may also have specialties in generating housing development outcomes.

The below section provides an overview of the community housing sector, including its role, regulation and growth in South Australia.

Overview of community housing

The role of the community housing sector has been defined in the Australian Senate Economics References Committee’s paper **Out of reach? The Australian housing affordability challenge**. The below is an excerpt from this paper:

The primary role of community housing is to deliver housing to people on low- to moderate-incomes with a housing need. Community housing may cover short, medium and long-term tenancies.

This definition is somewhat consistent with the role of public housing. It is noted that the Economics References Paper makes mention to public housing being the housing of last resort, this characteristic is not discussed in relation to the community housing sector.

Community housing providers are regulated under the *Community Housing Providers (National Law) (South Australia) Act 2013* which commenced on 1 April 2014. There are two ministers responsible for this Act, the Minister for Housing and Urban Development and the Minister for Social Housing. The Registrar, as appointed by the Minister under the Act may take enforcement action where a provider has failed to meet its regulatory obligations. Community housing providers have to be registered under this national system.

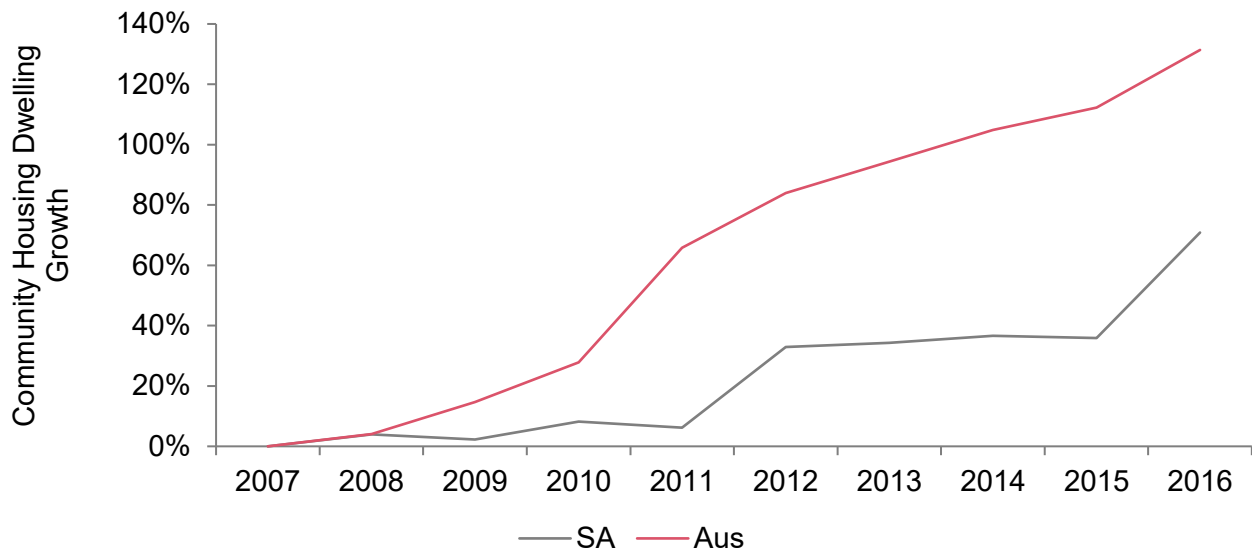
As at June 30 2017, South Australia has 46 registered community housing providers under the National regulatory system. These registered providers are divided into three Tiers. The tier **demonstrates the level of risk due to the scale and scope of a community housing provider’s activities**. Tier 1 providers typically operate at a larger scale and undertake development activities and as such

¹³⁷ Productivity Commission, Report on Government Services 2017

present a higher level of risk than Tier 2 and 3 providers. Currently South Australia has four Tier 1 providers, ten Tier 2 providers and thirty two Tier 3 providers.

The figure below shows the growth in the community housing sector in South Australia and nationally. Over the period 2007 to 2016, the number of community housing dwellings in South Australia has grown from 4,373 to 7,472 and nationally from 34,672 to 80,225.

Figure 43: Community Housing Growth in South Australia and Australia



Source: Productivity Commission, Report on Government Services 2017

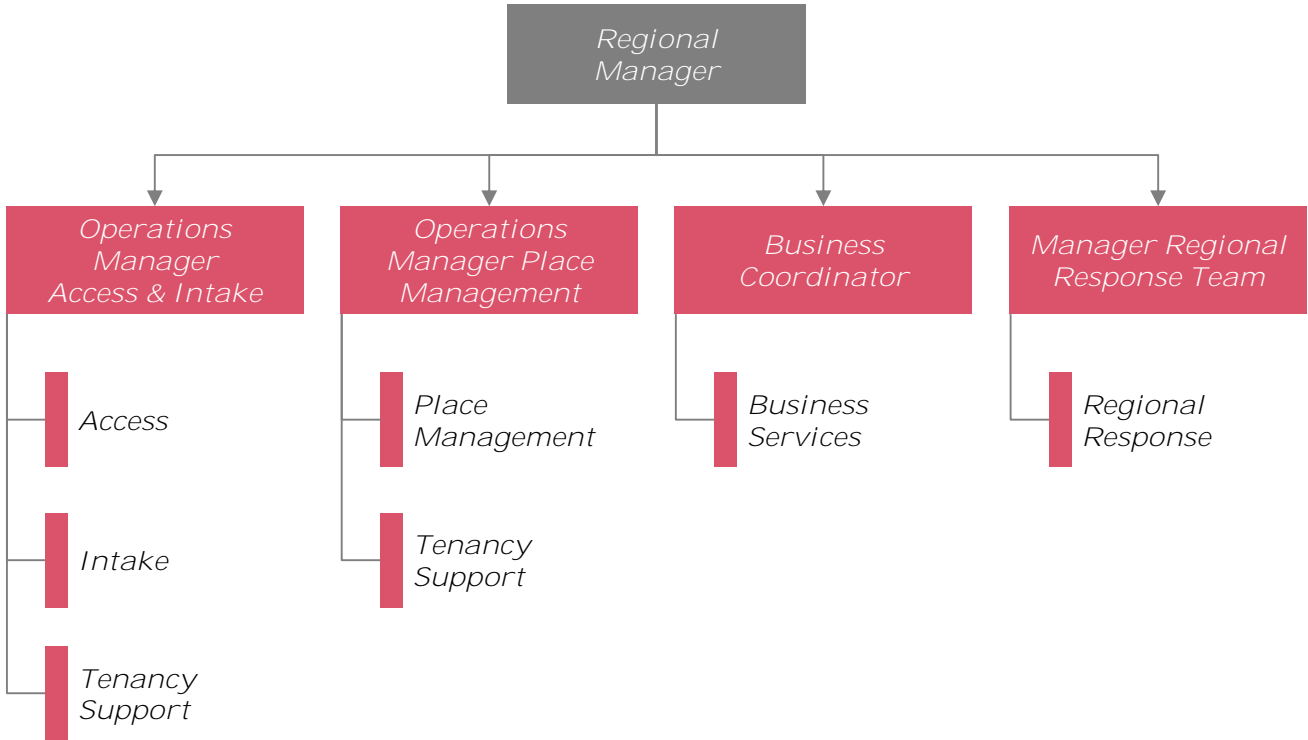
6.2.3 SAHT current approach

There are two primary providers of tenancy management services currently used by the SAHT, these are:

- 1 Housing SA; and
- 2 Community Housing Providers.

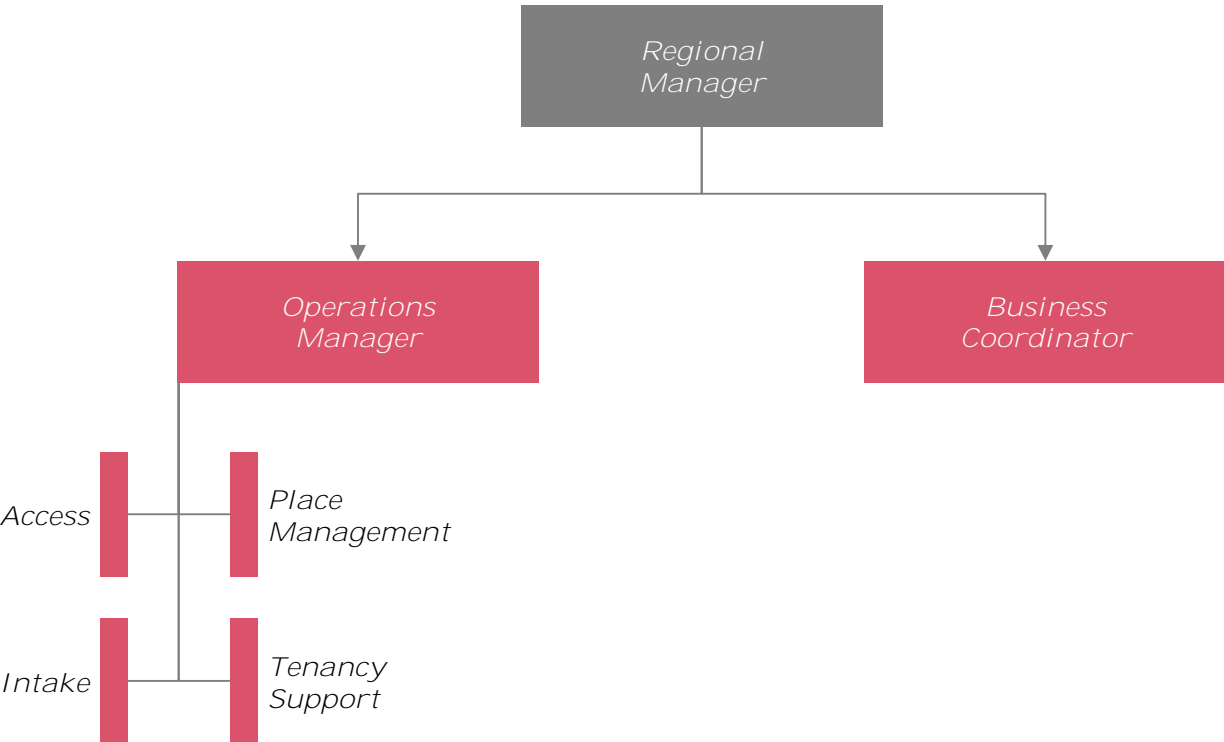
The SAHT carry out service delivery and tenancy management for public and Aboriginal housing through Housing SA. Housing SA perform tenancy management services under the recently updated **August 2017 'Practice Framework, Housing SA Service Delivery Guide'**. The practice framework serves as a document guiding the Agency on the delivery of their service to customers, and provides staff with the structure and tools to deliver services in line with Housing SA service values. The service delivery model is different in metropolitan and country regions as shown in the below figures.

Figure 44: Housing SA metropolitan service delivery model



Source: Department for Communities and Social Inclusion, Practice Framework, Housing SA Service Delivery Guide

Figure 45: Housing SA country service delivery model



Source: Department for Communities and Social Inclusion, Practice Framework, Housing SA Service Delivery Guide

The different service domains that undertake the elements of tenancy management are listed below:

- 1 Access workers are the first point of contact between customers and the housing system. Access staff perform functions including: screening; assessment of need; access to emergency accommodation; advice on housing options; and referrals.
- 2 Intake staff allocate properties to tenants based on their needs identified previously and provide services in the early stages to tenancy to support them in achieving a successful tenancy.
- 3 The place management **team's main function is to assist tenants in maintaining** their tenancy, provide connections to the community and assist them in finding more appropriate, long-term housing options.
- 4 The tenancy support team, or tenancy practitioners are required when a tenant displays risk factors. They primarily undertake work to develop case plans for tenants and provide connections and referrals to the appropriate services, either internally or externally.
- 5 The Regional Response team is a specialist team, typically social workers that deal with more complex issues, commonly moving across different regions. Together these individual teams work together to carry out the tenancy management function for tenants staying in the public housing or SOMIH.

There are a number of properties where the SAHT has ownership but no longer manage the delivery of services having transferred this responsibility to community housing providers. The total number of properties that the SAHT provides tenancy management for 36,771 households (as at June 30 2017).

Small operational differences exist between the methods used by community housing providers to perform tenancy management responsibilities compared to Housing SA. Community housing providers may focus on a specific location or tenant cohort, providing more specialist services. The SAHT can encourage community housing providers to focus on certain elements of tenancy management through the transfer process. In the first tranche of transfers the SAHT set a focus for maintenance and for the second tranche of transfers there was a focus on renewal activities. The focuses are set by the use of KPIs within the contract.

6.2.4 Performance of current models

The current tenancy management performance of both Housing SA and the community housing sector can be measured through the following indicators, as published within the Productivity Commission's Report on Government Services:

- Overall customer satisfaction – this is an overarching measure of tenant satisfaction as found through current tenant surveys. Although useful to compare differing models, it does not provide context as to what influences performance;
- Locational aspect meeting needs – Proportion of tenants rating location aspects as important and meeting their needs;
- Dwelling condition – Proportion of households with at least four working facilities and not more **than two major structural problems. A measure of the tenancy management provider's ability to** meet maintenance and capital requirements;
- Overcrowding and underutilisation – A measure for the ability to adequately match properties to tenant requirements; and

- Affordability, rental stress – A measure of the portion of low income households who are paying more than 30% of their household income in housing costs.

The below table summarises these indicators.

Table 23: Comparison of public and community housing tenancy management performance

	Public housing	Community housing
Customer satisfaction (satisfied or very satisfied)	83%	81%
Location – tenant rating	91%	91%
Dwelling condition – tenant rating	85%	93%
Overcrowding	2%	2%
Underutilisation	26%	22%
Affordability – rental stress	0%	6%

Source: Productivity Commission, Report on Government Services 2017

From the performance data presented there is insufficient evidence to indicate what tenancy management provider best meets the needs of South Australian people. Comparative to other jurisdictions, the performance of South Australian housing providers is above the national average across customer satisfaction measures however below the national average in matching tenants to properties with considerably higher levels of underutilisation. These high levels of underutilisation are a result of the increasing portions of single households and the current dwelling profile (high portion of 3+ bedroom properties).

6.2.5 Comparison of primary models

To compare the two primary models of tenancy management, five elements of service delivery have been discussed in the below table along with other comments.

Table 24: Comparison table

	Housing SA	Community Housing Providers
<i>General service delivery</i>	<p>Housing SA perform general service delivery through their practice framework previously discussed.</p> <p>Due to additional requirements placed on Housing SA outside of service delivery, the number of employees who are in contact with tenants' only represents a small portion of its total workforce. Stakeholder feedback anecdotally indicates that the number of employees in contact with tenants to the number of tenants is high. Whilst there is no definite understanding of the ratio between properties and tenants the raw full time employee to property ratio is approximately 1 employee for every 50 properties. The</p>	<p>The general service delivery performed by community housing providers does not differ greatly to that of Housing SA.</p> <p>Stakeholder feedback anecdotally indicates that for a general community housing provider the number of employees in contact with tenants to the number of tenants is lower than that of public housing. The Housing Keys: Workforce Report states that of the 29 community housing providers participating there is a total of 39,620 properties managed and 1,177 full time employees. This equates to 1 full time employee for every 33.6 properties</p>

	<i>Housing SA</i>	<i>Community Housing Providers</i>
	government (SAHT) performs additional functions, such as PRAP and homelessness functions that community housing providers do not, and when adjusting for this, the ratio is likely to be closer to 1 full time employee for every 75 properties managed.	managed ¹³⁸ . It is anticipated that for a specialist community housing provider this ratio would be even lower.
<i>Specialised service delivery</i>	<p>Housing SA provides services to specialist cohorts. There is however no strategic plan for the delivery of services to high need cohorts such as those with a disability.</p> <p>Some specialist skills lie within Housing SA however there are a number of other specialist skills that are contracted either from other government departments or from external contractors.</p> <p>The SAHT holds a wide range of property, some of which is customised for use by a specific cohort. Feedback from stakeholders indicated that the level of these specific stock holdings were low and often not available at time of allocation resulting in responsive modifications to existing properties.</p>	<p>Specialist community housing providers, who have a focus on performing one function, deliver specialised service offerings. These providers have assets that are custom to meet the needs of their tenants.</p> <p>General community housing providers can contract for specialist services as required. The assets they hold are generally those provided in transfers. The most recent tranche of transfers have set an increased appetite for renewal and as such it is expected that overtime as the renewal program progresses, assets will better meet the needs of tenants.</p>
<i>Tenant pathways</i>	<p>Being within government, Housing SA is well connected to provide tenant options through the housing continuum. Current connections are in place for tenants to transition out of the social housing system to private rental (through their private rental programs) and to home ownership (through HomeStart).</p> <p>Whilst these pathways are in place the SAHT and Housing SA has not generated a high number of pathway outcomes in recent years. This could potentially be a result of the high need cohort that they currently provide tenancy to and the lack of incentives for tenants to move into the affordable or private rental markets.</p>	<p>Generally community housing providers offer housing outcomes along the housing continuum, primarily in the social housing and affordable housing spaces. Stakeholder feedback from community housing representatives indicated the importance of providing affordable rentals to generate a more balanced business model.</p> <p>The direct link to the affordable rental market provides community housing providers with a suitable pathway for tenants from social housing.</p> <p>Additionally through HomeStart there are finance options available for people currently in community housing to enter into home ownership.</p>

¹³⁸ NSW Federation of Housing Associations Inc. in partnership with Shelter (June 2016). *Housing Keys: Workforce, Aggregate Report*.

	<i>Housing SA</i>	<i>Community Housing Providers</i>
<i>Support from broader government services/agencies</i>	<p>Housing SA is provided with a high level of support from other government agencies. There are currently agreements in place with SA Police, Department for Correctional Services, Renewal SA, Department of Planning, Transport and Infrastructure, Department of Veterans' Affairs, Department for Child Protection, Department for Communities and Social Inclusion, Department for Education and Child Development and SA Health.</p> <p>Whilst there is support provided from many of these agencies there is also a reciprocating arrangement whereby the SAHT and Housing SA are required to provide assistance to these agencies, commonly through information sharing increasing the responsibilities and time commitments placed on Housing SA.</p>	<p>Community housing providers are less likely to be as connected within government agencies than Housing SA, however like Housing SA, have the ability to enter into contracting arrangements for services from government agencies.</p>
<i>Support from non-government services/agencies</i>	<p>Housing SA enter into agreements for services from non-government agencies. The number of agreements entered into with non-government agencies is less than those entered into with government agencies as per the agreement list provided by Housing SA. Some of these however include Anglicare, Uniting Care, Local Councils, Calvary and Southern Mental Health. Housing SA have indicated that they have entered into agreements with many Non-Government Organisations and cooperative arrangements such as the Vulnerable Persons Framework that may not be represented on the agreements list provided.</p> <p>There is no restriction for Housing SA to enter into arrangements with non-government agencies for service delivery.</p>	<p>Community housing providers, like Housing SA have no restrictions entering into agreements with non-government agencies.</p> <p>During stakeholder consultations with community housing providers they indicated a number of agreements have been entered into with other bodies. It was quoted that one provider had over 40 agreements in place.</p>

	<i>Housing SA</i>	<i>Community Housing Providers</i>
<i>Other</i>	<p>The ability to scale operations differs for both Housing SA and community housing providers. Community housing providers have more flexibility in the tenure and contracts for employees in comparison to Housing SA. As such they have greater flexibility to scale up or down as required.</p> <p>Funding differences occur between both models. Tenants whose properties are managed by a not-for-profit (community housing provider) are eligible for Commonwealth Rent Assistance, however this is not the case for those managed by Housing SA. The public housing system instead is primarily funded through State Grants and Commonwealth Agreements (ie NAHA).</p> <p>Community housing providers, having a charitable status, are eligible for a range of tax concessions (GST, land tax and stamp duty) and additionally do not pay full council rates.</p> <p>Other differences include the length of existence that has resulted in the SAHT having additional legacy issues to manage, including additional tasks that they are required to carry out as instructed by leadership, potentially making it difficult for it to undertake change as rapidly as the community housing sector. Additionally community housing providers have different governance structures, with no Minister directly responsible for their operations.</p>	

Findings

Specifically with respect to tenancy management whilst ensuring appropriate government and non-government support is appears currently that:

- Community housing providers are generally able to provide greater focus on regional or individual service attributes;
- There is no clear difference between tenant pathways;
- Housing SA are better connected to government supports than community housing providers and there is no clear difference between non-government support connections;
- Community housing providers have increased flexibility, being relatively smaller and having less additional government requirements placed upon them; and
- There are some other factors such as employment, funding and tax arrangements that results in differences in the ways that tenancy management is carried out.

Overall there are no restrictions on either Housing SA or community housing providers to adequately undertake tenancy management responsibilities. Either model has the flexibility to enter into agreements for services with both government and non-government organisations and provide pathways for tenants.

6.2.6 Future housing system

As the above section demonstrates, there are potential drivers for alternate models to be further considered in the future housing system. Policy makers and the SAHT (as an instrument of government policy) should identify what outcomes they are looking to achieve and determine which model is best placed to meet these outcomes.

The South Australian government does not currently have any confirmed plans to undertake further transfers to the community housing sector. One of the frequently asked questions in the information packet provided to SAHT customers on property and tenancy management transfers discusses the

potential for future transfers. The response provided states “*It is likely that there will be additional transfers in the future, however this has not yet been confirmed*”¹³⁹, indicates that future transfers could be pending.

The Community Housing Council of South Australia in their recent policy plan, ‘Tackling South Australia’s Affordable Housing Crisis’ is advocating for the transfer of an additional 7,000 SAHT properties to the housing sector.

Any further transfer need to target a specific outcome, past examples have included maintenance and renewal. Some of the potential methods of transfer to be considered in future transfers that may benefit community housing providers have been discussed below.

Regional transfers

Throughout the first two tranches of transfers, properties have been transferred to community housing providers in suburbs/zones. These transfers however have not resulted in the closure of any **of SAHT’s 19 different regional offices (please note regional does not represent non-metropolitan**, instead referring to the different regions of the State, both metropolitan, regional and remote). There are potential financial incentives for the SAHT to undertake future transfers of entire regions enabling closure of regional offices. This would reduce the financial impact of transfers on the SAHT that are currently being funded through a combination of asset sales, differing maintenance expenditure and reduced cash savings. Regional areas have greater efficiencies when whole of region transfers occur where the size of population does not justify both the SAHT and community housing offices¹⁴⁰. The 19 SAHT regional offices range in size from between 54* properties (Coober Pedy) and 4424* properties (Croydon Park)¹⁴¹.

Transferring entire regions would allow the SAHT to test the ability for community housing **provider’s to increase scale of operations in a specific region** whilst undertaking tenancy management responsibilities and developing deeper connections with government and non-government support services.

Cohort transfers

The SAHT currently provides tenancy to multiple different cohorts. Some community housing providers on the other hand are specialist providers, focusing their services towards one cohort. The specialist nature of these community housing providers suggests that there may be potential benefits with transferring specific cohorts to these providers. Transferring specific cohorts of tenants will enable community housing providers to focus attention and expand connections with government and non-government service providers in this space. These cohorts are likely to be of higher need, such as those with a severe disability.

¹³⁹ Government of South Australia, Renewing our Streets and Suburbs, Property and Tenancy Management Transfers, https://www.sa.gov.au/_data/assets/pdf_file/0018/226341/Property-and-tenancy-management-transfers-fact-sheet.pdf

¹⁴⁰ Pawson, H. et al. Public housing transfers: past, present and prospective. Australian Housing and Urban Research Institute (2013)

¹⁴¹ DCSI/Renewal SA information requests

*June 30, 2016 data

6.3 Terms of Reference #3

How is the financial viability of the SAHT and its operations impacted by different tenant profile scenarios?



Overview

The SAHT legislation does not require it to act commercially and there is no financial performance statement with the Treasurer of the sort contemplated by Division 7 of the Act. As such, it is not appropriate to assess financial viability in terms of the usual financial metrics. In the absence of further asset sales the SAHT is currently projecting negative cash balance. The SAHT has partially funded its operations from asset sales over recent years. The ongoing program of asset sales to fund operations is unlikely to be sustainable in the longer term and the impact of changing tenant profile will only worsen its financial position.



