Measuring housing assistance

National data standards developed under the

1999 Commonwealth State Housing Agreement

The Australian Institute of Health and Welfare is Australia's national health and welfare statistics and information agency. The Institute's mission is *better health and wellbeing for Australians through better health and welfare statistics and information.*

Measuring housing assistance

National data standards developed under the

1999 Commonwealth State Housing Agreement

October 2004

Contents

Acknowledgments

Abbreviations

ABS	Australian Bureau of Statistics
AIHW	Australian Institute of Health and Welfare
CEO	chief executive officer
COAG	Council of Australian Governments
CSHA	Commonwealth State Housing Agreement
DV	domestic violence
FaCS	Department of Family and Community Services
GST	Goods and Services Tax
IHS	Integrated Housing System
NESB	non-English-speaking background
NHDA	National Housing Data Agreement
NHDAMG	National Housing Data Agreement Management Group
NHDDC	National Housing Data Development Committee
RRMA	Rural Remote Metropolitan Areas (classification)
SAAP	Supported Accommodation Assistance Program
SHA	state housing authority
SLA	statistical local area

Introduction

This publication presents the standards developed under the National Housing Data Agreement (NHDA), a subsidiary agreement to the 1999 Commonwealth State Housing Agreement (CSHA). These standards have been developed by the National Housing Data Development Committee under the guidance and direction of the National Housing Data Agreement Management Group.

The NHDA aims to:

- ensure that nationally relevant housing data collected throughout Australia are consistent and compatible between different collections; and otherwise

- to improve the quality of and access to housing data at the national level and at the same time maintain and protect the confidentiality of the data for individuals and for signatories to the Agreement.

The achievement of these aims is guided by the three schedules to the Agreement:

Schedule 1: development and reporting of a minimum data set

Schedule 2: development and reporting of a set of national performance indicators and

Schedule 3: development and implementation of national data definitions and standards.

The papers included in this publication are part of the work completed under Schedule 3 of the NHDA. This work is supported by the *National Housing Assistance Data Dictionary* versions 1 and 2 (also under Schedule 3), the national reporting framework of 11 performance indicators (Schedule 2) and the national minimum data set (Schedule 1) which are detailed in the data manuals and individual collection reports. Copies can be found at the Australian Institute of Health and Welfare's Housing Assistance Unit website at <http://www.aihw.gov.au>.

Since the development of these papers, Housing Ministers have signed a new five–year 2003 Commonwealth State Housing Agreement. The NHDA has also been reviewed in line with the requirement that the 'management and implementation of the Agreement and the operation of its structures, particularly costs and benefits' be reviewed by its third year. The steering committee for the review has recommended to Housing Ministers that the NHDA be rolled over for the life of the new 2003 CSHA.

The impact of the new CSHA on the performance reporting framework will be determined when the framework is reviewed later this year. Regardless of the outcome of this review, it is expected these standards will continue to be improved, and additional standards will be developed.

Identifying Indigenous households in mainstream Commonwealth State Housing Agreement program data collections 2001–02

1 Introduction

This paper examines the coverage and quality of data about Indigenous households in the 2001–02 Commonwealth State Housing Agreement (CSHA) data collections. The paper identifies gaps in data coverage and highlights data quality issues in public housing, CSHA community housing, the Crisis Accommodation Program, home purchase assistance and private rent assistance. This paper was prepared by the National Housing Data Development Committee (NHDDC) and a summary and recommendations for consideration by the National Housing Data Agreement Management Group (NHDAMG) are listed in Section 4.

A previous version of this paper was released in November 2002 for the NHDAMG, which related to data from the 2000–01 CSHA data collections. The NHDAMG requested that the Australian Institute of Health and Welfare (AIHW) update the paper for the 2001–02 collection to make it as useful as possible in a policy development sense. Furthermore, the new 2003 Commonwealth State Housing Agreement has been introduced, effective from 1 July 2003, which places greater emphasis on improving housing outcomes for Indigenous people. This includes improving access to mainstream CSHA programs, and improving the availability of nationally consistent and comparable data through the Agreement on National Indigenous Housing Information (Commonwealth of Australia 2003).

The identification of Indigenous households in CSHA programs also aligns with the Council of Australian Governments' (COAG) commitment to measure and report Indigenous access to mainstream programs in the annual report on government services and the new COAG report on Indigenous disadvantage. Measuring access requires the development of data that identify Indigenous households using mainstream CSHA housing assistance programs.

Also, the Australian Housing Ministers' Ten Year Statement of New Directions for Indigenous Housing (HMAC 2001) includes implementation strategies about identifying and addressing unmet housing needs of Indigenous people and continuing to improve Indigenous access to mainstream public and community housing programs.

2 Improving counting rules

In the 2001–02 data collection there were a number of issues around counting rules that need further clarification for future collections to ensure all households are identified in the most relevant program area and are only counted once across the data collections. Further work will be undertaken by the NHDDC in examining the 2002–03 data and developing the 2003–04 data collections.

Figure 1 presents the main areas of social housing that may be classified as either mainstream or targeted to Indigenous households—for mainstream an Indigenous identifier is required to measure access while in targeted assistance some measure of use by non-Indigenous households may improve counting. The latter is a lower priority than improving mainstream data.

| | Public rental housing | | Community housing | | |
			CSHA		Non–CSHA
Mainstream	Mainstream	A	Mainstream CSHA	B	Mainstream non–CSHA
	C		D		E
Targeted	Aboriginal Rental Housing Program/State Territory Owned and Managed Indigenous Housing	F	CSHA–funded Indigenous Community Housing	G	Non–CSHA Indigenous Community Housing

Figure 1: Program areas of social housing
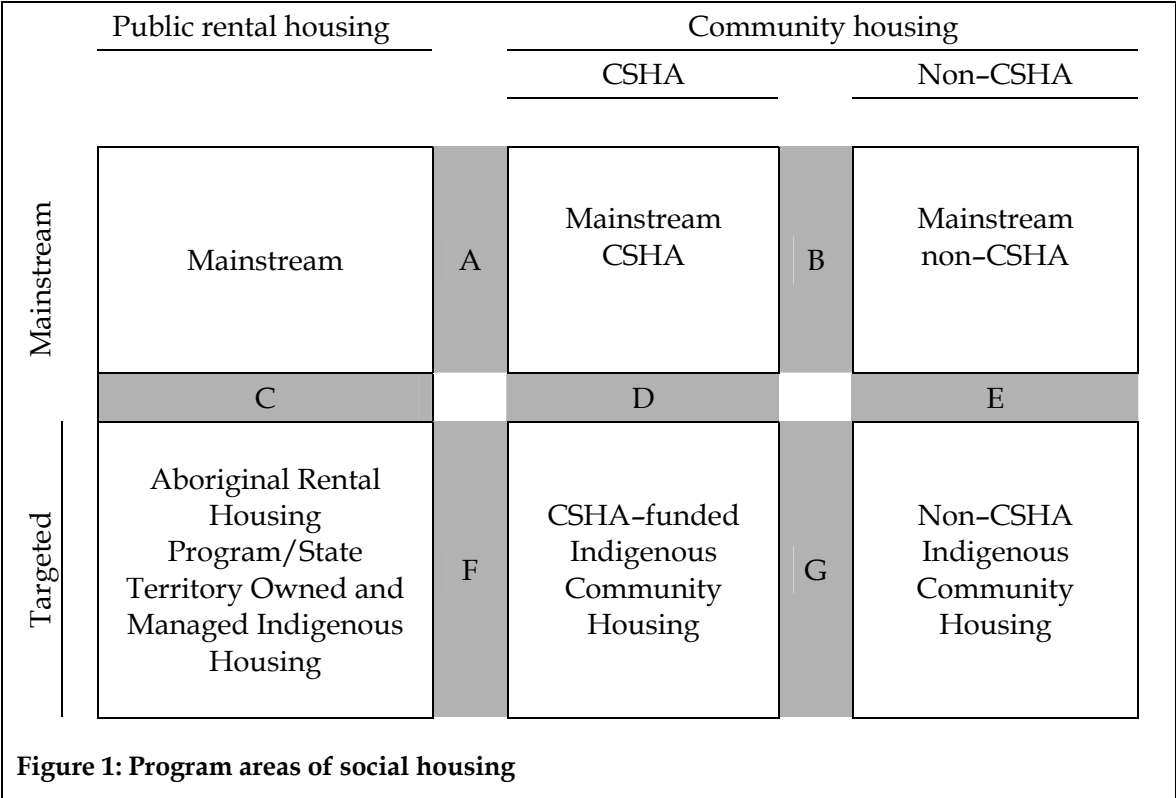
The 2001–02 collection identified the potential for certain tenancies to be classified a number of ways and while the definitions ensured consistency in data collection, this needs to be checked to ensure it is the best approach for users of these data. Similarly there are differences in administrative and Census and survey data that require further investigation. In particular the 2001–02 collections identified the need to further refine counting rules for:

- Boundary A and F between the public and community housing areas of the CSHA for the treatment of 'direct' tenancies. This is where community organisations assess and allocate people for tenancies in dwellings where the other tenancy and property management areas are the responsibility of the public housing agency. These tenants are public housing tenants (either mainstream or targeted) after the initial community allocation process.

- How consistently boundary D in Figure 1 is maintained to ensure targeted Indigenous community housing (which in general is considered as separate to the CSHA community housing program mainstream programs) is consistently counted outside mainstream CSHA community housing. For example the counting of 30 mainstream CSHA community housing providers with a primary target group being Indigenous Australians in the 2001–02 collection requires investigation and clarification.

Improved counting rules may avoid any double counting and consistently place these 'borderline' areas of assistance in the best place for policy and program measurement.

The implications are that there is the potential for some dwellings to be either missed or double counted in the administrative and survey data. The development of the national social housing survey across both mainstream and targeted housing makes it more important for these issues to be resolved as quickly as possible.

It is recommended that further program mapping be undertaken similar to that contained in the CSHA mainstream community housing data collection manual to tighten up counting rules. It may be necessary to develop a counting rule based on the principal funding/asset source for each dwelling to avoid double counting.

3 Status of Indigenous identification in mainstream CSHA programs for 2001–02 data collection

3.1 Mainstream public housing

Table 1 shows that all jurisdictions were able to report about the Indigenous status of both existing and new households in the 2001–02 public housing data collection. This analysis excludes 11,766 households that were living in Aboriginal Rental Housing Program/state–territory owned and managed Indigenous housing at 30 June 2002 (AIHW 2003c). 'All Indigenous households at 30 June 2002' refers to a count of all households that were residing in public rental housing on the date 30 June 2002. 'New Indigenous households for year ending 30 June 2002' is a count of the total number of Indigenous households that were newly allocated public housing tenancies during the financial year 2001–02. The term 'existing households' is used in this report to refer to households that were allocated tenancies prior to the 2001–02 financial year.

Table 1: Public housing data collection: total number of all and new Indigenous households assisted, 2001–02

	NSW	Vic	QLD	WA	SA	Tas	ACT	NT	Total
All Indigenous households assisted at 30 June 2002	8,700[(a)]	771	2,311	2,098	812	463	142	1,377	16,674
New Indigenous households assisted for year ending 30 June 2002	888	218	830	750	233	163	28	382	3,492

(a) New South Wales data were derived using Census data to identify Indigenous households living in public housing. Indigenous identified household-level data are not available through the AIHW National Housing Data Repository.

Source: AIHW 2003a.

The quality and reliability of public housing Indigenous data are influenced by several factors, including the level at which data about the Indigenous status of household members is collected and reported and the extent of missing data in information management systems. In this report, 'data collection' refers to the information that is collected from respondents on jurisdictional data collection forms, and 'data reporting' refers to the information that is transmitted electronically to the AIHW National Housing Data Repository. Issues around data collection and reporting of Indigenous status are examined in the following sections. Information reported in these sections was compiled from correspondence with jurisdictions, and the AIHW National Housing Data Repository using CSHA 2001–02 housing data sets (AIHW 2002a).

3.1.1 Availability of 'person level' Indigenous status data

The *National Housing Assistance Data Dictionary* version 2 (AIHW 2003d) defines an Indigenous household as 'a household that contains one or more Indigenous people'. This definition requires information about the Indigenous status of all household members to be collected (i.e. at the person level). Variation exists between jurisdictions in regard to the level at which this information is collected. This influences a jurisdiction's ability to accurately report about the Indigenous status of households in CSHA reporting.

In relation to each jurisdiction, Table 2 shows that:

- New South Wales started collecting information on the Indigenous status of applicants when the Integrated Housing System (IHS) was introduced in October 1999. The collection is at the person level. However the completeness of the data on Indigenous status is low (around 33%), with only 2,900 households being identified in IHS as Indigenous, whereas the Census indicates a figure of 8,700. Due to these quality issues, the data were not reported to the AIHW National Housing Data Repository, but rather the Census estimate was reported. There are two reasons for the lack of completeness and poor data quality:

  – Over 60% of current tenants were housed before IHS was introduced, and hence there is no information about their Indigenous status on the system.

  – It is not compulsory to ask clients their Indigenous status at application, nor is it compulsory to enter Indigenous status information into IHS.

New South Wales has been working to improve the completeness and data quality of the Indigenous status item. It is in the process of making changes to the application process so that client service officers ask all clients the question about Indigenous status. Changes are being introduced to IHS that will make it compulsory to enter the Indigenous status for each applicant (at the person level). Options to capture Indigenous information from existing tenants are also under investigation.

- For the 2001–02 public housing data collection report (AIHW 2003a), New South Wales reported an aggregate total for all existing Indigenous households, which was calculated using Census data to assist in identifying Indigenous households. New South Wales experiences difficulty in reporting the number of Indigenous households according to the national standard definition, as it is not able to supply household unit record data with a reliable Indigenous identifier.

- South Australia started collecting data on the Indigenous status of the tenant/applicant in 1995. In 2000 this was expanded to include all members of the household. These

records are used to derive and report the Indigenous status of households. The question on Indigenous status is non-compulsory.

- Victoria, Queensland, Tasmania and the Australian Capital Territory collect and report information about the Indigenous status of household members at the person level.

- Western Australia and the Northern Territory collect information about the Indigenous status of household members at the household level only. However, both jurisdictions include a question on the application form that asks about the Indigenous status of all household members when assessing a household's Indigenous status. Despite recording data in information management systems at the household level, both Western Australia and the Northern Territory implement the Indigenous household definition as the question is asked in relation to all household members.

Table 2: CSHA 2001–02 public housing: person–level Indigenous status data in information management systems

NSW	Vic	QLD	WA	SA	Tas	ACT	NT
(a)	✔	✔	(b)	(c)	✔	✔	(b)

(a)   Only for applicants who applied after the introduction of the Integrated Housing System in October 1999 and have been housed.

(b)   Data are collected and recorded in information management systems at the household level however any household member can be Indigenous for the household to be classified as Indigenous.

(c)   Data are recorded in the information management system at the person level however strip file data for the National Housing Data Repository provides the data at the head tenant level only (person level in 2002–03).

✔   Indicates the data are recorded at the person level in information management systems.

Victoria, Queensland, Tasmania and the Australian Capital Territory all collect and report Indigenous status at the person level. Western Australia and the Northern Territory do not collect the Indigenous status for each person within a household, however the definition of whether a household is Indigenous is based on the status of all household members. South Australia collects Indigenous status at the person level, and uses this information to derive household–level Indigenous status, but does not supply all person–level records to the AIHW. New South Wales collects Indigenous status at the person–level, however these data are not currently reported, and are considered unreliable for deriving household–level Indigenous status.

3.1.2 The extent of missing and unknown Indigenous status data

The terms 'missing' and 'unknown' Indigenous status are used interchangeably in this report to mean that a response to the Indigenous status question was either not stated, inadequately described, or the question was not asked. The method in which missing/unknown data are recorded in information systems varies. Some system administrators leave an electronic field blank, to indicate data are missing, and others assign a value (such as '9'). Other administrators collapse together the values of 'non-Indigenous' and 'unknown', which means that the number of missing/unknown responses cannot be calculated.

Missing and unknown Indigenous status data can lead to under-reporting of Indigenous households receiving CSHA assistance. Table 3 examines the extent of missing Indigenous status data in each jurisdiction's information management system.

- For New South Wales, analysis of the extent of missing Indigenous status data relates to the head tenant only. The New South Wales Department of Housing considers the coverage of the Indigenous status of new households as inadequate and, as described in Section 3.1.1, is in the process of addressing this problem.

- In Victoria and Queensland both 'non-Indigenous' and 'unknown' Indigenous status are recorded as 'no' in information management systems.

- In Western Australia and the Northern Territory both 'non-Indigenous' and 'unknown' Indigenous status are recorded as 'unknown' in information management systems.

- For South Australia, analysis of the extent of missing Indigenous status data relates to the head tenant only. The coverage of data about the Indigenous status of new households is good, but a large proportion of data (48%) are missing for all households.

- It is not possible therefore to accurately identify the extent of unknown Indigenous status data for Victoria, Queensland, Western Australia and the Northern Territory.

- Tasmania and the Australian Capital Territory uniquely identify whether a household's Indigenous status is 'yes', 'no', or 'unknown' in information systems. This allows the extent of missing (or unknown) Indigenous status data to be reported. The proportion of missing data about the Indigenous status of new households is 14% in Tasmania and 17% in the Australian Capital Territory. The extent of missing data for all households is 53% in Tasmania and 10% in the Australian Capital Territory.

Table 3: Public housing data collection: all and new households where Indigenous status is missing or unknown (per cent) at 30 June 2002

	NSW[a]	Vic	QLD	WA[b]	SA[a]	Tas	ACT	NT[b]
All households	75	n.a.	n.a.	93	48	53	10	76
New households	1	n.a.	n.a.	84	4	14	17	61

(a)   Number of 'unknown' is based on Indigenous identification at the head tenant level only.

(b)   This figure may be an over representation of unknown Indigenous status as both 'no' and 'unknown' Indigenous status are recorded as 'unknown' in information management systems.

n.a.   Not available—both 'no' and 'unknown' are recorded as 'no'.

Source: AIHW 2002a.

To allow the integrity of data about Indigenous households to be understood, the NHDAMG recommended at its November 2001 meeting that unknown Indigenous status be uniquely identified in information management systems. The Northern Territory is considering this issue during the current redevelopment of its information management system.

3.1.3 Systems for updating Indigenous status data

An issue related to the extent of missing Indigenous status data is the length of time jurisdictions have been collecting data about Indigenous status, and systems they have in place for updating these data. Table 4 shows when the collection of data about the Indigenous status of households was introduced. The length of time Indigenous status data have been collected in jurisdictions ranges from 3 years in South Australia to 13 years in Victoria.

Table 4: Introduction of methods for collecting data about the Indigenous status of households

NSW	Vic	QLD	WA	SA	Tas	ACT	NT
Oct. 1999	1989	Oct. 1997	1997	Mar. 2000[a]	1993[b]	1997	1993

(a)   Collected at tenant/applicant level from 1995 and expanded to person level in March 2000.

(b)   Data collected for this time but only recorded electronically for 6 years.

An important factor in reducing the extent of missing data about the Indigenous status of households is the implementation of processes for updating these data. This allows changes in household composition to be recorded and also allows data about households assisted prior to the date that Indigenous status data was collected, to be updated. Most jurisdictions do not undertake regular audits of the Indigenous status of household members (Table 5).

