

**Submission
No 23**

TENANCY MANAGEMENT IN SOCIAL HOUSING

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Date Received: 8/08/2014

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In reply please quote: A14/1162:AJ:mb

Mr David Hale
Committee Manager
Public Accounts Committee
Parliament House
Macquarie Street
SYDNEY NSW 2000

Dear Mr Hale,

Re: Inquiry into Tenancy Management Services in Social Housing

The Association welcomes the opportunity to participate in this inquiry. As the union that represents employees in Housing NSW, we are proud to advocate their views in relation to the future of the services they provide to people in need in New South Wales.

The Association supports the effective collaboration of the Public and Community Housing sectors. As contained in our submission however, we warn against a view that sees the role of the Community sector as being primarily to replace the public provision of tenancy management services. It is our view that this is neither in the interests of those employed in Housing NSW, nor those people who rely upon their work, that existing tenancy management services be outsourced.

We would welcome the opportunity to provide further evidence to the Committee in any hearing called in this inquiry.

Yours faithfully,



Anne Gardiner
General Secretary



August 2014

Submission to the Legislative Assembly Inquiry into Tenancy Management in Social Housing

Public Service Association of NSW

160 Clarence Street

SYDNEY NSW 2000



Introduction

1. The Public Service Association of NSW (PSA) is a registered union under the Industrial Relations Act 1996. Our members contribute to and improve the lives of the people of New South Wales through a diverse range of services in the New South Wales public sector and related entities, state owned corporations, TAFE NSW and universities. We proudly represent 40,000 members spread over 4,000 worksites.
2. The Association represents employees throughout the Department of Family and Community Services including within Housing NSW.
3. We welcome the opportunity to participate in this inquiry. The Association recognises that the effective collaboration of the Public and Community housing sectors is essential to expanding access to affordable accommodation for those in need. We caution however against a view that sees the role of the Community sector as replacing public provision as opposed to enhancing the total housing stock.
4. This submission has been developed in consultation with delegates from the PSA Housing NSW Delegates Committee and draws upon their experience, and that of the workforce as a whole.

Context of inquiry

5. The Association holds significant concerns regarding the preconceptions of this inquiry. The first matter upon which comment is invited in this inquiry, along with the accompanying statements from Committee and Government members upon its announcement, suggests there is an underlying bias in favour of outsourcing.
6. The Government is reported to have established a view in relation to community services in which it refuses to guarantee the public sector will act as the provider of last resort, even in circumstances of high risk of contracted service failure.¹
7. The Association views such risk as being particularly pertinent in the coming years as the NGOs significantly expand their activities through the implementation of the NDIS and the privatisation of Out-of-Home-Care. This expansion is likely to place stress on both the capacity of NGOs, as well as on clients of Housing NSW who access both tenancy and disability support services.
8. We strongly urge the Committee to take an objective view in this inquiry and to focus on the long-term expansion and provision of quality social housing services rather than the short-term appeal of perceived cost savings.
9. We also urge the Committee to maintain a respectful position towards the over **500** employees currently working in the Tenancy Management Services division of Housing NSW. Significant outsourcing, such as that which this inquiry is considering, can bring with it substantial upheaval to the lives of workers, including significant psychological and financial strain.

¹ <http://www.smh.com.au/federal-politics/political-news/pension-crackdown-welfare-overhaul-to-hit-thousands-20140629-3b21u.html>

10. The experience of the Association in dealing with the outsourcing of services elsewhere, is that the complexities of workforce management and industrial relations issues are not well considered when in principle decisions have been made. We caution the Committee against repeating this mistake.
11. The issues sought comment on are addressed by the Association below. We would welcome the opportunity to provide further statement to the Committee in any hearing called in this inquiry.

The cost effectiveness of current tenancy management arrangements in public housing, particularly compared to private and community housing sectors.

12. Any comparison between of the cost of tenancy management arrangements between sectors needs to account for the full cycle of work associated with service delivery, the complexity of portfolio, as well as differing access to Commonwealth payments and tax advantages.
13. Members have also expressed concern that the intended savings and alignment of services brought by the 'One FACS' merger and the 'localisation' restructuring have not been given the opportunity to materialise.
14. Members have pointed to several examples of costs being shifted from Community housing to Public housing. Housing NSW perform over 90% of all waiting list data entry required to maintain the overall service infrastructure, whilst maintaining management of approximately 80% of social housing stock. Members report that Community housing providers often face difficulties processing complicated applications due to staff having less experience dealing with complex needs clients. These applications are often referred back to Housing NSW for assistance and completion.
15. The cost of handling initial enquiries to the Housing Contact Centre by clients ultimately placed in Community housing also represents a substantial effective subsidy to Community providers.
16. Similarly, the cost of developing the policy framework for social housing is incurred by Housing NSW. This policy development provides leadership and guidelines to the Community providers to ensure that service provision is coordinated across the state.
17. Tenanted property transfers of both existing and recently constructed National Building Economic Stimulus Package (NBESP) properties, represent another example of cost shifting. In both situations, the costs experienced by Housing NSW in planning, contract management, development approval, and engaging with and relocated tenants, are not recouped when the property is transferred to the community provider.²
18. Members report that the portfolios managed by client service officers in Housing NSW are often larger and more complex compared to Community housing providers. Members report that client service officers can routinely maintain a portfolio of between 350 and 480 properties. This compares to an average total portfolio of 1000 properties per provider in the Community sector.
19. The ability for tenants in Community housing properties to access Commonwealth Rent Assistance and the capacity for Community providers to access tax incentives on their

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http://www.communityhousing.org.au/index%20attachments/Tenanted%20Property%20Transfers_FINAL%20REPO_RT_April%202014.pdf

capital costs means that Public and Community providers ultimately face unequal cost and revenue structures. The cost of Federal outlays and tax expenditure should also be taken into account when considering the full social cost faced.