Summary of findings

- 1 The impact of the changing tenant profile and demographics will have a range of impacts on the rent revenue to the SAHT, in particular:
 - a increasing proportion of tenants reliant on Commonwealth supports – new tenant allocations are increasingly reliant on Commonwealth supports and those current tenants one wages are ageing and likely to soon be reliant on Commonwealth supports. A 50% shift in primary income source towards the profile of new allocations would reduce SAHT rent revenue by \$5.2 million (or 1.9% decrease in rental revenue);
 - a increasing proportion of single tenant households – average rent revenue per dwelling for single person household (\$103/week) compared to couple (\$172/week) is significant. In 2016-17 89% of new tenant allocations were single or single parent households. Based on the example of a 5 percentage point increase in the proportion of single and single parent tenants, such a shift would reduce SAHT rent revenue by \$6.7 million per annum (or a 2.4% decrease in rental revenue); and
 - b increasing proportion of older tenants – based on the average level of government assistance to individuals, the ageing profile of tenants will result in lower levels of government funding flowing to the SAHT as tenants age. A high-level estimate of the tenant profile over a 40 year period (based on conservative assumptions), suggests a reduction in rent revenue of \$5.5 million per annum (or a 2% decrease in rental revenue).
- 2 The changing profile of tenants will also impact the ongoing cost of service delivery. The cost of service delivery to more complex groups is not currently captured by SAHT, however cost pressures might arise from:
 - a the demand for additional tenancy management and other services, ie already seen through introduction of regional response teams to deal with complex mental health, drug abuse, family violence, and other issues;
 - b increasing requests for property modifications for select cohorts (eg security for victims of domestic violence)
 - c increasing requirement for repairs and maintenance based on property damage.

The SAHT has limited levers to address the increasing cost of service delivery, its primary options include asset sales or reduction in maintenance.

6.3.1 Baseline of financial viability

By its nature, the delivery of public housing to those unable to participate in the private market involves ongoing funding by governments.

The *South Australian Housing Trust Act 1995* (the Act) does not place any requirement on the SAHT in relation to financial performance. The Act contemplates setting of performance statements (by the Minister) and setting of financial objectives (by the Minister in consultation with the Treasurer), however advice from management is that no such formal instruments or objectives are in place.

As the SAHT has no requirement to act commercially, and there is no financial performance statement of the sort contemplated by the Act, there are no formal financial indicators against which to assess performance.

More broadly, financial viability could be considered holistically in the context of:

- Cash Balance
- Debt
- Asset Sales
- Asset Condition and Maintenance Expenditure

Together these measures provide a picture of the overall financial viability of the SAHT. These have been covered within the current overview section below and have contextual data within Section 4 of this report. Certain policy positions, operational decisions or changes in tenant profile may impact one or many of these measures in an exchangeable nature.

Historic context

The SAHT was created in 1936 to serve as a tool available to government to keep cost of living low and labour costs below that of rival states, therefore attracting industrial investment. Through this **period the SAHT had the assumed role as an urban developer, building construction workers'** cottages to house those working in the industrial sector and ensure rental prices in Adelaide stayed low to maintain competitive advantage over rival states¹⁴². The average tenant today is different to that in the past, with tenants today more likely to be higher need, single and reliant on Commonwealth Supports. This has resulted in the ongoing funding or subsidy required from government increasing over time.

In 2007, the SAHT developed a financial viability strategy in an attempt to ensure that the SAHT can continue operations in a financially stable manner and to allow reinvestment in new stock. The strategy was developed to eliminate the \$720m of interest bearing debt that the SAHT had accrued over a number of years. The strategy involved a number of different financial measures, one of which was the sale of housing assets to pay down debt to provide a more sustainable footing in the future and build cash reserves to invest in capital in the future.

The initial strategy developed set the target to pay down all debt by 2012-13. This was not achieved through the actions of the SAHT directly, with a \$320m debt forgiveness provided by the Commonwealth in 2012-13 removing all remaining debt. A resulting implication of this was a continued reduction in State Grants from the SA Government.

Current overview

The SAHT possess a strong position currently with over \$200 million in cash holdings and no interest bearing debt as at 2017. This position is considerably stronger on paper compared to prior to 2012/13 when the SAHT had considerable interest bearing debt holdings. This stronger cash and debt position that the SAHT currently possess is partly a result of the proceeds raised through the continuation of

¹⁴² Marsden, S. *Playford's metropolis*

asset sales programs. Since 2007 there has been over \$900 million in financial viability asset sales (disposal of almost 4,500 properties) that have resulted in the pay down of this debt and the increase of cash holdings over this period.

Asset condition and **maintenance expenditure are also measures of the SAHT's ability to maintain a sufficient standard of housing for its customers.** Property condition profiles have not been maintained by the SAHT with the most recent comprehensive property condition inspection being carried out in 2003 covering approximately 80% of properties¹⁴³. **Tenants' self-assessment of asset condition is provided within ROGS 2016 reporting on the criteria of "at least four working facilities and not more than two major structural problems"**. Results showed that 85.2% of South Australian public housing and only 68% of SOMIH met this metric.

Maintenance expenditure has increased gradually over time as expected with inflation. The average maintenance expenditure per property in 2016/17 was \$3,123, short of internal targets of \$3,600 per property. It is noted that there is a heavy weighting towards responsive maintenance expenditure as opposed to planned maintenance. The overall maintenance backlog is not currently recorded however following the recent transfers to Community Housing Providers who have performed property condition audits on these properties this backlog could be the order of \$20,000 per property. This anticipated backlog indicates that the current level of maintenance expenditure is not sufficient to maintain the existing stock base.

SAHT modelling

Financial modelling as part of the most recent business strategy developed by the SAHT presented to the Board. This modelling has been developed to provide the Board with potential options that could be implemented in the future, however it should be noted that this has not yet been implemented or approved. The modelling contains three primary positions, the approved budget position as per forward estimates with an internal SAHT projections of future years based on the incremental increase experienced in the last projected year, a baseline model that indicates the position the SAHT will be in without strategic action and a revised strategic model. The baseline model includes the recent community housing provider transfers, a \$50m State Grant reduction detailed in the 2017-18 State budget compared to previous Budgets and a Renewing our Streets and Suburbs (ROSAS) retention rate of 60%. The 60% retention rate refers to the fact that for every 100 houses entering the ROSAS program, 60 houses will be kept in the public housing system and 40 houses will be required to be sold or disposed of in order to fund this renewal program. This retention rate was a target set by the SAHT and is a function of the underlying land economic and recognition that some of the stock held by the SAHT has reached the end of its useful life so would have been lost anyway. The modelling details there to be a total of 3750 properties transferred to the program, with 2352 retained in public housing, this is a net loss of 1498 houses to the public housing system¹⁴⁴.

The revised strategy aims to increase the supply of affordable and social housing and includes the above assumptions and four key strategic alterations;

- Rent reform (flat 25% of income);
- Eligibility tightening of Private Rental Assistance Program;
- Additional house sales; and

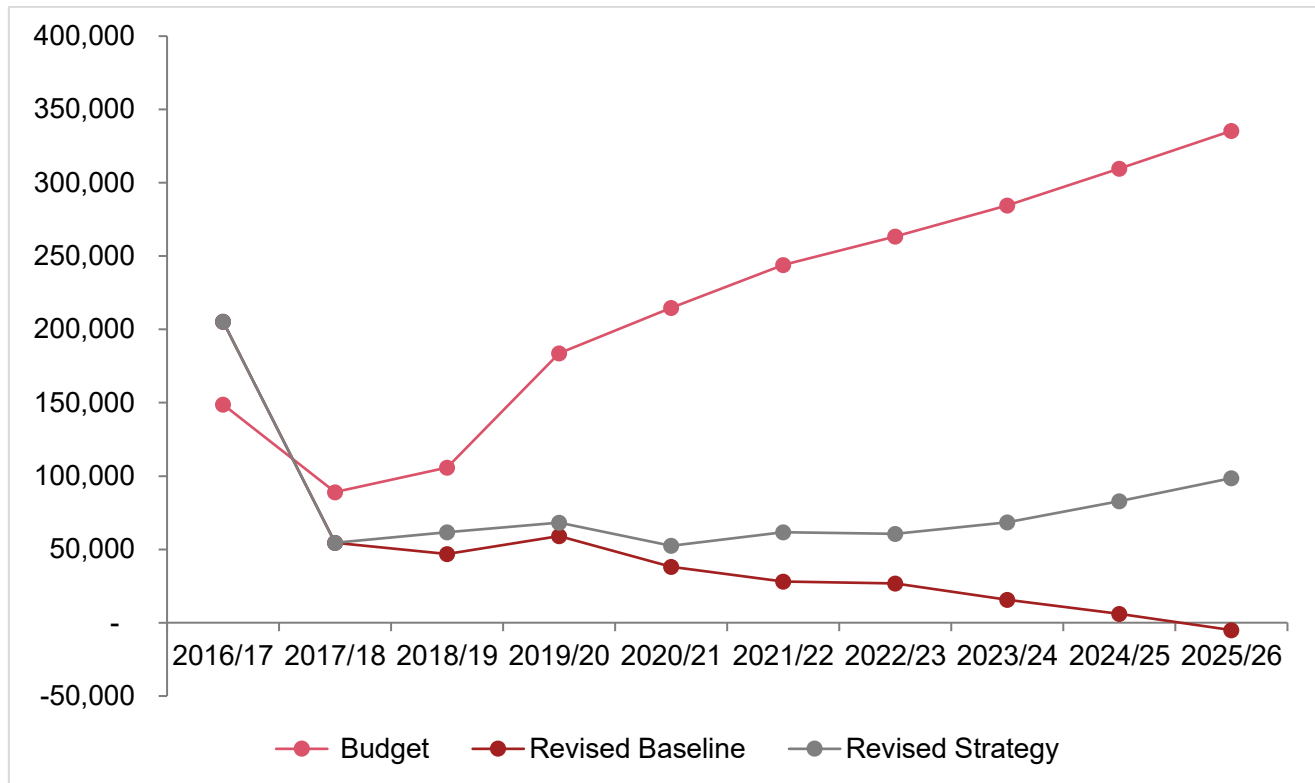
¹⁴³ Auditor-General's Department, Report on SAHT 2016-17: further commentary and analysis

¹⁴⁴ SAHT Board Paper: August 2017

- Additional maintenance expenditure from 2019/20 onwards.

The cash balance between these scenarios differs greatly as shown in the figure below;

Figure 46: SAHT cash balance modelling of revised strategy



Source: DCSI/Renewal SA information requests (August 2017 Board Paper – SAHT business strategy)

It is notable that the approved/future projected budget position is considerably higher than that of both the baseline and revised strategy models. Additionally the modelling shows that the baseline under the current circumstances, without any additional funding or policy changes will have the SAHT falling into negative cash balance in 2025/26 (-\$5 million). With the four changes discussed previously the revised strategy provides the SAHT with a positive cash balance of \$98 million.

The revised strategy not only includes the \$103 million of additional cash balance (compared to revised baseline), however also additional maintenance expenditure of \$165 million over the years 2018-2026, together an additional \$268 million. These improvements would come at the expense of 630 additional house sales, increased rental expenses for tenants through changing the rent policy **and the tightening of the eligibility for SAHT's Private Rental Assistance Program (resulting in a probable reduction in the success of this program).**

The modelling highlights that in the absence of financial performance expectations, cash balance has **become management's primary indicator of financial viability. There is an unwritten internal benchmark to maintain a cash balance of \$50 million in order to fund operations.** It is noted there is no official KPIs or benchmarks for cash balance that the SAHT has to meet.

This modelling also reveals that the SAHT can continue to remain solvent through the sale of assets for a period of time. With only a limited number of properties that the SAHT holds, the strategy of continual sales is not sustainable in the long term as the SAHT will eventually run out of properties. Long term planning for the SAHT proves to be difficult given the changes in funding and the introduction of new programs or functions that they are required to undertake. Additionally as

highlighted by the modelling the levers available to the SAHT only have a small impact on its overall financial position.

6.3.2 Tenant profile scenarios

The SAHT and the social housing system more generally has become a housing provider for those in most need. This ultimately will negatively impact both the expense and income streams for housing organisations. Modelling has been conducted on the three most likely tenant profile scenario changes as listed below:

- Increasing proportion of tenants reliant on Commonwealth Supports;
- Increasing proportion of single tenanted households; and
- Ageing tenants.

These three tenant profile scenarios are discussed below. Each of the changes in tenant profile result in the reduction of rental revenue available to the SAHT due to the reduction in household revenue. Not only will these scenarios result in reduced revenue streams, it may be argued that these tenants will require greater support services and capital modifications than other tenants resulting in an increased service cost per tenant to the SAHT and other housing organisations.

Scenario 1 – Commonwealth supports

Currently only 9% of tenants report wages as their primary source of income, with the remaining predominantly reporting different forms of Commonwealth Supports (33% Disability Support Pension, 29% Age Pension, 12% Newstart Allowance, 3% Single Parenting Payment, 1% Department of Veterans' Affairs, 1% Youth Allowance and 5% Other Government Allowance or Pension). Of those who report wages as their primary source of income, only 9% of those tenants are 34 or below and 78% of those tenants on wages have been in public housing for 5 years or greater¹⁴⁵.

The statistics above indicate that those tenants on wages are older and have been in the system for an extended period of time, many of which could reach retirement age in the near future and likely move to an Age Pension or similar. Together these characteristics suggest that those people are unlikely to leave the system. In addition to this new SAHT tenants more than likely exhibit attributes that make gaining employment difficult leading to an increasing proportion of tenants reliant on Commonwealth Supports. Only 2.9% of new allocations in 2016-17 reporting wages or other cash income as their primary source of income. The below table illustrates the difference in income source between current tenants and new allocations.

Table 25: Primary income source for 2016-17 tenants and allocations

	2016-17 tenant profile	2016-17 allocation profile
Wages or other private income	10.2 %	2.9%
Commonwealth support	85.1%	89.5%
Unknown income source	4.7%	7.6%

¹⁴⁵ DCSI/Renewal SA information requests

Source: DCSI/Renewal SA information requests

The ABS 2015-16 Household Income and Wealth survey found that the average equivalised disposable household income¹⁴⁶ for those on private income is higher than those on Government pensions and allowances. The average equivalised disposal income of the top of the bottom two deciles for those reporting private income and government pensions and allowances as their primary source of income is \$595.50 and \$350.50 respectively¹⁴⁷ (a 70% increase in equivalised disposable household income if you report wages as opposed to Government pensions). Whilst equivalised income does not equate directly to gross income, it provides an indication of the nature of changes to be expected between private income and Commonwealth supports. This proportionate increase has been used to show the potential impact on rent revenue of an increasing portion of SAHT tenants on Commonwealth supports in the following scenario.

Modelling has been conducted below to show the weighted average equivalised disposable household income differential between the current tenant profile and the profile of allocations in 2016-17. For those on an unknown income source it has been assumed that the average equivalised household income is the midpoint of private income and government pensions and allowances.

Table 26: Scenario analysis – increased portion of Commonwealth Support

		2016-17 tenant		2016-17 allocations	
		Current profile	Weighted average	Current profile	Weighted average
Wages or other private income	\$595.50	10.2%	\$60.67	2.9%	\$17.45
Commonwealth support	\$350.50	85.1%	\$298.30	89.5%	\$313.63
Unknown income source	\$473.00	4.7%	\$22.25	7.6%	\$35.90
			\$381.22		\$366.97

Source: ABS, Household Income and Wealth, Australia: Summary of Results, 2015-16, Table 7, Main source of gross household income, DCSI/Renewal SA information requests & PwC modelling

There is a 3.7% decline in weekly equivalised disposable income for the average 2016-17 allocation compared to the average 2016-17 tenant. Under the assumption that the decrease in equivalised disposable income equates directly to the gross household income this would result in a 3.7% decline in rental revenue available to the SAHT.

¹⁴⁶ Equivalised disposable income is defined by the ABS as gross income less the value of income tax and Medicare levy to be paid on the gross income.

¹⁴⁷ ABS, Household Income and Wealth, Australia: Summary of Results, 2015-16, Table 7, Main source of gross household income

Whilst it is not expected that the tenant profile will shift this dramatically, a 50% shift (ie midpoint between current tenant profile and most recent allocations) however is possible. Applied to the rental revenue base of \$278 million (2016-17), this represents a declining annual net revenue scenario of:

Table 27: Reduction in rental revenue through increased portion of tenants on Commonwealth supports

Scenario	Proportionate change	Reduction in net rental revenue
50% shift	1.87%	\$5.20 million
Allocation shift	3.74%	\$10.41 million

Scenario 2 — Single households

Single households currently comprise 62% of all SAHT households, rising gradually year on year from 2013-14. A large portion of this cohort is the single aged women who now tenant 25% of all SAHT properties. When single households are combined with single parent households they represents 78% of all households, 89% of allocations and 85% of the register¹⁴⁸. The large portion of allocations going to this cohort in addition to this cohort comprising the vast majority of the register suggest that this is a high need cohort and one that will become more predominant in the future.

Single households do not have the same earning power as couple households. Commonwealth Supports are typically tiered with a higher level of payment provided to couples and those households with dependent children.

Under the current rental policy, the total household income is typically proportionate to the rental payment (25%). The average weekly rental for a single household is \$103.29, less than half of that for a couple households with children (\$222.26)¹⁴⁹.

Scenario analysis has been conducted on a change in the proportion of single and single parent households relative to larger households. Modelling shows a single and single parent household increase of 2.5 percentage points, offset with a couple and couple + children decrease by 2.5 percentage points results in a net decrease in the average household rental income available to the SAHT. The current weighted average rental revenue is \$6,862.40 per annum and under this scenario decreases to \$6,697.99 per annum, a 2.4% decrease highlighting the reduced rental revenue available with increasing single households. Calculations are shown in the below table.

¹⁴⁸ DCSI/Renewal SA information requests

¹⁴⁹ DCSI/Renewal SA information requests

Table 28: Single household scenario analysis

Household type	Annual average rental income (\$)	Current proportion of all households (%)	Weighted average annual rent (\$)	Scenario proportion of all households (%)	Scenario weighted average rent (\$)
Single	5,371.08	62.1	3,337.81	64.6	3,472.09
Single Parent	8,584.16	16.0	1,376.18	18.5	1,590.79
Couple	8,974.16	9.6	862.74	7.1	638.38
Couple + Children	11,557.52	5.3	614.79	2.8	325.85
Sharers	9,733.36	6.9	670.23	6.9	670.23
Unknown	12,012.00	0.0	0.65	0.0	0.65
			6,862.40		6,697.99

Source: DCSI/Renewal SA information requests and PwC modelling

Further, a 5% increase in single and single parent households and associated decrease in couple and couple + children households results in a 4.79% decrease in the rental revenue.

Applied to the rental revenue base of \$278 million (2016-17), this represents a declining annual net revenue scenario of:

Table 29: Reduction in rental revenue under increased single households

Scenario	Proportionate change	Reduction in net rental revenue
2.5% shift	2.40%	\$6.67 million
5% shift	4.79%	\$13.34 million

Scenario 3 – Ageing tenants

Presently 35.2% of SAHT tenants are over the age of 65 and a further 23.7% of tenants aged between 55 and 64¹⁵⁰, representing a large portion of the total SAHT tenant base. The proportion of tenants aged greater than 65 in SAHT properties is twice that of the South Australian average. In 2016 the State had 17.7% of people aged greater than 65¹⁵¹. The trend of an ageing demographic is expected to continue with some estimates showing that the proportion of South Australians aged over 65 will be 26.5% in 2031¹⁵², which would see an approximate 50% increase.

The Australian Bureau of Statistics has developed a projection of the Australian population profile, conducting a 40 year projection (with 2012 as the base year). The projection indicates that the South

¹⁵⁰ DCSI/Renewal SA information requests

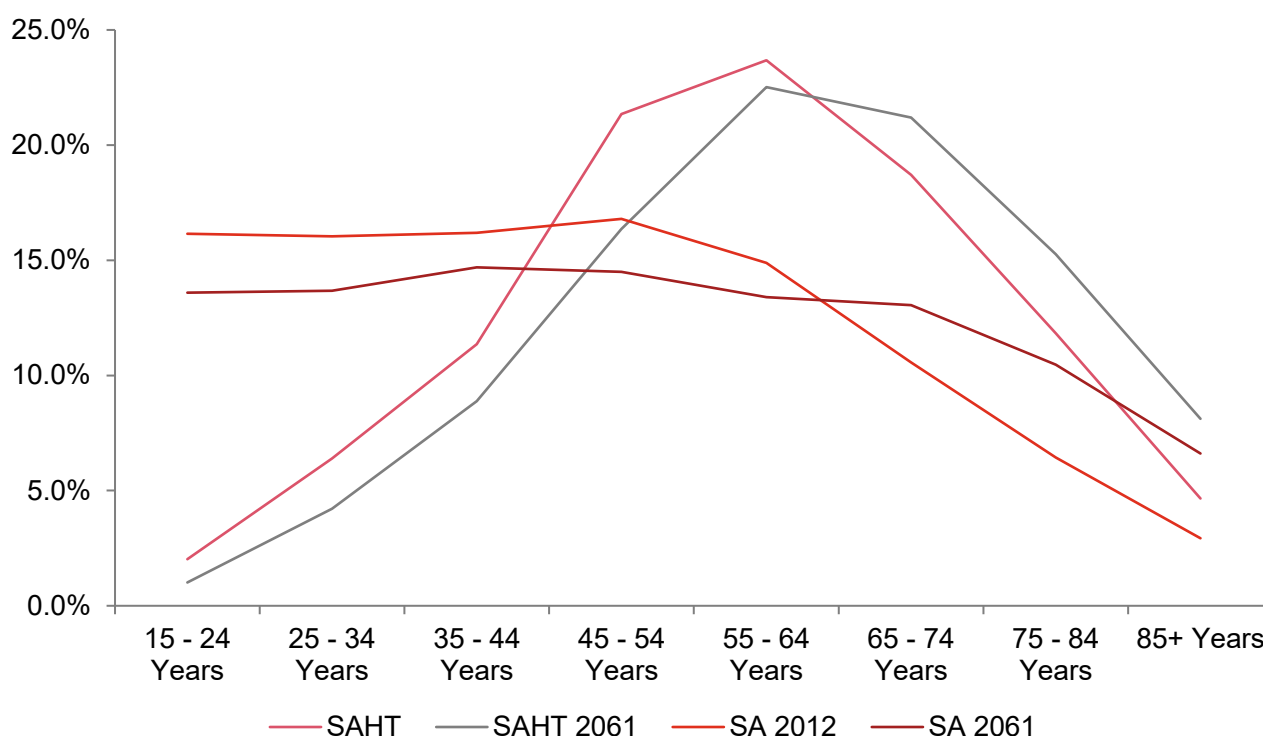
¹⁵¹ ABS, Australian Demographic Statistics, March 2017

¹⁵² Housing Strategy for South Australian 2013-2018

Australian population is increasing, with a notable change in those living to older than 85 years old (increasing from 40,000 in 2012 to 128,000 in 2061). **The median age of South Australia's population** in 2012 was 39.6 years. This is expected to increase to between 43.2 years and 46.6 years in 2061. The average of this range this sees the average South Australia age increasing 5.3 years¹⁵³.

Currently the median age of SAHT tenants is 58 years old¹⁵⁴, considerably **older than the State's** average age. The below figure shows both the current SAHT population profile, along with the 2012 and projected 2061 population distributions. This also includes the projected 2061 SAHT tenant profile based on the same proportionate increase applied to all age profiles. Note, those aged less than 16 have been removed from the distribution.

Figure 47: SAHT and South Australian population profile



Source: DCSI/Renewal SA information requests and ABS, Population Projections, Australia, South Australia

The majority of SAHT tenants, aged above or below 65 report Commonwealth Supports as their primary source of income. The average household income of people whose primary income is Commonwealth Allowances and Support is less for those aged over 65 compared to those under 65. The average national weekly household income for people aged 64 and under is \$773.40, \$96.40 or 12% higher than those over 64 at \$677.00¹⁵⁵.

To provide an indication of the impact this ageing population will have on the SAHT, scenario analysis has been carried out to show the reduced Commonwealth Support and hence rental revenue that will be available to the SAHT under a shift towards the estimated tenant profile in 2061. The

¹⁵³ ABS, Population Projections, Australia, South Australia, [http://www.abs.gov.au/ausstats/abs@.nsf/Lookup/3222.0main+features102012%20\(base\)%20to%202101](http://www.abs.gov.au/ausstats/abs@.nsf/Lookup/3222.0main+features102012%20(base)%20to%202101)

¹⁵⁴ DCSI/Renewal SA information requests – note, data provided has age brackets of 10 years and hence the median age within this bracket was used.