- New South Wales is modifying its IHS so that the information on Indigenous status can be updated. It is also considering options to collect the information from existing tenants.
- Victoria conducts seasonal rent reviews of all household attributes for rebated households, and Indigenous status is dependent on self-identification by tenants.
- The other six jurisdictions do not have review processes in place.

Table 5: CSHA public housing: review processes for updating data about the Indigenous status of households

NSW	Vic	QLD	WA	SA	Tas	ACT	NT
Client service visit[a]	Seasonal rent review [b]	No review process	No review process	No review process	No review process[c]	No review process	No review process
Other–not defined[a]							

(a) Unsatisfactory results (as reported by NSW).

(b) Conducted for rebated households, dependant on self-identification by tenants.

(c) Currently developing processes to ensure that household details (including Aboriginality) are reviewed and updated annually.

As shown in Table 3, for those jurisdictions where missing or unknown Indigenous status data are separately identified, the proportions of missing data for all households range from 75% in New South Wales to 10% in the Australian Capital Territory. It is therefore likely that Indigenous households that have held tenancies in public rental housing prior to the introduction of collection and reporting methods for Indigenous status, are not identified. A formal review process in each jurisdiction of household information for all households that entered public housing prior to the introduction of collection and reporting methods for Indigenous status would improve the quality of these data.

3.2 CSHA community housing program

CSHA community housing data are collected from two sources—administrative data held by state and territory housing authorities who oversee the management and funding of community housing programs, and survey data collected from community housing providers who undertake tenancy management responsibilities.

Generally, state housing authorities hold data about dwellings owned and head-leased to community housing providers, financial information about grants and administration, and information about the number and target group categories of community housing providers.

For the CSHA community housing data collection there are two methods of identifying Indigenous households. Households living in communities managed by Indigenous community housing organisations are automatically identified as Indigenous for the purposes of the CSHA community housing data collection. For households living in communities managed by providers with multiple target groups or providers that are non-targeted, Indigenous households can be identified as an aggregate total on the survey data collection form.

Information about households residing in community housing (including the Indigenous status of households) is held by the community housing providers, but not necessarily in electronic form. This information is collected by state housing authorities via a community housing provider survey. The reliability of household data therefore is affected by a range of factors such as:

- the quality of raw records held by community housing providers;
- the quality of the survey instrument;
- the accuracy with which surveys are completed;
- survey response rates; and
- the accuracy with which survey responses are collated by state housing authorities.

Table 6 outlines the survey response rates for all jurisdictions for the 2001–02 community housing data collection.

- All jurisdictions, except the Northern Territory, surveyed community housing providers and the survey response rates varied from 100% in the Australian Capital Territory to 30% in Victoria.
- Victoria's low response rate may have been due to the fact that 2001–02 was the first year it had conducted a community housing survey.
- While the Australian Capital Territory achieved a 100% response rate, it only sent surveys to 11 of the 20 providers. These providers managed approximately 85% of all dwellings, and smaller providers were not included in the data collection.
- The Northern Territory did not conduct a survey for this data collection and reported about administrative data only.

Table 6: CSHA 2001–02 community housing data collection: survey response rates (per cent)

NSW	Vic	QLD	WA	SA	Tas	ACT	NT
86	30	60	56	88	46	100	. .

. .   Not applicable (NT did not conduct a survey).

Source: AIHW 2003b.

Survey response rates are an important issue to consider when interpreting data about the reported number of Indigenous households in community housing (Table 7). Data reported only represents the segment of the CSHA–funded sector for which surveys were completed and returned.

The total number of new Indigenous households for the year ending 30 June 2002 was 3,066, while the total number of Indigenous households at 30 June 2002 was 2,198, which indicates that 868 Indigenous households exited community housing before the end of the financial year.

In relation to each jurisdiction's reporting of the number of Indigenous households:

- New South Wales, Queensland, Western Australia, South Australia and the Australian Capital Territory reported about the Indigenous status of households in the 2001–02 data collection.
- Victoria did not report about the Indigenous status of households in community housing, as 'Indigenous is not applicable to the community housing program as these households access accommodation through the General Rental Program and housing managed by the Aboriginal Housing Board of Victoria'.

- The Northern Territory did not report any information about households assisted as it did not undertake a survey of community housing providers.

Table 7 also shows that there were 801 Indigenous households assisted by a total of 30 Indigenous targeted providers at 30 June 2002. There were also 243 Indigenous households assisted by non-targeted providers at 30 June 2002, which indicates that the remaining proportion of Indigenous households at 30 June 2002 (1,154) may have been assisted by providers with multiple target groups or providers targeted at other groups.

Table 7: CSHA 2001–02 community housing data collection: selected characteristics

	NSW	Vic	QLD	WA	SA	Tas	ACT	NT	Total[(a)]
Year ending 30 June 2002:									
New Indigenous households assisted	175	n.a.	327	2,536	13	n.a.	15	n.a.	3,066
At 30 June 2002:									
All Indigenous households assisted	537	n.a.	445	1,165	33	n.a.	18	n.a.	2,198
Indigenous households assisted by targeted providers	320	0	274	190	13	0	4	n.a.	801
Indigenous households assisted by non-targeted providers	217	n.a.	0	0	14	n.a.	12	n.a.	243
Targeted providers with primary target group of Indigenous Australians	11	0	5	11	1	0	1	1	30

(a)   May not represent national total due to data not being available for all jurisdictions.

n.a.   Not available.

Source: AIHW 2003b.

Improving the reliability of community housing data about the Indigenous status of households is dependant upon the quality of the survey instrument, the accuracy with which surveys are completed, improving survey response rates and the accuracy with which survey data are collated by state housing authorities. A strategy needs to be developed to address these issues. This is in line with the more general NHDAMG strategy to improve CSHA community housing data, as well as the emphasis on improving Indigenous housing outcomes and data in the 2003 CSHA.

3.3 Other CSHA programs

CSHA data about the Indigenous status of households are also collected for the Crisis Accommodation Program, and home purchase assistance and private rent assistance data collections. Table 8 outlines the data for these collections and indicates that coverage of data is variable between jurisdictions and programs. In relation to each jurisdiction, the following is a summary of its ability to report Indigenous status information for these programs.

With regard to the Crisis Accommodation Program:

•   Western Australia was the only jurisdiction able to report about the Indigenous status of households accessing the Crisis Accommodation Program.

Table 8: CSHA 2001–02 data collections: total number of new and all Indigenous households assisted for year ending 30 June, by program type and jurisdiction (number)

	Crisis Accommodation Program							
	NSW	Vic	QLD	WA	SA	Tas	ACT	NT
All Indigenous households assisted	n.a.	n.a.	n.a.	2,479	n.a.	n.a.	n.a.	n.a.
New Indigenous households assisted	n.a.	n.a.	n.a.	2,468	n.a.	n.a.	n.a.	n.a.

n.a.   Not available.

Source: AIHW 2002b.

In regard to home purchase assistance and private rent assistance, the following jurisdictions were able to provide data about the Indigenous status of households:

- Queensland reported about the Indigenous status of households receiving home purchase assistance.

- South Australia, Tasmania and the Northern Territory reported about the Indigenous status of households receiving private rent assistance.

Only partial data were available about the Indigenous status of households for the following programs:

- Western Australia was able to report about the Indigenous status of new households receiving all types of home purchase assistance. For all households, it was able to report about the Indigenous status of those receiving home purchase assistance, except those receiving home purchase and advisory and counselling services.

- The Northern Territory was able to report about the Indigenous status of both all and new households who had commenced receiving home purchase assistance, except new households receiving deposit assistance.

In regard to home purchase assistance and private rent assistance, the following jurisdictions were not able to provide data for the following programs:

- New South Wales, Victoria and the Australian Capital Territory did not report about the Indigenous status of households receiving home purchase assistance or private rent assistance.

- Queensland and Western Australia were not able to report about the Indigenous status of clients receiving private rent assistance.

- South Australia and Tasmania were not able to report about the Indigenous status of clients receiving home purchase assistance.

Tables 8, 9 and 10 show there is variable coverage of data about the Indigenous status of households receiving assistance through the Crisis Accommodation Program, home purchase assistance and private rent assistance. The improved identification of Indigenous households in these programs would require the development of strategies in line with the emphasis on improving Indigenous housing outcomes and data in the new 2003 CSHA.

Table 9: CSHA 2001–02 data collections: total number of new and all Indigenous households assisted for year ending 30 June, by program type and jurisdiction (number)

	Home purchase assistance								
	NSW	**Vic**	**QLD**	**WA**	**SA**	**Tas**	**ACT**	**NT**	**Total**[a]
All Indigenous households assisted by [a]**:**									
Direct lending	. .	n.a.	. .	. .	n.a.	. .	. .	. .	n.a.
Interest rate assistance	. .	. .	2	16	n.a.	. .	. .	23	41
Mortgage relief	n.a.	n.a.	. .	. .	n.a.	. .	n.a.	. .	n.a.
Home purchase advisory and counselling services	. .	. .	. .	n.a.	. .	. .	. .	. .	n.a.
New Indigenous households assisted by:									
Direct lending	0	. .	2	46	. .	n.a.	. .	12	60
Deposit assistance	. .	. .	1	. .	. .	n.a.	. .	n.a.	1
Interest rate assistance	. .	. .	2	16	n.a.	. .	. .	10	28
Mortgage relief	n.a.	n.a.	1	. .	n.a.	. .	n.a.	. .	1
Home purchase advisory and counselling services	n.a.	. .	. .	46	. .	. .	. .	. .	46
Other	. .	n.a.	1	11	. .	. .	. .	. .	12

(a)   Total may not represent national total due to data not being available for all jurisdictions.

Note: Types of one-off assistance under each category for the 2001–02 collection are reported for new households, but are not reported for all households, to avoid duplication of information.

. .   Not applicable—indicates that the assistance type is not provided in the jurisdiction.

n.a.   Not available.

Source: AIHW 2002c.

Table 10: CSHA 2001–02 data collections: total number of new and all Indigenous households assisted for year ending 30 June, by program type and jurisdiction (number)

	Private rent assistance								
	NSW	Vic	QLD	WA	SA	Tas	ACT	NT	Total[a]
All Indigenous households assisted by:									
Rental grants/subsidies	n.a.	. .	n.a.	. .	40	4	. .	. .	44
Other one-off grants	. .	. .	. .	. .	. .	8	. .	. .	8
New Indigenous households assisted by:									
Bond loans	n.a.	n.a.	n.a.	n.a.	529	299	n.a.	80	908
Rental grants/subsidies	n.a.	n.a.	n.a.	. .	620	70	. .	. .	690
Relocation expenses	n.a.	n.a.	. .	. .	. .	16	. .	. .	16
Other one-off grants	n.a.	n.a.	. .	. .	. .	289	. .	. .	289

. .   Not applicable—indicates that the assistance type is not provided in the jurisdiction.

n.a.   Not available.

(a)   May not represent national total due to data not being available for all jurisdictions.

Note: Types of one-off assistance under each category for the 2001–02 collection are reported for new households, but are not reported for all households, to avoid duplication of information.

Source: AIHW2002d.

4 Summary and recommendations

The new 2003 Commonwealth State Housing Agreement, effective from 1 July 2003, builds further on existing initiatives that aim to improve housing outcomes for Indigenous people (HMAC 2001). This includes improving Indigenous access to mainstream CSHA programs, and improving the availability of nationally consistent and comparable data through the Agreement on National Indigenous Housing Information (Commonwealth of Australia 2003). Listed below are a summary and recommendations that support these initiatives in relation to the mainstream CSHA programs.

4.1 CSHA mainstream public housing

For 2001–02, all jurisdictions were able to report about the Indigenous status of households in mainstream public housing. The quality and coverage of these data is varied. The quality of Indigenous identification is higher for new households than for existing households, as compulsory collection and reporting methods for Indigenous households have only been introduced in recent years.

Reporting Indigenous status according to the national standard

All jurisdictions except New South Wales currently report information that satisfies the national standard definition of an Indigenous household. There are two ways that jurisdictions can meet the national standard for reporting household Indigenous status:

1. Supply person–level data, with a reliable Indigenous flag, to the AIHW National Housing Data Repository, to allow the derivation of household Indigenous status.

2. Supply household–level data, with a reliable Indigenous flag, which has been derived from person–level data.

- **Recommendation 1:** All jurisdictions report according to methods 1 or 2, in order to supply data that meet the national standard for Indigenous identification at the household level.

Missing/unknown data

Not all jurisdictions include a value of 'missing/unknown' in their information systems. Information about the number of missing and unknown fields would allow a greater understanding of the integrity of Indigenous identification in mainstream public housing.

- **Recommendation 2:** 'Unknown' Indigenous status should be uniquely identified in information management systems (as recommended by the NHDAMG at its November 2001 meeting).

For those jurisdictions where information about the number of missing records in relation to Indigenous identification is available, the proportions missing for all households (including old and new tenancies) ranged from 10% to 75%. The proportion of missing data for new households (where missing information is available) ranged from 1% to 17%. The highest proportions of missing data relate to tenancies that existed prior to the introduction of compulsory collection methods for Indigenous status. Most jurisdictions do not currently have effective review processes in place for updating household characteristics.

- **Recommendation 3:** New households entering public housing: Jurisdictions develop or continue to reinforce strategies that encourage the asking of the Indigenous status question at the time of application.

4.2 CSHA community housing data

The CSHA community housing data collection relies on survey data collected from community housing organisations to identify Indigenous households. Recent surveys have resulted in low response rates for some jurisdictions and the number of Indigenous households identified in the program is probably under-counted. The NDHAMG has previously recognised the need to improve CSHA community housing data.

- **Recommendation 4:** A strategy needs to be developed with a view to reviewing and/or improving the quality of the community housing survey instrument in each jurisdiction, the accuracy with which surveys are completed, survey response rates and the accuracy with which survey response rates are collated by state housing authorities.

4.3 Other CSHA program data

There is low coverage of data about the Indigenous status of households receiving assistance through the Crisis Accommodation Program, home purchase assistance and private rent assistance. Given the increased significance of Indigenous access to mainstream housing assistance in the 2003 CSHA, improved identification of Indigenous households in these programs requires the development of strategies to achieve this.

- **Recommendation 5:** Appropriate strategies need to be developed by the NHDAMG (in line with the 2003 CSHA) for the identification of Indigenous households in the Crisis Accommodation Program, the private rent assistance and home purchase assistance

collections, for example the implementation of a regular survey to collect the Indigenous status of clients accessing these programs.

5 References

Australian Institute of Health and Welfare (AIHW) 2002a. Public housing data repository using CSHA 2001–02 public housing data. Canberra: AIHW.

Australian Institute of Health and Welfare (AIHW) 2002b. CSHA Crisis Accommodation Program data collection report 2001–02. Canberra: AIHW.

Australian Institute of Health and Welfare (AIHW) 2002c. CSHA home purchase assistance data collection report 2001–02. Canberra: AIHW.

Australian Institute of Health and Welfare (AIHW) 2002d. CSHA private rental assistance data collection report 2001–02. Canberra: AIHW.

Australian Institute of Health and Welfare (AIHW) 2003a. Commonwealth State Housing Agreement national data reports 2001–02: public rental housing. Canberra: AIHW.

Australian Institute of Health and Welfare (AIHW) 2003b. Commonwealth State Housing Agreement national data reports 2001–02: CSHA community housing. Canberra: AIHW.

Australian Institute of Health and Welfare (AIHW) 2003c. Commonwealth State Housing Agreement national data reports 2001–02: Aboriginal Rental Housing Program. Canberra: AIHW.

Australian Institute of Health and Welfare (AIHW) 2003d. National Housing Assistance Data Dictionary version 2. Canberra: AIHW.

Commonwealth of Australia 2003. 2003 Commonwealth State Housing Agreement. cat. no. S27603. Commonwealth of Australia.

Housing Ministers Advisory Council (HMAC) Standing Committee on Indigenous Housing 2001. Building a better future: Indigenous housing to 2010. Canberra: HMAC.

Measuring Special Need Groups (P5) in Commonwealth State Housing Agreement programs

1 Introduction

1.1 Purpose of this paper

This paper has been developed to stimulate discussion with Commonwealth, state and territory governments and explore issues in measuring special need groups in Commonwealth State Housing Agreement (CSHA) programs. The paper examines current policies and relevant issues in this measure and proposes a national standard for measuring this indicator. It is expected that the national standard will be incorporated into the *National Housing Assistance Data Dictionary* and used in CSHA data collections from 2000–01.

The purpose of the national standard is to capture CSHA data for consistent reporting between jurisdictions. The national standard identifies groups of the population that may experience difficulty accessing accommodation in the private rental market. The focus of the national standard is on groups of the population whose housing needs are sufficiently different from most of the population at large, resulting in the identification of a relatively uniform group of persons with special needs (e.g. persons most disadvantaged in the private rental market). This approach allows a 'baseline' to be established for consistent data reporting between jurisdictions. It does not however capture the diverse spectrum of all special need groups present in the community. Some public housing and community housing target groups may not be included in the national standard, a limitation of the approach adopted.

It is emphasised that the national standard is being developed for CSHA data collection purposes and not as a platform for policy development. It is also emphasised that this paper is not intended to imply that all persons with a national standard characteristic are disadvantaged in the private rental market. (For example not all Indigenous, disabled, young or older people experience difficulty accessing accommodation in the private rental market. These groups however, are generally considered to be more disadvantaged in regard to accessing housing in the private rental market than the general population.)

1.2 Background

The 1999 CSHA aims to facilitate access to affordable, appropriate and secure housing for people on low incomes and people with special needs. Under this CSHA a new national performance indicator framework was developed. Figure 1 outlines the 11 indicators under the new framework. Commonwealth, state and territory governments and the Australian Institute of Health and Welfare (AIHW) have collaboratively developed the specifications for the new performance indicator framework.

On 8–9 March 2000 a CSHA National Housing Data Development Committee (NHDDC) 'performance indicator public and community housing' workshop was held in Canberra. At this meeting, specifications for the CSHA 1999–2000 data collection were discussed and public rental housing and community housing data manuals were developed.

It was agreed at this workshop that there was a need to explore the issues involved in measuring special need groups in CSHA programs. The AIHW agreed to undertake mapping work and propose some national standards for consideration by Commonwealth, state and territory governments. This discussion paper explores the issues associated with measuring special need groups in CSHA programs and with developing a national standard. It also proposes a draft national measure of special need groups.

