

6th December 2023

CSAG Secretariat
GPO Box 9820
Department of Social Services
Canberra ACT 2601
Via CSAGSecretariat@dss.gov.au

Dear CSAG Secretariat

National Shelter welcomes the opportunity to make a submission to the consultation for 'A stronger, more diverse and independent community sector'. We appreciate being given an extension to provide this submission.

We endorse the submission made by the Australian Council of Social Services (ACOSS) and their recommendations.

We wanted to take the opportunity to provide a brief submission focusing on three key areas relating to the housing and homelessness sector:

- Systemic change
- Transparency with funding and indexation
- Systemic advocacy and peak bodies

About National Shelter

National Shelter is a non-government, registered charitable peak organisation that aims to improve housing access, affordability, appropriateness, safety and security for people on low incomes.

Since 1975, National Shelter has been a trusted voice working towards influencing government policy and action, and by raising community awareness about housing issues, and illuminating the experience of low-income households within Australia's housing system.

National Shelter is 'tenure neutral' - not preferring one form of tenure over another, instead focusing on security, affordability, safety, wellbeing, and accessibility as markers of an appropriate housing system.

National Shelter's aim is to work towards every Australian having access to housing that is:

- affordable — people should not be living in poverty after they have met their housing costs
- adequate — everybody is entitled to housing that meets basic standards of decency and their own basic needs
- secure — people should not live under a threat of loss of home and shelter
- accessible — access to housing should be free from discrimination and conform with universal design principles, at a minimum.

- in the right place — housing should be located close to transport, services and support networks, job opportunities, and social and leisure activities
- able to meet their lifecycle needs — people have different housing needs at different stages of their lives, and housing should be available to meet these changing needs.

As the only national peak body that brings together and considers the interests of tenant organisations, consumers, community housing providers and homelessness services, National Shelter is uniquely placed to reflect the views and ideas from each of these groups to government, in a way that no other organisation or industry body can.

National Shelter has a range of policy positions¹ based on evidence, research and expertise. The positions reflect National Shelter's focus on a healthy housing system and include social and affordable housing, institutional arrangements, private rental reform, infrastructure, planning reform, taxation reform, and First Nations housing.

The Shelter Network also plays a key leadership role across Australia championing the development of an effective housing system and bringing all parts of the housing system together to drive systemic change. It is a rich network that creates strong collaboration between organisations, government, the community, and individuals working towards our collective goal of a healthy housing system.

Overview – the Australian national housing emergency

As the Committee would be aware, Australia is in a national housing emergency. Previous National Shelter submissions² to Senate committees, pre-budget submissions, and the Rental Affordability Index³ have highlighted the significant stress that households across Australia are experiencing.

Contributing factors include decades of under investment in social and affordable housing, a highly competitive private rental market due to very low vacancy rates, and low rates of income support and other support measures such as Commonwealth Rent Assistance (CRA).

Furthermore, Australian households and families are facing enduring hardship as they make difficult decisions as inflation occurs in non-discretionary items (such as energy bills, food, transport) rather than discretionary items that can be left off purchasing for another timeⁱ. The housing crisis is predicted to increase, particularly for those households in the rental sector. The Reserve Bank of Australia (RBA) anticipate that 'further large increases in rents expected over coming years as population growth picks up'ⁱⁱ.

This is placing significant demand on the housing and homelessness sector. Housing issues are the major reason for people seeking assistance (housing crisis, eviction, inappropriate housing and housing situation ended) (35%). A further 18% require assistance because of financial issues, including housing affordability stress. However, nearly 72,000 are turned away from homelessness services (2021-22)⁴, and we know anecdotally from services that they have risen.

There has been an increase of almost 13% increase between September 2017 and September 2023 (almost double the rate of population increase) of the monthly number of people using homelessness services⁵.

¹ <https://shelter.org.au/site/wp-content/uploads/National-Shelter-Policy-Positions-FINAL-3.pdf>

² <https://shelter.org.au/category/publications/submissions/>

³ <https://sgsep.com.au/projects/rental-affordability-index>

⁴ <https://homelessnessaustralia.org.au/wp-content/uploads/2023/10/National-Housing-and-Homelessness-Plan-Submission-9.pdf>

⁵ <https://www.aihw.gov.au/reports/homelessness-services/specialist-homelessness-services-monthly-data/contents/monthly-data>

This is coming at a time when the sector was called upon as front line service agencies during the COVID-19 pandemic and is further called upon during climate disasters that have now become the normal course of business.