¹⁵⁵ ABS, Household Income and Wealth, Australia: Summary of Results, 2015-16, Table 7, Main source of gross household income

assumption used has the median age of the SAHT population will increase by the same amount as the South Australian average (ie every tenant ages 5.3 years) and that all tenants primary income is Commonwealth Supports. Additionally it is assumed that there is no real change in the level of Commonwealth Support payments. Modelling has been conducted to show the impact on household income that will be then used as a proxy to show the reduced rental revenue. The following table shows the change in population distribution under these assumptions and the associated impact on rental revenue.

Table 30: Impact of ageing tenants — scenario analysis (2061)

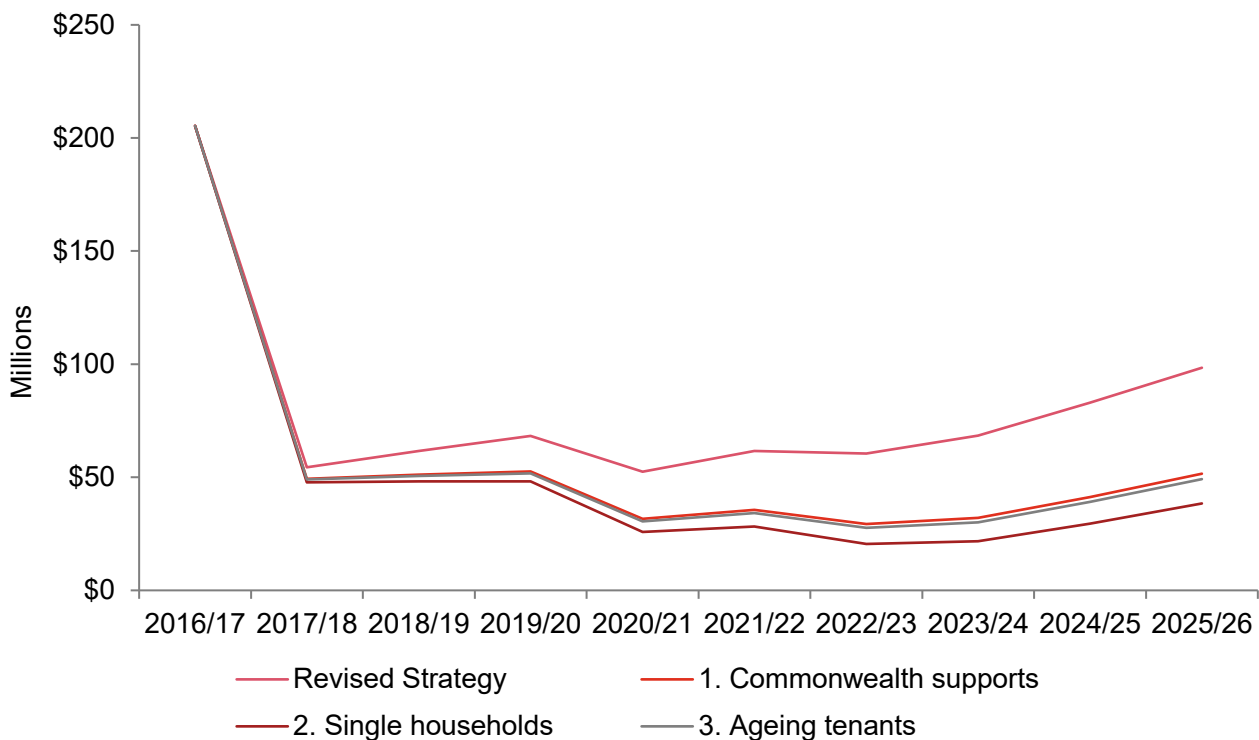
	Ave. government pension and allowance household income	SAHT current profile	Current weighted income	Projected future SAHT profile (2061)	Future weighted income
16 – 24 Years	\$781	2.02%	\$15.80	1.01%	\$7.90
25 – 34 Years	\$864	6.39%	\$55.24	4.21%	\$36.36
35 – 44 Years	\$818	11.36%	\$92.92	8.88%	\$72.61
45 – 54 Years	\$755	21.35%	\$161.20	16.36%	\$123.48
55 – 64 Years	\$649	23.68%	\$153.69	22.52%	\$146.13
65 – 74 Years	\$705	18.70%	\$131.87	21.19%	\$149.41
75 – 84 Years	\$649	11.82%	\$76.74	15.26%	\$99.07
85 – 94 Years	\$649	4.41%	\$28.59	8.12%	\$52.67
95+ Years	\$649	0.23%	\$1.46	2.43%	\$15.76
Unknown Age	\$706	0.03%	\$0.21	0.03%	\$0.21
			\$717.74		\$703.61

Source: DCSI/Renewal SA information requests, ABS, Household Income and Wealth, Australia and PwC modelling

This shift in the age profile of SAHT tenants results in a household income reduction of 1.97%. Under the assumption that this correlates directly to rental revenue, this is a 1.97% decrease in rental revenue. Applied to the current total rental revenue base of \$278 million (2016-17), this represents a declining net revenue scenario of \$5.48 million.

Impact of the three scenarios

The three scenarios modelled above each will have an impact on the rental revenue available to the SAHT. The below figure shows the impact on the projected cash balance within the SAHT's revised strategy with each of these three scenarios applied. These impacts are not mutually exclusive, as the same tenants that are ageing could contribute to the increased proportion of tenants on Commonwealth supports and the increased portion of tenants in single households.

Figure 48: Impact of the three scenarios modelled on cash balance

Source: DCSI/Renewal SA information requests and PwC modelling

6.3.3 Cost of service delivery

The above three scenarios discuss the reduction in rental revenues that the SAHT will be able to collect given the expected changes in tenant profile whilst under the current rental policy settings. In addition, the SAHT will also experience an increasing cost of service delivery due to the more complex nature of some of the cohorts being housed.

The SAHT has attempted to track the cost of service delivery for different cohorts through activity based costing, however have not been successful due to a range of reasons such as system limitations, people performing multiple functions, scope creep, etc. As such currently the SAHT does not capture the associated cost of service delivery to individual cohorts. It is noted that this same issue has been experienced within different external research activities.

Broadly there are three main cost pressures that the SAHT will likely experience given the expected changes in tenant profile, these are;

- 1 the demand for additional tenancy management and other services;
- 2 increasing requests for modifications of properties; and
- 3 increasing requirement for repairs and maintenance/cost of maintain the ageing housing stock.

The SAHT carry out their service delivery through their recently updated August 2017 *Practice Framework, Housing SA Service Delivery Guide*. This document details the structure of service delivery and the different service domains that undertake the different elements of service delivery.

The regional response team is a recently developed team that provide case management and crisis intervention services to support the most at risk and vulnerable Housing SA clients in maintaining

their tenancy and improving their safety. This team often deals with the most complex tenants, including mental health, drug abuse, family violence and other issues. The introduction of the team indicates the increasing need for specialist workers. This team also work closely with external specialist service providers. The intense nature of support provided by this team and the use of specialist external service providers places additional cost pressures on the SAHT as a result of the increased time commitments for those most high need tenants.

Tenants entering the public and Aboriginal housing system are more likely to require specific housing to meet their increasingly complex needs. Due to the long staying nature of current tenants and the low number of properties available to be allocated to new tenants, it is common those on the housing register get allocated to a property that does not meet their specific needs. As such, capital modifications are required to ensure this property meets the tenants needs. Cohorts that may require modifications include older people, victims of domestic violence, people with a mental health issue or people with a disability. These capital modifications place additional cost pressures on the SAHT.

Specific cohorts of tenants, such as those with mental health issues, drug and alcohol addition, etc. are more likely to be disruptive and cause damage to properties than past SAHT tenants. SAHT management have discussed that due to the low eviction rates in public housing and the inability for **the SAHT to 'charge'** and recover payments from tenants for any damage caused is placing increased cost pressures on the SAHT. Maintenance costs per dwelling have been discussed in section 4 and it is noted that the responsive maintenance comprises the majority of total maintenance costs. This is likely to be both a function of the standard of housing (that has been reported by stakeholders to be poor in some situations) and the increasing need for repairs due to damage. To overcome this cost pressure the SAHT is likely to require either renewal of existing property or new property of better quality, however are constrained to do so for reasons financial previously discussed.

6.3.4 Other issues

The SAHT's financial viability is largely dependent on decisions made by the Commonwealth and State. The SAHT is heavily reliant on funding provided by these two parties to fund ongoing operations. The policy decisions and funding horizon are out of the control of the SAHT management. **Any changes to these funding sources will impact the SAHT's financial viability.**

Additionally the SAHT does not have a commercial charter or financial objectives from the Minister. As such there are different views on whether the Board is responsible for achieving specific financial or asset-related outcomes.

6.4 Terms of Reference #4

How equipped is the SAHT to make a meaningful impact in the affordable housing sector in light of these growing and evolving challenges?



Overview

The SAHT has a range of functions and broad legislative remit to undertake programs and influence policy which support affordable housing outcomes.

As a State, South Australia is experiencing increasing levels of low income households paying more than 30% of gross income on housing costs. The greatest proportionate increase in the cost of housing in South Australia was experienced by those in the lowest income quintile, increasing 43% between 2007-08 and 2015-16 (from \$105 to \$150). This has equated to an increase in those households paying 30% or more in housing costs of 77% (22% to 39% over the same time period).

The increase in housing costs for South Australians renting from State or Territory housing authorities (ie SAHT) increased only 13% over this time period.



Summary of findings

- 1 There are many mechanisms available to the SAHT to influence the affordable housing sector, including:
 - a Direct financial support;
 - b Policies and programs such as Inclusionary Zoning;
 - c Advocacy;
 - d Leveraging the current public housing asset base; and
 - e Financing tools such as shared equity.

The SAHT is limited in leveraging the mechanisms to deliver on: whole of system analysis, response to changing tenant needs, influence planning to deliver urban renewal programs, treasury and Commonwealth to deliver on new policy initiatives impacting the sector.

- 1 The most significant mechanism (in terms of expenditure and activity) applied by the SAHT remains direct financial support.
- 2 Given the SAHT's current financial position and funding position (as covered within Term of Reference 3), it does not allow this mechanism to extend much beyond its current levels of impact.

6.4.1 Affordable housing

Affordable housing is defined by the oxford dictionary as¹⁵⁶:

‘Housing that can be afforded by those on low or median incomes; specifically housing made available to those on lower incomes at a price below normal market value, as the result of legislation or subsidy by a local authority or the state’.

¹⁵⁶ Oxford University Press. (2018). Available: https://en.oxforddictionaries.com/definition/affordable_housing.

Affordable housing does not just refer to affordable home ownership, however also includes affordable rental. In general there are two primary approaches to measuring housing affordability, ratio measures and residual measures. Ratio measures looks at the cost of housing typically as a proportion of household income and residual measures look at the ability for a household to maintain an acceptable standard of living after the costs of housing¹⁵⁷.

In South Australia, affordability of housing for purchase has specific meaning under the Development Act 1993, particularly in regards to the obligation on developers to deliver affordable housing outcomes. Affordability indicators around the cost of home ownership are detailed in the below table. Affordable rental is commonly referred to in the industry as being less than 75% of the market rental rate (aligning with ATO tax concessions for charitable organisations) and less than 30% of household income (aligning to measures for rental stress).

Table 31: Indicators of Affordable Housing

Affordability Indicators (July 2017)	Greater Adelaide	Rest of State
House and land purchase price (inclusive of GST)	\$332,000	\$269,000
Land purchase price (inclusive of GST)	\$149,400	\$121,050

Source: Mullighan, S. (12 December 2017). The South Australia Government Gazette. Determination of Criteria for the Purposes of the Concept of Affordable Housing, p. 4956

More broadly, affordable housing is a national issue and different policies and strategies have been pursued by all State and Commonwealth jurisdictions to improve affordability. For example, the Commonwealth Government released draft legislation in September 2017 aimed at increasing the supply of affordable housing in Australia. The legislation looks to include increased Capital Gains Tax (CGT) discounts for Australians investing in affordable housing, in addition to the introduction of an Affordable Housing Managed Investment Trust. Should this legislation be passed it would assist in providing additional affordable housing outcomes for Australians¹⁵⁸. South Australian specific policies, strategies and programs are discussed in the below section.

6.4.2 Affordability in South Australia

Providing ‘An affordable place to live’ is one of the South Australian government’s seven strategic priorities. The State is currently undertaking a number of initiatives within the affordable housing space. Some of these include:

- Inclusionary Zoning and other planning mechanisms;
- HomeStart home loans including EquityStart and shared equity products;
- Social housing programs; and
- Private Rental Assistance Program.

These programs and initiatives have been discussed in detail in previous chapters of this report.

¹⁵⁷ Dr Thomas, M., Hall, A. (2016). *Housing affordability in Australia*. Available: https://www.aph.gov.au/About_Parliament/Parliamentary_Departments/Parliamentary_Library/pubs/BriefingBook45p/HousingAffordability.

¹⁵⁸ PwC, Increasing the supply of Affordable Housing – additional CGT discount and providing affordable housing through MITs

The below paragraphs discuss some of the key measures of affordability, comparing South Australia to the national average. The national average provides a benchmark to which the State can be compared against. It should be noted that being above or below the national average does not mean South Australia has or has not got a housing affordability issue.

The proportion of low income rental households that are paying more than 30% of their gross income on housing costs is one measure of housing affordability for those in most need. The figure below illustrates this ratio for both South Australia and the national average.

Figure 49: Proportion of low income rental households paying more than 30% of gross income on housing costs¹⁵⁹



Source: ABS, Housing Occupancy and Costs, Australia 2015-16, Table 22

As seen in the above figure the proportion of low income households spending 30% of their gross income on housing costs or more has increased over the last decade. South Australia still exhibits lower levels of households spending 30% of their gross income on housing costs than the national average however this gap between South Australia and the national average is closing.

The average cost of housing for South Australians has increased in the past decade. In 2007-08 the average cost of housing was \$218 per week, increasing 8% (in real terms) to \$235 per week in 2015-16. This change has been broken down by tenure and landlord types and equivalised disposable household income in the below tables. The table also provides comparison to the national average.

¹⁵⁹ Lower income households are defined by the ABS in this release as those containing the 38% of people with equivalised disposable household income between the 3rd and 40th percentiles, and excluding the 1st and 2nd percentiles. Source: Australian Bureau of Statistics, Housing and Occupancy Costs, Australia 2015-16

Table 32: Average cost of housing by tenure and landlord type (in 2015-16 dollars)

	South Australia			Australian average		
	2007-08	2015-16	Proportion change	2007-08	2015-16	Proportion change
<i>Owner</i>						
Outright	\$36	\$55	53%	\$40	\$51	28%
With Mortgage	\$388	\$380	-2%	\$463	\$452	-2%
<i>Renter</i>						
State or Territory housing authority	\$126	\$142	13%	\$126	\$167	33%
Private landlord	\$254	\$295	16%	\$322	\$381	18%
Total	\$218	\$235	8%	\$261	\$290	11%

Source: ABS, Housing Occupancy and Costs, Australia 2015-16, Table 17 and Table 1

Table 33: Average cost of housing by Equivalised disposable household income (in 2015-16 dollars)

	South Australia			Australian average		
	2007-08	2015-16	Proportion change	2007-08	2015-16	Proportion change
Lowest quintile	\$105	\$150	43%	\$130	\$166	28%
Second quintile	\$193	\$177	-8%	\$193	\$231	20%
Third quintile	\$236	\$261	11%	\$259	\$292	13%
Fourth quintile	\$301	\$324	8%	\$338	\$341	1%
Highest quintile	\$337	\$356	6%	\$405	\$450	11%
Total	\$218	\$235	8%	\$261	\$290	11%

Source: ABS, Housing Occupancy and Costs, Australia 2015-16, Table 17 and Table 1

As seen in the above two tables the cost of housing in South Australia has increased by proportionately less than the national average. Across both South Australia and the rest of Australia the proportional increase in housing costs is largely borne by those in the lower quintiles of equivalised disposable income. It is noted that South Australians classified in the lowest quintile of equivalised disposable household income have seen the greatest increase in housing costs at 43%. Of note is this increase does not align to the increase in State or Territory housing costs at only 13%. It is likely that the vast majority of people renting from State or Territory housing authority (being the SAHT for South Australia) are in the lowest quintile of equivalised disposable income. This therefore suggests that those people in the lowest quintile that do not gain access to SAHT housing in South Australia have seen an even greater increase in costs of housing. These people that are not housed

through the SAHT's public or Aboriginal housing programs will commonly receive Commonwealth Rent Assistance, however the level of this assistance is not as large as the net assistance received by SAHT public or Aboriginal housing tenants.

The comparatively small increase in South Australian housing costs for those housed through the SAHT suggests the SAHT is performing well in providing affordable housing options through its public and SOMIH programs comparative to other jurisdictions. This is not surprising as the rental policy is capped at 25% household income and as such total housing costs are aligned to household income which as previously discussed is not increasing greatly. As a result of the SAHT rental policy no tenant is classified as being in rental stress.

The increased cost of housing for low income earners not in social housing is the likely cause of the increasing combined public and community housing register.

6.4.3 Mechanisms available to address housing affordability

One of the SAHT's function is to assist people secure and maintain affordable and appropriate housing through a range of different activities, including the support of initiatives (within the various sectors) to increase the supply of affordable housing. There are a number of mechanisms available to the SAHT in order to impact the affordable housing market, some of which are listed below;

- Direct financial support
- Policy and programs
- Advocacy
- Leverage current public housing asset base
- Financing tools such as shared equity

These are discussed in turn, below.

Direct financial support

Direct financial support is the provision of funding or rebates to people in order to assist in providing affordable housing. The SAHT currently provide direct financial support to low income households through a number of programs they run. The primary financial support provided to low income households is through their public housing and SOMIH programs. These programs provide housing to low income households in exchange for rent payments that are capped at 25% of household **income. Effectively financial support is provided to customers of the SAHT's public housing and** SOMIH programs in the form of below market rents. When compared to estimated market rates for this housing, the implied value of this service is \$224 million. The SAHT also provide direct financial support through their Private Rental Assistance Program amongst others. The Private Rental Assistance Program provides direct financial support through bond guarantees, bond cheques and rent in advance or arrears. As at 30 June 2017, \$58 million of bonds were guaranteed and in the 2016-17 financial year, \$5.4 million of assistance was provided through rent in advance or rent in arrears.

Policy and programs

The SAHT has the ability to play a role in the development of programs and policy settings that do not require significant capital outlay. These programs and policies aim to encourage the private market towards increasingly the supply of affordable housing in the market. An example of a policy that the State has developed that does not require significant capital outlay but has resulted in affordable housing outcomes is Inclusionary Zoning. The development of programs and policies of this nature would likely require collaboration between the SAHT and sectors of government. It should

be noted that the SAHT does not have responsibility for the Inclusionary Zoning regulations however play a significant role in providing houses sold through the associated Affordable Homes Program.

Advocacy

Under the SAHT Act one of the functions of the SAHT is to¹⁶⁰:

- 1 *To assist people to secure and maintain affordable and appropriate housing by –*
 - a *supporting initiatives (within the various sectors) to increase the supply of affordable housing.*

The SAHT can be a strong, vocal and active advocate to support all affordable housing initiatives by private, non-for-profits or government, at local, state and national levels. Topics that the SAHT could advocate around include improving the transparency of any funding mechanisms, state development proposals, build to rent programs, growth of the community housing sector, government legislation (such as the increased CGT discount), etc.

Leveraging current asset base

The SAHT has a \$10 billion dollar asset base, with the vast majority of this in public housing. This stock could potentially be leveraged in order to help deliver affordable housing outcomes to the South Australian market. The SAHT is currently running programs that include the redevelopment of **existing sites with in some cases a ‘one for one’ transfer of public housing back to the sector, and any** additional properties created can then be used for other purposes, ie maintained by community housing providers, sold to the market, etc.

The SAHT may in the future explore these redevelopment opportunities further in either the private or not-for-profits markets whereby existing public housing is replaced by a number of smaller, more suitable dwellings, with a return of public housing back into the system and any additional housing built sold to the market through within the affordable housing price range.

One potential benefit associated with the redevelopment of the current public housing stock is the realignment of stock type and tenant needs, through smaller, purpose built dwelling to accommodate the changing tenant profile whereby the average tenant is more likely to be single and only require 1 or 2 bedroom dwellings.

A potential limiting factor associated with this strategy is how well aligned the location of the current portfolio is to these redevelopment outcomes. Profitability associated with the redevelopment of properties with low underlying land value will be small and may result in minimal interest from the outside market, requiring the SAHT to cover any losses that may be incurred through a redevelopment such as this.

Much of the stock suitable for redevelopment has already been used and this poses an issue for further redevelopment. Low economic land value often results in the SAHT being required to sell stock in order to breakeven financially, therefore adversely impacting outcomes achieved by the SAHT.

¹⁶⁰ SAHT Act. 1995

Shared Equity

Shared equity loans enable people to enter into home ownership and borrow greater amounts of money in exchange for a share of the capital growth. This enables people to borrow extra funding without the corresponding increase in loan repayments. In the past HomeStart has delivered these programs on behalf of the SAHT (ie HomeStart are the financier for this SAHT initiative), however the SAHT may in the future consider a role in advocating and referring customers onto a program of this nature. Feedback received through stakeholder consultations indicated that a shared equity program would provide a number of lower income South Australians the opportunity to enter into affordable home ownership.

Homestart also provide other products such as EquityStart and HomeStart loans that generate affordable housing outcomes. Again these are not delivered by the SAHT, however the SAHT could market these stronger and provide a referral or advocacy role.

6.4.4 Ability for SAHT to make an impact

Overview

There are many mechanisms available to the SAHT to make an impact in this sector. These have been discussed in the above section with examples of the current work undertaken by the SAHT in this sector. However, the most significant mechanism (in terms of expenditure and activity) applied by the SAHT remains direct financial support.

Nature of direct financial support

The SAHT currently provide direct financial support to customers through two primary program groups:

- Social housing programs (Public housing and SOMIH programs in the form of reduced rent); and
- Private Rental Assistance Program.

The current breakdown of SAHT expenditure and income, as shown in the table below, highlights the focus currently placed on public housing and SOMIH programs. Together these programs account for 89.8% of overall expenses for the SAHT.

Table 34: Expense and revenue distribution of 6 key SAHT activities

	% of Total Expenses	% of Total Income
Public Housing	82.5	88.8
Indigenous Housing	7.3	3.6
Community Housing	2.7	2.8
Private Rental Assistance	5.0	2.0
Homelessness Services and Support	1.0	0.9
Emergency Relief Function	1.4	1.9

Source: SAHT audited financial statements

Effectively financial support is provided to customers of the SAHT's public housing and SOMIH programs in the form of below market rents. When compared to estimated market rates for this housing, the implied value of this service is \$224 million. The implied value or 'rental rebate' as recorded in SAHT financial statements is calculated as the market rental rates less the rent paid by tenants.

The value of financial support provided through the Private Rental Assistance Program totalled \$58 million of guaranteed bonds and \$5.4 million of rent in advance or arrears as at 30 June 2017.

Given the SAHT's current financial position, as per findings within Term of Reference 3, and current funding levels, the ability for the SAHT to make an impact beyond current levels through direct financial support is limited.

6.5 Terms of Reference #5

Do current operations and services funded by the SAHT appropriately reflect its legislative remit, and is this legislative scope appropriate to support a modern housing system?



Overview

The SAHT undertakes at least 42 programs with the vast majority of its resources directed to the provision of public housing (or closely related to the provision of public housing). The Act is very broad and allows the SAHT to undertake a range of activities to meet its objectives. This provides significant flexibility to the SAHT, and government of the day, based on their priorities and strategies for service delivery, asset management, sector development, and other program delivery.



Summary of findings

- 1 The legislative scope broadened in 2007 from provider of public housing to include functions to promote affordable housing including a provision for the Minister to direct the SAHT to undertake other functions as prescribed, including working with other sectors.
- 1 Over time the SAHT has also had additional functions placed on it as a result of changing policy positions by governments. Some of these functions have been fully funded activities however others receive partial funding (ie services provided however does not consider additional employment impacts) or no do not receive funding. These additional functions place pressure on the SAHT to deliver multiple objectives and could provide for dilution or realignment of effort.
- 2 Current operations and services funded by the SAHT reflect its broad legislative remit.
- 3 The legislation is sufficiently broad to allow the SAHT to operate flexibly within the construct of a future modern housing system, including through ability to deliver system-level outcomes, deeper engagement with CHPs, deliver asset renewal, and secure a range of affordable housing outcomes. There is an importance for the SAHT to align efforts across departments/agencies to deliver housing outcomes. To support a modern housing system, a business model should be developed that enables policy objectives to be achieved in the most effective and sustainable manner.