Figure 1: 1999 CSHA National Performance Indicator Framework
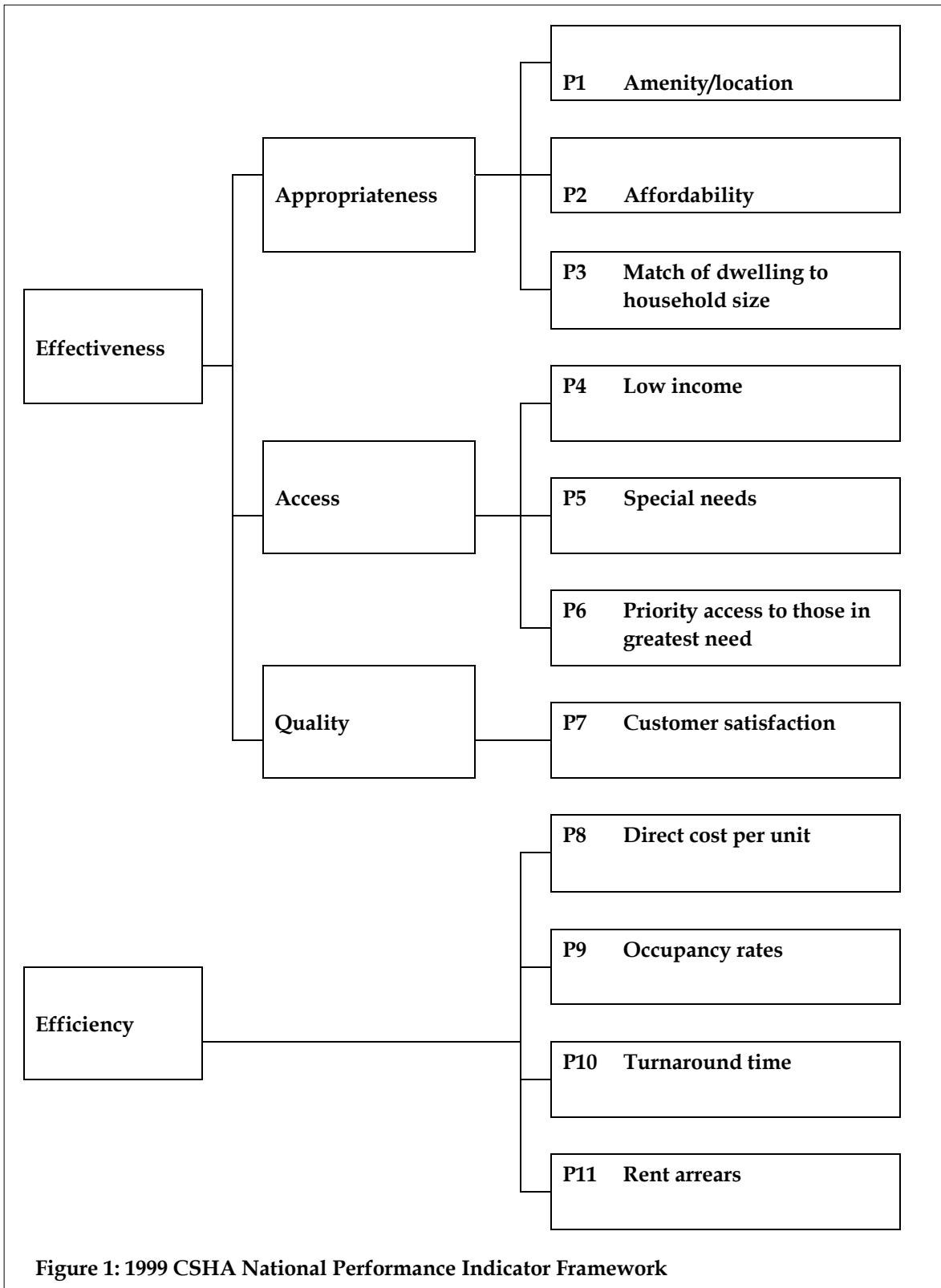
2 Special need measure

2.1 Special need specifications

The 1999 CSHA requires housing authorities to provide assistance to 'those whose needs for appropriate housing cannot be met by the private market, for the duration of their needs' (Commonwealth of Australia 1999). It also stipulates that housing assistance 'should provide priority of assistance to those with the highest needs' (Commonwealth of Australia 1999).

The special need indicator (P5) measures the special need profile of new tenants in CSHA programs. The specifications for the indicator count the total number of new households housed in the financial year that had a special need status (e.g. the total number of people housed with a special need status is not collected). This allows the percentage of allocations to households with a special need status to be identified. It facilitates planning for the targeting of housing assistance to persons who may experience difficulty accessing appropriate housing in the private rental market.

The indicator could examine the special need profile of all tenants in CSHA programs, however this would provide only an historical analysis of housing allocation policies, as the majority of jurisdictions provide lifetime tenure. Lifetime tenure allows tenants to live indefinitely in public housing providing they fulfil the conditions of their lease. Breach of a lease could result in the tenancy agreement being terminated.

The specifications for the special need indicator therefore measure the special need profile of applicants housed in the preceding financial year only. To measure this indicator a national standard for identifying special need groups is required.

2.2 Distinguishing between special need (P5) and priority access (P6) indicators

The 1999 CSHA has three indicators that measure access to public and community housing: low income (P4); special need (P5) and priority access to those in greatest need (P6).

The priority access to those in greatest need indicator measures the proportion of new allocations to those in greatest need, in time to allocation groups. The NHDDC will develop a national standard for identifying public and community housing applicants who require priority access to housing. To avoid duplication of reporting on both this indicator and the special need indicator, it is recommended that a distinction be made between 'special need groups' and 'applicants requiring priority access to housing'. For the purpose of the CSHA collection it is recommended that the following distinction be made between these two groups:

- Priority access to those in greatest need indicator (P6) will focus on identifying environmental conditions or circumstances that indicate an applicant has a need for immediate allocation of housing (e.g. homelessness, escaping a life–threatening situation, people residing in inadequate or unsuitable accommodation). It will be assumed that allocating housing to an applicant in need of priority housing may assist, in the first instance, with alleviating the person's condition/situation (e.g. allocating a homeless person social housing will provide them with the opportunity to address their homelessness status).

- The special need indicator (P5) will focus on an individual's personal status or condition (e.g. disability, Indigenous, age). It is not suggested that allocating housing to special need applicants will alleviate their special need. Housing allocation however may assist a person with a special need status to be appropriately housed (e.g. allocating social housing to a disabled person may allow them to live in a modified dwelling that is not available in the private rental market).

It is also recommended that the special need national standard identify groups of the population that experience 'special' difficulty accessing accommodation in the private rental market. When identifying these groups, it is recommended that only particular groups in the population whose housing needs are sufficiently different from most of the population at large should be identified as a CSHA special need group.

The following section will examine relevant Commonwealth, state and territory government housing policies and also examine literature about groups of people who experience difficulty accessing accommodation in the private rental market.

3 Special need groups: measurement issues

3.1 State and territory policies

CSHA programs are administered by state and territory governments, and jurisdictions have identified groups of the population for whom housing programs are targeted. The target groups are considered to experience difficulty accessing private rental accommodation.

Table 1 outlines state and territory policies for the targeting of CSHA public and community housing programs and indicates that policies vary between both jurisdictions and also between programs within a jurisdiction (e.g. public rental housing and community housing programs).

In regard to public housing, the majority of jurisdictions target public housing programs to low income groups. Only a couple of jurisdictions have identified a number of groups for whom accommodation is targeted. These target groups include Indigenous, youth, disabled, aged and families.

The target groups for community housing programs vary as different providers and provider models target different special need groups. Some target groups for community housing programs include aged, youth, disabled, families or Indigenous. Other target groups are also identified for the community housing sector, such as homelessness, women experiencing domestic violence. The later target groups however are not captured in the special need national standard as they represent an environmental condition or circumstance (the focus for measuring priority access P6) as opposed to an individual's personal status or condition (the focus for measuring special need P5).

Table 1: State and territory policies–CSHA target groups

Target group	NSW Public housing	NSW Community housing	Vic Public housing	Vic Community housing	QLD Public housing	QLD Community housing	WA Public housing	WA Community housing	SA Public housing	SA Community housing	Tas Public housing	Tas Community housing	ACT Public housing	ACT Community housing	NT Public housing	NT Community housing
Women & children escaping DV	. .	yes	yes	. .	. .	yes	. .	yes	yes	. .	. .	. .	. .	. .	. .	. .
Indigenous	. .	yes	. .	. .	. .	yes	yes	yes	. .	yes	. .	yes	. .	. .	yes	. .
Youth	. .	yes	yes	yes	. .	yes	yes	yes	. .	yes	. .	yes	. .	. .	. .	. .
Disadvantaged singles [a]	. .	yes	yes	yes	. .	yes	. .	yes	. .	yes	. .	yes	. .	. .	yes	. .
Disabled	. .	yes	yes	yes	. .	yes	yes	yes	yes	yes	. .	yes	. .	. .	yes	. .
Low income [b]	yes	yes	yes	yes	yes	yes	yes	yes	yes	. .	. .	yes	yes	. .	yes	. .
Homeless or at risk of homelessness	. .	yes	yes	yes	. .	yes	. .	yes	yes	. .	. .	yes	yes	. .	yes	. .
Unable to access private rental market	. .	yes	. .	. .	. .	yes	. .	yes	yes	. .	. .		. .	. .	. .	. .
Aged [c]	yes	yes	yes	yes	. .	yes	yes	yes	. .	yes	. .	yes	. .	. .	yes	. .
Families [d]	. .	yes	yes	yes	. .	yes	yes	yes	. .	yes	. .	yes	. .	. .	. .	. .
Refugees	. .	yes	. .	. .	. .	. .	. .	yes	. .	yes	. .	yes	. .	. .	. .	. .
Chronic illness [e]	. .	yes	yes	. .	. .	. .	. .	yes	yes	. .	. .	yes	. .	. .	yes	. .
NESB	. .	yes	. .	. .	. .	. .	yes	yes	. .	. .	. .	yes	. .	. .	. .	. .
Residents with support needs	. .	yes	. .	. .	. .	. .	. .	yes	yes	. .	. .	yes	. .	. .	. .	. .

. .   Not applicable.

(a)   Includes women.

(b)   Includes moderate incomes.

(c)   Includes frail aged.

(d)   Includes single-parent families, women and children.

(e)   Includes chronic/terminal illness, chronic mental illness.

Note: Table1 summarises target groups for public housing and community housing programs only. Other CSHA funded programs (e.g. Aboriginal Rental Housing Program, private rent assistance, home purchase program, Crisis Accommodation Program) may target assistance to some groups outlined in Table 1. Table 1 does not report about the targeting of all social housing programs as information about the later programs is not reported.

3.2 Commonwealth policies—Supported Accommodation Assistance Program

The Commonwealth, state and territory governments fund the Supported Accommodation Assistance Program (SAAP) which provides transition supported accommodation and related services to assist homeless people achieve the maximum possible degree of self-reliance and independence. Target groups have been identified for SAAP and include the following categories:

Primary SAAP target groups:

- young people
- single men only
- single women only
- families
- women escaping domestic violence and
- cross target/multiple/general.

Secondary SAAP target groups:

- Indigenous Australians
- people from non-English-speaking backgrounds and
- other.

3.3 Findings from literature

In addition to government policies, literature also identifies groups of the population that experience difficulties accessing private rental accommodation.

The Department of Housing and Regional Development commissioned a study in 1991 that examined indicators of housing stress in Australia. The study identified groups of the population that experience difficulty accessing housing. The groups identified include:

- certain communities of Aboriginal or Torres Strait Islander people;
- residents of rural and remote areas; and
- people with certain types of disabilities (Department of Housing and Regional Development 1994).

Other sources of literature have also identified groups of the population that have 'special' housing needs (National Housing Strategy 1992; FaCS 2001). When identifying groups of the population that experience difficulty accessing housing, it is recommended that only particular groups in the population whose housing needs are sufficiently different from most of the population at large be identified as a CSHA special need group.

3.3.1 Aboriginal and Torres Strait Islander people

Literature reveals that the housing needs of Aboriginal and Torres Strait Islander people are poorly met due to many contributing factors. These factors include:

- the lower incomes of Aboriginal and Torres Strait Islander people (53% of this population receive income from social security payments and only one-third of Aboriginal and Torres Strait Islander people are employed);

- the educational disadvantage experienced by Aboriginal and Torres Strait Islander people; and

- different housing needs due to cultural differences (e.g. the requirement for larger dwellings and outdoor living areas with shared facilities) which are seldom met due to less diverse housing stock.

Aboriginal and Torres Strait Islander people are also disadvantaged in the private rental market due to discrimination. Studies have concluded that 'an overwhelming majority of Aboriginal people are unable to access the private rental market either because of low turnover in the area, discrimination or both'.

3.3.2 Residents of rural and remote areas

Trevor Budge and Associates (1992) found that many of the housing problems experienced in metropolitan areas are exacerbated in rural areas due to:

- less diverse housing stock (approximately 90% of dwellings are detached)

- lack of rental accommodation with a higher proportion of homes owned or being purchased

- higher unemployment

- lower incomes

- lower average levels of education and

- difficulty accessing services.

3.3.3 People with disabilities

Another group of the population that is disadvantaged in the private rental market is people with disabilities. As Australia has pursued policies of deinstitutionalisation, there has been an apparent increase in the number of people with physical disabilities, intellectual disabilities and mental health care needs being housed by social housing providers (HMAC 2000).

A national report (Ecumenical Housing Inc. 1999) described this group as representing people with 'complex needs' and defined the following two categories for this group:

- multiple intensive needs which compromise functioning but not ability to meet basic needs; and

- multiple intensive needs which compromise ability to meet basic needs and which manifest as one or more of the following behavioural clusters:

  –profound lack of living skills

  –disruptive behaviour

  –profound lack of social networks

  –violence of self

  –excessively demanding.

Typically the 'complex need' client group suffers from one or more of the following:

- mental illness

- substance disorders

- behavioural disorders

- intellectual disability

- chronic health disorders

- sexual abuse.

Housing for people with complex needs may be more difficult to access than housing for the general population as these people may require all or some of the following (HMAC 2000):

- building modifications for people with physical disabilities or mental health care needs

- ability to retain tenancy during hospitalisation

- manageable dwelling in terms of maintenance

- option to choose from a variety of dwellings

- location which allows access to carers, clinical or other services, public transport, shopping etc.

- an appropriate and affordable dwelling.

Incomes of people with complex needs are unlikely to be greater than a social security benefit and as such these tenants may require substantial rental subsidies (HMAC 2000).

3.3.4 Other disadvantaged groups:

Women with children and those experiencing domestic violence

Older singles and sole parents, the majority of whom are women, and couples with young children are another section of the population who are considered to experience difficulty accessing housing (National Housing Strategy 1992). Research has found that women with children experience discrimination from landlords and real estate agents (FaCS 2001).

Women experiencing domestic violence have a particular need for housing as they are usually placed in considerable social and economic disadvantage, especially if they have no social supports, no independent income and dependant children (FaCS 2001). One of the major unmet needs for women after they have left a violent relationship is practical assistance to obtain housing (FaCS 2001).

Older people

The changing demographics of Australia's population are seeing an ageing of the population. Older people with low incomes have been found to have a limited capacity to meet increasing costs in the private rental market. Older people have a number of specific housing-related needs including:

- accommodation which incorporates the provision of various levels of support and is adaptable to changing needs;

- capacity to move to smaller, more manageable or more conveniently located housing;

- a range of physical modifications in response to increasing frailty;

- proximity to facilities including public transport, shopping facilities and services;

- opportunities for social interaction to minimise isolation;

- sense of security and safety (FaCS 2001).

Youth

The National Housing Strategy (1992) identified youth (age 15 to 24 years) as a group which experience difficulty accessing the private rental market due to affordability issues and

discrimination. An AIHW study (Foard et al. 1994) found that 25% of single persons aged 15–24 years were living in after-housing poverty. Numerous factors are believed to contribute to the after-housing poverty of youth including:

- lower incomes earned by youth—in 1991 nearly 70% of 15–24 year olds earned less than $16,000 per year (ABS Census 1991 cited in Maas 1995);

- high proportion (74%) of young people have to access the private rental market for housing (Maas 1995); and

- of the proportion of youth in the private rental market, 90% spend more than 25% of their income on housing costs and 44% spend more than 50% of their income on housing costs (Maas 1995).

National Housing Strategy studies (1992) have also found that young people commonly experience discrimination when trying to access private rental housing. Another study showed that young people sharing were the least preferred tenants of Melbourne real estate agents.

Newly arrived migrants

The National Housing Strategy (1992) stated that recently arrived migrants experience difficulty in the private rental market due to:

- affordability issues, as they are more likely to be in lower income groups and unlikely to have immediate access to affordable housing options;

- discrimination issues, including being charged excessive rents or being denied accommodation; and

- inability to access information due to language barriers.

As a consequence recently arrived migrants may experience difficulty accessing housing in the private rental market. The position for recent arrivals may be exacerbated by changes in income support entitlements for this group (FaCS 2001).

4 Proposed CSHA national standard: special need groups

Groups of the population that experience difficulty accessing the private rental market have been included in the CSHA special need (P5) national standard. Only particular groups in the population whose housing needs are sufficiently different from most of the population at large have been included in this national standard.

The CSHA special need (P5) categories are defined below.

4.1 Indigenous household

An Indigenous household is one which contains one or more Indigenous people (AIHW 2001).

4.2 Head tenant aged 24 years and under

Households where the principal tenant is aged 15–24 years inclusive:

The principal tenant, or reference person, is defined in the *National Housing Assistance Data Dictionary* version 2 (NHADDv2) as the first person listed on the housing assistance application/tenancy form or the mortgage papers (AIHW 2003).

4.3 Head tenant aged 75 years and over

Households where the principal tenant is aged 75 years and over:

The principal tenant or reference person is defined in the NHADDv2 as the first person listed on the housing assistance application/tenancy form or mortgage papers (AIHW 2003).

For the Aboriginal Rental Housing Program data collection, households where the principal tenant is aged 50 years or more is the national standard. This age is selected as it is consistent with that used by the Commonwealth Department of Health and Aged Care for planning the provision of aged care services. It acknowledges that the need for aged care may begin at younger ages for Indigenous people than for their non-Indigenous counterparts due to the reduced life expectancy of Indigenous people and the higher burden of illness (ABS & AIHW 1999).

4.4 People with a disability

Households that contain a household member who has a disability.

Disability is defined in terms of three dimensions (WHO 1997):
- body structures and functions/impairments;
- activity/activity limitation; and
- participation/participation restriction.

Disability is the presence and nature of one, some or all of these dimensions associated with current or previous related health conditions, disease or injury. The three dimensions focus in turn on aspects of functioning and disability relevant to:

- the body

- the individual person

- the person in society.

The experience of disability is variable over time and affected by external environmental factors as well as internal personal factors.

Four groups of disability are defined below. These disability groupings are consistent with the *National Community Services Data Dictionary* 'Disability Grouping—International'. For the purpose of the CSHA data collection jurisdictions are not required to report on the total number of households by each disability group. Reporting about the number of households with a disability (in any group) will satisfy the reporting requirements for the CSHA special need (P5) national standard.

4.4.1 Physical/diverse

Physical/diverse disability is associated with the presence of a common impairment, which may have diverse effects within and among individuals, including effects on physical activities such as mobility. The range and extent of activity limitation and participation restriction will vary with the extent of impairment. Environmental factors and support needs are related to areas of activity limitation and participation restriction, and may be required for long periods. Level of support may vary with both life changes and extent of impairment. This grouping includes such groupings as, for example, physical, acquired brain injury, neurological and persons experiencing chronic medical conditions that impact on the ability to perform physical activities or may affect internal organs such as lung or liver.

4.4.2 Intellectual/learning

Intellectual/learning disability is associated with impairment of mental functions with limitations in a range of daily activities and restriction in participation in a range of likely areas. Support may be needed throughout life the level of support tends to be consistent over a period of time but may change in association with changes in life circumstances. This grouping will include such groupings as, for example, development delay, intellectual, specific learning/attention deficit disorder and autism.

4.4.3 Psychiatric

Psychiatric disability is associated with clinically recognisable symptoms and behaviour patterns associated with distress that may impair personal functioning in normal social activity. Impairments of global and specific mental functions are experienced with associated activity limitations and participation restrictions in a range of areas. Support needed may vary in range, and may be required with intermittent intensity during the course of the condition. Changes in level of support tend to be related to changes in the level of impairment. This grouping includes conditions such as schizophrenia, affective disorders, anxiety disorders, addictive behaviours, personality disorders, stress, psychosis, depression and adjustment disorders.