Additionally, this year those parts of the sector funded through homelessness agreements have faced uncertainty with the loss of \$65million from the National Housing and Homelessness Agreement (NHHA) for the Equal Remuneration Order (ERO) supplementation, as the NHHA was rolled over for 12 months to align with the delivery of National Housing and Homelessness Plan. The sector advocated, with Homelessness Australia, as the lead, for the maintenance of this funding to ensure that homelessness services would not have to cut staff (up to 650 nationally)⁶. While funding was restored in March 2023 (\$67.5million)⁷, the re-prosecution of the argument for the continuation of the supplementation at a time of high demand means that the sector feels undervalued.

It is critical that funding for the sector is sufficient to meeting the current and future demand, while also enabling services to adequately cover the superannuation guarantee, higher inflation, other increasing costs (such as insurance), and any changes to pay decisions via the Fair Work Commission. A failure to meet this requirement means that housing and homelessness services will need to reduce their services having severe consequences for those in need. Additionally, the sector requires timely advice from government and departments about matters impacting on budget (such as indexation) to allow for the preparation of sustainable budgets.

The issue of funding to meet need and for services to meet rising costs, also leads to the issue of the sector being able to attract and retain staff, and develop a professional workforce.

Recommendations:

- That a renewed National Housing and Homelessness Agreement adequately resources the sector to meet the real costs of operation and service delivery including wages, appropriate indexation, and other essential rising costs.
- That a renewed National Housing and Homelessness Agreement ensures that funding for housing and homelessness services is adequately resourced to meet increased community need.

Investment in systemic change

The return of the Commonwealth to social and affordable housing is strongly supported, as are the enhancements to income support, Commonwealth Rent Assistance, and other cost of living initiatives. National Shelter supported the introduction of the \$10billion Housing Australia Future Fund, the National Housing Accord, and the institutional architecture.

Underinvestment in social and affordable housing and income support measures are a key contributor to the high levels of demand for support housing and homelessness assistance, leading to hardship and deprivation for households. A greater level of investment into social and affordable housing, as well as permanently raising the levels of income support and Commonwealth Rent Assistance will have a material impact on households, resolving their issues and need to engage with community services.

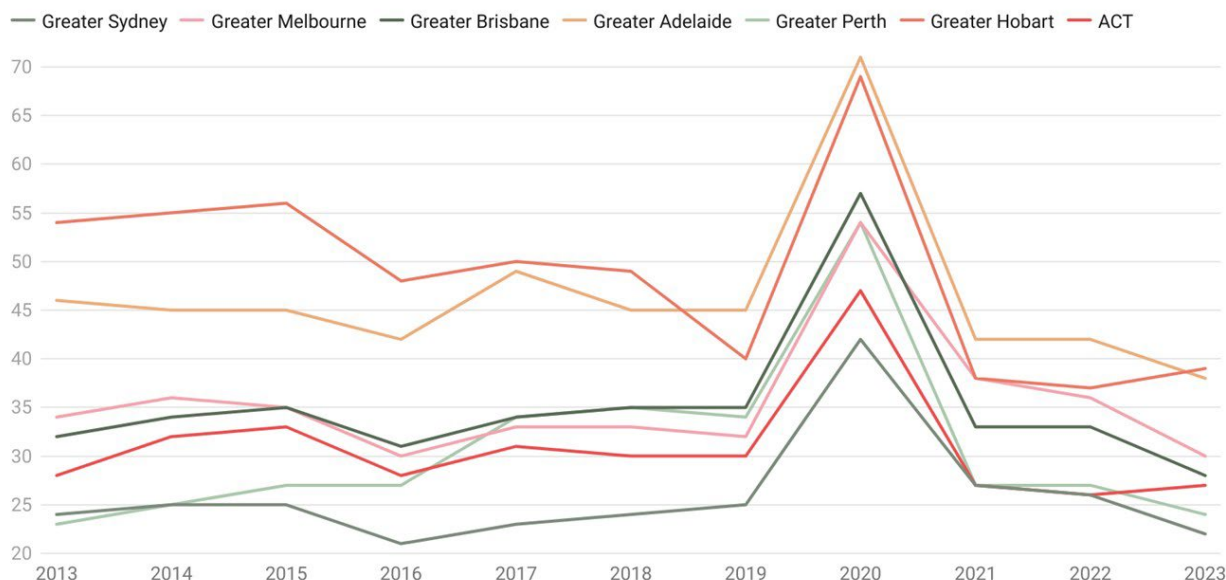
The impact of the temporary increase in JobSeeker via the COVID Supplement during the pandemic is graphically illustrated by the Rental Affordability Index (RAI). It clearly shows that an individual person on JobSeeker was experiencing 'extreme unaffordability' paying 60% or more of the income in rents prior to COVID. The COVID supplement enhanced affordability, but households were still

⁶ <https://homelessnessaustralia.org.au/homelessness-australia-and-asu-federal-cuts-to-ero-funding-put-homelessness-services-t-risk/>

⁷ <https://ministers.treasury.gov.au/ministers/julie-collins-2022/media-releases/albanese-government-deliver-675-million-boost>

paying over 30% of their income in rent. The removal of the supplement saw a return to pre-pandemic levels of 'extreme unaffordability'.