6.5.1 Current SAHT operations and services

The SAHT currently undertakes a range of different activities related to the delivery of public housing, organised broadly into at least 42 programs (including some programs where SAHT provide support/advocacy but is not directly responsible for). The figure below provides an overview of the different programs the SAHT are involved with. A list of programs provided is included in the Appendix. SAHT management have indicated that there are additional programs not included within this list that the SAHT undertake.

Figure 50: Overview of SAHT activities and programs undertaken



Source: DCSI and Renewal SA information requests, Program Register List

As seen in the above figure, programs generally fall into four main categories: Public and community housing; Supported tenancies; Assistance, advocacy and advice; and Home ownership. These programs cover a range of different areas across the housing continuum. The primary program where the vast majority of funding and resources are directed is the public housing program.

Housing SA has indicated that the list provided is not an exhaustive list of programs Housing SA delivers. Further, there is no current single comprehensive list of activities the SAHT undertakes and no costing at program level recorded. For example the Emergency Relief Support provided to affected community members during or after an emergency/disaster is not included within this list provided.

6.5.2 SAHT legislative remit

The SAHT is legislated under the *South Australian Housing Trust Act 1995*. Its remit encompasses the activities explicitly provided by the Act, related activities, and functions/activities directed onto the SAHT by the Minister. Some of the key functions of the SAHT defined under the Act include¹⁶¹:

- Assisting people to secure and maintain affordable and appropriate housing;
- Provision of houses to meet housing needs, or to support or promote program and initiatives within the private and not-for-profit sectors to meet housing needs;
- Facilitating support for South Australians so as to increase their ability to achieve successful housing outcomes; and
- Providing advice to the Minister on a range of issues relating to initiatives and operations of SAHT.

The Act also stipulates that the SAHT will be the principal property and tenancy manager of public housing in the State. The Act was amended in 2007 to include a broader remit for the supply of affordable housing. The additional function included in the SAHT Act is:

5 (1) (v) supporting initiatives (within the various sectors) to increase the supply of affordable housing;

In conducting its operations the SAHT must also take into account the current policies of Government as stipulated in 5 (4) of the Act shown below:

“In conducting its affairs and after taking into account the policies of the Government, SAHT should meet its aims and objectives through the most appropriate and effective mechanisms available to it (which mechanisms may include engaging or funding other bodies or persons to provide or deliver programs or services so as to result in the best use of the resources available to SAHT).”

5 (5) of the Act stipulates that the SAHT must have consultative arrangements in place with groups and organisations that have an interest in the housing sector as shown below:

“In addition, in conducting its affairs, SAHT must establish consultative arrangements with groups and organisations with an interest in the housing sector, including (but not limited to) groups or organisations that represent the interests of tenants or the providers of community or Aboriginal housing.”

¹⁶¹South Australian Housing Trust Act 1995

As an overarching comment, PwC notes that the Act is broad in nature and allows for a range of different activities to be undertaken by direction of Ministers or Government or undertaken at the discretion of the SAHT. 5 (1) (f) of the Act shown below indicates the power of the Minister responsible for the SAHT:

“to carry out any other functions conferred on SAHT by or under this Act or other Acts, by the Minister or by delegation under an Act.”

Outside of the specified functions of the Act, the SAHT has the ability to undertake functions that are not explicitly discussed within the Act. There are increasing pressures from other specialist services who require housing assets to provide housing stock for specific cohorts, ie correctional services, disability sector, domestic violence, etc., all of which can be addressed under the current legislative remit. Whilst the SAHT provides these houses this impacts the stock available for allocations outside of these specialist cohorts.

Over time the SAHT has also had additional functions placed on it as a result of changing policy positions by governments. Some of these functions have been fully funded activities however others receive partial funding (ie services provided however does not consider additional employment impacts) or no funding. The table below provides a high-level summary of some of these activities and their FTE and Budget impact in 2016-17 as determined by an internal SAHT workforce analysis that defined positions created to meet government priorities without additional allocation of funding.

Table 35: FTE and financial impact of unfunded government priorities











Government Priorities	FTE Impact	Budget Impact
Multi-Agency Protection Service	4.0	\$0.400m
Intervention Orders	2.5	\$0.250m
Child Protection	2.0	\$0.170m
Youth Court Orders	1.0	\$0.089m
Freedom of Information Requests	1.0	\$0.089m
Emergency Relief Function Support	2.0	\$0.247m
Virginia Recovery Centre	5.0	\$0.225m
Weather Response – Rough Sleepers	2.0	\$0.203m
Disability Accommodation	2.0	\$0.174m
Total	22.5	\$1.847m





Source: SAHT analysis provided to the reviewer on request



6.5.3 Alignment of operations to legislative remit

The table below lists the different functions of the SAHT as in Section 5 of the Act and the activity that the SAHT undertakes in these areas.

Table 36: Alignment of operations to the legislative remit

Function		Activity/Comment		Alignment			
	Full alignment		High alignment		Partial alignment		No alignment
1 The functions of the SAHT include –							
a to assist people to secure and maintain affordable and appropriate housing by -							
i	acting as a landlord of public housing in the State	SAHT currently provide tenancy to 36,771 tenants (as at June 30 2017) through their public housing and SOMIH programs. For each tenancy they perform landlord responsibilities.					
ii	managing various forms of public housing in the State	SAHT currently manage all public housing in the State. There is no other government body managing public housing in South Australia. There are 36,771 public housing and SOMIH tenancies they manage.					
iii	providing private rental assistance	SAHT provide private rental assistance through their Private Rental Assistance Program. In 2016-17 there were 23,541 recipients through the Private Rental Assistance Program. The SAHT also provides assistance to people experiencing difficulty entering the private rental market through their Private Rental Liaison Program.					
iv	providing advice and referral on housing options and housing related issues	SAHT provide referrals to other housing programs, such as community housing programs or affordable home ownership programs including HomeStart products. In 2016-17 there were 40 loans provided through EquityStart, a subsidised loan available to only public housing, SOMIH and community housing tenants.					
v	supporting initiatives (within the various sectors) to increase the supply of affordable housing	SAHT have supported the community housing sector, with intent to increase the supply of affordable housing through recently providing approximately 5,000 properties through recent transfers to the sector.					
b	to provide houses to meet housing needs, or to support programs or other initiatives	SAHT both provide programs, such as their public housing program, to meet housing					

Function	Activity/Comment	Alignment
within the private or not-for-profit sectors to meet housing needs	need in addition to supporting other initiatives, such as the community housing sector, who assist in meeting housing need. As at June 30 2017 there were 36,771 tenants in public housing or SOMIH and ROGS indicates as at 2016 there were a further 7,472 dwellings in the community housing sector, 1,719 of which are owned by the SAHT. Please note statistics do not include the most recent transfers to the community housing sector. There is a large unmet housing need however, with the current (June 30 2017) housing register for public housing and SOMIH of 20,930 and 12,405 on the community housing register. The size of these registers suggest there is still further support required to meet the State's housing need.	
c to facilitate support for South Australians so as to increase their ability to achieve successfully housing outcomes	The term 'successful housing outcomes' is broad and there is no measure provided as to what level of increase is expected of the SAHT. The SAHT provide a range of programs and supports for South Australians to increase successful housing outcomes, one of which is their Private Rental Liaison Program that delivers support to South Australians looking to enter the private rental market. There is however an increasing portion of low income South Australian's that have entered rental stress in recent times that would not be classed as having successful housing outcomes.	
d to provide advice to the Minister on-		
i issues, initiatives or programs associated with the housing needs of the community	SAHT management (both from the Board and the agencies contracted to carry out SAHT functions) regularly meet with the delegated Ministers under the Act to discuss key issues associated with housing needs of the community.	
ii any other issues as the Minister or SAHT thinks fit	As above, SAHT management regularly meet with the Minister and provide advice where relevant on issues.	
e to carry out any other functions conferred on SAHT by or under this Act or other Acts, by the Minister or by delegation under an Act	This section of the legislation requires the SAHT to carry out any function asked upon by the Minister and hence results in a broad remit. The SAHT as such carry out a range of activities that are not directly housing activities but have been conferred to carry out activities by Ministers or other Acts. An	

Function	Activity/Comment	Alignment
	example of one activity the SAHT carry out that was conferred by the Minister is providing Emergency Relief Support payments under the state emergency management arrangements.	
2 SAHT will be the principal property and tenancy manager of public housing in the State	SAHT provides property and tenancy management for public housing and SOMIH in South Australia. Housing SA and Renewal SA responsibilities associated to carrying out these activities are defined within the two SLAAs. Housing SA perform tenancy management services under their August 2017 <i>Practice Framework, Housing SA Service Delivery Guide</i> .	
3 SAHT should-		
a provide affordable, secure and appropriate housing that meets the needs of its clients	SAHT provide affordable and secure housing through their public housing and SOMIH programs. The current rental policy ensures that no household is in rental stress. The housing provided through these programs is generally appropriate, whilst there are opportunities for improvement the level of housing provided is acceptable as indicated by the high levels of customer satisfaction in the Australian Institute of Health and Welfare, National Social Housing Survey.	
b ensure that rental housing provided by the SAHT is well located, of adequate size and condition, and meets reasonable standards of health, safety and security	As per the Productivity Commission's Report on Government Services there is a high proportion of tenants who indicate that the location of SAHT properties meets their needs. The size of SAHT properties however does not meet the size requirements of the SAHT tenants given the 26+% underutilisation in public housing and SOMIH properties and 7.5% overcrowding in SOMIH properties.	
c ensure that housing build by or for SAHT after the commencement of this Act incorporates modern standards of energy efficiency	The SAHT supports and encourages the installation of solar photovoltaic systems and have installed a number of these in a solar PV trial. The SAHT also replaced 1,000 inefficient hot water systems with solar hot water systems. Together this suggest that current SAHT activity looks to incorporate modern standards.	
d aim to provide housing that provides reasonable access to community services	The allocation process carried out by Housing SA looks to consider the requirement of community service access. The asset management team also look to	

Function	Activity/Comment	Alignment
	ensure housing with good access to community services.	
4 In conducting its affairs and after taking into account the policies of the Government, SAHT should meet its aims and objectives through the most appropriate and effective mechanisms available to it (which mechanisms may include engaging or funding other bodies or persons to provide or deliver programs or services so as to result in the best use of the resources available to SAHT)	The SAHT reference South Australia's Strategic Plan and The 30-Year Plan for Greater Adelaide within their 2015-16 annual report as their guiding State policies that they align their operations to. The SAHT carry out its operations through SLAAs with both DCSI and Renewal SA. The arrangements in place are reasonable and not seen to be an inefficient way of conducting its affairs. Further commentary on the governance arrangements has been provided in response to Terms of Reference 6	
5 In addition, in conducting its affairs, SAHT must establish consultative arrangements with groups and organisations with an interest in the housing sector, including (but not limited to) groups or organisations that represent the interests of tenants or the providers of community or Aboriginal housing.	Stakeholder feedback provided from both Aboriginal and Community housing representatives indicate that the SAHT is not actively looking to engage on a regular basis with these groups. It was raised that the SAHT through Housing SA or Renewal SA have not consulted with key Aboriginal leaders or other Aboriginal organisations such as the Aboriginal Chamber of Commerce around housing decisions for Aboriginal people. Community housing representatives indicated that there is no consultative mechanism for the sector to advocate to SAHT management or Board.	

6.5.4 Legislation and the future modern housing system

The future modern housing system has been discussed within Section 5 of this report. Eight characteristics of a future housing system were developed and have been supported by stakeholders throughout the consultation process. The ability to realise and move towards each of these eight characteristics under the current legislative scope has been discussed below. Generally the legislation is broad and allows for the SAHT to undertake a range of activities required in a future modern housing system.

Customers — Addressing needs of target cohorts

The legislation is sufficiently wide enough for the SAHT to elect the different target cohorts to which housing and services will be focussed towards. The SAHT has the ability within the Act to work with partner organisations or bodies in order to assist in meeting the needs of a particular cohort, ie specialist disability organisations, or itself deliver tailored service models for specific cohorts. The ability to engage other organisations is defined in 5 (4) whereby the SAHT may engage or fund other bodies or persons to provide or deliver programs or services.

The legislation does not define the process that the SAHT and or community housing providers should use to carry out assessments and allocations of tenants. The ability to provide a single, simple and streamlined assessment that provides choice and empowerment to customers is a measure of the operating efficiency of the SAHT. This would provide a single entry point for social housing.

Developing a system pathways **approach for customers seeks to move people ‘up’ and ‘through’ the housing continuum**. Specifically there is a focus on incentivising current public housing tenants capable of maintaining a property through the private rental market or similar to transition out of public housing. The legislation does not provide any restrictions for the SAHT to attempt to develop a system pathway approach.

Sector Development — Building a competitive and robust sector

To build a competitive and robust sector may require further development or divestment of social housing assets. This could be completed through the sale of assets to other providers in the housing sector, directly funding others providers to increase holdings or conducting further transfers. The Act allows for these actions to be undertaken as demonstrated in the below excerpts.

7 (2) If SAHT sells an interest in residential property, the net proceeds of sale received by SAHT must be applied towards a purpose or purposes associated with the provision of housing within the State.

7 (1) (k) provide financial, and other, assistance in the public, private and community housing sectors, subject to the qualification that the provision of financial assistance will be subject to the approval of the Treasurer;

7 (3) The assistance that may be provided under subsection (1)(k) may include—

(a) the transfer of assets or rights.

The role that the SAHT would play in a diverse housing sector is largely reliant on the direction provided by Government and responsible Ministers. Under the Act the SAHT has the ability to assist other housing sectors develop through financial or other support. The following excerpt from the Act in addition to that discussed above demonstrate the powers that the SAHT has to assist other areas of the housing sector develop.

7 (1) (j) provide advisory, consultative, managerial, support or other forms of service, within the areas of SAHT's expertise, to other entities involved in the division, development or management of land or housing;

Assets — Stable, secure and appropriate

The Act provides the SAHT with the power to carry out activities that enable for the continual renewal of ageing stock and deliver stock that aligns to tenant needs through either adapting current stock or building new stock. Additionally the Act provides the SAHT with the ability to determine how funds are spent to maintain assets, with total maintenance budgets determined by the SAHT. The following excerpts from the Act illustrates these powers:

7 (1) In addition to the powers conferred on SAHT by or under this Act or other Acts, SAHT may—

(e) divide, or subdivide, land for the development of houses;

(f) build, alter, enlarge, repair and improve houses or enter into contracts under which houses will be built, altered, enlarged, repaired or improved on behalf of SAHT;

(g) convert buildings into houses;

Governance — Nexus of accountability, authority and control

The SAHT is subject to the control and direction of the Minister and constitutes of a board of management up to 7 members. The role and function of the SAHT is defined within the *South Australian Housing Trust Act 1995* in addition to other Acts, such as the *Community Housing Providers (National Law) (South Australia) Act 2013* where the SAHT has been allocated functions and powers.

The SAHT should conduct its activities in the most appropriate and effective mechanisms available to it. This is specified in the Act as shown below in the functions of the SAHT.

5 (4) In conducting its affairs and after taking into account the policies of the Government, SAHT should meet its aims and objectives through the most appropriate and effective mechanisms available to it (which mechanisms may include engaging or funding other bodies or persons to provide or deliver programs or services so as to result in the best use of the resources available to SAHT).

Under section 5 (4) of the Act the SAHT has entered into two SLAAs with DCSI and Renewal SA. These agreements have obligations set out for each agency to complete. The clarity of these obligations and any further responsibilities and accountabilities of these agencies is a function of the level of detail provided in these agreements and is not related to the legislation.

Funding Policy — Funding environment

The level of funding that the SAHT or other housing sector representatives receive is specified by the State and Commonwealth governments. This is a policy decision by government and not related to the legislation.

Clarity and the reporting of specific expenditure, including how non-housing services are reported, is not directly required under the Act. The Act requires the SAHT to provide an annual report containing audited accounts and financial statements of SAHT. The presentation of additional funding and management accounting information (eg benchmarks) is discretionary.

Housing Strategy — System-level outcomes

The development of a housing strategy that includes system-level planning and strategy is not a specific requirement of the SAHT. The SAHT however is one party that is central to housing activity in the State and could be considered well placed to undertake a system-level strategic piece. The legislation requires the SAHT board of management to ensure that there are appropriate strategic and operations plans in place, as shown in the below excerpts from the Act. It is not specified, however, whether such strategies should relate solely to the SAHT or cover the broader housing sector. As such the Act is broad enough to enable the SAHT to undertake system-level strategic planning.

16 (2) Without limiting the effect of subsection (1), the board must for that purpose ensure as far as practicable—

(a) that appropriate strategic and operational plans and targets are established; and

Should a system-level strategic plan be developed there are no restrictions placed upon this within the current legislation. The support of Ministers and government however will be critical.

Services — Service outcomes and KPIs

Together all current legislation allows for multiple service providers to conduct activities within the housing sector. The legislation is also broad enough to enable flexible and specialised service delivery to specific cohorts. The legislation states that properties should be within reasonable access to

community services, as shown below, and does not restrict connecting customers to these specialist services.

5 (3) SAHT should—

- (d) aim to provide housing that provides reasonable access to community services*

The SAHT Act indicates that the Minister may set objectives, targets or goals for the SAHT to pursue as indicated in the below excerpt from the Act. If these are to be financial in targets or goals the Minister must consult with the Treasurer.

28 (1) The Minister may, after consultation with SAHT, prepare a statement setting various objectives, targets or goals that SAHT is to pursue over the period specified in the statement and dealing with such other matters as the Minister considers appropriate.

The legislation does not require for there to be consistent KPIs across the different housing sectors. It is noted however that the SAHT can require community housing providers to report on specific KPIs when entering into a community housing agreement as shown below from the *Community Housing Providers (National Law) (South Australia) Act 2013*. This therefore provides the SAHT with the power to ensure community housing providers are reporting on the consistent KPIs.

20 (4) A community housing agreement may contain such terms and conditions as SAHT considers appropriate and without limitation, may include provisions with respect to—

- (a) requiring the community housing provider to meet specified standards and targets in relation to the community housing services and programs provided by the community housing provider*

Affordable housing for South Australians — Delivering housing outcomes across the housing continuum

The Act provides a clear indication that the SAHT should both provide and support other affordable housing options for South Australians. The legislation indicates that the SAHT should provide public housing and private rental assistance and support other housing options, including referring people to these options. This is seen through the following excerpts from the Act.

5 (1) The functions of SAHT include—

- (a) to assist people to secure and maintain affordable and appropriate housing by—*
 - (i) acting as a landlord of public housing in the State; and*
 - (ii) managing various forms of public housing in the State; and*
 - (iii) providing private rental assistance; and*
 - (iv) providing advice and referral on housing options and housing related issues; and*
 - (v) supporting initiatives (within the various sectors) to increase the supply of affordable housing;*

The SAHT Act indicates the activities to be performed by the SAHT however does not limit its support for other housing activities. With the active participation of other housing organisations or bodies across other sections of the housing continuum the system can deliver housing outcomes. As such the legislation does not restrict a future modern housing system to deliver affordable housing for South Australians.

6.6 Terms of Reference #6

Do current SAHT governance arrangements allow the SAHT to appropriately undertake its operations, and are these governance arrangements appropriate for a modern housing system?



Overview

The term governance can be interpreted broadly, including elements of controls and accountability, delegations of powers, practices and procedures, management style, relationships and other factors.

The SAHT is managed by a board of management under the Act, with policy governance from the Minister for Housing and Urban Development. Two SLAAs with Housing SA and Renewal SA provide the framework for the operational governance arrangements.



Summary of findings

- 1 The current governance arrangements do not place any restrictions on the SAHT in carrying out its current operations and functions under the Act. Similarly, under current governance arrangements the Board and responsible agencies are able to consider alternate strategies, delivery approaches, partnerships, and other means of carrying out the functions of the SAHT.
- 1 However, some consulted in the preparation of this review noted issues of clarity, consistency and culture with regards to financial and operational governance. With the latter largely resulting from the separation of responsibilities between Housing SA and Renewal SA, as two separate agencies performing the functions that used to solely be carried out by Housing SA.
- 2 Financial governance requirements could be clarified through enacting Section 28 of the Act whereby the Minister places explicit financial objectives on the management of the SAHT.
- 3 There is a need to have an overarching strategy to provide line of sight of asset and tenant operations across Renewal SA and Housing SA, and most importantly align the two agencies with a common vision and resolution process.
- 4 The current governance arrangements are sufficiently flexible to allow a range of activities, services, delivery models, and other initiatives to occur in a way which supports the development of a future modern housing system.
- 5 Whilst there are no explicit restrictions of current arrangements on the SAHT's ability to transition to a modern housing system identified, particular attention will need to be given to:
 - a Forming stronger relationships between Housing SA and CHPs to provide a more integrated and simplistic approach for customers, with increased choice and empowerment;
 - b Building sector capability (ie to support skills, training, infrastructure, information sharing, etc.);
 - c Articulating within SLAAs how the various functions of Housing SA, Renewal SA and the SAHT come together and identify responsibility for such coordination issues;
 - d Explicitly dealing with, through SLAAs or other, who has responsibility for broader sector coordination; and
 - e Ensuring consistency of data on service outcomes across the sector. Currently there is a lack of consistent data available beyond **the SAHT's functions**.

6.6.1 What is governance

The term governance can be interpreted broadly and may mean different things to different people. The Australian National Audit Office and Department of the Prime Minister and Cabinet has defined public sector governance as covering:

‘...the set of responsibilities and practices, policies and procedures, exercised by an agency’s executive, to provide strategic direction, ensure objectives are achieved, manage risks and use resources responsibly and with accountability¹⁶².’

Public sector governance encompasses a broad range of elements that together support the performance of a body or organisation. Some of the key elements are summarised in the table below.

Table 37: Elements of public sector governance

<i>Element</i>	<i>What it may encompass</i>
Controls and accountability	<ul style="list-style-type: none"> • Defined authority • Understanding of who provides underlying direction and control • Clear lines of accountability • Regulation/legislation
Delegations of powers	<ul style="list-style-type: none"> • Arrangements in place to delegate and limit power • Clear arrangements consistent with responsibilities
Practices and procedures	<ul style="list-style-type: none"> • Defined responsibilities and practices • Policies and procedures to provide strategic direction • Performance monitoring, reporting and evaluation • Identification and management of risks
Management style	<ul style="list-style-type: none"> • Leadership, culture and communication
Relationships	<ul style="list-style-type: none"> • Communication flows with internal and external stakeholders • Management of any conflicts
Financial	<ul style="list-style-type: none"> • Fiscal accountability

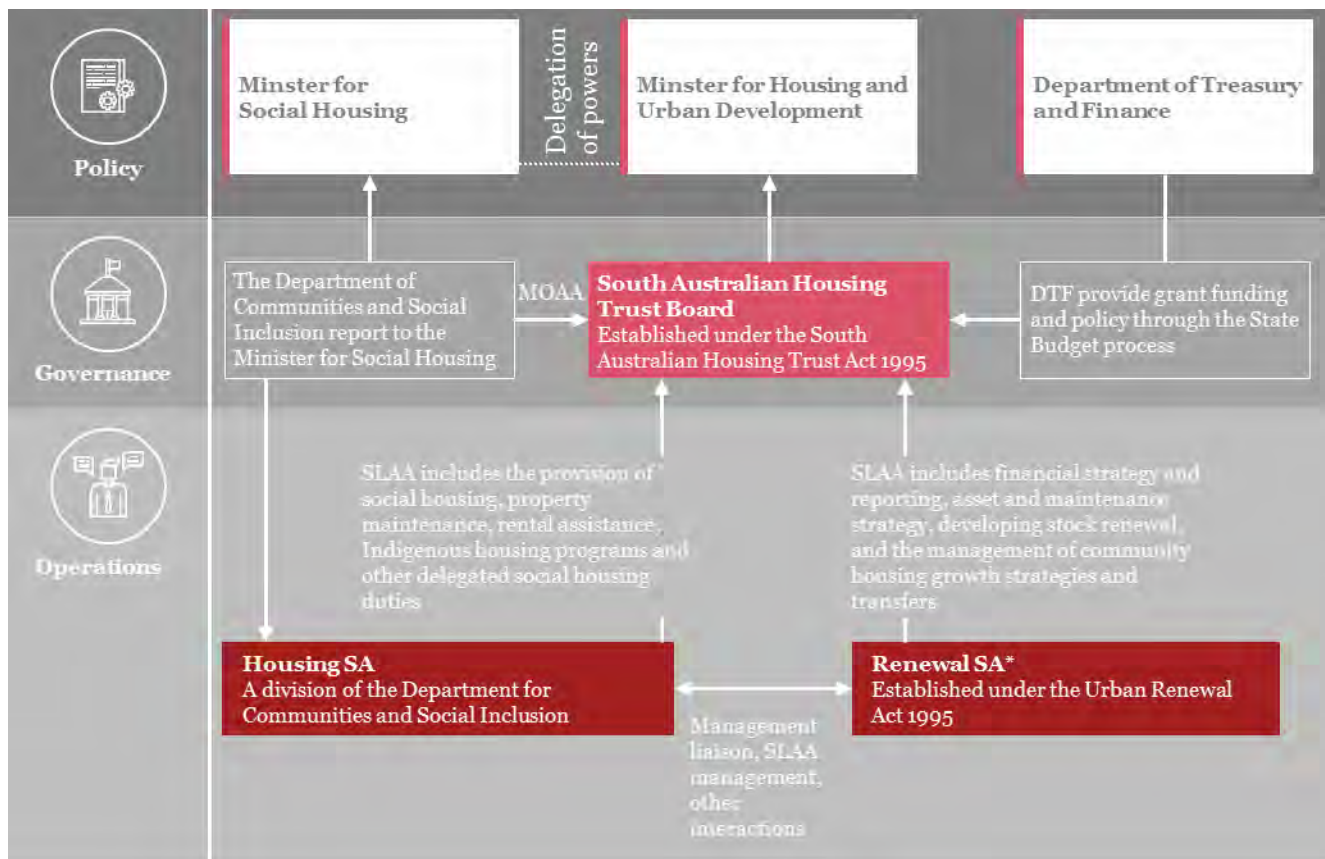
These various elements of governance underscore the need to consider governance matters broadly, **as well as consider how they interact collectively. These issues and their impact on the SAHT’s ability** to undertake its existing operations and meet the needs of a future housing system are discussed in turn below.