4.4.4 Sensory/speech disability

Sensory/speech disability is associated with impairment of the eye, ear and related structures. Extent of impairment, and activity limitation tend to remain consistent for long periods. Participation restrictions are in areas of communication primarily, but may include mobility. Availability of a specific range of environmental factors will affect the level of disability experienced by people in the sensory grouping. Once in place, the level of support tends to be relatively consistent. Sensory disability will include such groupings as, for example, deafblind, vision, and hearing and speech.

5 Disability groupings and complex needs

An attempt has been made to incorporate complex need characteristics into the CSHA special need (P5) and priority access to those in greatest need (P6) national standards (refer to section 3.3.3 of this paper). Two complex need characteristics however have not been included in the national standards: substance disorder and sexual abuse.

The special need (P5) national standard focuses on personal characteristics that suggest a person may experience difficulty obtaining accommodation in the private rental market, and priority access national standard (P6) focuses on housing situations that suggest there is a need for priority access to housing. It is proposed that not all persons who have complex need characteristics such as a substance disorder or sexual abuse experience a housing need. Exclusion of these characteristics from the national standards will not result in automatic exclusion of people with substance disorders or sexual abuse problems from being identified in the special need or priority access national standards.

For example, if persons with a substance disorder or sexual abuse situation have a disability or health condition, or housing situation such as homelessness, they will be identified in the special need or priority access national standards due to their housing need (that may or may not have resulted from a complex need characteristic). If such a housing need is not evident, these persons will not be included in the national standards. Table 2 compares the special need and priority access national standards with complex need characteristics.

Table 2: Comparison of special need (P5) and priority access to those in greatest need (P6) national standards with complex need characteristics

	Complex need characteristics										
	Profound lack of living skills	Disruptive behaviour	Profound lack of social networks	Violence of self	Excessively demanding	Mental illness	Substance disorders	Behavioural disorders	Intellectual disability	Chronic health disorders	Sexual abuse
Special need (P5)											
Indigenous Australians	. .	. .	. .	. .	. .	. .	. .	. .	. .	. .	. .
Physical, diverse disability	. .	. .	. .	. .	. .	. .	. .	. .	. .	√	. .
Intellectual, learning disability	√	√	. .	. .	√	. .	. .	√	√	. .	. .
Psychiatric disability	. .	√	. .	√	√	√	. .	√	. .	. .	. .
Sensory, speech disability	. .	. .	. .	. .	. .	. .	. .	. .	. .	. .	. .
24 years & under	. .	. .	. .	. .	. .	. .	. .	. .	. .	. .	. .
75 years & over	. .	. .	. .	. .	. .	. .	. .	. .	. .	. .	. .
Priority access to those in greatest need (P6)											
Homeless	. .	. .	√	. .	. .	. .	. .	. .	. .	. .	. .
People whose life or safety is at risk in their current accommodation	. .	. .	. .	. .	. .	. .	. .	. .	. .	. .	. .

(continued)

Table 2 (continued): Comparison of special need (P5) and priority access to those in greatest need (P6) national standards with complex need characteristics

	Complex need characteristics										
	Profound lack of living skills	Disruptive behaviour	Profound lack of social networks	Violence of self	Excessively demanding	Mental illness	Substance disorders	Behavioural disorders	Intellectual disability	Chronic health disorders	Sexual abuse
People whose health condition is aggravated by their current housing	. .	. .	. .	. .	. .	. .	. .	. .	. .	. .	. .
People whose housing is inappropriate to their needs	. .	. .	. .	. .	. .	. .	. .	. .	. .	. .	. .
People with very high housing costs	. .	. .	. .	. .	. .	. .	. .	. .	. .	. .	. .

. . Not applicable.

√ Indicates the complex need variable may be collected in a national standard. It is not implied however that all persons with a complex need variable will be included in the national standard (e.g. not all persons with a profound lack of living skills have an intellectual/learning disorder. Table 2 however represents how persons with a complex need variable may be represented in the national standard). Alternatively, complex need variables may be represented in national standard categories and not indicated in Table 2 (e.g. persons with a profound lack of social networks may have a disability or live in inappropriate housing).

Notes

1. Any complex need variable will be collected for low income households who: satisfy the Indigenous household definition; or have a head tenant aged 24 years and under; or have a head tenant aged 75 years and more; or have a household member with a disability (CSHA special need P5 national standard).

2. Any complex need variable will be collected for households who display a housing situation in the P6 Priority access to those in greatest need national standard (e.g. person with substance disorder who is homeless, or person whose life or safety is at risk due to sexual abuse in their current accommodation).

6 Summary data

6.1 Public and community housing

To allow a broader understanding of the public and community housing sectors to be developed, additional information about special need categories will be collected via summary data.

6.1.1 Number of properties in metropolitan, rural and remote locations

Data about the number of dwellings in metropolitan, rural and remote locations will be collected for both public and community housing programs using the Rural Remote Metropolitan Areas (RRMA) classification.

The RRMA classification divides each of Australia's states and territories into three groups: metropolitan areas, rural zones and remote zones, and a total of seven categories is specified within these zones (DPIE & DHSH 1994). The statistical local area (SLA) is the building block for the categories and zones, allowing comparability with other statistical information about SLAs. Data about the number of public and community housing dwellings in all seven RRMA categories to be collected in the 1999–2000 CSHA data collection:

- metropolitan areas:

  –capital city (consists of state and territory capital city statistical divisions)

  –other metropolitan centre (consists of one or more statistical subdivisions which have an urban centre of population 100,000 or more in size);

- rural zone:

  –large rural centres (SLAs where most of the population reside in urban centres of population 25,000–99,000)

  –small rural centres (SLAs in rural zones containing urban centres of population 10,000–4,999)

  –other rural centres (the remaining SLAs within the rural zone—urban centres of population less than 10,000);

- remote zone:

  –remote centres (SLAs in the remote zone containing urban centres of population greater than 5,000)

  -other remote areas (remaining SLAs within the remote zone—urban centres of population less than 5,000).

The AIHW will provide each jurisdiction with a list of postcodes aggregated by RRMA categories. The Institute also has the capacity, for the public housing collection (via the data repository), to identify postcode or SLA and convert it to an RRMA classification.

6.2 Community housing

Due to the nature of community housing programs and the targeting of assistance to specific groups of the population, the following descriptor data items be collected for the community housing program for the 1999–2000 CSHA data collection:

- people from a non-English-speaking background;

- other target groups.

The issues with defining these categories are examined below.

6.2.1 People of non-English-speaking background

Total number of new households housed in the financial year with one or more members (including children) who identify as being from a non-English-speaking background. Persons from a non-English-speaking background are defined as:

'persons born overseas and have a first language other than English, or one of their parents have those characteristics' (ABS 1997).

While the use of the term 'non-English-speaking background' has been considered an unsuitable measure of cultural diversity since the mid–1990s (ABS 1997), it is proposed to use this term in the community housing collection as some providers target housing services to groups of the population whose main language spoken at home is not English. Simplifying the terminology for these groups to 'non-English-speaking background' allows the targeting of housing to this diverse group to be captured in this data item.

6.2.2 Other target groups

Community housing organisations can indicate the number of new households housed during the financial year in special need target groups not included in the national standard or summary data (e.g. non-English-speaking background). The category of special need will need to be exception reported with the data.

This data item provides flexibility in the reporting process and takes into account the diverse spectrum of special need target groups in the community housing sector.

7 References

Australian Bureau of Statistics (ABS) 1997. Developing improved statistical measures of cultural diversity in Australian society: discussion paper. Canberra: ABS.

Australian Bureau of Statistics (ABS) & Australian Institute of Health and Welfare (AIHW) 1999. The health and welfare of Australia's Aboriginal and Torres Strait Islander peoples. Canberra: ABS.

Australian Institute of Health and Welfare (AIHW) 1999. Australia's welfare 1999: services and assistance. Canberra: AIHW.

Australian Institute of Health and Welfare (AIHW) 2003. National Community Services Data Dictionary version 2. Canberra: AIHW.

Australian Institute of Health and Welfare (AIHW) 2001. National Housing Assistance Data Dictionary version 1. Canberra: AIHW.

Budge T 1992. Housing and services in rural and remote Australia. National housing strategy background paper 12.

Commonwealth of Australia 1999. Gazette special: housing assistance (form of agreement) determination 1999. No. S 298, Thursday, 1 July 1999. Canberra: AusInfo.

Department of Family and Community Services (FaCS) 2001. Review of additional housing needs of low income renters. Prepared by Purdon Associates Pty Ltd (Canberra, ACT) and Twyford Consulting Pty Ltd (Wollongong, NSW), 12 January 2001.

Department of Primary Industries and Energy (DPIE) & Department of Human Services and Health (DHSH)1994. Rural, remote and metropolitan areas classification 1991 Census edition. Canberra: Australian Government Publishing Service.

Ecumenical Housing Inc. Thomson Goodall Associated Pty Ltd 1999. Appropriate responses for homeless people whose needs require a high level and complexity of service provision. Canberra: FaCS.

Foard G, Karmel R, Collett S, Bosworth E & Hulmes D 1994. Public housing in Australia. Canberra: AIHW.

Department of Housing and Regional Development 1994. Towards indicators of housing stress. Canberra: Australian Government Publishing Service.

Housing Ministers' Advisory Committee (HMAC) 2000. Housing Ministers' Advisory Committee agenda item paper no. 3.1: stable accommodation for people with complex need.

Maas F 1995. Finding a place: a recommended strategy to improve young peoples housing opportunities. National Youth Housing Strategy.

National Housing Strategy 1992. Issues Paper 6, Housing choice: reducing the barriers. Canberra: National Housing Strategy.

World Health Organization (WHO) 1997. ICIDH 1980 and ICIDH2 1997. Geneva: WHO.

Measuring priority access to those in greatest need (P6) in Commonwealth State Housing Agreement programs

1 Introduction

1.1 Purpose of this paper

This paper has been developed to stimulate discussion with Commonwealth, state and territory governments and explore issues in measuring priority access to those in greatest need in Commonwealth State Housing Agreement (CSHA) programs. The paper examines current policies and relevant issues in this measure and proposes some national standards for measuring this indicator. It is expected that the national standard will be incorporated into the *National Housing Assistance Data Dictionary* (AIHW 2001) and will be trialled in the CSHA data collection in 2000–01.

The purpose of the national standard is to capture CSHA data for consistent reporting between jurisdictions. The national standard aims to identify circumstances that indicate an applicant requires immediate access to housing. The focus of the national standard is on circumstances that indicate there is a high need for immediate housing, thereby identifying a relatively small set of circumstances that could be described as the extreme end of the spectrum of housing need.

The national standard has not been developed to be all-inclusive or capture the diverse spectrum of circumstances that indicate an applicant may require priority access to housing. While this approach allows a 'baseline' to be established for consistent data reporting between jurisdictions, some public and community housing allocation policies for priority access to housing may not be included in the national standard. This is a limitation of the approach adopted in developing the national standard. It is emphasised that the national standard is being developed for CSHA data collection purposes and not as a platform for policy development.

1.2 Background

The 1999 CSHA aims to facilitate access to affordable, appropriate and secure housing for people on low incomes and people with special needs. Under this CSHA a new national performance indicator framework was developed. Figure 1 outlines the 11 indicators under the new framework. Commonwealth, state and territory governments and the AIHW have collaboratively developed the specifications for the new performance indicator framework.

On 8–9 March 2000 a CSHA National Housing Data Agreement (NHDA) workshop was held in Canberra to consider public and community housing indicators for the 1999 CSHA. At this

meeting the specifications for the CSHA 1999–2000 data collection were discussed and public rental housing and community housing data manuals were developed.

```
┌─────────────────────────────────────────────────────────────────────────┐
│                                              ┌──────────────────────────┐ │
│                                              │ P1    Amenity/location   │ │
│                                              └──────────────────────────┘ │
│                    ┌──────────────────┐      ┌──────────────────────────┐ │
│                    │ Appropriateness  │──────│ P2    Affordability      │ │
│                    └──────────────────┘      └──────────────────────────┘ │
│                                              ┌──────────────────────────┐ │
│                                              │ P3    Match of dwelling  │ │
│                                              │       to household size  │ │
│  ┌───────────────┐                           └──────────────────────────┘ │
│  │               │                           ┌──────────────────────────┐ │
│  │ Effectiveness │                           │ P4    Low income         │ │
│  │               │                           └──────────────────────────┘ │
│  └───────────────┘ ┌──────────────────┐      ┌──────────────────────────┐ │
│                    │ Access           │──────│ P5    Special needs      │ │
│                    └──────────────────┘      └──────────────────────────┘ │
│                                              ┌──────────────────────────┐ │
│                                              │ P6    Priority access to │ │
│                                              │       those in greatest  │ │
│                                              │       need               │ │
│                    ┌──────────────────┐      └──────────────────────────┘ │
│                    │ Quality          │──────┌──────────────────────────┐ │
│                    └──────────────────┘      │ P7    Customer           │ │
│                                              │       satisfaction       │ │
│                                              └──────────────────────────┘ │
│                                              ┌──────────────────────────┐ │
│                                              │ P8    Direct cost per    │ │
│                                              │       unit               │ │
│                                              └──────────────────────────┘ │
│                                              ┌──────────────────────────┐ │
│                                              │ P9    Occupancy rates    │ │
│  ┌───────────────┐                           └──────────────────────────┘ │
│  │ Efficiency    │───────────────────────────┌──────────────────────────┐ │
│  └───────────────┘                           │ P10   Turnaround time    │ │
│                                              └──────────────────────────┘ │
│                                              ┌──────────────────────────┐ │
│                                              │ P11   Rent arrears       │ │
│                                              └──────────────────────────┘ │
│                                                                           │
│  Figure 1: 1999 CSHA National Performance Indicator Framework             │
└─────────────────────────────────────────────────────────────────────────┘
```

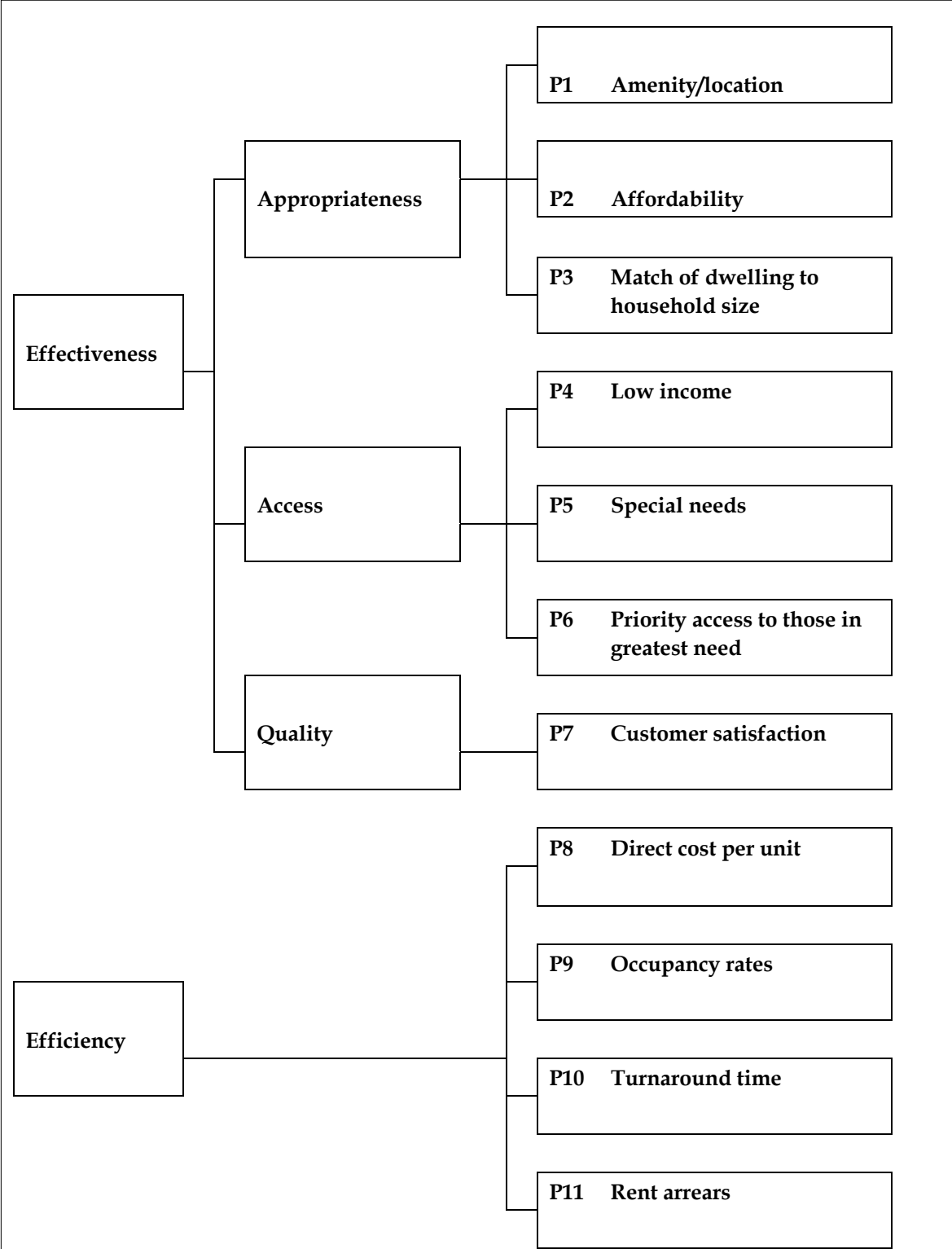Figure 1: 1999 CSHA National Performance Indicator Framework

At the CSHA NHDA workshop it was agreed that there was a need to explore the issues involved in measuring priority access to those in greatest need in CSHA programs. The Australian Institute of Health and Welfare agreed to undertake mapping work and propose some national standards for consideration by Commonwealth, state and territory

governments. This discussion paper explores the issues associated with measuring this indicator and with developing a national standard.

2 Priority access to those in greatest need indicator

2.1 Background

The 1996 CSHA National Performance Indicator Framework reported about:

- Level of provision (P1) by examining the proportion of households provided with housing assistance in the year relative to the bilaterally agreed level of provision. The household type (relationship status, gender and age) and household characteristics (Indigenous, non-English-speaking and disability) were reported in this indicator.

- Timeliness of placement (P6) by examining the proportion of the total number of households on the waiting list in specific waiting time categories (e.g. less than six months, six months to one year, one year to two years, etc.).

These indicators failed to inform about whether applicants in urgent need of housing were allocated housing ahead of those with lower housing needs. Changes to the 1999 CSHA National Performance Indicator Framework are intended to overcome this issue.

2.2 1999 CSHA

The 1999 CSHA requires housing authorities to provide assistance to 'those whose needs for appropriate housing cannot be met by the private market, for the duration of their needs'. It also stipulates that housing assistance 'should provide priority of assistance to those with the highest needs' (Commonwealth of Australia 1999).

The priority access to those in greatest need measure (P6) aims to inform whether housing authorities allocate housing to applicants who require immediate access to housing ahead of applicants with less housing needs. The indicator measures the time it takes applicants requiring priority access to housing to be allocated housing as a proportion of all applicants allocated housing for the current financial year. To effectively report about this measure it is necessary to develop a national standard that identifies applicants in need of immediate housing.