RAI Scores for a person on JobSeeker payments, capital cities, 2013-2023



Source: Rental Affordability Index, 2023⁸

Recommendations:

- That the Australian government commit and fund to delivering social and affordable housing to meet the target of social and affordable housing comprising 10% of total housing stock, utilising the National Housing and Homelessness Plan and National Housing and Homelessness Agreement setting targets and actions for jurisdictions.
- That the Australian government, through the National Housing Supply and Affordability Council or the Economic Inclusion Advisory Committee, undertake an inquiry to examine reform of CRA to optimise value and impact for low-income rental households.
- And in the meantime, the Australian Government increase the maximum rate of CRA by at least 50%, and that this amount be indexed to the rental component of CPI from 2024 onward.
- That eligibility for CRA be extended to all people who meet income tests requirements, irrespective of their source of income.
- The Australian Government permanently increase JobSeeker, Youth Allowance, Austudy, Abstudy, Special Benefit and Parenting Payments to at least \$76 per day.

Funding of peak bodies

The mainstream housing and homelessness sector have been without national peaks for almost a decade.

Peak bodies including National Shelter, Homelessness Australia, and the (then) Community Housing Federated Association were defunded in December 2014 with the termination of the Housing and Homelessness Service Improvement and Sector (HHSISS) funding. The funding program for the

⁸ <https://sgsep.com.au/projects/rental-affordability-index>

HHSISS was \$21million over five years⁹. Additionally, the contractual funding for the peaks that was in place until June 2015 was revoked.

Since then, National Shelter has relied on funding from its membership, sponsorship and project funding through grants to undertake its work. Unlike the private sector, housing and homelessness service providers have limited budgets reinvesting surpluses into enhancing their service delivery for clients and tenants. The sector has limited capacity to self-fund the full range of functions performed by peak bodies. Currently, our sector members are focused on delivering frontline services and as mentioned earlier, prioritising funds for core business.

While National Shelter has been effective with limited resources, this approach is not sustainable. Limited member-based funding means that it is difficult to fully engage with government processes and represent the needs of the sector to the depth required.

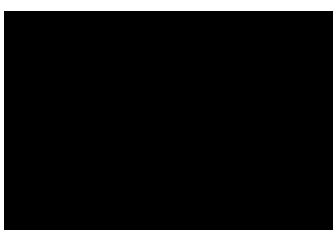
The housing and homelessness sector require funded specialist peak bodies when there is a housing crisis and the implementation of a significant government housing agenda, including the National Housing and Homelessness Plan. Both National Shelter and Homelessness Australia have been representing the sector by undertaking activities similar to those funded through the Family and Community Services Improvement (FCSI) funding, and there is an opportunity to fund housing and homelessness peaks via Housing Support stream in DSS which is responsible for the National Housing and Homelessness Plan, National Housing and Homelessness Agreement, and Commonwealth Rent Assistance. Additionally, any funding would also align with initiatives through Treasury and Housing Australia including the National Housing Accord, and Housing Australia Future Fund.

Recommendation:

- Returning funding to housing and homelessness peak bodies, including National Shelter, to be able to meaningfully engage with government to represent the interests of the sector, members, and constituents, as well as contribute to ongoing policy development and engagement.

National Shelter thanks the committee for the opportunity to engage in this process, and looks forward to working with government on the implementation of these recommendations. Please do not hesitate to contact National Shelter if you would like to discuss this submission further.

Yours sincerely



CEO National Shelter

⁹ <https://probonoaustralia.com.au/news/2015/04/nfps-hit-out-at-funding-process-during-senate-inquiry/>

ⁱ <https://www.theguardian.com/business/economics/2022/oct/27/why-is-the-cost-of-living-going-crazy-even-as-the-reserve-bank-raises-rates>

ⁱⁱ <https://www.rba.gov.au/monetary-policy/rba-board-minutes/2022/2022-12-06.html>