¹⁶² ANAO and Department of the Prime Minister and Cabinet, 2006, Implementation of Programme and Policy Initiatives: Making Implementation Matter, Better Practice Guide, Commonwealth of Australia, Canberra,

6.6.2 Current governance arrangements

The current operating and service delivery arrangements can be depicted in the following figure.

Figure 51: SAHT governance structure as at 30 June 2017



Source: DCSI/Renewal SA information requests

*Whilst Renewal SA has an SLAA in place with the SAHT Board, its Board of management is subject to the control and direction of the Minister for Housing and Urban Development. Renewal SA report on their activities directly to the Minister for Housing and Urban Development separate to the SAHT.

Controls and accountability

The Minister for Housing and Urban Development has carriage of the *South Australian Housing Trust Act 1995*. The Act lays out that the SAHT is managed by a board of management that consists of up to seven members as appointed by the Governor. The board must contain at least one woman and **one man with the Governor selecting the board's presiding member. Currently the SAHT board consists of 6 members, 3 female, 3 male.**

Under the Act the Minister may prepare a statement setting various objectives, targets or goals that the SAHT are to pursue. SAHT management have indicated that there are no key objectives or performance monitoring (including financial performance reporting) that is required of it by the Minister. Internally the SAHT Board receives monthly performance reporting. The nature of this monthly reporting has been discussed further in response the Term of Reference 7 in relation to benchmarking.

Delegations of power

The Minister for Housing and Urban Development has carriage of the SAHT, however at Ministerial level there are delegations of power to the Minister for Social Housing under section 43A of the South

Australian Housing Trust Act¹⁶³. The Minister for Social Housing also has responsibility for the *Community Housing Providers (National Law) (South Australia) Act 2013* and the *Housing Improvement Act 1940*.

Similarly under section 19 of the Act, the SAHT has the ability to delegate a function or power conferred to it under the Act to another specified person or body or to a person occupying a specified office or position. The SAHT has delegated all functions under the Act to two State agencies through Service Level Administrative Arrangements (SLAAs). These are in place with Renewal SA and the Department for Communities and Social Inclusions (functions carried out through Housing SA)¹⁶⁴. These arrangements are relatively new, being introduced in February 2015. There is also a MOAA between the SAHT and the Department for Communities and Social Inclusion relating to Corporate Overhead Funding. All functions prior to this were carried out through Housing SA. The changes made provided a single Government agency with a stronger focus on urban renewal for the benefit to tenants and the wider community¹⁶⁵.

Practices and procedures

As previously discussed the SAHT functions are carried out through two State government agencies, Renewal SA and Housing SA. The primary responsibilities detailed in the SLAA between Renewal SA and the SAHT include total responsibility for:

- **The provision of services in respect of all aspects of SAHT's financial strategy and financial reporting required by legislation or Treasurer's Instruction;**
- Services for asset and maintenance strategy, the development and delivery of projects that will **renew the SAHT's housing stock, management of not-for-profit community housing growth strategies and transfers, including relevant financial management;** and
- The management and administration of the SAHT/DCSI (HSA) SLAA.

Other obligations of Renewal SA are listed under the SLAA include establishing, implementing and administering programs to enhance the long term financial viability of the affordable housing system in South Australia, providing monthly financial reporting, key performance indicator reporting and strategic progress and issue reporting¹⁶⁶.

The responsibilities detailed in the SLAA between the Department for Communities and Social Inclusion (Housing SA) and the SAHT include the continued provision of¹⁶⁷:

- Social housing services, including property maintenance; and
- Other housing programs and responsibilities, including rent assistance, Indigenous housing programs, and delegated social housing duties.

Housing SA in carrying out the provision of these services are required to assess the eligibility and need for public housing, manage the housing register, and perform all landlord obligations.

¹⁶³ SAHT Annual Report 2015-16

¹⁶⁴ SAHT Annual Report 2015-16

¹⁶⁵ SAHT Annual Report 2014-15

¹⁶⁶ Service Level Administrative Arrangement between Urban Renewal Authority and SAHT

¹⁶⁷ Service Level Administrative Arrangement between Department for Communities and Social Inclusion and SAHT

There are strategic, operational or process information documents developed internally within the SAHT that guide the day-to-day operations of the SAHT, for example the *Practice Framework*, *Housing SA Service Delivery Guide* discussed in response to Terms of Reference 2. There are also various internal management policies and procedures in place to manage fraud, ethical standards, IT security and conduct, trainings, routine inspections, verification of work, etc.

Management Style

Section 42A of the Act requires the Minister to cause a report on operations and administration of the Act for the preceding financial year, this annual report must contain a report on the operations of the SAHT, and audited accounts and financial statements. This legislative requirement brings about both accountability and openness to operations.

There are three key entities involved with management of the SAHT:

- SAHT Board;
- Renewal SA; and
- Housing SA.

Feedback that has been provided from stakeholders is that each of these organisations has a different leadership, culture and communication style. This in addition to the historical overlap in services provided by different organisations can result in different viewpoints.

Relationships

The SAHT through its two delivery agencies has developed relationships both within government and with external stakeholders through the many programs and agreements in place. These include the community housing sector, Councils, State government agencies (eg DPTI), developers, contractors, and service delivery organisations in the public and not for profit sectors.

Within the two delivery agencies, which are located within the same central offices in Adelaide (but are not shared workspaces), there is an ongoing flow of information between each to enable Board reporting, development of strategy and policy, financial assessment of projects, and coordination of advice to Ministers and Department of Treasury and Finance. This is seen in particular by finance teams and housing strategy and reporting teams.

Financial

The legislative requirement of the SAHT is set out in Section 16 of the Act.

(2)(f) that the Minister is advised, as soon as practicable, of any material development that affects the financial or operating capacity of SAHT (or any subsidiary) or gives rise to an expectation that SAHT (or any subsidiary) may not be able to meet its debts as and when they fall due.

Management have indicated that it finds it difficult to develop strategies and adequately plan for the future given the regular changes in funding budgeted to them. With forward estimates in past years not available it is not possible to deem the validity of these comments over the early years of this review period, however within the past two budgets where forward estimates have been provided, it is noted that there are considerable changes to the budgeted funding provided to the SAHT. This is most recently seen through the ~\$50m reduction in State Grants in 2017-18 between 16-17 and 17-18 State Budgets.

Where there is a shortfall in State or Commonwealth funding, the SAHT has managed any variability in funding through the levers of:

- Asset sales;
- Maintenance expenditure; and/or
- Reduction in the cash balance.

Board members have expressed a view in relation to maintaining the SAHT's financial position that maintaining a program of asset sales to fund operating deficits is not sustainable.

Department of Treasury and Finance Officers have advised that the legislative framework for the SAHT results in it being an instrumentality of government similar to other agencies, with funding subject to the State Budget decisions of the government. Also, that the cash balance of the SAHT is effectively underwritten by the State, such that if there were ever a shortfall of funds, the State would consider whether to sell assets or provide additional funding.

One potential mechanism to clarify requirements in relation to financial governance would be enacting Section 28 of the Act whereby the Minister places explicit financial objectives on the management of the SAHT.

6.6.3 Alignment of functions under SLAAs

In responding to the Terms of Reference, how the SLAAs allow the SAHT to perform its legislated functions is central to governance issues. Overall, the two SLAAs have specific obligations to be completed by the agencies that are consistent with the requirements of the SAHT Act. Both SLAAs also have the obligation for agencies to undertake any other services agreed upon between the agency and the SAHT. This additional obligation (4.1.10 in Housing SA SLAA and 4.1.13 in Renewal SA SLAA) provides the SAHT with the flexibility to come to arrangements with agencies to complete additional services as required upon by the SAHT. This is discussed in the table below.

Function		Functional alignment/comment
1 The functions of the SAHT include -		
a to assist people to secure and maintain affordable and appropriate housing by -		
i acting as a landlord of public housing in the State	✓	Housing SA perform this function as required under their SLAA section 4.1.2 <i>managing and maintaining SAHT assets, and performing all obligations as landlord of such properties.</i>
ii managing various forms of public housing in the State	✓	Housing SA perform this function as required under their SLAA. Sections 4.1.1 – 4.1.3 refer the provision of public housing and section 4.1.7 refers to the delivery of Aboriginal housing and services.
iii providing private rental assistance	✓	Housing SA perform this function as required under their SLAA section 4.1.4 <i>providing private rental assistance.</i>
iv providing advice and referral on housing options and housing related issues	✓	Housing SA perform this function as required under their SLAA section 4.1.5 <i>providing advice and referral on housing options and housing related issues.</i>

<i>Function</i>		<i>Functional alignment/comment</i>
v supporting initiatives (within the various sectors) to increase the supply of affordable housing	✓	Renewal SA perform this function as required under their SLAA section 4.1.6 <i>supporting initiatives (within the various sectors) to increase the supply of affordable housing in South Australia.</i>
b to provide houses to meet housing needs, or to support programs or other initiatives within the private or not-for-profit sectors to meet housing needs	✓	Housing SA manage the programs on behalf of the SAHT in the affordable housing space as per sections 4.1.1 – 4.1.5 and 4.1.7 of their SLAA. Additionally Renewal SA is obligated to support initiatives in other sectors as per section 4.1.6 of their SLAA, with an additional focus on community housing providers as per section 4.1.11 <i>facilitating, supporting and promoting strategies, programs and other initiatives for the development of the CHP industry within South Australia.</i>
c to facilitate support for South Australians so as to increase their ability to achieve successfully housing outcomes	✓	Housing SA perform this function as required under their SLAA section 4.1.6 <i>facilitating support for South Australians as to increase their ability to achieve successful housing outcomes.</i>
d to provide advice to the Minister on-		
i issues, initiatives or programs associated with the housing needs of the community	✓	<p>Housing SA perform this function as required under their SLAA section 4.1.8 (a) <i>providing advice and reports to the Minister for Social Housing and the SAHT Board on issues, initiatives and programs associated with housing needs of the community.</i></p> <p>Renewal SA also performs a similar function as required under their SLAA section 4.1.7 (a) <i>providing advice and reports to the Minister for Housing and Urban Development and the SAHT Board, as applicable, on strategy, issues, initiatives and programs associated with the housing supply and renewal needs of the South Australian community.</i></p> <p>It is noted that these two obligations require the agencies to provide advice to two different Ministers, the Minister for Social Housing and the Minister for Housing and Urban Development. The Minister responsible for the SAHT is the Minister for Housing and Urban Development. There is the potential for divergent advice from agencies to</p>

Function		Functional alignment/comment
		Ministers, as well as conflating the view of Ministers back to agencies.
ii any other issues as the Minister or SAHT thinks fit	✓	Both Housing SA and Renewal SA SLAAs include the obligation for the agencies to report to the SAHT Board and their assigned Minister on any other matters in relation to the performance of services if requested by the SAHT. Management feedback is that there is a high level of responsiveness to the Ministers' offices and in providing timely advice as needed.
e to carry out any other functions conferred on SAHT by or under this Act or other Acts, by the Minister or by delegation under an Act	✓	The service scope of both SLAAs (sections 4.2) state that both parties acknowledge that together they carry out all services for the SAHT to fulfil the requirements of the SAHT Act, the CHP National Law and the Housing Improvement Act 1940 and will work in good faith to identify any additional services that may be required to be provided under the final clause of section 4.1 of both SLAAs, <i>such other services as agreed between (Renewal SA/Housing SA) and SAHT from time to time.</i>
2 SAHT will be the principal property and tenancy manager of public housing in the State	✓	Housing SA perform this function as required under their SLAA sections 4.1.1 – 4.1.3.
3 SAHT should-		
a provide affordable, secure and appropriate housing that meets the needs of its clients	✓	Housing SA are obligated to provide landlord duties in relation to the various forms of public housing in the State. In cases where this service is performed by other parties, the affordability, security and appropriateness of the housing provided is reliant on third parties. However, SAHT has various contractual levers available to secure these outcomes and this is not restricted by the current governance arrangements.
b ensure that rental housing provided by the SAHT is well located, of adequate size and condition, and meets reasonable standards of health, safety and security	✓	Renewal SA is obligated to deliver asset strategy for the SAHT. The strategy looks to involve a disposal/acquisition plan in addition to redevelopment plan that will sufficiently allow for well located, reasonable size and condition properties. Housing SA performs maintenance and landlord duties to ensure that properties meet health, safety and security standards. This however is more a measure of the performance of both Housing SA and Renewal SA.

Function		Functional alignment/comment
c ensure that housing built by or for SAHT after the commencement of this Act incorporates modern standards of energy efficiency	✓	Renewal SA is experienced in delivering redevelopment and urban renewal projects that meet the State's energy objectives . Ensuring that these standards are met is largely reliant on providing these requirements within any tenders put to market for renewal or new build.
d aim to provide housing that provides reasonable access to community services	✓	Housing SA manages new allocations for the SAHT. During this phase Housing SA considers elements such as access to community services in selecting the appropriate property for each tenant.
4 In conducting its affairs and after taking into account the policies of the Government, SAHT should meet its aims and objectives through the most appropriate and effective mechanisms available to it (which mechanisms may include engaging or funding other bodies or persons to provide or deliver programs or services so as to result in the best use of the resources available to SAHT)	✓	As previously discussed the SAHT has a range of delivery approaches and models for delivering outcomes.
5 In addition, in conducting its affairs, SAHT must establish consultative arrangements with groups and organisations with an interest in the housing sector, including (but not limited to) groups or organisations that represent the interests of tenants or the providers of community or Aboriginal housing.	✗	The SAHT holds a monthly forum with the Community Housing Council of South Australia and other key representatives. Although we are aware of consultation on specific projects, we are not aware of any standing forums for consultation with Aboriginal groups or leaders. Housing SA have indicated they believe consultations on specific programs or initiatives as opposed to open consultation bodies is more appropriate given the varied nature of activities.

Other comments

During consultation, stakeholders provided feedback that since responsibilities have been split between two agencies there have been some issues including:

- Poor communication;
- Competing pressure for assets with control lying with Renewal SA however allocations controlled by Housing SA;
- Renewal SA and Housing SA have differing objectives; and
- A general disconnect between agencies.

These issues reflected stakeholders' desire for greater clarity of services required under the SLAAs.

More generally, we note that it is common to separate operational functions from delivery of asset management and capital projects. Indeed, this was previously the case within the former Housing SA organisational structure, and this is also common in other asset intensive sectors. As such the current structure is not seen to be uncommon.

Under the Act the general management duties of the board include ensuring there are appropriate strategic and operational plans in place as shown below.

16 (2) ... the board must for that appropriate strategic and operational plans and targets are established

Renewal SA, under their SLAA with the SAHT has the obligation to deliver strategic documents on behalf of the SAHT. These strategic documents include: asset management, maintenance and renewal, financial strategies and general advice and reports on strategy associated with the housing supply and renewal needs of the South Australian community. These SLAAs ensure that all functional obligations of the SAHT are covered, however we note there is currently no guidance or obligation to complete a broader system-level planning around the State's housing needs.

Other management challenges

Within the context of the above, we note there are other challenges which arise through the current arrangements, however that these are generally management issues and challenges. These are noted below for completeness.

- **Employees and executives working for the SAHT under the SLAA's have multiple reporting lines** under the agency arrangements and in some instances work across the SAHT and other areas of their agency. Therefore there is arguably a lack of independent executive management **implementing the SAHT Board's strategies.**
- The Board is at the intersection of renewal, housing, and two different Ministers. This requires careful management of communications to ensure that divergent advice and reporting to Ministers does not occur, and similarly that the goals and objectives of the Ministers are clearly understood.
- **Under the two SLAA's Renewal SA and Housing SA report issues to their designated Ministers,** therefore there is not one central body or minister who has the responsibility for delivery agencies.

Summary of findings

In summary the current governance arrangements do not place any restrictions on the SAHT in carrying out its operations and functions under the Act. Similarly, under current governance arrangements the Board and responsible agencies are able to consider alternate strategies, delivery approaches, partnerships, and other means of carrying out the functions of the SAHT. However, some consulted in the preparation of this review noted issues of clarity, consistency and culture at operational level largely resulting from the separation of responsibilities between Housing SA and Renewal SA. There is a level of tension that exists between the two agencies associated with resource allocation.

6.6.4 Governance and the future modern housing system

Section 5 outlined the characteristics of a future, modern housing system with reference to the characteristics outlined below.

Figure 52: Characteristics of a future, multi-provider housing system



For this review a key question in considering the potential characteristics of a future housing system is whether the control and accountability frameworks allow for the development of its various characteristics. For example, how governance arrangements will allow the SAHT to leverage its assets, affect outcomes across the system, and address the asset and service needs of ageing and increasingly high-need cohorts. A discussion of how the current governance arrangements affect the ability of the SAHT to realise the transition to a future modern housing system are discussed below.

Customers — Addressing needs of target cohorts

- *Streamlined, single assessment, including customer choice and empowerment*
- *System pathways approach to managing tenants*

Housing SA has been delegated the responsibility to carry out assessing eligibility, managing the register and all landlord duties. To date Renewal SA has had no tenant relationships, other than how they relate to relocations of tenants should renewal activities be conducted. Through current governance arrangements it is clear who is responsible for addressing the needs of customers.

- Simplicity for customers is seen through integration between the different sectors. Renewal SA has interactions with the CHPs through the transfer process, this is largely contractual and KPI related. A relationship is less evident between Housing SA and CHPs. There is no mention of CHPs within the SLAA and additionally there is minimal data available from Housing SA on CHPs, their tenants, and tenant characteristics and outcomes.
- Observations from the review indicate there is potential for increased focus on forming stronger relationships between Housing SA and CHPs to provide a more integrated and simplistic approach for customers, with increased choice and empowerment and a smooth transition between sectors should any further transfers occur.
- Achieving a systems pathways approach requires an integrated housing system across the different sectors and along the housing continuum. For example, programs which can transition tenants from public to community or affordable housing. This would require strong relationships and communications across the different sectors

The existing governance arrangements allow such activities to occur.

Sector Development — Building a competitive and robust sector

- *Development of the affordable housing industry*
- *Building capability and capacity of CHP sector*
- *Diversity of housing and service options — choice*
- *Encourages specialisation and ongoing innovation and development*

The capability and capacity of the CHP sector is being developed through the transfer of properties and the CHP development framework. Building the asset base of the community housing sector is currently being achieved through the transfer of properties. This function is being carried out by Renewal SA who are obligated to:

4.1.10 negotiating, establishing and managing contracts between SAHT and CHPs for capital and housing management services, including providing capital funding and undertaking housing transfers.

The two primary tranches of transfers to date have had objectives built within contracts and KPIs. The first tranche of transfers had a focus on place making and maintenance, whilst the second tranche has the goal of achieving renewal/development outcomes.

Although we have not observed specific initiatives to build sector capability (ie to support skills, training, infrastructure, information sharing, etc.), the current governance arrangements allow such activities to occur.

Assets — Stable, secure and appropriate

- *Stock aligned to tenant needs*
- *Optimise asset lifecycle and portfolio to meet future tenant needs*
- *Balance of preventative and responsive maintenance*
- *Continual renewal of ageing stock*

The asset related responsibilities under the SLAA can be summarised as:

- Renewal SA responsible for asset management, maintenance and renewal strategies.
- Renewal SA responsible for delivery of major renewal projects.
- Housing SA responsible for managing and maintaining SAHT assets and performing all obligations as landlord of properties.

Renewal SA has significant property redevelopment experience and this is anticipated to become an increasing focus of the SAHT given the need to ensure assets are aligned to tenant needs and renew the ageing stock currently held.

For stock transferred to other providers to renewal purposes, Renewal SA has the capability to achieve the asset outcomes sought through contractual means.

Under the existing SLAA arrangement, Renewal SA is required to deliver asset strategies that are stable, secure and appropriate.

Governance — Nexus of accountability, authority and control

- *Clearly defined responsibilities and accountabilities within the system across multiple legislative frameworks*
- *Common language across the sector*
- *Outcomes: transparency, accountability, effective regulation*

Achieving a nexus of accountability and control will be a challenge of the future housing system where multiple providers will have a combination of relationships and reporting lines to government, for example contractual relationships, regulatory reporting relationships, funding relationships as well as engagement on industry development.

These interactions require careful planning and coordination of activities to ensure that the outcomes achieved under all those interactions are aligned contractually, strategically, and to policy.

The current SLAAs themselves do not inhibit a high level of planning and coordination to occur. At present there is a lack of explicit language in the SLAAs to articulate how the various functions of Housing SA, Renewal SA, and the SAHT come together and identify responsibility for such coordination issues. Similarly, there is no performance statement on the SAHT to explicitly deal with this role.

In view of the above, while there is a high level of accountability and control around specific functions of the SAHT, there is no such nexus of accountability around the system level outcomes which might

be sought under a future multi-provider model. Alternatively, this could be considered from the **perspective**, “*who is responsible for housing policy?*”. **At present, it would likely be a** responsibility of Renewal SA as it can take a broader housing market and system view under the housing and urban development act, however a number of parties could undertake this function.

Funding Policy — Funding environment

- *Funding more closely linked to outcomes*
- *Policy enables medium term financial strategy*
- *Non-housing services transparently reported/funded*

Operational and capital funding for social housing will continue to be reliant on State and Commonwealth Government.

The existing governance arrangements are agnostic to the current funding policy and approach. Albeit, we note that the ability to deliver services and plan over the medium term is dependent on funding transparency and clarity. Forward estimates of funding streams are currently unclear.

Housing Strategy — System-level outcomes

- *System-level planning and strategy*
- *Responsive to Commonwealth funding reform*
- *Targeted policy across housing continuum*
- *Clearly articulate roles and responsibilities of housing and service providers (government, SAHT, CHPs and other non-housing service providers)*

Current governance arrangements allow for system level planning and strategy and the provision of performance statements which set targets for SAHT activities and its financial performance. We have noted elsewhere in this report that the existing mechanisms under the Act are not currently used, and that there is no public statement or position on the future housing needs in South Australia to guide asset planning. That said, under the current governance arrangements there are no restrictions for these outcomes to could be achieved. It is also noted that under the NHHA funding, it will be a requirement for the State to develop a housing strategy.

This situation is also present in other jurisdictions and has been recognised by the Commonwealth which has introduced a requirements for such planning as a condition of Commonwealth funding.