Assessing an applicant's need for housing is both an objective and a subjective process and the assessor's attitudes and opinions can influence the assessment process. Different housing authority staff may assess and categorise an applicant's need for housing differently. This paper does not explore the influence this variable has in measuring priority access to housing.

This paper has a propensity to refer to 1999 CSHA collection issues and policies in the public housing sector only. The 1999 CSHA community housing collection reported limited data about the priority access to those in greatest need indicator. It is anticipated that the national standard proposed in this paper will apply to both the public housing and community housing sectors.

2.3 Distinguishing between priority access to those in greatest need (P6) and special need (P5) indicators

The 1999 CSHA has three indicators that measure access to public and community housing—low income (P4); special need (P5) and priority access to those in greatest need (P6). A complication in developing a national standard for the priority access to those in greatest need indicator is the similarity between this indicator and the special need (P5) indicator.

The special need indicator measures the proportion of new tenancies that are allocated to households with special needs. The NHDDC will develop a national standard for identifying special need groups in public and community housing programs (AIHW 2000b). To avoid duplication of reporting on both this indicator and the priority access to those in greatest need indicator, it is recommended that a distinction be made between 'special need groups' and 'applicants requiring priority access to housing'.

For the purpose of the CSHA collection it is recommended that the following distinction be made between these two groups:

- The priority access to those in greatest need indicator (P6) will focus on identifying environmental conditions or circumstances that indicate an applicant has a need for immediate allocation of housing (e.g. homelessness, escaping a life-threatening situation, people residing in inadequate accommodation). It will be assumed that allocating housing to an applicant in need of priority housing may assist, in the first instance, with alleviating the person's condition/situation (e.g. allocating a homeless person housing may provide them with the opportunity to address their homelessness status).

- The special need indicator (P5) will focus on an individual's personal status or condition (e.g. disability, Indigenous, age). It is not suggested that allocating housing to special need applicants will alleviate their special need. Housing allocation however may assist a person with a special need status to be appropriately housed (e.g. allow a disabled person to live in a modified dwelling that is not available in the private rental market).

The following section will examine data sources available for measuring priority access to those in greatest need.

3 Priority access to those in greatest need: measurement issues

3.1 State and territory policies: waiting list categories

CSHA programs are administered by state and territory governments and most jurisdictions aim to give priority access to those in greatest need via the implementation of segmented waiting lists. When a person applies for housing assistance their housing need is assessed and they are placed on the waiting list on a specific category of need (e.g. priority, wait turn, transfer and special need). This is intended to allow applicants in urgent need of housing to be identified and allocated housing ahead of applicants with a lower need for housing.

Table 1: State and territory government waiting list categories: public housing
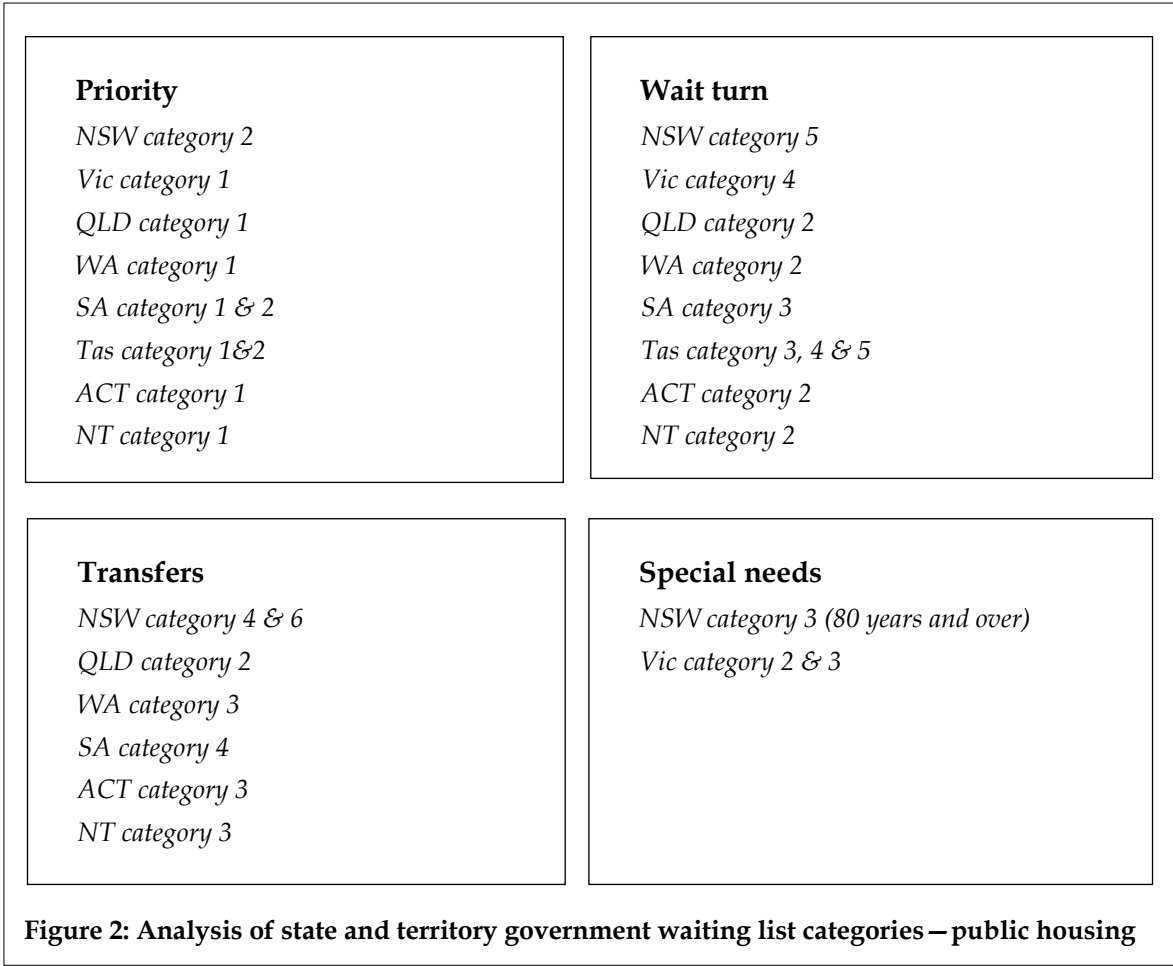
Jurisdiction	Number of categories	Category types
NSW	6	1: emergency temporary accommodation 2: priority housing 3: applicants aged 80 years and over 4: transfers 5: wait turn applicants 6: over/under occupancy transfers
Vic	4	1: recurring homelessness 2: supported housing 3: special housing needs 4: wait turn applicants
QLD	2	1: priority housing 2: wait list applicants (including transfers)
WA	3	1: priority 2: wait turn 3: transfer
SA	4	1: applicants in urgent need
		2: applicants for whom the private rental market/other housing options are not suitable or accessible as a long-term option and who are not in urgent need, and Trust tenants who need to transfer because their current housing is unsuitable because of overcrowding, medical or other reasons
		3: applicants who meet the income and assets test who do not meet needs criteria for categories 1 or 2
		4: Trust tenants who wish to transfer to another Trust house because of personal preference reasons and who have been tenants for a minimum of 3 years
Tas	5	1: exceptional need 2 to 5 (category 2 being most in need and category 5 being least in need)
ACT	3	1: priority 2: wait turn 3: transfer
NT	3	1: priority 2: wait turn (segmented for single aged/invalid pensioners) 3: transfer

Table 1 outlines the waiting list categories for state and territory governments and indicates that there is variation between jurisdictions. For example, Queensland has only two wait list categories; Western Australia, the Australian Capital Territory and the Northern Territory have three wait list categories; Victoria and South Australia have four wait list categories; Tasmania has five categories; and New South Wales has six categories.

Figure 2 analyses the waiting list categories for all jurisdictions according to four broad categories: priority, wait turn, transfer and special need applicants. The diagram illustrates the extent of variation and inconsistency in the way waiting list categories are described, and how they might be grouped under a four-category classification. For example:

- Priority status is comprised of category 1 in all jurisdictions except New South Wales, and category 2 in New South Wales, South Australia and Tasmania.

- Wait turn is comprised of category 2 for Queensland, Western Australia, the Australian Capital Territory and the Northern Territory; category 3 for South Australia and Tasmania; category 4 for Victoria and Tasmania; and category 5 for New South Wales and Tasmania.

- Transfers is comprised of category 2 for Queensland; category 3 for Western Australia, the Australian Capital Territory and the Northern Territory; category 4 for New South Wales and South Australia; and category 6 for New South Wales
- Special needs is comprised of category 2 for Victoria; and category 3 for New South Wales and Victoria.

Priority

NSW category 2
Vic category 1
QLD category 1
WA category 1
SA category 1 & 2
Tas category 1&2
ACT category 1
NT category 1

Wait turn

NSW category 5
Vic category 4
QLD category 2
WA category 2
SA category 3
Tas category 3, 4 & 5
ACT category 2
NT category 2

Transfers

NSW category 4 & 6
QLD category 2
WA category 3
SA category 4
ACT category 3
NT category 3

Special needs

NSW category 3 (80 years and over)
Vic category 2 & 3

Figure 2: Analysis of state and territory government waiting list categories—public housing

Variation in each jurisdiction's waiting list categories also extends to the distribution of applicants on waiting lists. Table 2 outlines the number of applicants in the four broad category classifications for each jurisdiction at 30 June 2000. It indicates there is variation between jurisdictions in regard to the percentage of applicants listed on the priority wait list category. Queensland had only a two-category waiting list and had a very low proportion of applicants in the priority category (0.4%). Western Australia and the Australian Capital Territory however had a three-category waiting list and had 7.2% and 7.7% of applicants respectively in the priority category and Tasmania had a five-category waiting list and had 8.7% of applicants in the priority category.

Table 2: Percentage of public rental housing applicants in priority wait list categories at 30 June 2000

Waiting list categories	NSW	Vic	QLD	WA	Tas	ACT	NT
Priority	1.8 [(a)]	4.3 [(b)]	0.4 [(c)]	7.2 [(d)]	8.7 [(e)]	7.7	. .
Wait turn	98.3	. .	99	. .	90.9	. .	. .
Transfers	0.5	. .	. .	. .	. .	. .	. .
Special needs	0.3	. .	. .	. .	. .	. .	. .

. .   Not applicable.

(a)   Greatest need applicants are those with priority approval but do not include applicants for temporary emergency accommodation.

(b)   Greatest need categories are 'Recurring homeless' and 'Supported housing'.

(c)   The Queensland definition is those who are Priority A on the wait list.

(d)   Greatest need categories are domestic violence, harassment (e.g. racial) and medical condition.

(e)   Excludes transfers, police housing, suspended, incomplete and unprocessed applications.

Source: AIHW 2000e.

Variation between jurisdictions in regard to the number and description of categories on the waiting list, and in the distribution of applicants between wait list categories, especially priority wait list categories, suggests that waiting list categories are not an effective data source for measuring priority access to those in greatest need. An alternative data source for measuring this indicator could examine the circumstances that indicate an applicant is in urgent need of housing.

Adopting this approach may facilitate the national standard being implemented in community housing CSHA reporting. There is very limited requirement in most jurisdictions for community housing organisations to implement segmented waiting lists. Using waiting list categories therefore could limit the community housing sector's ability to use the national standard for CSHA reporting. Collecting information about applicants' circumstances may be more readily available in the community housing sector and hence facilitate reporting against this standard.

3.2 State and territory policies: priority housing circumstances

Jurisdictions aim to give priority access to those in greatest need by assessing an applicant's need for housing. When assessing an applicant's need for housing, housing authorities investigate a range of circumstances that are considered to indicate that an applicant is in need of priority housing.

Table 3 outlines the circumstances that jurisdictions take into account when considering the extent of need for urgent or priority allocation. Generally these circumstances include:

- homeless, pending homeless or exiting Supported Accommodation Assistance Program (SAAP) type accommodation;

- life-threatening situation at home such as domestic violence, sexual/emotional abuse, child abuse or at risk of violence;

- inadequate or unsuitable accommodation;

- health or disability issues;

- appropriate and affordable accommodation not available in the private sector; and

- persistent discrimination or harassment.

There is considerable consistency between jurisdictions in the inclusion of these circumstances. This indicates that an appropriate grouping of these circumstances could be used to classify greatest need categories.

Table 3: State and territory waiting list priority categories—special circumstances

Housing type	NSW		Vic		QLD		WA		SA		Tas		ACT		NT	
	PH	CH	PH	CH	PH	CH	PH	CH	PH	CH	PH	CH	PH	CH	PH	CH
Special circumstances																
Homeless, pending homelessness (eviction) or exiting SAAP type	1	. .	1	1	1	. .	1	. .	1	1	1	. .	1	. .	1	1
Appropriate & affordable accommodation not available in private sector	1	. .	3	3	1	. .	2	. .	2	. .	1 to 5	. .	. .	. .	. .	. .
Inadequate or unsuitable	1	. .	2	2	. .	. .	1	. .	1 & 2	1	1 to 5	. .	1	. .	1	1
Life-threatening situation at home	. .	. .	1	. .	1	. .	1	. .	1	1	1 to 5	. .	1	. .	1	1
Substance abuse	. .	. .	1 or 3	1 or	. .	. .	2	. .	. .	. .	. .	. .	. .	. .	. .	. .
Natural disaster (flood, fire)	. .	. .	. .	. .	1	. .	1	. .	1	1	. .	. .	. .	. .	. .	. .
Severe financial difficulties	. .	. .	. .	. .	. .	. .	2	. .	. .	. .	. .	. .	1	. .	1	. .
Victim of major crime	. .	. .	. .	. .	1	. .	2	. .	1	1	. .	. .	. .	. .	. .	. .
Health or disability issues	1	. .	2	2	1	. .	1	. .	1 & 2	1 &	1 to 5	. .	1	. .	1	. .
Persistent discrimination or	. .	. .	3	3	1	. .	2	. .	1 & 2	1 &	. .	. .	. .	. .	1	. .
Exiting institution care (include prison)	. .	. .	1 or 3	1 or 3	. .	. .	2	. .	1 & 2	1 & 2	. .	. .	. .	. .	. .	. .
Lack financial, cultural, social skills	. .	. .	. .	. .	. .	. .	2	. .	1 & 2	1 &	. .	. .	. .	. .	. .	. .
Neighbourhood or tenancy disputes	. .	. .	3	3	1 [5]	. .	2	. .	2	2	. .	. .	. .	. .	. .	. .
Witness protection	. .	. .	. .	. .	1	. .	2	. .	..	1	. .	. .	. .	. .	. .	. .
Family support	. .	. .	. .	. .	. .	. .	2	. .	2	2	. .	. .	. .	. .	. .	. .
Recent refugee or new to area	. .	. .	3	3	. .	. .	2	. .	2	2	. .	. .	. .	. .	. .	. .
Child returned to care	. .	. .	. .	. .	1	. .	2	. .	. .	. .	. .	. .	. .	. .	. .	. .

. .   Not applicable.

PH   Public housing

CH   Community housing

Note:

1. 1 includes transitional or crisis type accommodation; 2 includes PH/CH will significantly resolve the circumstances prompting the application; location disadvantage; 3 includes severe medical condition or disability which is affected by current housing; present accommodation is dangerous, substandard or severely overcrowded; underoccupancy or overcrowding as defined by the trust; living conditions and insecurity of tenure; 4 includes 'at risk' in current accommodation, domestic violence, sexual/emotional abuse, child abuse, at risk of violence; 5 in extreme circumstances an existing tenant may be urgently transferred.

2. In jurisdictions where segmented waiting lists are not implemented in the community housing sector, organisations are usually required to house applicants in accordance with need and this necessitates prioritisation against urgency or needs criteria which are similar to those in public housing. Categories may include factors such as unsafe housing environment, insecure housing situation and inappropriate housing. This situation is not reported in Table 3 as information for this table was compiled from segmented waiting list information sources.

3.3 Findings from literature

The Department of Housing and Regional Development commissioned a study into homelessness and inadequate housing in 1985 and defined three broad categories of people in housing need:

- the homeless;

- the inadequately housed; and

- those paying a high proportion of their income for housing (Housing and Regional Development 1985, cited in Department of Housing and Regional Development 1994).

Other sources of literature (FaCS 2001) have also identified factors that indicate a housing need in addition to affordability problems, including:

- people whose safety is at risk/without housing;

- people whose condition is aggravated by their housing;

- people who have a severe housing need because of the condition of their housing and their housing cost;

- people whose housing is inappropriate to their needs; and

- people with very high housing costs and/or overcrowding.

This section will explore the findings in literature about housing need and also examine Indigenous housing issues.

3.3.1 Homelessness

Homelessness is seen as the most acute form of housing stress, yet it is an area beset with difficulties of definitions and data (Department of Housing and Regional Development 1994). Chamberlain and McKenzie (1992) argue that 'homelessness' and 'inadequate housing' are socially constructed, cultural concepts that can only make sense in a particular community at a given historical period. In order to define homelessness, it is necessary to identify shared community standards about the minimum housing that people have the right to expect in order to live according to the conventions and expectations of a particular culture (Chamberlain 1999).

Literature has revealed that housing and homelessness constitute a continuum of circumstances (Chamberlain & McKenzie 1992). A model of homelessness based on shared community standards embodied in current housing practices incorporates the following elements:

- culturally recognised exceptions where it is inappropriate to apply the minimum standard—e.g. seminaries, gaols, student halls of residence;

- marginally housed people in housing situations close to the minimum standard, being equivalent to a small rented flat with a bedroom, living room, kitchen and bathroom;

- tertiary homelessness: people living in single rooms in private boarding houses—without their own bathroom, kitchen or security of tenure;

- secondary homelessness: people moving between various forms of temporary shelter, including: friends, emergency accommodation, youth refuges, hostels and boarding houses;

- primary homelessness: people without conventional accommodation (living on the streets, in deserted buildings, impoverished dwellings, under bridges, in parks, etc.).

Some definitions of homelessness are couched in broader terms than Table 3 and highlight that certain sections of the population are needy:

'A homeless person is without a conventional home…she/he is often cut-off from the support of relatives and friends, she/he has few independent resources and often has no immediate means and in some cases, little future prospect of self-support' (Chamberlain 1999).

Some definitions of homelessness also take into account the perceptions of those being studied. For example, people living in conventional accommodation are considered homeless if they do not find their accommodation satisfactory. Examining an individual's subjective assessment of their situation as the criterion by which to establish whether or not they are homeless can be unworkable as it can result in people living in similar situations being classified differently if their perceptions are dissimilar (Chamberlain & McKenzie 1992).

A dilemma in identifying a shared Australian community standard for minimum housing is the culturally diverse nature of Australia's society. There is no minimum community standard specified in any formal regulations. Any standard established for the CSHA collection would need to be sensitive to cultural meaning systems.

Indigenous homelessness

A recent study about Indigenous homelessness (FaCS 1998) identified that the Indigenous concept of homelessness differs from the non-Indigenous concept of homelessness, although there are some similarities between the two concepts. Homelessness in the Aboriginal and Torres Strait Islander context is a multi-layered, multi-dimensional concept with multiple causes (FaCS 1998).