The range and effectiveness of support services provided to tenants in social housing

20. The full range of services and program details delivered by Housing NSW should be made readily available to the Committee and we trust will be comprehensively canvassed by the Department in the course of this inquiry.
21. From the perspective of members, the role of employees within Housing NSW is seen as that of a de facto social worker. Integral to the success of all work undertaken is the establishment of long-term relationships and good-will with clients and other service providers.
22. Within the outsourced model under consideration here, there exists an evident tension between the need to establish these long-term relationships and the necessary competition between service providers that drives desired efficiencies. Competition cannot be effectively exercised if contract holders cannot be changed, however the building of long-term relationships is undermined by any change in contract holder.
23. In the context of a competitive market it is the services that present the thinnest margin that are most likely to go undelivered and/or be reduced. In the context of tenancy management this would expose clients with multiple and complex needs, alcohol and substance abuse problems, mental health problems, clients suffering from or escaping domestic violence, clients requiring modified properties and clients in remote and regional area, to a heightened risk of service failure.

Outcomes for tenants from current tenancy management arrangements

24. In 2013/14 Housing NSW was responsible for assisting 140,500 households (approximately 333,000 people) live in Public, Community and Aboriginal housing, and directly managing over 119,000 properties.³
25. The National Social Housing Survey 2012⁴ conducted by the Australian Institute in Health and Welfare provides an overview of the experience of people living in Public and Community housing across the country. The Association warns against the Committee relying on the tenant satisfaction rating reported from this survey as a useful indicator of the outcomes of tenancy management arrangements. Consistent with the anecdotal reports of members, the survey suggests a degree of selection bias in regards to the clients that are placed in Community housing.
26. Across Australia, when compared to the Public housing sector, a lesser percentage of clients of Community housing exhibit complex needs, such as having experienced homelessness or accessing emergency accommodation in the last 5 years and inversely, are more likely to be employed and to have graduated year 12.
27. Further to this, it is possible that satisfaction ratings can be attributed to the superior quality of housing stock being transferred to the Community sector (consistent with the view of members).

³ NSW Budget 2014/15, No.3 Budget Estimates and FACS Annual Report 2011/12,

http://www.facs.nsw.gov.au/__data/assets/pdf_file/0003/262299/1229_FACS_AR-PART2.2-Housing_WEB.pdf

⁴ <http://www.aihw.gov.au/WorkArea/DownloadAsset.aspx?id=60129545521>

28. Despite possible biases in the placement of clients, when asked to assess the benefits of living in social housing, Public housing tenants in NSW were still more likely to see a benefit in two out of five assessed categories - access to services and improved financial management – then those in Community housing.

Possible measures to improve tenancy management services

29. Members report that improvements in the use of technology could deliver significant productivity gains in the delivery of tenancy management services. The use of portable devices would allow staff to create tenancies, sign ups, look up HOMES, enter data into HOMES, and make referrals to other support agencies, whilst in the field.
30. The Association notes that this technology has been invested in for the use of DOCS caseworkers (\$100 million over four years – NSW Budget 2014/15) with the same intended purpose.
31. Productivity gains could be found through streamlining or combining the multiple computer systems staff use. Members report that the current systems are convoluted and complex, necessitate extensive training, and result in the duplication of data entry.
32. Current trends in staffing arrangements – NSW Housing leaving position vacant and over-utilising temporary employment contracts – undermines the delivery of services. Filling roles and converting staff to permanent position would reduce staff turnover and consequently allow for long-term investment in staff training and development.
33. Members have expressed concerns regarding the cost and performance of outsourced maintenance management contracts. Since the outsourcing of this work in 2012 Housing NSW has experienced increased levels of client dissatisfaction in the timeliness and quality of repair and modification work. This results in an increase in workload for client service staff and the Housing Contact Centre and increased costs due to repairs being repeated and/or alternate accommodation being funded whilst clients are temporarily relocated. The Association recommends that the outsourcing of this work be reversed.
34. Members point to the Subsidy Review Improvement Program as an example of efficiency savings and service improvement. It is the view of members that further improvements could be made in this area by greater streamlining of administrative work involved in subsidy reviews.
35. Finally, the distortions in the social housing market created by restrictions on Commonwealth Rent Assistance for State Public housing tenants should be reviewed. For any given market rent, the inability for tenants of Public housing to access CRA imposes a higher subsidy cost on the State Government and leads to Housing NSW receiving a lower rental stream on the value of its portfolio. This in turn restricts the level of reinvestment able to be made in its housing stock by Housing NSW from within its own revenue source.
36. The Association again thanks the Committee for the opportunity to contribute to this submission and we reiterate our interest in appearing before any hearing called in this Inquiry.