The Bill currently before Commonwealth Parliament will require such planning, with the Assistant Treasurer noting:

“The new National Housing and Homelessness Agreement will ensure that each state addresses the specific challenges to their jurisdiction through comprehensive housing and homelessness strategies. It will contribute to the development of a comprehensive evidence base through improved collection and reporting of housing and homelessness related data.... Under this new agreement, all we ask of the states and territories is that they set out how they intend to implement their housing and homelessness strategies.”¹⁶⁸

Similarly, the ability for SAHT to implement programs and strategies aimed at the broader housing continuum is also possible under current governance arrangements, albeit restricted by the level of available funding.

With respect to roles and responsibilities of various service providers, the comments above in relation to nexus of accountability and control, particularly for broader sector coordination and policy, suggest this is currently spread across Ministers, agencies, and not explicitly dealt with in the SLAAs. There is an opportunity to more explicitly deal with who has responsibility for broader coordination.

Services — Service outcomes and KPIs

- *Multiple service providers (govt/CHPs)*
- *Consistent service KPIs and reporting across sector*
- *Flexible service models for specialised groups*
- *Strategies/initiatives for cohorts with specific needs, eg aged, aged single women, and indigenous*
- *Connecting high needs clients to specialist services*

Our observations from existing service delivery is that there is a lack of data on service outcomes beyond Housing SA service delivery. For example, tenant information and characteristics was not available for CHPs and data points which were available needed to be carefully interpreted due to inconsistent reporting approaches (for example, the housing register is reported to have a different number of categories between community housing and public housing).

Similarly, the flexibility in service models and information on specific cohort needs was not available. We observe that this appears to be that the current service model deals with tenants across the portfolio of needs, and for those with particularly high needs or requiring additional services, additional data is not collected or reported. Information on tenant needs, or who is accessing services when and other data was not available.

Within this context we note that there is no governance constraint to pursuing management models **and systems which capture specific cohorts’ needs**, for introducing more standardised reporting between the public and social housing providers, or other management approaches to inform future policy or strategy.

¹⁶⁸ Treasury Laws Amendment (National Housing and Homelessness Agreement) Bill 2017, Second reading Speech

Affordable housing for South Australians — Delivering housing outcomes across the housing continuum

- *Delivering a range of affordable housing outcomes*
- *Placing vulnerable people into social housing*
- *Innovative and adaptive to customer needs*
- *Capturing benefits and incentives for the system*

The SAHT under the Act is required to provide and manage the various forms of public housing in the State and provide private rental assistance in addition to the support of other housing initiatives. The current governance structure allows for the successful delivery of these services to relevant customers. To deliver housing outcomes across the continuum will require input from the different organisations and bodies within the broader housing system in addition to suitable policy decisions regarding the placement of funding.

As such, the existing governance arrangements enable a full range of housing outcomes and service delivery models to be pursued.

6.7 Terms of Reference #7

What is the best model to ensure various business units undertaking SAHT activities are appropriately benchmarked to ensure value for money?



Overview

Benchmarking government service delivery is important to understand comparative performance between the jurisdictions and enables policy makers to understand how differences in delivery models, management approaches, regulatory settings and other differences could drive improved outcomes.



Summary of findings

- 1 To ensure value for money a range of benchmarks should be used based on a holistic set of indicators system wide to measure strategic targets and operational performance.
- 2 The best model includes a combination of:
 - a ROGS to set peer comparisons;
 - b Longitudinal data to track performance over time; and
 - c Targets/bespoke studies to ensure specific outcomes are being sought.
- 3 Current data sources are insufficient to provide a holistic set of appropriate benchmarks. The Business Systems Transformations (BST) (ICT system replacement) project currently underway is expected to deliver improved data sources to overcome this issue.
- 4 As per the Auditor-General's findings, operational benchmarks should be revised and designed through SLAAs. We note that this is in the future work plan for SAHT.
- 5 Review of current Board reporting found further emphasis could be considered around the following areas:
 - Maintenance expenditure as a portion of total asset value;
 - Asset benchmarks including asset age and condition of stock;
 - Tenant satisfaction and tenant outcomes; and
 - Other programs and initiatives outside of social housing.

6.7.1 Why benchmark government service provision?

Typically the process of benchmarking may be undertaken for:

- Comparative purposes against peer organisations;
- Tracking of performance over time; or
- As a means to demonstrate strategic alignment.

Comparative performance against peer organisations

Governments and managers of public services typically seek to understand their performance through benchmarking of their activities, outcomes, and cost base relative to their peers. The objectives associated with such comparisons are broad and can include:

- Achieving transparency in performance, increasing accountability;
- Seeking to understand the balance on inputs/resources, with outputs and outcomes; and
- Seeking to understand the contextual differences between peers, and the extent to which this drives differences in performance.

Collectively, these can assist policy makers to assess alternate policy setting and management approaches which can enhance the delivery of public services.

Tracking performance over time

The selection of internal benchmarks which are used for ongoing management and performance reporting, can have a significant impact on how organisations align their activities and the specific activities/inputs/outputs that business units will focus on.

Longitudinal approaches to assess performance such as these are often favoured as they may overcome the potential limitations of benchmarking performance against others (eg contextual differences in policy and regulation, scope of activities, data discrepancies, etc.).

To demonstrate strategic alignment

Closely related to the above, the selection of benchmark indicators which align to specific strategies (eg SAHT or State strategies) may also drive selection of benchmarks.

6.7.2 Value for money

Concept of value for money

The concept of value for money is broad and often means different things to different people. Policy makers may place different emphasis and importance on indicators of cost, quality of services, or community outcomes.

To assess the value for money of SAHT's activities, outputs and outcomes, a key principle that could be considered is a range of benchmarks based on a holistic set of indicators. For example, the lowest cost of service provision may not reflect a high efficiency, as it may be driven by reduced scope or quality of services. As such, a range of indicators need to be considered in parallel to assess the true performance of activities.

Typical issues for policy makers

The previous SAHT Triennial Review provided a range of different system level indicators to assess **operation performance that were sourced from the Productivity Commission's Report on Government**

Services and Australian Bureau of Statistics Census. Performance outcomes were structured in the following categories¹⁶⁹:

- Outcome indicators — what are the ultimate outcomes of the activities of the SAHT? (ie South Australian housing outcomes)
- Indicators for allocations — are the right people being housed?
- Indicators for dwelling stock — what is the quality and appropriateness of the dwelling stock?
- Indicators for costs of assistance — what is the efficiency of housing assistance?
- Indicators for homelessness services — how responsive and effective are homelessness services?
- Customer satisfaction indicators — what do the service users think?

These are the typical questions which policy makers are most interested in understanding. The previous Triennial Review has been referred to in this report to demonstrate these issues are well known to policy makers.

6.7.3 Current reporting of benchmarks

Benchmarks and KPIs are similar and often used interchangeably, however for the purpose of this review they have been distinguished by the nature of their specificity. KPIs are generally related to specific functions, activities or targets (ie micro-level) whereas benchmarks are generally related to the overall performance of the body at a higher level (ie macro-level).

The primary means of SAHT benchmarking is contained within the following reports:

- Board papers; and
- **The Productivity Commission's Report on Government Services.**

Outside of these two reports, low levels of benchmarking are also provided within annual reporting and State budget papers. Annual reporting largely contains high levels of compliance information and administration data. The primary benchmarking provided within this report is in relation to workforce statistics and financial reporting. All other data reported is not benchmarked to any comparative measure (time, jurisdiction etc.). State budget papers typically include only a small number of very high level outcome statements, and also only provide employment and financial comparisons to performance. Financial comparisons include State grants, net contribution, capital investment, debt, etc. Benchmarking within annual reports and State budget papers have not been considered further.

6.7.4 Board papers

The SAHT board meets monthly and as such this forum provides for the most frequent monitoring of performance. To assess the current reporting within Board papers, key categories associated with the delivery of housing related services have been developed. Considering a range of measures such as these would provide a holistic understanding of SAHT performance. The key categories of measures that have been developed include:

¹⁶⁹ Elton Consulting 2014, Triennial Review of the South Australian Housing Trust

- Tenant — total tenants, trends in profile, tenant satisfaction, tenant outcomes;
- Asset — total stock, asset quality, age, condition;
- Property/tenancy management — maintenance, tenancy management services;
- Appropriateness of housing and service provision — overcrowding, underutilisation;
- Efficiency of housing and service delivery — response time, occupancy rates; and
- Other — benchmarks not included above, including other initiatives under SAHT legislative remit such as affordable housing.

The above categories would provide an appropriate framework to which current performance can be assessed. Additional financial monitoring and reporting is expected to occur outside of these key categories, however these have not been discussed in detail in this section.

The table below provides an overview of the different measures currently reported on within SAHT board reporting.

Table 38: Breakdown of current performance reporting to the SAHT Board

Category	Board reporting	Comments (inclusive of other reports)
Tenant	<ul style="list-style-type: none"> • Housing register (public and community) • Category 1 housing register (public and community) • Number of customers assisted through PRAP 	Outside of ROGS, the SAHT currently report on key quantitative measures such as the register and number of tenants assisted. There is currently little emphasis placed on reporting of tenant satisfaction (such as those within ROGS) or tenant outcomes (number of tenants successfully transitioning out of the social housing system). The SAHT could consider reporting on these measures more frequently.
Asset	<ul style="list-style-type: none"> • Total social housing dwellings • Total public housing dwellings 	Reporting on assets outside of the total number of properties held is minimal. ROGS also provide a proxy for asset condition, however considering the SAHT hold \$10 billion of assets there should be a larger emphasis placed on this. Frequent reporting provided to the Board could also consider the average age of assets, a proxy for asset condition, asset sales, assets acquired, assets redeveloped, number of specialised assets held for specific cohorts and the number of assets owned by the SAHT that are managed by the community housing sector.

<i>Category</i>	<i>Board reporting</i>	<i>Comments (inclusive of other reports)</i>
Property/ tenancy management	<ul style="list-style-type: none"> • Recurrent maintenance expenditure • Capital maintenance expenditure • Allocations (public and community) 	<p>The SAHT currently undertake all tenancy management services for those in SOMIH and public housing. This includes allocating tenants and maintenance, which are both reported on, however the SAHT could also consider reporting on other elements of tenancy management such as the number of tenants referred to specialist services, the number of tenants who have been linked to employment or education opportunities, the number of dwellings visited (including the number of those with multiple repeat visits) and the number of tenant complaints resolved.</p> <p>The current reporting on maintenance only shows absolute dollars spent on maintenance. The SAHT could consider reporting maintenance as a portion of asset value and also reporting planned against responsive maintenance.</p>
Appropriate ness	<ul style="list-style-type: none"> • Number of disruptive tenancy complaints lodged 	<p>Outside of ROGS the SAHT does not provide updated reporting on the appropriateness of properties for individual tenants. This is commonly reported through overcrowding or underutilisation figures. The SAHT could consider reporting on these on a more frequent basis.</p> <p>The number of disruptive tenancies provides a proxy for how suitable a property is matched to a tenant. This could be further expanded to provide the number of repeat complaints and/or the number of complaints resolved. The SAHT could also consider reporting on the number of evictions.</p>
Efficiency	<ul style="list-style-type: none"> • Number of vacant tenable and untenable properties • Priority 1 and 2 maintenance response times 	<p>The SAHT currently report on the efficiency of undertaking allocations and response times in meeting maintenance requirements. Other efficiency measures are often financial in nature that are detailed in financial reports. However there is no target set for these efficiency measures, instead just compared to past performance. The SAHT could consider providing targets for these measures.</p>
Other	<ul style="list-style-type: none"> • Value of customer debt • Percent of arranged customer debt by value 	<p>Benchmarks reported within SAHT board papers currently have a focus on public and community housing. The SAHT could also consider providing more frequent reporting on other areas under their legislative remit such as affordable housing. ROGS currently provides indicators of affordability outcomes for the SAHT however other sources provide these indicators for the State, such as ABS. Additionally, programs currently run by the SAHT could have an increased frequency of outcome reporting, such as the transfer of property to community housing providers.</p>

Source: DCSI/Renewal SA information requests

Findings

The existing reporting captures a range of measures and trend performance of the SAHT over time. Further emphasis could be considered around the following areas:

- Maintenance reported as planned versus responsive and also against total asset value;
- Age and proxies for condition of stock;
- Increased frequency of measurements for tenant satisfaction and tenant outcomes;
- Inclusion of status updates on projects and programs, such as community housing transfers, affordable housing initiatives, etc.; and
- Inclusion of targets in addition to comparison against past performance, where relevant.

Due to restrictions in comparing performance against other jurisdictions, tracking SAHT performance over time is of utmost importance. Considerations should also be made to track benchmarks in relation to a comparison group, if appropriate, such as comparable industry performance or comparable government department performance. Targets are an alternate option, these can be set by either the SAHT, Ministers, State of Commonwealth governments linked to funding, alignment with strategic policies, or other.

6.7.5 Report on Government Services

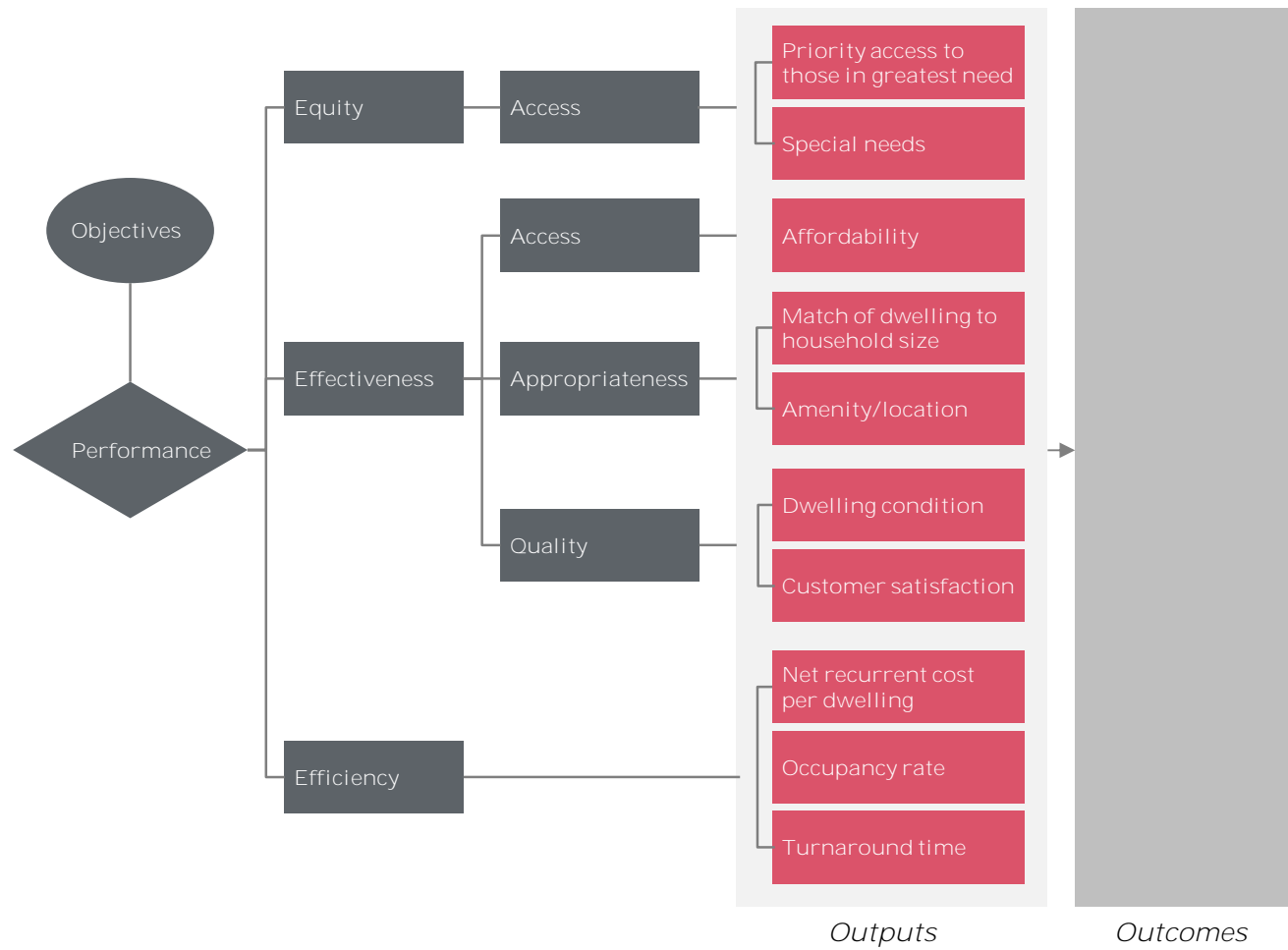
The Productivity Commission has been collecting comparative performance data and publishing an annual Report on Government Services **to aid in the comparison of Australian jurisdiction's** performance in delivering public services.

The first report included a performance reporting framework and was developed by the (then) Steering Committee for the Review of Commonwealth/State Service Provision. Since this time there has been an ongoing refinement to the performance reporting framework, and each year officials from service delivery and central agencies work on refining the alignment of data sources to strive towards greater quality and comparability, with the objective of enhancing this system so that it evolves over time. Typically the Productivity Commission seeks to develop a range of effectiveness, efficiency, and equity indicators such that performance can be considered holistically, as noted above. This system covers all major areas of service delivery by the states.

These comments are made to underscore that this system, while it is not perfect and subject to its limitations on individual matters, represents the principal source of benchmarking data for comparing performance. While there are other research projects, surveys, financial and annual **reporting, and other publications which may include 'benchmarks', these do not have the same level** of resourcing, ongoing refinement, and deliberate efforts to maximise comparability as ROGS data provides.

The figure below is an excerpt from the 2017 ROGS publications, and demonstrates how indicators have been developed to consider equity, effectiveness, and efficiency.

Figure 53: ROGS social housing performance indicator framework



Key to indicators*

- Most recent data for all measures are comparable and complete
- Most recent data for at least one measure are comparable and complete
- Most recent data for all measures are either not comparable and/or not complete
- No data reported and/or no measures yet developed

* A description of the comparability and completeness of each measure is provided in indicator interpretation boxes within the chapter

Source: Productivity Commission, Report on Government Services 2017

We note that the report recognises that not all measures are comparable and/or not complete and as such there are limitations in comparison data.

Performance — how does SA compare?

The Productivity Commission’s Report on Government Services, Volume G details performance of each jurisdiction in the areas of housing and homelessness. The following table provides a summary of the performance of the public, SOMIH and community housing systems in South Australia compared to the national average.

Table 39: Selected indicators reported within ROGS – South Australian performance

	Public Housing		SOMIH		Community Housing	
	SA	National average	SA	National average	SA	National average
Priority access to greatest need	86%	75%	91%	58%	88%	84%
Special needs	68%	62%	50%	49%	52%	59%
Affordability – rental stress	-	1%	-	0%	6%	4%
Match of dwelling – overcrowding	2%	4%	7%	9%	2%	5%
Match of dwelling – underutilisation	26%	16%	30%	25%	22%	12%
Tenant rating of amenity	85%	83%	83%	83%	88%	86%
Tenant rating of location	91%	89%	93%	91%	91%	90%
Tenant rating of dwelling condition	85%	81%	68%	75%	93%	89%
Customer satisfaction (satisfied or very satisfied)	83%	73%	69%	68%	81%	80%
Net recurrent cost per dwelling	\$9,806	\$8,766	\$11,570	\$11,424	\$11,054	\$11,938
Occupancy rates	95%	98%	96%	97%	96%	90%

Source: Productivity Commission, Report on Government Services 2017

As highlighted in the table, South Australia appears to be performing well across public, SOMIH and community housing comparative to the national average. There are a number of limitations with this type of cross-jurisdictional benchmarking however, some of which are discussed below:

- Legislative and operational differences between jurisdictions — The SAHT under its legislation is required to pay land tax equivalents to the State government. There is no requirement for housing bodies in other jurisdictions to pay land tax. Additionally the role of each sector within different jurisdictions may differ depending on strategic and policy settings;
- Selection, collection methodologies and data limitations — ROGS reports on information managed by the jurisdiction. Data is not available for all jurisdictions across all indicators measured. Methodologies used for certain indicators are at times proxies, for example dwelling condition estimated from a tenant survey of the number of working facilities and structural problems; and
- Other underlying differences between jurisdictions — Underlying differences between jurisdictions exist which affect the accuracy of direct comparison between reported figures, this includes the size and scope of housing operations, land value and other economic factors.

6.7.6 *Management feedback and initiatives*

Poor data standards are often referenced as one reason current benchmarking is insufficient¹⁷⁰. Currently the core business systems have the following characteristics:

- Poor reliability of asset information;
- Predominantly manual processes for the operations including maintenance requests (~300,000+ annually) and maintenance invoices (~700 per day);
- Low quality of data in the mainframe;
- Data requests are time consuming; and
- Limited capacity for dashboard tools, exception reporting, and KPI and trend measurement.

Together these characteristics result in increased costs, errors and delays that restrict the SAHT in performing and monitoring its operations. To overcome these issues the SAHT is currently undertaking the replacement of its core business systems as part of the Business System Transformation (BST) project.

Benefits associated with the replacement of internal business systems include improved accessibility of customer information for inquiries, more accurate data on customer property alterations, real time management dashboard reporting and efficiencies from mobile workforce. The BST project will enable a higher level of detailed reporting to be available through improved data capture and management, overcoming some of the issues currently experienced tracking and monitoring performance.

As reported in the 2017 Auditor-General's Audit on SAHT performance, the Board has not completed its review of the KPIs measuring the performance of Housing SA and the Urban Renewal Authority (Renewal SA), as recommended in the 2016 audit. The SAHT advised the Auditor-General that they **will reconsider these as part of a review of the two SLAA's**¹⁷¹.

The SAHT is currently in the process of developing a draft set of indicators and benchmarks that would be provided in Corporate Performance Reporting to the Board on a monthly basis. The latest version of these indicators and benchmarks provided to PwC has the following categories; SLAA compliance, customer and population outcomes, system outcomes and organisational outcomes.

The first section of this revised reporting structure provides a range of indicators against the **obligations of the agencies entered into SLAA's with the SAHT. The obligations of Housing SA and Renewal SA** are defined under section 4 of each respective SLAA. It is also noted that initial drafting of these indicators allow for inclusions of targets.

¹⁷⁰ Consultation findings

¹⁷¹ Auditor-General's Department, Report on SAHT 2016-17: further commentary and analysis

6.8 Terms of Reference #8

What workforce planning is required to prepare for the future state of a multi-provider social housing system?



Overview

Workforce planning includes a range of future-oriented activities, separate from day-to-day **workforce management, to enable achievement of organisations' activities now and in the future.** Key activities include identifying future scenarios, undertaking gap analysis of key roles and skill capability requirements, and articulation of workforce strategies moving forward.



Summary of findings

- 1 To date, workforce planning/management initiatives by the SAHT have revolved around major initiatives; 'Business Systems Transformation' Project (endorsed by BST Steering Committee July 2017) and the CHP transfer strategy (approved impacts as reordered in Department of Treasury and Finance budget systems).
- 2 The role of the SAHT in future multi-provider social housing system is ultimately dependent on the direction of Ministers and the Government. Regardless of if the role changes, the skills required by the SAHT are likely to change highlighting the importance of workforce planning and development.
- 3 For the SAHT, the benefits of workforce planning in a multi-provider system include: financial benefits; improved financial value; increased capability and capacity; increased public value; and improved decision-making.
- 4 The SAHT should move beyond workforce management strategies to detailed workforce planning to prepare for the future state of a multi-provider social housing system. To achieve this SAHT should:
 - a Understand future talent demands;
 - b Assess talent supply and identify gaps;
 - c Model scenarios and prioritise; and
 - d Develop a workforce plan.