In addition to the usual concepts of homelessness which encompass circumstances such as escaping an unsafe or unstable home, or lack of access to stable housing, Indigenous definitions of homelessness also include concepts such as:

- spiritual or psychological homelessness which relates to separation from traditional land or from family;
- transient homelessness which is due to transient and mobile lifestyles and also due to the necessity of having to travel to obtain services; and
- possible overcrowding (FaCS 1998).

Indigenous homelessness is also commonly experienced at the level of the community, the family and the individual (FaCS 1998). The emotional pain and distress brought about by separation from home and family is the most fundamental form of homelessness identified in the study (FaCS 1998).

3.3.2 People whose safety is at risk

People who experience incidents of domestic violence and whose safety is at risk are generally considered to have housing needs in addition to affordability issues. Risk to personal safety is one of the highest ranking factors indicating additional housing need (FaCS 2001).

The lack of alternative accommodation and funds to secure alternative accommodation are significant barriers to women or men leaving a violent relationship, who otherwise would do so (FaCS 2001). A recent report has found that a significant proportion of women in the two lowest quintiles are unable to leave a violent partner because of either no money or financial

support (26%) or nowhere to go (36%). Access to accommodation would enable many of these women to remove themselves from violent situations (FaCS 2001).

Indigenous issues

A national Aboriginal and Torres Strait Islander survey (FaCS 1998) found that approximately 45% of Aboriginal and Torres Strait Islander people aged 13 years and over see family violence to be a common problem in the local area. In certain remote regions this figure was higher than 68%. Indigenous women are particularly vulnerable to domestic violence, particularly fatal assaults, by a partner. Aboriginal and Torres Strait Islander women represent approximately 2% of the Australian female population, but comprise 16% of all female victims of homicide (FaCS 1998).

3.3.3 People whose housing is inappropriate to their needs

It is difficult to define what is meant by 'inappropriate or inadequate housing', though it can include a range of factors, for example:

- insecure tenure, or where a tenant is subject to harassment or discrimination;

- a medical condition urgently requiring treatment not available in the area where the applicant currently resides or where there is no reasonable access to public transport;

- poor housing location which results in isolation from community or health services, employment, social networks, support systems and public transport;

- severe overcrowding; and

- housing design or condition which is unsuitable for the needs and lifestyles of occupants, for example housing which:

  –is inappropriate for use by people with disabilities;

  –is causing or aggravating a medical condition; or

  –has structural or other maintenance problems such as dampness (FaCS 2001; Department of Housing and Regional Development 1994).

Indigenous housing issues

Research and studies have established that the standard of housing available to Aboriginal and Torres Strait Islander people is significantly lower than for other Australians (FaCS 1998). For example:

- Severe overcrowding has been found to be a problem in Indigenous households. The average number of Indigenous people living in a household is 4 .1, and in certain parts of Australia this figure is 6 or more, compared with a national average of 2.6 for the non-Indigenous population (FaCS 1998). The issue of overcrowding in Indigenous households is seen as a concept of 'hidden homelessness' (FaCS 1998). It was also found that Aboriginal and Torres Strait Islander people were eight times more likely than other Australians to live in multi-family households (12.5% compared to 1.6%), and twice as likely to be living in after-housing poverty (FaCS 1998).

- Poor standard of housing is also a problem for Indigenous households. Around 7% of Aboriginal and Torres Strait Islander households in rural and remote communities have no running water connected and around 10% have no shower or bath (AIHW 1996). Jones also found that while Indigenous families represented just 1.4% of all families in

Australia they accounted for 38% of families living in impoverished dwellings (FaCS 1998).

4 Proposed CSHA national standard: priority access to those in greatest need target groups

Applicants who were homeless or who did not have access to safe, secure and affordable housing at the time of housing allocation are identified in the CSHA priority access to those in greatest need (P6) national standard.

The CSHA priority access to those in greatest need (P6) national standard

Low income households that at the time of allocation experienced one or more of the following circumstances:

- *they were homeless; or*
- *their life or safety was at risk in their accommodation; or*
- *their health condition was aggravated by their housing; or*
- *their housing was inappropriate to their needs; or*
- *they had very high housing costs.*

The CSHA priority access to those in greatest need (P6) categories are defined below.

4.1 Homeless

Homeless, for the purpose of the CSHA national standard, is defined as an applicant with 'no housing' or an applicant residing in temporary or emergency accommodation at the time of housing allocation. It includes applicants who:

- lived in accommodation provided by a SAAP agency or some other form of emergency accommodation; or
- were totally without permanent shelter (e.g. wandered from place to place, slept out on the street or on park benches, etc.); or
- lived in shelter that was unlawful such as those who were forced to squat in derelict buildings; or
- stayed temporarily with friends or relatives in the short term (e.g. up to a maximum of 6 weeks duration).

A narrow definition of homeless has been chosen, focusing on persons who experienced primary and secondary homelessness (excluding people residing in boarding houses) according to Chamberlain (1999). This approach allows a distinction to be made between this category of the national standard and other categories of the national standard that identify persons who do not have access to safe, secure and affordable housing. It is for this reason that the SAAP (AIHW 2000c) and *National Community Services Data Dictionary* (AIHW 2000d) definitions of homeless have not been adopted for the CSHA national standard. These definitions identify people who do not have access to safe, secure and adequate housing.

4.2 People whose life or safety was at risk in their accommodation

Applicants living in a situation that placed their life or safety at risk includes situations where people were:

- subject to domestic violence

- subject to sexual/emotional abuse

- subject to child abuse

- at risk of violence or feared for their safety in the home environment.

Violence is defined as any incident involving the occurrence, attempt or threat of either physical or sexual assault. Physical assault involves the use of physical force with the intent to harm or frighten a person. The threat to harm should only be included if it is believed the harm is likely to be carried out. Sexual assault includes acts of a sexual nature against a person's will through the use of physical force, intimidation or coercion, or any attempts to do this (ABS 1996).

4.3 People whose health condition was aggravated by their accommodation

This category identifies people who lived in a housing situation that was unsuitable for their needs at the time of housing allocation. It includes people who lived in the following situations:

- they had a medical condition or disability which rendered their housing unsuitable (e.g. disabled person who required modified accommodation, older persons who were housebound due to mobility problems in highset dwellings);

- appropriate housing stock was either not available, or not available at an affordable cost, in the private rental market (e.g. dwellings with appropriate modifications for a person with a disability);

- a health condition or disability which was caused or exacerbated by the living situation.

4.4 People whose housing was inappropriate to their needs

This category captures housing situations that indicate a person did not have access to safe and secure housing at the time of allocation and these situations are not included in categories 4.1 to 4.3 above (people with housing affordability issues are captured in category 4.5). Inappropriate housing includes persons who:

- lived in poor housing locations that resulted in isolation from community services, social networks and support systems, and these services and supports were necessary to maintain independent living. This category includes families that were divided due to their housing situation;

- lived in overcrowded situations where an additional two bedrooms were required for adequate housing according to the proxy occupancy standard (used in measuring P3 match of dwelling to household size);

- were unable to access accommodation in the private rental market due to discrimination. Discrimination refers to a person who was treated unfairly because they belonged to a

particular group of people. Types of discrimination include sex, race, age, marital status, sexual orientation, or disability (Anti-discrimination Board: www.lawlink.nsw.gov.au);

- lived in situations where their tenure was insecure and they had received an eviction notice (either written or verbal) and they had no access to adequate legislative protection;

- lived in housing that had severe structural or other maintenance problems (e.g. property had been declared unfit for human habitation, severe dampness, lacked essential facilities such as cooking or bathroom).

4.5 People with very high housing costs

This category identifies households that paid 41% or more of their income in rent at the time of housing allocation.

This definition is not intended to suggest that households paying between 30–41% of income on rent live in affordable housing situations. The definition aims to capture the group of the population which experiences the more severe end of housing affordability problems and the group for which literature suggests are least able to decrease their housing costs (FaCS 2001).

5 References

Australian Bureau of Statistics (ABS) 1996. Women's safety Australia 1996. Cat. no. 4128.8. Canberra: ABS.

Australian Institute of Health and Welfare (AIHW) 1996. Australia's Health 1996. Canberra: AIHW.

Australian Institute of Health and Welfare (AIHW) 2001. National Housing Assistance Data Dictionary version 1. Canberra: AIHW.

Australian Institute of Health and Welfare (AIHW) 2000b. Draft discussion paper: measuring special need groups in CSHA programs. Canberra: AIHW.

Australian Institute of Health and Welfare (AIHW) 2000c. SAAP National data collection annual report 1998–99 Australia. AIHW Cat. No. HOU 38 Canberra: AIHW (SAAP NDCA report. Series 4).

Australian Institute of Health and Welfare (AIHW) 2000d. National Community Services Data Dictionary version 2. Canberra: AIHW.

Australian Institute of Health and Welfare (AIHW) 2000e. CSHA public rental housing data collection 1999–2000. Canberra: AIHW.

Anti-discrimination Board: www.lawlink.nsw.gov.au.

Chamberlain C 1999. Occasional paper: counting the homeless—implications for policy development 1996. Canberra: ABS.

Chamberlain C & McKenzie D 1992. 'Understanding contemporary homelessness: issues of definition and meaning' in Australian Journal of Social Issues, 27(4).

Commonwealth of Australia 1999. Gazette special: housing assistance (form of agreement) determination 1999. No. S 298, Thursday, 1 July 1999. Canberra: AusInfo.

Department of Family and Community Services (FaCS) 1998. Homelessness in the Aboriginal and Torres Strait Islander context and its possible implications for the Supported Accommodation Assistance Program. Report prepared by Keys Young. Canberra: FaCS.

Department of Family and Community Services (FaCS) 2001. Review of additional housing needs of low income renters. Report prepared by Purdon Associates Pty Ltd & Twyford Consulting Pty Ltd. Canberra: FaCS.

Department of Housing and Regional Development 1994. Towards indicators of housing stress. Canberra: Australian Government Publishing Service.

National Housing Strategy 1991. Issues Paper 2, The affordability of Australian housing. Canberra: National Housing Strategy.

The 1999 Commonwealth State Housing Agreement financial accounting framework

1 Background

The Commonwealth Government provides almost $1 billion per year to states and territories for housing assistance through the Commonwealth State Housing Agreement (CSHA) (Commonwealth of Australia 1999). The funds are used by state housing authorities (SHAs) in accordance with conditions set out in the CSHA, being primarily for:

- the acquisition and upgrade of assets used to support the provision of housing assistance;
- the provision of funds to non-government organisations for the purposes of providing housing assistance;
- the retiring of debt that has been used to fund housing assistance;
- the provision of subsidies for consumers who receive housing assistance; and
- research, advocacy, consumer participation, information dissemination activities and other such activities.

The CSHA requires that states and territories provide information to the Commonwealth to show that they have properly acquitted the government funds. Two types of information are collected, being:

- financial information using a nationally consistent reporting framework; and
- information used to monitor operating performance (performance indicators).

The legislation relevant to the CSHA is the *Housing Assistance Act 1996*. This legislation requires that housing assistance 'be implemented through common-form agreements between the Commonwealth and States'. The form of agreement is to 'include provisions relating to the reporting by a State of its operations under such an agreement'.

The financial reporting requirements implemented under the CSHA require states to 'provide to the Commonwealth within six months of the end of the financial year audited reports of housing operations under this Agreement and agree they will use nationally consistent financial reporting frameworks and accounting practices'.

In addition, the CSHA requires the chief executive officer (CEO) to certify that 'funds have been used only for allowable purposes' and that 'assets have been used only to provide housing assistance in accordance with the Agreement'.

The specific format and quantity of reporting developed to satisfy accountability requirements is described in the subsidiary agreement to the 1999 CSHA, known as the National Housing Data Agreement.

2 The CSHA National Financial Accounting Framework

The financial framework that was developed and used under the 1996 CSHA for public housing proved unworkable, as it was totally unrelated to the ways that SHAs operate. This led to considerable work rebuilding financial statements, and undermined the integrity and validity of the financial reporting.

In addition the financial framework used for the 1996 CSHA was not consistent with the outcomes and objectives of the 1999 CSHA. The Commonwealth commissioned a consultant's report on alternative financial reporting frameworks which would meet 1999 CSHA requirements.

A new financial reporting framework was endorsed by Housing CEOs in October 1999 to be implemented for 1999–2000 by a financial technical working group under the auspices of the National Housing Data Agreement (FaCS 2001). The framework was based on a consultant's report titled The Commonwealth State Housing Agreement: the design of a new financial reporting framework (1999), referred to as the 'Allen report' which is attached.

Minor refinements and updates have been made to this framework on an annual basis involving further refinement and alignment with changes to Australian Accounting Standards.

The new financial reporting framework developed for the 1999 CSHA was based on the Allen report and the work of the financial technical working group. This framework is based on consolidated operating statement, balance sheet and cashflow statement. In this framework the statements would be standard, but jurisdictions could indicate regional variations in the notes.

The 1999 framework addressed the difficulties with the previous framework through:

- a closer alignment with jurisdictional reporting requirements;
- closer linkage with reporting from the community housing sector;
- compliance with the timing of reporting (six months after the end of the financial year; and
- meeting the Commonwealth's accountability requirements.

It was found that the provision of the financial statements used for jurisdictional purposes was not entirely suitable for Commonwealth purposes, but that a consolidated report would meet the Commonwealth's requirements. As the 1999 framework is the consolidated version, jurisdictions have some additional work to meet the requirements. However, as the consolidated statements are based directly on the jurisdiction's financial statements, there would be minimal extra work by the auditor, if they were auditing both sets of statements.

In order to meet Commonwealth requirements, the Commonwealth funding component needs to be reported in the operating statement and the cashflow statement, but only at the consolidated level for :

- public housing;
- community housing;
- the Crisis Accommodation Program;
- Indigenous housing (i.e. state-owned and -managed Indigenous housing formerly known as the Aboriginal Rental Housing Program); and

- home purchase assistance.

The framework developed addresses the key objectives of the CSHA financial reporting framework to:

- be able to assess the financial viability of SHAs for risk management reasons;
- be able to meaningfully compare the results and financial positions of SHAs; and
- reduce the reporting burden on the states and territories.

The Allen report and the Financial Technical Working Group noted that the consolidated approach should be used for high-level review purposes, with additional information being requested from the states and territories where problem areas are identified by the Commonwealth. This should help to simplify and focus the Commonwealth's review procedures, giving it a more meaningful and risk-focused approach.

The Financial Technical Working Group also examined the issue of differences in accounting policies and business practices. It was agreed that there were no material differences across jurisdictions which would require amendments. Any minor variations could be addressed in notes to the financial statements. The Financial Technical Working Group also agreed to definitions related to the finance-based national performance indicators, and has recommended these to the NHDA Data Development Committee.

3 Analysis of the CSHA National Financial Accounting Framework

3.1 Policy differences

In examining the new CSHA National Financial Accounting Framework the Financial Technical Working Group identified a number of other issues that will affect the analysis of CSHA funding and requirements in the future. In particular:

- Waiting lists are now being more strategically targeted, so that assistance is given to those in most need of assistance. Consequently rental income, which is primarily based on client incomes, is likely to decrease in the future.
- Some services are being contracted to specialised private sector companies where special needs have been identified that cannot be appropriately addressed within the SHAs. Due to the specialised nature of the services provided, higher service costs may be experienced but a better outcome for clients is achieved.
- There is a greater concentration on special needs clients, resulting in a higher proportion of modified houses. The additional requirements for these houses can add to the costs of construction. This is a community service obligation, not a commercial consideration.
- Property acquisitions are being focused towards areas where housing is most in need. This tends to be in more central locations close to facilities and clients' work places, rather than in cheaper, more remote areas. Consequently SHAs are experiencing higher costs when purchasing land. Costs to build houses/acquire land needs to be viewed in light of the policy decisions of that particular state or territory.

These issues arise mainly due to the policy direction of the SHAs, and should be taken into account during any analysis of the financial information.

3.2 Operational differences

It was also noted in the Allen report that any analysis of the financial information must be made with a detailed understanding of the operations of each SHA. Each of the SHAs operates in separate geographic and economic environments which will have a material impact on the financial results. Some of the differences identified include:

- different population densities;
- different tenant demographics (e.g. higher Aboriginal population, more special care tenants);
- rapid deterioration of properties in some states and territories due to severe climates;
- different housing stock compositions and age of housing stock; and
- different mix of programs.

These factors should be taken into account when analysing financial information and comparing one SHA to another. In this way meaningful and informed conclusions can be made about financial aspects of the SHAs.

3.3 Different accounting policies

Analysis needs to consider the underlying differences between the accounting numbers due to the adoption of different accounting policies by SHAs. The results of the SHAs could be materially affected by the use of one accounting policy over another. Table 1 shows the significant account balances affected by different accounting policies.

Table 1: Assessment of different accounting treatments

Account	Different accounting treatments possible	Impact on financial statements
Valuation of assets	Different methods of valuation used (e.g. deprival vs market value)	Highly material
	Different periods between valuations	
Depreciation	Different methods of depreciation used (e.g. straight line vs reducing balance)	Highly material
	Different assessments of 'useful life', resulting in different depreciation rates	
Capitalisation of assets	Different ways of determining which costs can be capitalised when assets are constructed (e.g. interest on specific loans to finance development, allocation of indirect costs)	Potentially material
	Different capitalisation limits (i.e. costs below a set limit are expensed)	
Costs beyond control of SHAs (e.g. rates and other taxes)	Costs may not be fully levied on housing activities in some SHAs	Potentially material
	The calculation method of some costs varies between SHAs (e.g. different charges for rates)	
Tax equivalent	Some states and territories might be operating under a tax equivalent regime	Potentially material
Inventories	Some SHAs may disclose land held for resale as inventories rather than property or fixed assets	Not highly significant given the low levels of inventory at 30 June 1998
Outsourced operations	Where a function has been contracted out, all the costs and revenues associated with that function are reduced to a single payment	Not highly significant given the low level of contracted services at present
Employee costs and entitlements	Superannuation, fringe benefits tax, payroll tax—different rates apply across Australia, and some SHAs will not include any costs	Should not be significant for housing

Source: Commonwealth State Housing Agreement: the design of a new financial reporting framework 1999.

3.4 Methods of analysis

Also when analysing financial information the Allen report noted that it is important to consider the risks applicable to SHA operations. Some financial viability risks identified during the review include: government grants not covering net cash outlays; value of properties decreasing; significant restoration costs required on properties; and the impact of external factors (e.g. GST).

Appendix C of the Allen report contains a list of recommended financial performance indicators which can be used to analyse the SHAs' financial information. These ratios are designed to highlight relationships between various items in the financial statements and can be used to put individual numbers in financial statements in context. Financial ratios can be used for:

- comparison of financial operations from year to year;
- comparison between SHAs (note the comments below about comparability issues that should be considered);
- comparison with set and agreed targets.

The analysis of these ratios performs a number of functions, including:

- providing some meaning to the information received by the SHAs, which cannot be identified using the raw data due to the relative differences in size of the various operations;

- highlighting issues associated with certain SHAs—these can then be investigated with the help of the SHA and, where appropriate, solutions discussed and agreed on;

- raising questions which can be discussed with the states and territories to achieve a good understanding of their operations; and

- a high-level audit of the information received.

In addition to these indicators, further high-level analysis needs to be performed including such measures as:

- identifying which SHAs are operating in deficit;

- identifying which SHAs are financing deficit operations through external borrowings; and

- comparing changes in the size of operations of SHAs.

Attachment 1: The Allen report (excludes section 1: executive summary)

2 Background

2.1 The Commonwealth State Housing Agreement

The Commonwealth provides almost $1 billion per year to states and territories for housing assistance through the Commonwealth State Housing Agreement (CSHA). The funds are used by State Housing Authorities (SHAs) in accordance with conditions set out in the CSHA, being primarily for:

- the acquisition and upgrade of assets used to support the provision of housing assistance;
- the provision of funds to non-government organisations for the purposes of providing housing assistance;
- the retiring of debt that has been used to fund housing assistance; and
- the provision of subsidies for consumers who receive housing assistance;
- research, advocacy, consumer participation, information dissemination activities and other like activities.

2.2 Scope

The CSHA requires that states and territories provide information to the Commonwealth to show that they have properly acquitted the government funds. Two types of information are collected, being:

- financial information using a nationally consistent reporting framework;
- information used to monitor operating performance (performance indicators).

The Allen Consulting Group and PricewaterhouseCoopers were engaged to investigate the financial information requirements of the CSHA and to examine alternative financial reporting frameworks.

Information required for performance indicators is being separately reviewed by the Department, and will be incorporated in the multilateral and bilateral agreements with each SHA. Additional information is also required by the Productivity Commission for its Review of Commonwealth/State Service Provision publications, however a review of their requirements is beyond the scope of this review.

2.3 Our approach

Our approach to this consultancy was based on a high-level assessment of needs and consultation with key stakeholders to determine the alternative reporting frameworks considered. It was performed using the following four-stage process:

Stage 1:   Understanding the policy framework

Stage 2:   Consulting with stakeholders

Stage 3:   Development of a proposed reporting framework

Stage 4:   Preparation of a comprehensive report.

Stage 1 Understanding the policy framework

The first stage of the study was to undertake a review of the overall policy framework which governs the CSHA. The review involved discussions with staff from the Department, as well as desktop analysis of the following:

- Commonwealth State Housing Agreement
- 1997–98 State Housing Annual Reports (all states and territories)
- existing financial reporting framework
- existing state and territory reporting
- results of previous consultancies.

Stage 2 Consultation with stakeholders

After reviewing the policy framework, we conducted interviews with key stakeholders in order to ensure that we understood all the relevant issues and to incorporate an element of ownership in the process. Given constraints on time and funding, it was not feasible to involve all stakeholders. With the approval of the Commonwealth a focused list of consultations were conducted. Interviews and talks were conducted with the following stakeholders:

- state housing authorities (Queensland, New South Wales, Victoria and South Australia (by phone))
- the Department of Family and Community Services
- the Productivity Commission
- Australia National Audit Office (by phone).

Stage 3 Development of a proposed reporting framework

Using the information and the Commonwealth's requirements identified in the first two stages, options for the design of a new reporting framework were devised. The reporting framework attempts to satisfy as many of the goals and requirements of the stakeholders as possible, without overcomplicating the reporting or compromising the integrity of the information.

Stage 4 Preparation of a comprehensive report

This report summarises the issues examined, alternative approaches to the current method and our recommended approach, including a pro forma of a recommended reporting format. It also recommends an approach for the analysis of SHA financial information, including recommended tools and a discussion about comparability issues.

3 Assessment of goals/needs

3.1 Commonwealth goals/needs

Financial reporting

The Commonwealth has a wide range of responsibilities regarding the CSHA and consequently has many needs from the financial reporting system that is in place. Based on

consultations and other inputs, the consultants have identified the following key goals held by the Commonwealth.

Table 1: Summary of Commonwealth goals from CSHA financial reporting

Goals	Comments
Probity	It is a fundamental requirement that the states and territories meet Commonwealth funding acquittal and accountability requirements in order for the Commonwealth to be accountable itself.
Effectiveness	Obtain data which permits costs and outputs to be related to show what is being achieved with the level of funding provided.
Efficiency	Allow benchmarking and a better understanding of contestability through comparable data.
Risk management	Sufficient information to demonstrate the financial situation of the SHAs.
National perspective	Collect data to assess achievements throughout Australia as a whole.
Simplicity	Seek an optimal balance between the value of the information collected and the difficulty and cost in collecting and maintaining it.

While the Commonwealth regards each of the goals identified above as important, emphasis was placed on three in particular. Officials impressed upon the consultants the relative priority of the following aims which are noted in their order of importance:

- to be able to assess the financial viability of SHAs for risk management reasons;
- to be able to meaningfully compare the results and financial positions of SHAs;
- to reduce the reporting burden on the states and territories.

Adequate information about the financial situation of the SHAs is central to management of risks borne by the Commonwealth. Tracking the financial viability of SHAs is the main means available for the Commonwealth to ameliorate this risk.

Comparison of the results and financial position of the SHAs is important in order to facilitate the most efficient use of resources. By comparing results against predetermined benchmarks and against other SHAs, management can identify the strengths and weaknesses of their SHA. Where appropriate they can take remedial action where performance is below that of the other SHAs or below the agreed targets.

Obtaining a balance between the costs and benefits of collecting information is also important to make the system workable and useful. It is important to ensure that all information requirements above the minimum required by legislation are achievable with minimum manipulation of existing data and must be useful to the Commonwealth.

Performance indicators

The Commonwealth has an interest in ensuring that the operations of the SHAs are efficient. By doing this, it ensures that funding under the CSHA is being used for the provision of housing assistance to those in need and not to finance inefficient operations. Monitoring of agreed performance indicators encourages SHAs to focus on those outcomes desired by the Commonwealth.

Financial information and performance indicators are highly related and it would be best to avoid analysis in isolation. The performance indicators required by the CSHA (and for the Productivity Commission) are being separately reviewed by other teams within the Department.

3.2 States' views/needs

During our meetings with officers of the nominated SHAs, a number of comments were made about the information requirements of the Commonwealth as part of the CSHA. The most significant issues have been summarised below.

While the SHAs visited recognise that they have a reporting responsibility to the Commonwealth, they are particularly interested in reducing the administrative burden. In some states preparation of the CSHA reporting required two SHA members of staff two months to compile after finalisation of the annual report. In another territory information was still not received by the Commonwealth until over six months after the finalisation of the annual report.

In addition, as detailed in Section 4.2 of this report it was found that the financial information required by the Commonwealth was not representative of the financial reporting already being prepared by the states for management purposes. This comment was also relevant for the information requirements for the performance indicators, which were often difficult to compile. There was some concern that the costs of collecting the information outweighed the benefits.

A number of solutions were put forward as to how the Commonwealth can assist the states and territories, including:

- ensuring that the required format of financial reporting aligns with SHAs' internal reporting formats so that manipulation of information is kept to a minimum;

- ensuring that definitions used within the reporting framework are unambiguous and reflect the operations of the SHAs.

It was also apparent from talks with some states that they would like to be able to benchmark their operations against those of the other SHAs. The current perception is that meaningful comparisons of SHA results are not possible as financial and other information is not compiled in a consistent way. Consequently, it is difficult for the SHAs to judge their performance and there is no real incentive to improve operations. This is being addressed by the implementation of national and bilateral agreements.

During our review, the states identified a number of other issues that will affect their funding requirements in the future. These issues arise mainly due to the policy direction of the SHAs, and should be taken into account during any analysis of the information. In particular, the following was highlighted:

- Waiting lists are now being more strategically targeted, so that assistance is given to those in most need of assistance. Consequently rental income, which is primarily based on client incomes, is likely to decrease in the future.

- Some services are being contracted to specialised private sector companies where special needs have been identified that cannot be appropriately addressed within the SHAs. Due to the specialised nature of the services provided, higher service costs may be experienced but a better outcome for clients is achieved.

- There is a greater concentration on special need clients, resulting in a higher proportion of modified houses. The additional requirements for these houses can add to the costs of construction. This is a community service obligation, not a commercial consideration.

- Property acquisitions are being focused towards areas where housing is most in need. This tends to be in more central locations close to facilities and clients' work places, rather than in cheaper, more remote areas. Consequently SHAs are experiencing higher

costs when purchasing land. Costs to build houses/acquire land need to be viewed in light of the policy decisions of that particular state or territory.

4 Possible financial reporting frameworks

4.1 Background

The legislation relevant to the CSHA is the *Housing Assistance Act 1996*. This legislation requires that housing assistance provided under the act 'be implemented through common-form agreements between the Commonwealth and States'. The form of agreement is to 'include provisions relating to the reporting by a State of its operations under such an agreement'.

The financial reporting requirements implemented under the CSHA require that 'States will provide to the Commonwealth within six months of the end of the financial year audited reports of housing operations under this Agreement and agree they will use nationally consistent financial reporting frameworks and accounting practices'.

In addition, the CSHA requires the chief executive officer (CEO) to certify that 'funds have been used only for allowable purposes' and that 'assets have been used only to provide housing assistance in accordance with the Agreement'.

The specific format and quantity of reporting developed to satisfy accountability requirements will be described in a subsidiary agreement to the 1999 CSHA, known as the National Housing Data Agreement.

4.2 The current financial reporting framework

The financial reporting framework adopted for the 1995–96 to 1997–98 years divides SHA operations into the following segments:

- Policy and Governance
- Property Manager
- Tenancy Manager
- Community Housing
- Home Ownership
- Other Activities.

The information was presented in a format which included a statement of income and expenditure, a balance sheet and a statement of cashflows, with detailed notes supporting major balances.

The benefit of dividing results into these segments was that it provided the Commonwealth with a level of detail about the operations of the SHAs which was not achievable from a consolidated report. This provided potentially useful information which could be used to relate inputs and outputs, one of the key requirements of the Commonwealth. In addition, by maintaining nationally consistent segment categories, it was envisaged that a comparison of SHA operations could be made.

While these ideas are conceptually very sound and should result in a significant amount of useful information for the Commonwealth, it was found that the reporting framework did not work in practice.

SHAs operate using very different legal structures, such as through the use of trusts for specific operations. Reporting is done separately for each legal entity (trusts, etc.) with a consolidation of housing operations only being performed once a year for the annual report. As the operations are not all reported using the segments noted above, a significant amount of manipulation of data was required to comply with CSHA reporting requirements.

In particular, there were problems allocating costs and income between the Property Management and Tenancy Manager categories, as well as with the definition of 'Other Activities'. In addition, some SHAs did not distinguish between public housing assets and community housing assets in their asset management systems, making it difficult to allocate costs between the two.

Because of the problems experienced, SHAs were forced to make arbitrary allocation decisions, and without any clear guidance as to how this should be done, there were inconsistencies between the treatments by each state and territory. Some examples of the types of allocations required included:

- the allocation of public housing income and expenses between Property Manager and Tenancy Manager;

- the creation of a notional 'tenancy management fee' between Property Manager and Tenancy Manager;

- allocation of overheads to segments;

- notional allocation of property assets (and associated incomes and expenditures) from Property Manager to Community Housing.

As a result of these factors, the integrity of the allocations to the operational segments were not able to be relied upon, and comparisons between SHAs were not made.

In addition, due to the difficulties of compiling the required information, some SHAs were not reporting within the six-month period required by the CSHA and some reports were not being audited. These factors seriously compromised both the usefulness and reliability of the information.

4.3 Considerations when selecting alternative reporting frameworks

When considering the alternative financial framework alternatives, the following factors should be taken into account.

Measuring financial viability and assessing risks

The Commonwealth has a responsibility to ensure that the financial situation of the SHAs is stable and that they are self-sustaining with the current level of funding. To enable it to achieve this the Commonwealth must collect sufficient information so as to make meaningful conclusions about SHA operations. It must also have a methodology when analysing information to ensure that significant issues are identified.

These issues have been covered in more detail in Section 6 of this report.

Reporting on outputs

The Commonwealth has an interest in relating costs and outputs to show what is being achieved with the levels of funding. This objective is achieved through a number of means, including:

- financial reporting, by segment and by type of expenditure;

- analysis of information provided by performance indicators.

The financial framework should ensure that enough information is provided to enable a reasonable understanding of how the SHAs have made use of their funding.

Financial accountability

The financial framework selected should contain sufficient information to enable the Commonwealth to meet the acquittal and accountability requirements imposed by legislation. This is the primary reason for reporting and will dictate the minimum level of reporting. A judgment will need to be made by the Commonwealth as to the amount of information that will meet the requirement for 'reports of housing operations'.

Benchmarking

Another key objective of the Commonwealth is to allow benchmarking and a better understanding of contestability. To achieve this objective, information reported by SHAs must be prepared using consistent allocation methods and accounting policies. It is only when information is reliable that SHAs' results can be meaningfully compared.

Managing the reporting burden for the states

Reporting by SHAs under the CSHA does not add any value to SHA operations and hence should be kept to the most basic level of information that will allow the Commonwealth to satisfy its requirements. In addition, the format of information should be consistent with information already prepared by the SHAs to avoid duplication of effort.

4.4 The alternatives

Whichever financial reporting format is selected, it should contain a profit and loss statement, balance sheet and a statement of cashflows that are self-reconciling, i.e. key information from each of the statements reconciles to information in the other statements. This will enable a high-level overview of the SHAs' operations and financial position, and will highlight any potential issues which might not be apparent through a review of each of the statements in isolation.

A number of alternative financial reporting frameworks have been identified and are detailed below. The alternatives use the same basic format, however, vary according to the level of disaggregation of information required. This ranges from consolidated numbers in the first option to a detailed breakdown in the third option. The decision as to how much information is required is a matter of judgment.

Consolidated approach
- Consolidated results of SHA operations are disclosed in a single column of numbers.
- Information provided should reconcile back to audited financial statements contained in the annual report.
- Information would be broken down into sufficient detail to allow a meaningful analysis of the results and financial position.
- Information about identified program funding would be separately disclosed to ensure that it has been appropriately acquitted in accordance with requirements in the CSHA. Note that these figures would already be included in the consolidated figures returned.

- An example of this reporting format is included at Appendix A, using the 1997–98 information for Victoria as an example. In addition, proposed definitions of account balances which should be used in conjunction with this framework are included at Appendix B.

Reporting of outputs using this approach would not be as direct as reporting by segments. Adequate information is provided, however, to provide a good understanding of what has been achieved with the funding. As described in Section 4.3, this would be achieved through a review of the individual items in the financial statements, a review of the information in the identified program information attached, as well as a review of information provided for the performance indicators.

The preparation of reports in this format would not require much additional work from that already performed for the preparation of financial information in the annual report. The most significant difference will be the need to allocate revenue and expenses into the categories required under the proposed format, although this should not cause significant amounts of extra work.

Even with a complex reporting structure we estimate that the information required for the proposed format could be compiled within a week.

Consolidated approach plus breakup

- Information would be provided on a consolidated basis as described above.

- Additional information would be provided by the states and territories breaking up the operations into their program areas. This would be in the reporting format that the SHAs use for internal purposes.

The information currently prepared by each state and territory for management reporting varies slightly, however there are basic consistencies in its preparation. Each state examined broke down its operations into key program areas, with varying levels of financial information provided for each.

An appropriate level of information should include at a minimum a profit and loss report for each key program area, providing details of key items of income and expense. Where possible a cashflow and balance sheet should also be obtained.

Segmented approach

- This would be similar to the current reporting requirements.

- Categories required would be changed to:
  –Public housing
  –Home ownership
  –Community housing
  –Aboriginal housing assistance
  –Crisis Accommodation Program
  –Other.

- Consolidated total would reconcile back to audited annual report financial statements.

While the actual segments used by states and territories vary, a number of common segments exist. The segments selected for the third option have been taken based on

program areas for the states visited. The main difference between these segments and the segments in the existing framework are:

- the combination of Property Manager and Tenancy Manager into Public Housing. Allocation between these two notional segments seemed to cause the most problems;
- the inclusion of identified program segments;
- the reduction of the Policy and Guidance segment which would be included in 'Other'.

A number of other segments were identified from states' management reporting, however these were not considered material enough to warrant an individual segment. Examples included Private Housing Assistance and Housing Commercial Services.

4.5 Assessment of alternatives

An analysis has been prepared of each of the alternative reporting frameworks in Table 2. The analysis has been performed based on the perceived satisfaction of the goals and needs of the Commonwealth and states/territories, as well as highlighting any potential problems associated with that alternative.

Table 2: Assessment of alternatives

Alternatives	Satisfaction of goals/needs	Potential issues
Consolidated reporting	Simple for SHAs to prepare	May not contain sufficient information to make meaningful comments on results/viability
	Removes comparability issues re allocation between activities	
	All significant financial viability issues can be addressed from information provided	Does not fully address reporting on outputs
	Encourages more refined analysis process	
Consolidated reporting —with break-up of operations in SHAs' format	Simple for SHAs to prepare, as detailed information is provided in their normal reporting format	It is not clear that supporting information is needed by the Commonwealth
	Further analysis can easily be made where issues arise	No mechanism for comparing supporting information between SHAs due to different formats
	Gives scope to review SHAs' results using the new outputs framework	Outputs framework not yet implemented by the states and territories
Segmented reporting	Provides a break-up of results into key program areas	Does not remove comparability problem relating to allocation of costs between activities
	Removes some of the problems associated with the current reporting framework	
	Enables analysis of problems in individual areas	High administrative burden for the states and territories

4.6 Recommended financial reporting format

Based on the importance the Commonwealth placed on assessment of SHA financial viability, the emphasis placed by the states on the ability to compare results and the need to reduce the reporting burden, we recommend that the first alternative, a consolidated approach, be adopted as the national reporting framework. This method particularly satisfies the second and third objectives, and provides enough information about the SHAs' results and financial positions to make comments about financial viability and other related issues.

The consolidated approach should be used for high-level review purposes, with additional information being requested from the states and territories where problem areas are identified by the Commonwealth. This should help to simplify and focus the Commonwealth's review procedures, giving it a more meaningful and risk-focused approach.

The remaining alternatives suggested provide additional information about the composition of the SHAs' operations, however this does not appear to be needed to make the high-level analysis that is required by the Commonwealth. Any further break-up of the information from a consolidated level will increase the reporting burden on the states and territories, and will reduce the integrity, and consequently the usefulness, of the information provided. This has been the main problem experienced with the current financial reporting framework.

It should be noted that any analysis of the information must be made with a detailed understanding of the operations of each SHA, and in consultation with the SHA management. Each of the SHAs operates in separate geographic and economic environments which will have a material impact on the financial results. Some of the differences identified include:

- different population densities;
- different tenant demographics (e.g. higher Indigenous population, more special care tenants);
- rapid deterioration of properties in some states and territories due to severe climates;
- different housing stock compositions and age of housing stock;
- different mix of programs.

While these factors should not be used as an excuse for poor performance, they should be taken into account when analysing financial information and comparing one SHA to another. In this way meaningful, informed conclusions can be made about the performance of the SHAs.

5 Other financial reporting framework issues

5.1 Timing of reporting

One of the uses of information received by the Commonwealth is to assess financial viability of each SHA from a risk management point of view. Information is also used to detect any areas of concern so that these may be raised with the SHA and addressed where appropriate.

The CSHA requires financial information to be provided to the Commonwealth within six months of year-end. Given the uses of the information by the Commonwealth, it appears that receiving information at such a late stage makes it difficult to address any problems that are identified in a timely manner.

Consequently, we recommend that the SHAs be encouraged to submit their information as soon as possible after year-end. If the recommended reporting framework is adopted, the work to be performed by the SHAs will be significantly reduced and we do not believe there will be any reason why the financial reporting could not be performed at the same time as financial statement preparation for the annual reports.