6.8.1 What is workforce planning?

Definition

Workforce planning is understood to mean different things by different people. In the public sector, the Australian Public Service Commission has noted that workforce planning involves:

“A continuous business planning process of shaping and structuring the workforce to ensure there is sufficient and sustainable capability and capacity to deliver organisational objectives, now and in the future”¹⁷²; and

¹⁷² Australian Public Service Commission, Workforce planning explained, <http://www.apsc.gov.au/publications-and-media/current-publications/workforce-planning-guide/workforce-planning-explained>

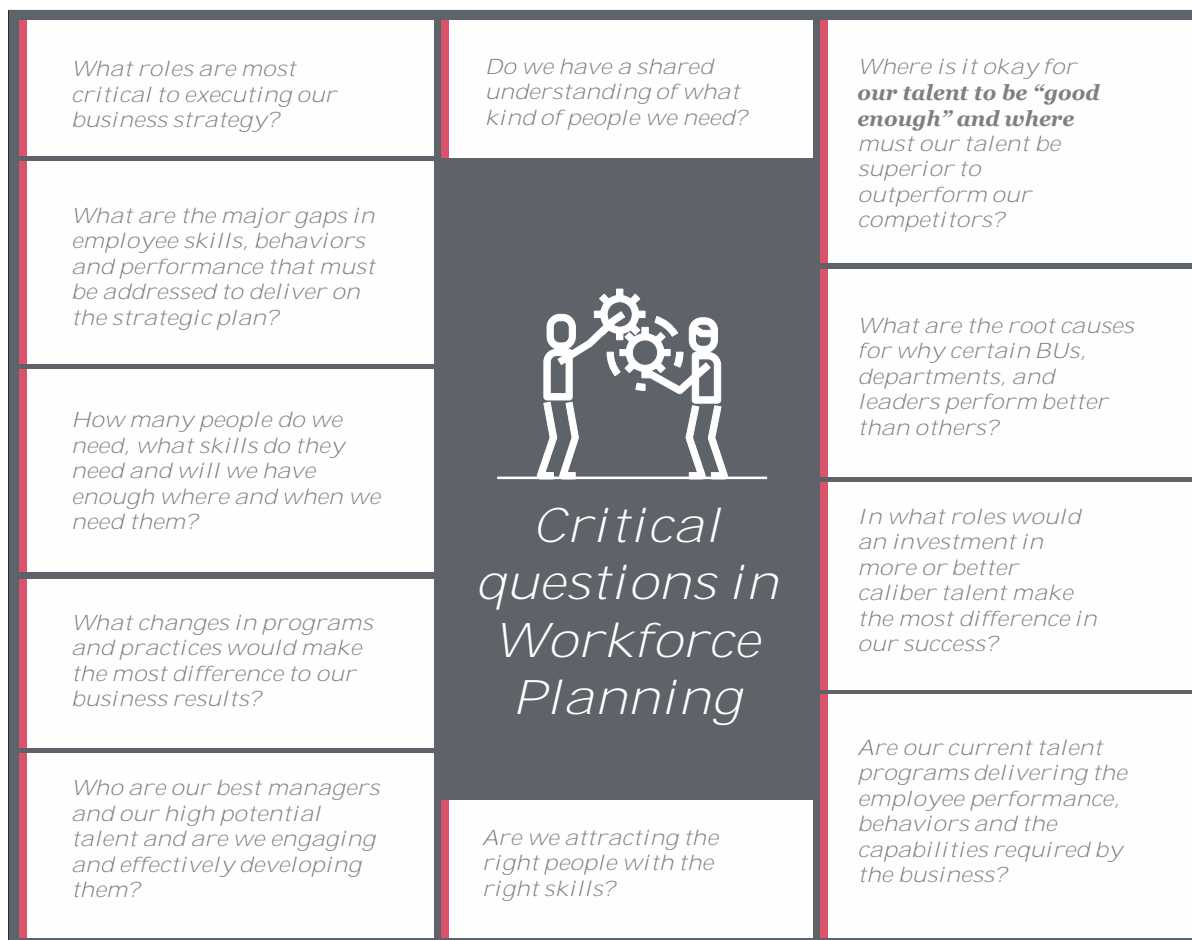
“A process of identifying the workforce capacity and capability your organisation needs to meet its objectives, now and into the future. It aims to ensure that the right people—those with the skills and capabilities necessary for the work—are available in the right numbers, in the right employment types, in the right place and at the right time to deliver your business outcomes”¹⁷³

Objective

The primary objective of undertaking workforce planning is to ensure a strategic, sustainable approach to aligning workforce capacity and capability with the business strategy. This process will enable evidence-based decision-making throughout key processes including talent acquisition and synthesis and additionally enable strategic investments that create the greatest business performance improvements.

Some of the critical questions that workforce planning attempts to cover are illustrated in the below figure.

Figure 54: Critical question in the Workforce Planning process



¹⁷³ Australian Public Service Commission, Workforce planning explained, <http://www.apsc.gov.au/publications-and-media/current-publications/workforce-planning-guide/workforce-planning-explained>

What it should include

A workforce plan should document all considerations that have been made throughout the planning process that has been discussed in below sections. A list of what should be included in a workforce plan according to the Australian Public Service Commission is shown below¹⁷⁴:

- Type of plan and the level of organisation it covers;
- Future business direction;
- Future scenarios considered;
- Future workforce capacity and capability required;
- Description of current supply including profiling of workforce trends, employee survey data, skills and capabilities profile;
- External supply available of skills and capabilities required;
- Gap analysis of workforce demand and supply drawing attention to:
 - Key roles;
 - Skill and capability gaps;
 - Expected deficits or surpluses;
 - Areas of high turnover and/or retirements; and
 - Key risks and options to mitigate risks.
- Clear articulation of workforce strategies that may be implemented to mitigate risks identified in the gap analysis.

6.8.2 Work already completed by the SAHT

The SAHT has not undertaken detailed workforce planning in recent times, there has however been a number of workforce management strategies that have been undertaken in a reactive manner to different projects that have been undertaken by the SAHT. Some of which include;

- BST implementation strategy; and
- CHP transfer strategy.

Both of the workforce management strategies that have been implemented in these cases have seen a reduction in the number of staff contracted under SLAAs with Renewal SA and DCSI. These are discussed further below.

BST implementation strategy

In response to the Auditor General's report in October 2015 noting the urgency of action to replace an aging mainstream legacy system, the SAHT developed a request for proposal (RFP) for the BST that was approved by Cabinet in November 2016. Subsequently, the BST Steering Committee endorsed a workforce management strategy in July 2017.

¹⁷⁴ Australian Public Service Commission, Workforce planning explained, <http://www.apsc.gov.au/publications-and-media/current-publications/workforce-planning-guide/workforce-planning-explained>

The SAHT will incur a temporary increase of employees for the design and configuration of the solution, data migration and cleansing, testing, and business re-engineering, in addition to the capital expenditure associated with this new technology. The new technology is proposed to be delivered as a software-as-a-service and hence will reduce the support and employee requirements within the SAHT. Net FTE reduction will be achieved from 2021-22, with a total of 23 employees savings¹⁷⁵.

CHP transfer strategy

The two recent tranches of transfers to the community housing sector have included FTE savings targets that need to be met. The total value of employee savings as recorded in the Department of Treasury and Finance budget system for both of these tranches has been detailed in the below table.

Table 40: Salaries and on cost savings associated to transfers to community housing sector

Financial Year	2015-16 and prior (\$'000)	2016-17 (\$'000)	2017-18 (\$'000)	2018-19 (\$'000)	2019-20 (\$'000)	2020-21 (\$'000)
Tranche 1 (~1,100 properties)	412	637	656	675	694	713
Tranche 2 (~4,000 properties)	-	-	1,665	3,981	4,362	4,748
Total	412	637	2,321	4,656	5,056	5,461

Source: DCSI/Renewal SA information requests

Together these savings total approximate \$18 million over the 6 year period however it should be noted that these employee savings do not offset the lost rental revenue incurred and a further ~\$23 million of increased house sales over the same period or alternate saving options are required to ensure these transfers are cost neutral to the SAHT.

Commentary

The workforce initiatives outlined above highlight that recent activities have focussed on workforce adjustments associated with major initiatives, and have not considered the type of strategic activities typically associated with workforce planning. These are discussed further below.

6.8.3 Why conduct workforce planning?

Drivers

Given the level of workforce planning that has been conducted by the SAHT it is important that the SAHT consider detailed workforce plan to consider its future needs.

There are a number of potential drivers which suggest that SAHT would benefit from a greater focus on workforce planning. For example:

- Transfers to CHPs — in recent years there have been approximately 5,000 property transfers to community housing providers and further transfers may be contemplated in the coming years. The growth of the community housing sector generating a multi-provider social housing system will likely require the SAHT to perform a different function to what it has traditionally performed. Contract monitoring and management in addition to sector development are two key additional

¹⁷⁵ Government of South Australia, Business Case Core Systems Replacement, South Australian Housing Trust

functions that the SAHT will likely take on that have not previously been core functions. There is also potential that within the multi-provider system the SAHT provide shared services to the sector where it makes sense for these functions to be carried out centrally to reduce inefficiencies. These changes will require the SAHT to attain a new set of skills and capabilities within their workforce. Ultimately the role that the SAHT performs in a multi-provider system is dependent on the direction of the Ministers, however it is unlikely to remain the same.

- Benchmarking and efficiency of costs — typical workforce planning processes also provide a broader opportunity to consider the current cost base and whether it is efficient under alternate scenarios.
- Age profile of key occupations/job families — although the overall workforce has a greater proportion of employees in each age bracket above 35 years old, except for over 65s, there may be pockets of capability where the age profile of staff requires planning.

Benefits

There are a range of benefits of workforce planning. A clear understanding of both the current and future workforce allows an organisation to identify early any potential issues, critical roles or skill requirements ensuring an efficient and effective workforce. The Australian Public Service Commission details 5 key benefits of conducting workforce planning as listed below.

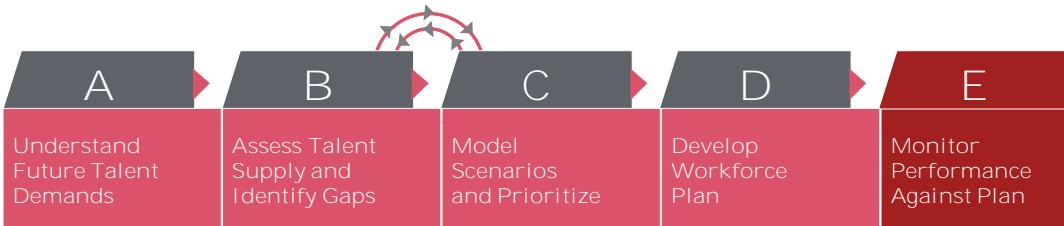
- Increased public value — deliver the required services to the public effectively and efficiently;
- Financial (value for money) — ability to reduce costs of operations;
- Improved business value — improved quality of service delivery with reduced risk;
- Increased capability and capacity — ability to meet demands and expectations in the future; and
- Improved decision-making — ability to make decisions that take into account workforce capability and capacity.

Individually all of the above mentioned are relevant to the SAHT and together with the above discussed drivers form a compelling picture for the SAHT to undertake workforce planning.

6.8.4 Key stages in workforce planning

In an attempt to identify what the key stages are of workforce planning in the context of the SAHT, the following process timeline has been identified. Please note this is an indicative process that could be carried out and any future workforce planning should involve additional consultation both internally and externally.

Figure 55: Indicative stages in workforce planning



	A	B	C	D	E
	Understand Future Talent Demands	Assess Talent Supply and Identify Gaps	Model Scenarios and Prioritize	Develop Workforce Plan	Monitor Performance Against Plan
Responsible	<ul style="list-style-type: none"> Renewal SA 	<ul style="list-style-type: none"> Housing SA Renewal SA 	<ul style="list-style-type: none"> SAHT Renewal SA Housing SA 	<ul style="list-style-type: none"> SAHT workforce planning team 	<ul style="list-style-type: none"> SAHT workforce planning team
Accountable	<ul style="list-style-type: none"> SAHT Board 	<ul style="list-style-type: none"> SWP Analytics Team 	<ul style="list-style-type: none"> SWP Analytics Team 	<ul style="list-style-type: none"> Strategy Lead 	<ul style="list-style-type: none"> SAHT workforce lead
Consulted	<ul style="list-style-type: none"> SAHT Board Relevant Ministers People and Culture 	<ul style="list-style-type: none"> Renewal SA directors Housing SA directors People and Culture 	<ul style="list-style-type: none"> SAHT Board Renewal SA executives Housing SA executives Relevant Ministers Strategy Lead 	<ul style="list-style-type: none"> People and Culture 	<ul style="list-style-type: none"> Strategy Lead People and Culture Talent Management
Informed	<ul style="list-style-type: none"> SAHT Board 	<ul style="list-style-type: none"> SAHT Board 	<ul style="list-style-type: none"> SAHT Board 	<ul style="list-style-type: none"> SAHT Board 	<ul style="list-style-type: none"> People and Culture SAHT Board
Project Management and Communication	Throughout this process the workforce planning team established is responsible and accountable for project management/progress tracking and maintaining open communication channels with the HR leadership team and staff				

* Strategic Workforce Planning (SWP) Analytics Team will be newly developed to carry out this process

Each of these 5 stages have been discussed in more detail below:

A: Understand Future Talent Demands

Understanding future talent demands is the first stage that should be carried out when undertaking workforce planning. This stage seeks to identify and document the long term objectives and strategies of the SAHT, what are the critical capabilities the workforce must have to deliver against objectives and strategies and finally prioritise key capabilities and roles.

Table 41: Activities, analysis and outputs of workforce planning stage 1

Primary Activities	<ul style="list-style-type: none"> Document key SAHT objectives and strategies to identify long-term talent demands at a macro-level Identify external forces that could impact workforce needs, ie policy changes, funding changes, etc. Model high-level demand at job family level over mid to long term time horizon
Analysis Required	<ul style="list-style-type: none"> Strategy-back capability/role requirements Sizing of productivity improvements, ie BST project
Key Outputs	<ul style="list-style-type: none"> High level workforce demands required to deliver against objectives and strategies on a mid to long term time horizon and prioritisation of the required capabilities and roles

B: Assess Talent Supply and Identify Gaps

The second stage is largely internal facing and involves assessing the current SAHT workforce and identifying any gaps that exist between the future demands and current supply. This stage seeks to identify if the current and projected workforce size and **composition are consistent with the SAHT's** strategic objectives, what are the skills required in a future workforce and are they sufficient within the current workforce, and what would be some of the implications of macro changes to the workforce.

Table 42: Activities, analysis and outputs of workforce planning stage 2

<i>Primary Activities</i>	<ul style="list-style-type: none"> Identify current internal and external shifts in talent demographics and supply, ie education level, ageing workforce, etc. High-level workforce supply trends at job family level and anticipated external forces that could impact supply. Identify areas where external talent will be required and assess the availability of talent Baseline expected supply of talent against demand to identify potential gaps
<i>Analysis Required</i>	<ul style="list-style-type: none"> Internal and external workforce demographic trends and skill availability over the mid to long term time horizon Talent supply trends in both the current and potential labour markets
<i>Key Outputs</i>	<ul style="list-style-type: none"> Baseline key demand and supply gap analysis High-level footprint and workplace requirements

C: Model Scenarios and Prioritise

The third stage of workforce planning involves the development of different scenarios that could impact the workforces demand and supply in the future and determine what scenarios amongst these are most likely. This enables the SAHT to prepare for different scenarios and identify the most significant talent gaps across these likely scenarios.

Table 43: Activities, analysis and outputs of workforce planning stage 3

<i>Primary Activities</i>	<ul style="list-style-type: none"> Validate identified key drivers affecting demand or supply with strategic leads and the Board/Ministers Model different scenarios, workforce supply and demand and prioritise key capability and skill gaps
<i>Analysis Required</i>	<ul style="list-style-type: none"> Sensitivity analysis of key drivers Sizing of workforce demand and supply gaps
<i>Key Outputs</i>	<ul style="list-style-type: none"> An integrated demand and supply model with prioritised gaps for each likely scenario High-level cost and people impact of each scenario

D: Develop Workforce Plan

This stage includes the development of suggested actions that the SAHT should take to best meet the workforce needs identified in the first three stages. The workforce plan first looks to identify if the current talent programs are delivering in relation to the performance, behaviours and capabilities required by the SAHT, and considers what, if any, changes to programs and practices would make the most difference to SAHT operations. The plan also looks to ensure the SAHT have the right roles to deliver against future business needs and which of these roles would an investment in high calibre talent have the biggest impact on future success.

Table 44: Activities, analysis and outputs of workforce planning stage 4

<i>Primary Activities</i>	<ul style="list-style-type: none"> Assess current talent programs against outputs from stage 3: model scenarios and prioritise Develop a strategic workforce plan with actionable recommendations to address needs and gaps, this includes the need for different programs and interventions, opportunities to optimise and redeploy employees, and identify areas to realign employee value proposition Assign action items to owners of execution and delivery
<i>Analysis Required</i>	<ul style="list-style-type: none"> Drivers of employee acquisition, retention and development Return on Investment of talent management programs and interventions
<i>Key Outputs</i>	<ul style="list-style-type: none"> Strategic workforce plan for the mid to long term time horizon, including key recommendations and priorities for the SAHT to deliver against Refined footprint and workplace implications Business case for additional funding or resource requirements

E: Monitor Performance against Plan

The final stage of the workforce planning framework provided is the continual monitoring of performance against the workforce plan. Monitoring performance against the developed plan is critical to ensure accountability and results and helps inform any progress and outcomes made against objectives through interventions.

Table 45: Activities, analysis and outputs of workforce planning stage 5

<i>Primary Activities</i>	<ul style="list-style-type: none"> Design a set of key metrics or measures to track progress, ie turnover, engagement, total labour cost, business performance Develop a range of reports with different levels of granularity for different audiences Monitor and communicate key metrics or measures with stakeholders
<i>Analysis Required</i>	<ul style="list-style-type: none"> Identify relationships between workforce trends, programs and business performance Develop 'leading indicators' of both positive and negative trends in the workforce
<i>Key Outputs</i>	<ul style="list-style-type: none"> Workforce planning metrics dashboard High-level tracking/communication plan and leadership reports

6.8.5 Challenges for SAHT in undertaking workforce planning

Given the current and expected change that the housing system is undergoing, with a greater number of property transfers and the development of a multi-provider system, higher risk tenant profile and the ageing dwelling portfolio there will be a different skillset required of the SAHT workforce.

A few of the key challenges expected to be identified and encountered throughout the workforce planning process by the SAHT include:

- Difficulty identifying future workforce demand and what roles are required by the SAHT in ensuring success in the not-for-profit sector;
- Resource constraints;

- Government employee security;
- Lack of dedicated team focusing on long-term planning;
- Lack of a system plan that articulates the role of the SAHT;
- Difficulty determining current roles performed by SAHT staff;
- Non-standardised workforce information;
- Identifying skills required for SAHT staff to transfer to other sectors;
- Governance structure with staff in Housing SA and Renewal SA performing different roles; and
- Developing a strategy for SAHT within broader housing system.



7. Appendices

Appendices

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Appendix A References

SAHT documents provided

- 2016-17 SAHT audited financial statements
- Government of South Australia, Business Case Core Systems Replacement, South Australian Housing Trust
- SAHT Act 1995
- SAHT Annual Report 2015-16
- SAHT Board Paper: August 2017
- Service Level Administrative Arrangement between Urban Renewal Authority and SAHT
- Service Level Administrative Arrangement between Department for Communities and Social Inclusion and SAHT
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https://www.aph.gov.au/About_Parliament/Parliamentary_Departments/Parliamentary_Library/pubs/rp/BudgetReview201718/Social_housing_and_homelessness

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Appendix B Reference Group

Throughout the review PwC and the Project Manager consulted with the reference group as formed by the Project Manager. The reference group served to guide and support the review and provide feedback on work completed. The reference group consisted of representatives from the following organisations:

- South Australian Housing Trust
- Renewal SA
- Housing SA
- Department of Treasury and Finance
- Department of Premier and Cabinet

Appendix C Consultations

Throughout the review a number of stakeholders were consulted through a range of workshops, meetings, phone interviews and email communication. The stakeholders consulted are listed below.

Consultation	Position
Workshop 1 – Planning, development and housing	Head of Strategic Development, Homestart
	Residential Development Committee, Property Council SA
	Director Planning and Development, Local Government Association of SA
	Executive Director, UDIA (SA)
	General Manager Environments, ECH
	Manager Planning Reform, Department of Planning, Transport and Infrastructure
	Manager Urban Projects, City of Charles Sturt
	Lead, Community health and wellbeing, City of Port Adelaide Enfield
Workshop 2 – High needs and specialist support	Associate Director, Central Region, Department for Child Safety
	Director, Prevention and Population Health Branch, SA Department for Health and Ageing
	Senior Tenancy Advisor, SYC
	Associate Director, Intergovernmental relations and ageing, Office for the Ageing
	Executive Director, Shelter
Workshop 3 – Affordable and community housing	Executive Director, Community Housing Council SA
	CEO, Julia Farr Housing Association & CHCSA board member (chair)
	CEO, Junction Housing
	CHL State Manager (SA), Community Housing Limited
	CEO, Unity
Chief Executive Meeting – DCSI	Chief Executive, Department for Communities and Social Inclusion Director, Statewide Services, Housing SA
Chief Executive Meeting – Renewal SA	Chief Executive, Renewal SA General Manager, Property Management, Renewal SA

<i>Consultation</i>	<i>Position</i>
Additional meetings	<ul style="list-style-type: none"> • Senior Manager, Remote Housing Strategy and Services, Housing SA • Narungga Investment Company • Executive Officer, Community Housing Council of SA • Managing Director, Housing Choices Australia • Director, Strategy and Reporting, Housing SA • Executive Director, Housing SA • Executive Director, Budget, Analysis and Performance, Department of Treasury and Finance • Director, Budget, Analysis and Performance Branch, Department of Treasury and Finance • Director, Housing Strategy, Renewal SA • Senior Financial Analysis, Renewal SA

Appendix D Program list

<i>Service Program</i>	<i>Overview</i>	<i>Target Group</i>	<i>Service Types</i>	<i>Provider</i>
<i>Public and Community Housing</i>				
Public Housing Program	Provide rental housing and support on a medium to long term basis to low and moderate income households who have difficulty sustaining a private rental tenancy.	Low to moderate income household Can't sustain private tenancies	Accommodation Support	Housing SA
Aboriginal Housing Program	Provide rental housing and support on a medium to long term basis to low and moderate income Aboriginal households who have difficulty sustaining a private rental tenancy.	Aboriginal and/or Torres Strait Islander people Low to moderate income household Can't sustain private tenancies	Accommodation Support	Housing SA
Community housing (Housing Associations) program	Provide rental housing and support on a medium to long term basis to low and moderate income households who have difficulty sustaining a private rental tenancy, and who meet the requirements of the individual CHP.	Low to moderate income household Can't sustain private tenancies Specific criteria determined by individual CHP	Accommodation Support	CHP
Community housing (Housing Cooperatives) program	Provide rental housing on a medium to long term basis to low and moderate income households who have difficulty sustaining a private rental tenancy, who meet the requirements of the individual CHP and are prepared to participate in the running and governance of the CHP.	Low to moderate income household Can't sustain private tenancies Specific criteria determined by individual CHP	Accommodation	CHP

<i>Service Program</i>	<i>Overview</i>	<i>Target Group</i>	<i>Service Types</i>	<i>Provider</i>
Pathways Program	Provide rental housing on a short term basis for people who have a plan to access alternative accommodation within the term of their lease agreement.	Low to moderate income household	Accommodation	Housing SA
Employment and Education Housing Program	Provide rental housing on a short to medium term basis to Aboriginal people relocating from country or remote areas to undertake study or training in metro or regional areas.	Aboriginal and/or Torres Strait Islander people For education or training purposes	Accommodation	Housing SA CHP/NGO
Kurlana Tangkuinya (Aboriginal New Dreams)	Provide rental housing and support on a short term basis to Aboriginal women with children escaping domestic or family abuse who have difficulty engaging with employment or education.	Aboriginal and/or Torres Strait Islander people Women with children Escaping domestic or family abuse For education or training purposes For employment purposes	Accommodation Support	Housing SA
Affordable Community Housing Program	Provide medium to long term rental housing to moderate income households, and who meet the requirements of the individual CHP.	Moderate income household Specific criteria determined by individual CHP	Accommodation	CHP
Housing in Aboriginal Communities Program	Provide rental housing on a medium to long term basis to Aboriginal people living in a remote or non remote Aboriginal community.	Aboriginal people Remote or non remote Aboriginal Community	Accommodation	Housing SA

<i>Service Program</i>	<i>Overview</i>	<i>Target Group</i>	<i>Service Types</i>	<i>Provider</i>
Local Government Community Housing Program	Provide rental housing on medium to long term basis for low and moderate income households. Program operates in partnership with Local Government agencies under various agreements.	Low to moderate income households Specific council areas	Accommodation	Local Councils
Student Housing Leases Program	Provide rental housing on short term to medium term basis, leased to educational institutions, to provide accommodation to tertiary students.	Tertiary students	Accommodation	University
Transitional Accommodation Centres	Provide safe, culturally appropriate, low cost short term accommodation to Aboriginal people who are either returning to country, or who are coming to regional areas to access services.	Aboriginal and/or Torres Strait Islander people	Accommodation Support	Housing SA
<i>Public and Community Housing</i>				
Direct Lease Youth Priority Program	Provide rental housing and support on a short to medium term basis to low and moderate income people aged 25 and under who have difficulty sustaining a private rental tenancy.	Young people Low to moderate income Can't sustain private tenancies	Accommodation Support	Housing SA
Short Term Housing Program	Provide rental housing and support on a short term basis for people in housing crisis with no other options.	In housing crisis	Accommodation Support	Housing SA
Integrated Homelessness Program	Provide short, medium or long term rental housing and support to people sleeping in the Adelaide parklands.	Homeless Adelaide parklands	Accommodation Support	Housing SA SHS (St Johns)

<i>Service Program</i>	<i>Overview</i>	<i>Target Group</i>	<i>Service Types</i>	<i>Provider</i>
Aged Homelessness Assistance Program	Provide rental housing and support on a medium to long term basis to vulnerable homeless people aged 50 or above in metro Adelaide.	Homeless Older people Metro Adelaide	Accommodation	Housing SA
			Support	CHP Housing SA
Crisis Housing Program	Provide rental housing and support on a short term basis (three months) to people who are homeless, at risk of becoming homeless, or are in housing crisis.	Homeless/In housing crisis Specific criteria determined by individual CHP/SHS	Accommodation Support	SHS
Transitional Housing Program	Provide rental housing and support on a short to medium term basis (typically 18 months) to vulnerable people who are homeless or at risk of becoming homeless, and who require support to secure alternative accommodation.	Homeless/In housing crisis Require tenancy support Specific criteria determined by individual CHP/SHS	Accommodation Support	CHP SHS
Boarding House Program	Provide boarding house accommodation and support on short to medium term basis to people who are homeless or at risk of becoming homeless.	Homeless/In housing crisis Low income Specific criteria determined by individual CHP/SHS	Accommodation Support (4 out of 15)	CHPs/Education Dept NGOs
Families SA Alternative Care Housing	Provide rental housing and support on a short to medium term basis to young people under the Guardianship of the Minister who are homeless or at risk of becoming homeless. Program operates in partnership with Families SA.	Young people Under the Guardianship of the Minister Homeless/In housing crisis	Accommodation Support	Families SA

<i>Service Program</i>	<i>Overview</i>	<i>Target Group</i>	<i>Service Types</i>	<i>Provider</i>
DV Perpetrators	Provide rental housing and support on a short term basis to perpetrators of domestic or family abuse who are homeless or at risk of becoming homeless – eg due to an intervention order.	Perpetrators of domestic or family abuse Homeless/In housing crisis	Accommodation Support	CHP NGO (OARS)
Disability Housing Program	Provide rental housing and support on a medium to long term basis to people with significant disabilities who are unable to live independently. Program operates in partnership with Disability SA.	People with significant disabilities Unable to live independently	Accommodation Support Access	NGO/CHP Disability Service Provider Disability SA
Homelessness Supportive Housing	Provide rental housing and tailored support packages on a short to medium term basis to people who are homeless, or at risk of becoming homeless.	Homeless/In housing crisis Specific criteria determined by individual SHS	Accommodation Support	Housing SA CHP SHS
Mental Health Supported Housing	Provide rental housing and tailored support package on a medium to long term basis to people with severe mental health issues, nominated by Mental health services. Program operates in partnership with Mental Health Services.	Severe mental health issues Can't sustain private tenancies	Accommodation Support	Housing SA CHP NGO
Integrated Youth Housing Exits Program	Provide rental housing and tailored support packages on a short term basis for young people, nominated by the Youth Justice Directorate to a bespoke panel, who are leaving prison and are homeless or at risk of becoming homeless. Program operates in partnership with Youth Justice DCSI.	Young people Leaving prison Homeless/In housing crisis	Accommodation Support	Housing SA CHP NGO (SYC-HYPA)

<i>Service Program</i>	<i>Overview</i>	<i>Target Group</i>	<i>Service Types</i>	<i>Provider</i>
Integrated Housing Exits Program	Provide rental housing and tailored support packages on a short term basis to people, nominated by DCS to a bespoke panel, who are leaving prison and are homeless or at risk of becoming homeless. Program operates in partnership with DCS.	Leaving prison Homeless/In housing crisis	Accommodation	Housing SA CHP
			Support	SHS (OARS)
Ladder St Vincent St	A partnership between Housing SA, St John's Youth Service and Ladder working with young people aged 16-21 who are homeless or at risk of homelessness	Young people (aged 16-21) who are homeless or at risk of homelessness	Accommodation Support	Housing SA SHS (St Johns)
<i>Assistance, Advocacy and Advice</i>				
Emergency Accommodation (Hotel/Motel)	Provide short term hotel/motel accommodation and support to vulnerable people who are homeless or in housing crisis and no viable alternative exists, while alternative accommodation and support is determined.	Homeless/In housing crisis Vulnerable people – eg families with small children	Financial Assistance Support	Housing SA SHS(Homelessness Gateway)
Private Rental Assistance Program (PRAP/PR Connect)	Provide bond, rent in advance and rent in arrears to low and moderate income households to help them secure and/or maintain a private rental.	Low to moderate income household	Financial Assistance	Housing SA
Private Rental Liaison Program (PRLO Program)	Provide information, advice, referral, advocacy and training to people experiencing difficulty securing appropriate accommodation in the private rental market, and who don't require ongoing support to maintain a tenancy or live independently.	Low to moderate income household Difficulty securing private rental accommodation Doesn't need ongoing support – eg tenancy support	Support	Housing SA

<i>Service Program</i>	<i>Overview</i>	<i>Target Group</i>	<i>Service Types</i>	<i>Provider</i>
Boarding Housing Outreach Program	Provide outreach to people living in boarding houses to help them access and sustain suitable medium to long term accommodation, and to reduce the cycle of homelessness.	Living in a boarding house Metro Adelaide	Support	SHS
Tenants Information and Advisory Service (TIAS)	Provide information, referral, advocacy and advice to low to moderate income household renting public, community housing, or private rental accommodation in South Australia who have tenancy issues or are a risk of eviction.	Low to moderate income household Tenancy issue or at risk of eviction Public, community housing or private rental tenant Aren't boarding houses, residential or caravan park residents	Support	NGO (SYC – HYPA)
Housing information and advice (Housing Options)	Provide information, advice, and referral to people seeking information about their housing options.	Low to moderate income households	Access Support	Housing SA
Intensive tenancy support (Regional Response program and teams)	Provide intensive support to public, community housing and private rental tenants whose tenancy is at risk.	Tenancy issue or at risk of eviction Public, community housing or private rental tenant	Support	Housing SA NGO
Housing Improvement Program (Housing Improvement Branch)	Provide assessment if a property is substandard, sets rent control and mandatory asset maintenance on private rental and owner occupied properties that are deemed to be substandard.	Person renting a property in poor condition	Regulation	Office for Housing Regulation
Social Participation Support Program	TBA	People receiving Centrelink benefits	Support	Housing SA

<i>Service Program</i>	<i>Overview</i>	<i>Target Group</i>	<i>Service Types</i>	<i>Provider</i>
Homelessness Access (Gateway) Program	Provide intake services to people who are homeless or at risk of becoming homeless, including providing access into homelessness programs.	Homeless/In housing crisis	Access Support	SHS
Homelessness Support Program	Provide support services to people who are homeless or at risk of becoming homeless, including providing outreach support, referrals and advice.	Homeless/In housing crisis Renting	Support	SHS
Housing Outreach Program (to prisons)	Provide outreach services at correctional facilities to ensure people exiting custodial settings have access to appropriate housing.	People exiting prison	Access	Housing SA
<i>Home Ownership</i>				
Affordable Homes Program	Sale of nominated properties to low and moderate income home buyers in advance of sale on open market. Properties are advertised and sold through contracted Real Estate Agents. Program is provided by Renewal SA.	Low to moderate income household First time home buyers	Home Purchase	Real Estate Agents
HomeStart loans	Provide affordable home loan financing to low and moderate income households. Program is provided by HomeStart Finance.	Low to moderate income household Specific criteria may apply to particular home loan products	Home Purchase Financial Assistance	HomeStart Finance
EquityStart home loan	Provide an additional subsidised loan to public and community housing tenants who are eligible for a HomeStart loan.	Eligible for a HomeStart loan Public or community housing tenant	Home Purchase Financial Assistance	HomeStart Finance

<i>Service Program</i>	<i>Overview</i>	<i>Target Group</i>	<i>Service Types</i>	<i>Provider</i>
	Program is provided by HomeStart Finance.			

Appendix E Agreement list

The full list of interagency agreements are shown below. Sourced from

Agreement	Status	Start	End	Agencies involved
<i>Service Level Administrative Agreement (SLAA)</i>				
SAHT and Renewal SA SLAA <i>Renewal SA's provision of services for SAHT's financial strategy and reports, asset and maintenance strategy, developing and delivering SAHT housing stock renewal and the management of community housing growth strategies and transfers.</i>	Other	2014	In perpetuity	SAHT Renewal SA
SAHT and Housing SA (DCSI) SLAA <i>Housing SA's provision of social housing, and property maintenance, and other housing programs and responsibilities including rent assistance, indigenous housing programs and delegated social housing duties.</i>	Current	2014	In perpetuity	<ul style="list-style-type: none"> • Housing SA • South Australian Housing Trust (Renewal SA) • Housing Industry and Partnerships, Renewal SA
<i>Information Sharing Agreements</i>				
Correctional Services Operational Protocol <i>Sharing information relating to offenders release on Intensive Bail Supervision, Parol Home Detention or Sentenced Home Detention who transition into public or community housing</i>	Current	2014	2020	<ul style="list-style-type: none"> • Housing SA • Community Corrections, Department for Correctional Services • Housing Industry and Partnerships, Renewal SA
South Australia Police (SAPOL) MOU <i>Sharing information for an effective response to address disorder and criminal activity in Housing SA properties</i>	Current	2014	27/11/2017	<ul style="list-style-type: none"> • Housing SA • SA Police

<i>Agreement</i>	<i>Status</i>	<i>Start</i>	<i>End</i>	<i>Agencies involved</i>
RSPCA Information Exchange Agreement <i>Agreement to exchange and provide information to RSPCA Inspectors around suspected abuse or neglect of animals in SAHT properties</i>	Current	2016	Until terminated	<ul style="list-style-type: none"> • Housing SARSPCA
SA Coroner's Court Domestic Abuse Information Exchange <i>Providing the SA Coroner's Court with information relating to deaths in a domestic abuse context</i>	Current	Unknown	Unknown	<ul style="list-style-type: none"> • Housing SA • SA Coroner's Court
MOAA's				
MOAA for the provision of allocated funds (IHEP DCS Service Agreement) <i>Providing accommodation and support to people exiting custody in order to reduce the risks of both homelessness on release and the changes of reoffending. Funded by IHEP.</i>	Current	2010	2017	<ul style="list-style-type: none"> • Housing SA • Offender Development, Department for Correctional Services
Correctional Services MOAA (Housing Outreach Program) <i>Providing housing information to the prisoner population in correctional facilities. Linked to funding for IHEP</i>	Current	2016	2017	<ul style="list-style-type: none"> • Housing SA • Department for Correctional Services
MOAA for the provision of Occupational Therapy Services <i>Disability Services provide occupational therapy services relating to disability modifications on the provision of allocated funds from Property and Contract Management</i>	Current	2015	2106	<ul style="list-style-type: none"> • Housing SA • Independent Living Centre, DCSI
Alternative Care Housing Allocations MOAA <i>Leasing SAHT properties to Families SA to accommodate children and young people under Guardianship of the Minister</i>	Current	2012	Unknown	<ul style="list-style-type: none"> • Housing SA • Families SA

<i>Agreement</i>	<i>Status</i>	<i>Start</i>	<i>End</i>	<i>Agencies involved</i>
Mental Health MOAA <i>Allocating properties to the Mental Health Supported Social Housing Program for nominated mental health and substance abuse clients as part of the Nation Building agreement</i>	Current	2013	2016	<ul style="list-style-type: none"> • Housing SA • Housing Industry and Partnerships, Renewal SA • Mental Health and Substance Abuse Division, Department for Health
Multi Agency Protection Services (MAPS) MOAA <i>To reduce the incidence and/or impact of domestic violence through a comprehensive, integrated response through information and issuing actions to agencies.</i>	Other	2014	Until terminated	<ul style="list-style-type: none"> • SAPOL • DCSI, Housing SA • Correctional Services • DECD • SA Health
SAHT and DCSI Delivery of Services MOAA <i>The delivery of the following services by DCSI to SAHT:</i> <ul style="list-style-type: none"> • <i>Business technology</i> • <i>media and communications</i> • <i>strategy and governance</i> • <i>procurement and grants</i> • <i>learning and development</i> • <i>fleet management</i> • <i>workforce services</i> • <i>workforce health and safety</i> • <i>assets and facilities</i> • <i>insurance services</i> • <i>risk management and internal audit</i> • <i>legal services</i> • <i>strategic planning and business excellence</i> • <i>data warehouse</i> 	Current	2013	Unknown	<ul style="list-style-type: none"> • DCSI • SAHT

Agreement	Status	Start	End	Agencies involved
<ul style="list-style-type: none"> • business continuity • FGMS (financial services) • human resources strategic improvement and safety				
Integrated Homelessness Program MOAA <i>Funding from DCSI to Housing SA to deliver the Integrated Homelessness Program</i>	Current	2012	2017	<ul style="list-style-type: none"> • DCSI • Housing SA • Housing Industry and Partnerships, Renewal SA
MOU's				
Mental Health MOU <i>Coordinated delivery of mental health services, rehabilitation and housing to improve housing outcomes for people with a mental illness as part of the Nation Building agreement</i>	Current	2016	2020	<ul style="list-style-type: none"> • Housing SA • Housing Industry and Partnerships, Renewal SA • Mental Health and Substance Abuse Division, Department for Health
Anangu Pitjantjatjara Yankunytjatjara MOU <i>Anangu Housing Model for the APY Lands, providing improved housing and maintenance services</i>	Current	2009	Unknown	<ul style="list-style-type: none"> • Housing SA • APY Inc

<i>Agreement</i>	<i>Status</i>	<i>Start</i>	<i>End</i>	<i>Agencies involved</i>
Transitional Accommodation Port Augusta MOU <i>Establish infrastructure and integrated service delivery for the Port Augusta Transitional Program</i>	Current	2005	Unknown	<ul style="list-style-type: none"> • Aboriginal Housing Authority • Davenport Community Council • Children, Youth and Family Services • Disability Services • Office of the Ageing • Aboriginal Health Division, Department of Health • North and Far West Regional Health Service • Department of Aboriginal Affairs and Reconciliation • City of Port Augusta • SA Police • Pika Wiya Health Service • Aboriginal Lands Trust • Indigenous Coordination Centre Port Augusta
<i>Agreements</i>				
Emergency Relief Functional Services Agreement <i>The provision, staffing and management of Emergency Relief Centres</i>	Current	2014	Unknown	<ul style="list-style-type: none"> • Emergency Functional Relief Service, Housing SA • Australian Red Cross (SA)
Tenants Information and Advocacy Service Agreement <i>Funding for the provision of independent advocacy and advice to tenants in South Australia.</i>	Other	2015	2017	<ul style="list-style-type: none"> • Housing SA • Service to Youth Council

<i>Agreement</i>	<i>Status</i>	<i>Start</i>	<i>End</i>	<i>Agencies involved</i>
Income management agreement <i>Bilateral agreement to implement Income Management</i>	Current	2014	2019	<ul style="list-style-type: none"> • Department of the Premier and Cabinet – custodians of the agreement • Department of Social Services • Department for Education and Child Development • Housing SA
Service to Youth Council Agreement (IHEP Youth Justice Program) <i>Provision of allocated NAHA and NPAH funds to SYC to provide accommodation and support to young people exiting custody or remand</i>	Current	2010	2017	<ul style="list-style-type: none"> • Housing SA • Service to Youth Council
Ex-custodial Homelessness Support Service Agreement (IHEP OARS Program and Perpetrator Housing Service) <i>Provision of allocated NAHA and HPAH funds to OARS to provide accommodation and support to people who are exiting custody into homelessness or at risk of becoming homeless.</i>	Current	2010	2017	<ul style="list-style-type: none"> • Housing SA Offenders Aid and Rehabilitation Services (OARS) SA
National Affordable Housing Agreement (NAHA)	Other	2008		<ul style="list-style-type: none"> • Commonwealth of Australia • Council of Australian Governments • States
National Partnership Agreement on Homelessness (NPAH) <i>Facilitate significant reforms to reduce homelessness in Australia by helping people who are homeless or at risk of homelessness achieve sustainable housing and social inclusion</i>	Other			<ul style="list-style-type: none"> • Commonwealth of Australia • Council of Australian Governments • States

Agreement	Status	Start	End	Agencies involved
National Partnership Agreement on Remote Indigenous Housing (NPARIH) <i>Facilitate significant reforms in the provision of housing for Indigenous people in remote communities</i>	Other	2008	2018	<ul style="list-style-type: none"> • Commonwealth of Australia • Council of Australian Governments • States
SACAT Agreement <i>Confirmation of the proportional costs of SACAT services to Housing SA</i>	Current			<ul style="list-style-type: none"> • Housing SA • SACAT
Centrelink easypay rent deduction agreement <i>Agreement for the provision of a Direct Deduction from Centrelink income for housing authority rent deductions</i>	Current	2001	Until terminated	<ul style="list-style-type: none"> • SAHT • Centrelink
Department of Veterans' Affairs rent deduction agreement <i>Agreement for the provision of a direct deduction from DVA income for housing authority rent deductions</i>	Current	2005	Until terminated	<ul style="list-style-type: none"> • SAHT • Department of Veterans' Affairs
Other				
Deed for property chemical contamination testing <i>Agreement with Flinders University to conduct chemical tests and develop recommendations for remediation on clandestine drug lab properties returned to SAHT</i>	Current	2016	2017	<ul style="list-style-type: none"> • Housing SA • Flinders University
Consumer and Business Affairs SLA <i>Operation of the Bond Guarantee Scheme, the cash bond scheme, RTT hearings and the management of matters under the Residential Tenancies Act 1995.</i>	Current	2016	2019	<ul style="list-style-type: none"> • Housing SA • Consumer and Business Services • South Australian Civil and Administrative Tribunal

<i>Agreement</i>	<i>Status</i>	<i>Start</i>	<i>End</i>	<i>Agencies involved</i>
<p>Protection of children and young people</p> <p>DCSI, SA Health and DECD MOU (Housing and Child Protection MOU)</p> <p><i>Coordinated response to housing and the care and protection of children and young people.</i></p>	Current	2016	2019	<ul style="list-style-type: none"> • Housing SA • Disability Services • Families SA • DECD • SA Health
<p>Outer Northern Adelaide Responsiveness Housing Program (Elizabeth Responsive Housing Operational Protocol)</p> <p><i>Provision of short term accommodation to homeless families in the Elizabeth area as referred by Anglicare</i></p>	Current	2013		<ul style="list-style-type: none"> • Housing SA • Anglicare SA
<p>Inner Southern Adelaide Responsiveness Housing Program (Marion Responsive Housing Operational Protocol)</p> <p><i>Provision of short term accommodation to homeless families in the Marion area as referred by Inner Southern Homelessness Service.</i></p>	Current	2010		<ul style="list-style-type: none"> • Housing SA • Inner Southern Homelessness Service • Uniting Care Wesley
<p>Outer Southern Adelaide Responsiveness Housing Program (Noarlunga Responsive Housing Operational Protocol)</p> <p><i>Provision of short term accommodation to homeless families in the Noarlunga area as referred by Outer Southern Homelessness Service.</i></p>	Current	2010		<ul style="list-style-type: none"> • Housing SA • Outer Southern Homelessness Service • Calvary
<p>Housing Assistance for Young People Existing Guardianship of the Minister Operational Protocol (Guardianship Protocol)</p> <p><i>Providing collaborative housing and support to young people under the Guardianship of the Minister as they transition to independence. Aligns with Protection of children and young people MOU (33)</i></p>	Current	2015	3/08/2018	<ul style="list-style-type: none"> • Housing SA • Families SA • Disabilities SA • Disability Services

Agreement	Status	Start	End	Agencies involved
Microfinance Products in South Australia <i>Collaboration with Good Shepard Microfinance to establish a Good Money store in Salisbury, helping people to access microfinance products and support services</i>	Other	2014	2018	<ul style="list-style-type: none"> • DCSI • Good Shepard
Mara Group <i>Provision of supported accommodation to develop independent living skills before moving into alternative accommodation</i>	Current			<ul style="list-style-type: none"> • Housing SA • Disability SA
The Gables <i>Provision of short term lease agreements into Housing SA accommodation and tenancy support to people who are engaging with other support services</i>	Current			<ul style="list-style-type: none"> • Housing SA • Southern Mental Health
Port Augusta Transitional Accommodation Program (Lakeview) Funding <i>Funding contribution from DCSI to Housing SA to support Lakeview Transitional Accommodation Port Augusta</i>	Current	2010	2017	<ul style="list-style-type: none"> • DCSI • Housing SA
Marla lease agreement <i>Housing SA leasing DCSI property in Marla to accommodate Housing SA staff</i>	Current	2015	Unknown	<ul style="list-style-type: none"> • DCSI – APY Lands Community Programs • Housing SA
<i>Agreements in development</i>				
Kurlana Tangkuinya New Dreams <i>Various agreements</i>	In development	tba	tba	
Homelessness Services MOAA	In development	tba	tba	<ul style="list-style-type: none"> • Housing SA • DECD
Good Shepherd Microfinance bond products	In development	tba	tba	<ul style="list-style-type: none"> • Housing SA • Good Shepherd Limited

<i>Agreement</i>	<i>Status</i>	<i>Start</i>	<i>End</i>	<i>Agencies involved</i>
Code Blue <i>Agreement around emergency response in winter for homelessness people state-wide</i>	In development	tba	tba	<ul style="list-style-type: none"> • Housing SA • TBA
Emergency Relief Functional Services MOU <i>Agreement around Housing SA's provision of services in emergency situations</i>	In development	tba	tba	<ul style="list-style-type: none"> • Housing SA • TBA
Administering content on the Housing Franchise MOU <i>Agreement between Housing SA and CBS regarding the development and improvement of housing related content provided on sa.gov.au by the Housing Franchise – awaiting sign-off on overarching MOU between DCSI and DPC</i>	In development	2016	2018	<ul style="list-style-type: none"> • Housing SA • Consumer and Business Services
Amalgamated lands maintenance service tender MOAA <i>Related to the provision of infrastructure</i>	In development	tba	tba	<ul style="list-style-type: none"> • Housing SA • DPTI
Bond management agreement <i>Agreement relating to the provision of cash and bond guarantees by Housing SA to CBS</i>	In development	tba	tba	<ul style="list-style-type: none"> •
Anangu Pitjantjatjara Yankunytjatjara MOAA	Current	Unknown	Unknown	<ul style="list-style-type: none"> • Housing SA • Unknown
<i>Expired Agreements</i>				
Families SA Operational Protocol <i>Referral of families at risk of eviction with known child protection issues to Families SA for priority access to support services</i>	Expired	2008	2014	<ul style="list-style-type: none"> • Housing SAFamilies SA

<i>Agreement</i>	<i>Status</i>	<i>Start</i>	<i>End</i>	<i>Agencies involved</i>
National Indigenous Reform Agreement (Closing the Gap)	Other	2008	2013	<ul style="list-style-type: none"> • Commonwealth of Australia Council of Australian Governments States
Coober Pedy Homelessness and Support Service MOAA <i>Funding from DCSI to Housing SA to deliver the Coober Pedy Homelessness and Support Services</i>	Current	2015	2016	<ul style="list-style-type: none"> • DCSI • Housing SA
UNO Apartments MOU <i>Agreement to lease SAHT properties to Urban Communities Limited for the management and operation of UNO Apartments</i>	Current	2012	2014	<ul style="list-style-type: none"> • Housing SA • SAHT • Urban Communities Limited
Housing and Support Program (Avalon) MOU <i>Provision of accommodation and support to people in the inner southern region receiving mental health services who are homeless or at risk of homelessness.</i>	Current	2015	2016	<ul style="list-style-type: none"> • Uniting Care Wesley, Port Adelaide • Southern Mental Health • Housing SA • Unity Housing