In addition, if the recommended financial reports are easily prepared by the states and territories, we recommend that an interim reporting strategy by adopted. This would involve

SHAs reporting to the Commonwealth on a six-monthly basis rather than annually. This would enable the Commonwealth to identify emerging issues more quickly and to address potential problems in a more timely manner. The fact that it has not been built into the current CSHA raises some challenges. This may not present an insurmountable barrier if the states and territories agree to a change on the basis that the more regular reporting of a more manageable data requirement is preferable to the existing arrangements.

5.2 Certification by chief executive officer (CEO)

Irrespective of which financial reporting framework is selected, the CEO of each SHA shall continue to be required to certify to the Commonwealth that the CSHA funds have been spent for the purposes outlined in the CSHA. This is a key feature of the acquittal requirements. We understand that the format of this certification is currently being reviewed and we recommend that a standard format be adopted.

5.3 Audit of financial reports

It was noted during the review that some SHAs did not have the CSHA financial reports audited due to the complexity of their production.

As it is a requirement under the CSHA, all SHAs should be required to have their reports audited. This process would be significantly simplified with a consolidated reporting format and could be completed at the same time as the SHA financial statements are audited.

5.4 Financial information used in performance indicators

As much as possible, financial information used to calculate performance indicators should reconcile back to the financial reports. In the past, differences have been noted between the financial information used in performance indicators and information in the financial reports due to financial reports being submitted up to two months after performance indicators have been completed.

With a simpler reporting framework, it should be possible to provide information for both reports at the same time, allowing an easier cross reference of numbers and consequently more accurate performance indicators.

5.5 Comparability issues if the reporting format is changed

If a change to the reporting framework is made, thought will need to be given to the treatment of comparative information. If the recommended consolidated approach is adopted then this should not be an issue as consolidated figures were provided in previous years.

Any other changes to the format, including a revision to the segments selected for analysis, would either require prior year figures to be recalculated or for no comparisons to be shown in the first year of implementation.

5.6 Source of housing assets

Certain assets owned by the SHAs were purchased using non-CSHA funding. Some SHAs have been keeping separate records of assets based on their original funding source. It should be made clear to SHAs that reporting under the CSHA should include all housing activities of the SHA and not just those initially funded by the CSHA. This will ensure that

the Commonwealth gets a full understanding of SHAs' operations, rather than those simply tied to CSHA funding. We understand that reporting total operations will be simpler for the SHAs rather than trying to split between CSHA-funded operations and other operations.

5.7 Reporting on outputs

The outputs framework being implemented by both Commonwealth and state government organisations attempts to identify the cost of each program being run by that organisation. In the case of Housing this would involve full costing of programs such as Public Housing and Community Housing. Reporting under the outputs framework has not yet been fully implemented by the states and territories. Some states have made considerable progress down this path with implementation to be made for the first time in the 1999–2000 financial year, while others are still assessing the approach they are going to take for this new form of reporting.

SHAs are developing the outputs framework in consultation with their own state treasuries and consequently there is no consistency between the outputs that are being selected by each state and territory. As it is not possible for the Commonwealth to require the states and territories to use a nationally consistent outputs framework, it is difficult to incorporate the outputs reporting into a pro forma CSHA reporting framework without some SHAs requiring considerable amounts of recalculation.

Consequently, we recommend that the second reporting alternative noted at Section 4.4 be considered once the outputs framework has been fully implemented by most SHAs. This would involve the SHAs providing an analysis of their results using the outputs they have selected without the requirement to reformat this information into nationally consistent formats.

5.8 Verifying funds have been correctly spent

The Commonwealth must be able to ensure that CSHA funds, particularly non-housing funds, have been properly spent in accordance with the CSHA. This is not easily achieved given that the Commonwealth has consciously removed itself from involvement with the day-to-day decisions of the SHAs. To attempt to satisfy the Commonwealth's obligations we have recommended the following:

- certification from CEO;
- audit certificate from SHA auditor;
- specific information requirements for identified program funding.

These procedures have not changed from the previous reporting framework and we would not recommend any further checks, such as appointing a national auditor to review all SHAs, as they would not be cost effective and would not provide much more comfort than is already provided.

5.9 Issues for future consideration

Goods and Services Tax (GST)

The financial reporting format recommended in this report has not taken into account the impact of the proposed Goods and Services Tax (GST) on the operations. We recommend that the impact of the GST be built into the financial reporting framework when its implications on the financial results of the SHAs has been determined.

Tax equivalent regime

Some states are reporting under a tax equivalent regime, whereby a notional tax expense has been created on any profits generated. As this has not been adopted by all states and territories we have not built it into the recommended format. In this way, we ensure that financial results will be consistent.

If the majority of states and territories adopt the tax equivalent regime, then this element could be adjusted in whichever model is agreed upon.

Capital user charge

The capital user charge is being used by both Commonwealth and state government organisations to attempt to attribute a notional cost of the assets which it controls. The Productivity Commission is currently investigating the implications of a capital user charge for Housing. We recommend that the results of their review be considered for the selected reporting framework.

6 Analysis of financial information

6.1 Financial analysis framework

The Commonwealth has a responsibility to ensure that the financial situation of the SHAs is stable and that they are self-sustaining with the current level of funding. The Commonwealth needs to ensure that it is aware of all financial circumstances of each SHA, particularly those which may affect their long-term viability.

Consequently, it is important that the Commonwealth collects sufficient relevant information about the operations of the SHAs to make meaningful conclusions about their operations. In addition to collecting the information, it should have in place a financial analysis framework which includes tools that can be used to detect significant areas of concern.

With this in mind it should be noted that the financial viability of an SHA is not able to be determined through ratio analysis or high-level reviews. Conclusions about financial viability can only be made based on a full, in-depth analysis of individual SHA operations and financial results. This is a considerable exercise and has not been covered as part of this review. The steps shown in this chapter are designed as a tool for desk-top reviews in order to highlight emerging trends or areas of concern.

6.2 State Housing Authority risks

When analysing financial information it is important to consider the risks applicable to SHA operations. Some financial viability risks identified during the review include:

Government grants do not cover net cash outlays

If government grants do not cover net cash outlays, the SHAs will be forced to borrow to fund the deficit. Consistent cash deficits will result in growing debts and higher interest bills in future years. This may lead to a debt spiral, with interest expense in future years reducing the ability of SHAs to provide key services to clients.

Value of properties decreases

Reduction in the value of properties will reduce the SHAs' ability to raise funds through the sale of existing assets. Property values may be reduced by a number of factors, including insufficient annual maintenance, ageing of properties, and/or locating properties in difficult to rent areas.

Significant restoration costs required on properties

Significant costs may be required in the future to bring properties back to a state where they can be re-let or sold. This is particularly important for SHAs with ageing properties or where climatic or other factors may have a heavy impact on property conditions.

Impact of external factors (e.g. GST)

States will need to evaluate any changes to their risk profiles which could result from the introduction of the GST. The implications of the GST also need to be considered in relation to the development of any revised financial framework.

6.3 Methods of evaluating financial performance

We have attached at Appendix C a list of recommended financial performance indicators which can be used to analyse the SHAs' financial information. These ratios are designed to highlight relationships between various items in the financial statements and can be used to put individual numbers in financial statements in context. Financial ratios can be used for:

- comparison of financial operations from year to year;
- comparison between SHAs (note the comments below about comparability issues that should be considered);
- comparison with set and agreed targets.

The analysis of these ratios performs a number of functions, including:

- providing some meaning to the information received by the SHAs, which cannot be identified using the raw data due to the relative differences in size of the various operations;
- highlighting issues associated with certain SHAs. These can then be investigated with the help of the SHA and where appropriate solutions discussed and agreed on;
- raising questions which can be discussed with the states and territories to achieve a good understanding of their operations; and
- a high-level 'audit' of the information received.

At Appendix D we have applied our recommended ratios to the 1997–98 financial information to demonstrate how they would be used in practice.

In addition to these indicators, further high-level analysis needs to be performed including such measures as:

- identifying which SHAs are operating in deficit;
- identifying which SHAs are financing deficit operations through external borrowings;
- comparing changes in the size of operations of SHAs.

6.4 Knowledge of individual SHA circumstances

When performing any analysis on financial information, it is extremely important to have a detailed knowledge of each SHA.

To achieve maximum benefit from a review of results, detailed discussions should be held with each SHA and results from those discussions and conclusions drawn should be documented in an appropriate format. This will ensure that there is some continuity in the review process, particularly if states and territories are attempting to achieve benchmarks set by the Commonwealth.

Without a detailed understanding of each SHA, incorrect conclusions could be made about certain circumstances, resulting in significant financial viability issues not being detected or incorrect funding decisions in the future.

6.5 Comparability issues

One of the objectives of the Commonwealth is to 'allow benchmarking and a better understanding of contestability through comparable data'.

As a result of problems with the existing reporting format, information produced by the SHAs was not reliable and was consequently not used by the Commonwealth to either review the operations or to compare SHAs. Two areas in particular, which require resolution are allocation of revenue and expenses to segments, and different accounting policies.

Allocation of revenue and expenses to segments

When SHAs are required to allocate income and expenses to segments, information may be incomparable due to different methods of allocation between segments. This issue was covered briefly in Section 4.2. The problem can be avoided by removing the requirement to break up the consolidated results. This is the primary rationale behind our recommendation for consolidated reporting rather than segmented reporting.

Different accounting policies

The second issue relates to the underlying differences between the accounting numbers due to the adoption of different accounting policies by SHAs. The results of the SHAs could be materially affected by the use of one accounting policy over another. Table 3 shows the significant account balances affected by different accounting policies.

As much as possible, states and territories should be encouraged to use nationally consistent accounting policies. An attempt at this was made in March 1995 when Coopers & Lybrand (now PricewaterhouseCoopers) was commissioned to prepare standard accounting policies which were to be used by all SHAs. While these policies appear to have been adopted as much as possible, there are still cases where inconsistencies are experienced.

As the Commonwealth cannot enforce these policies, other procedures will need to be adopted to ensure that information is able to be compared against other SHAs and against benchmarks. Three possible solutions to this problem are as follows:

1. *Require SHAs to report under the CSHA using nationally consistent accounting policies.*

   This would require states and territories to adjust their financial information where their normal accounting policies vary from the nationally agreed framework. This would involve making changes to the audited figures reported by the states and territories in their annual return. Once again this requires the states and territories to make judgments and manipulations and may lead to questions about the reliability of the information. In addition it adds an extra administrative burden on the states and territories.

2. *Allow for the impact of different accounting policies when comparing information.*

   This would involve the Commonwealth being aware of the impact of different accounting policies, but not actually making any adjustments for them in the returns. This would be particularly relevant when comparing the results of the ratio analysis by state and territory.

3. *Adjust the financial information after it is received.*

   This would involve a quantification of the impact of the different accounting policies on the accounting results, and adjustments to the results prior to any comparison between SHAs. Although this approach will place an extra burden on the Commonwealth, it is the recommended approach and is examined in more detail below.

6.6 Adjusting financial information for different accounting policies

Quantification of differences

As noted above, the financial results of SHAs can be materially affected by adopting alternative accounting policies. A consequence of this is that information may not be meaningfully compared between SHAs where different accounting policies have been adopted.

The impact of the accounting policies listed below can be significant and should be quantified and adjusted before comparing SHAs against each other. We have not attempted to perform this task as it is beyond the scope of this review, however we recommend that it be performed prior to receiving the 1998–99 financial information.

The most significant differences have been summarised in Table 3, along with the expected impact on financial statements.

Table 3: Assessment of different accounting treatments

Account	Different accounting treatments possible	Impact on financial statements
Valuation of assets	Different methods of valuation used (e.g. deprival vs market value)	Highly material
	Different periods between valuations	
Depreciation	Different methods of depreciation used (e.g. straight line vs reducing balance)	Highly material
	Different assessments of 'useful life', resulting in different depreciation rates	
Capitalisation of assets	Different ways of determining which costs can be capitalised when assets are constructed (e.g. interest on specific loans to finance development, allocation of indirect costs)	Potentially material
	Different capitalisation limits (i.e. costs below a set limit are expensed)	
Costs beyond control of SHAs (e.g. rates and other taxes)	Costs may not be fully levied on housing activities in some SHAs	Potentially material
	The calculation method of some costs varies between SHAs (e.g. different charges for rates)	
Tax equivalent	Some states and territories might be operating under a tax equivalent regime	Potentially material
Inventories	Some SHAs may disclose land held for resale as inventories rather than property or fixed assets	Not highly significant given the low levels of inventory at 30 June 1998
Outsourced operations	Where a function has been contracted out, all the costs and revenues associated with that function are reduced to a single payment	Not highly significant given the low level of contracted services at present
Employee costs and entitlements	Superannuation, fringe benefits tax, payroll tax—different rates apply across Australia, and some SHAs will not include any costs	Should not be significant for housing

Some examples of differences noted between accounting policies in SHA annual reports include:

- valuations of rental properties—

    –Queensland—revalues every three years with an 'interim' valuation in the intervening years. Valuations are performed on a deprival basis by an independent valuer

    –South Australia—revalues every year using the Valuer-General's values

    –Victoria—revalues every year based on capital improved values at the start of the year based on information from external valuer

    –New South Wales—revalues using cyclical revaluation approach, using a representative sample as a basis. Valuation performed by Valuer-General.

- depreciation rates for properties. Residential properties in most states and territories are depreciated at 2%, except for Victoria (over useful lives) and Queensland (2% or useful lives). Depreciation on other properties varies and is often subject to interpretations of what constitutes a 'useful life'. Details of depreciation policies for selected states include:

    –Tasmania—remaining economic life

    –Queensland and Victoria—useful lives

–South Australia—commercial property (2.5%) and administrative properties (1.3% to 5.5%)

  –Western Australia—2% to 5%.

- property rates as a percentage of total Property Manager expenses, indicating different rates levied in different states:

  –Queensland—20%

  –South Australia—11%

  –Victoria—15%

  –NSW—19%.

Reviews are currently being performed by the Productivity Commission on a number of accounting issues in an attempt to make the Commission-published information more comparable. Accounting treatments currently being examined or recently examined include:

- depreciation costs

- superannuation

- payroll tax

- costs of capital.

Adjustment of differences once quantified

Once the differences between accounting treatments have been quantified the financial information should be adjusted for each SHA to ensure they are measured on a consistent basis. A decision will need to be made as to the most appropriate accounting treatment, probably the nationally agreed method, and any SHAs not in compliance with this treatment should be adjusted.

When differences are not quantifiable

Where it is not possible to quantify the difference, a number of steps could be taken, including:

- qualifying any judgment or decision when comparing results;

- where possible, removing the element of the financial information that is producing inconsistencies from all SHA results. This will negate its impact on any comparison. An example of this might be rates charged to SHAs, where rates as a percentage of total expenses range from 7% in some SHAs to 22% in others. By removing rates from total expenses, a more comparable picture is available;

- applying similar ratios across all SHAs. Using the rates example, rates expense could be adjusted in all SHAs to a figure of, say, 15%. This would make treatment consistent across all SHAs.

Note that any adjustments made to financial information should be made with due care and investigation, particularly if results are intended to be published. Final reports should be reconciled back to information provided by the SHAs to ensure an appropriate audit trail is maintained. It would also be worthwhile consulting with the states and territories about any proposed adjustments to ensure that no incorrect assumptions have been made.

7 Recommendations

7.1 Summary of recommendations

The significant recommendations raised in this report are as follows:

Consolidated reporting framework

We recommend that the nationally consistent format for financial reporting under the CSHA be comprised of a statement of profit and loss, a balance sheet and a statement of cashflows based on the consolidated results of the SHAs. Where additional information is required, this should be obtained from the SHA in the format used by them for normal internal reporting.

Analysis of financial reporting

A system should be developed to review the results of the SHAs which focuses on their risks and highlights issues relating to each particular SHA. This would include a high–level analysis using financial indicators and other tools to identify particular problems.

When comparing consolidated results, the impact of differing accounting policies should be quantified and adjusted.

Timing of reporting

With more manageable data requirements, SHAs should be encouraged to report as soon as possible after year-end. In addition, we recommend that financial reporting is performed on a six-monthly basis to enable a timely identification and remediation of emerging issues.

Certification by chief executive officer

Certification required by the CSHA should be received from CEOs using a standardised national format.

Other matters

The impact of a number of emerging operating and accounting issues should be examined in more detail. These issues include:

- the implications of the GST on SHA reporting;
- the impact of the tax equivalent regime on SHA results;
- the use of a capital user charge to attribute a notional cost to assets used by the SHAs.

Appendix A: Recommended reporting framework

Operating statement

The operating statement shows the income and expenditure of an entity for a given period. Items are classified period based on when the benefits are received (for income) and when costs are incurred (for expenses). Note that there is a distinction between cash receipts and payments (refer to Statement of cashflow below).

Balance sheet

The balance sheet shows the financial position of an entity at a point in time. It is broken into assets, liabilities and equity. Assets and liabilities are broken down further into current (less than 12 months) or non-current (more than 12 months).

The individual categories on the balance sheet are broken down further in the notes to the accounts (refer below).

Statement of cashflow

The statement of cashflow gives details of actual cash transactions for an entity during a period. Cashflows are split between operating activities (normal operations), financing activities (obtaining and repaying funding for operations—note that government funding is shown separately) and investing activities (cashflows from fixed assets and other investments).

Notes to and forming part of the reporting framework

These notes provide support for numbers in the balance sheet and operating statement.

Identified program funding

To satisfy the reporting requirements of the CSHA, information is required to show that tied funding provided under the CSHA for identified programs has been properly spent on those items. These statements detail the cashflows relating to the identified programs to show that cash payments have exceeded the tied funding received.

Use of 'other' category in financial reporting

Where an item does not fall into the specific categories suggested in the pro forma reporting format, the item can be classified as 'other'. Where the item is material, an explanation should be provided as to what it relates to.

In the pro forma framework in this appendix we have used Victoria's 1997–98 financial results as an example. Because of lack of information we were unable to split many of the items and hence may have classed an entire classification as 'other'. This would be unlikely to occur in practice.

Appendix B: Reporting framework definitions

The classification of information into the format required by the pro forma reporting framework (at Appendix A) may result in inconsistent treatment due to some account balances being open to interpretation. To attempt to achieve a more nationally consistent approach Table 4 provides definitions for key account balance descriptions.

Definitions are provided only of account balances which may be subject to interpretation. Other account balances have not been explained.

Table 4: Definitions

Bad and doubtful debts	Movement in doubtful debt provision plus bad debts written off. Bad debts recovered should be disclosed as income
Commercial	Includes all borrowings sourced externally to Governments
Commonwealth	Includes all borrowings sourced from the Commonwealth
Completed developments	Commercial development projects
Construction in progress	Additions to rental dwellings stock under construction
Deferred revenue	Revenue which is being spread over a period of time
Interest income	Income received from mortgages and other investments
Interest subsidy	Subsidy paid to related entities which operate the home finance schemes or subsidy paid directly to mortgagees
Investments in partnerships	Includes investments which are accounted for as a partnership
Land for future developments	Land acquired and to be used in commercial developments
Loans	Monies lent by the SHA entity to house and land purchasers, housing cooperatives, clients for short-term second mortgages and other entities
Other debtor accounts	Other miscellaneous debtors
Other investments	Other investments should be separately disclosed
Other properties	Other types of properties leased to tenants such as commercial or industrial premises
Potential rental income	Market rental and assuming 100% occupancy of all tenantable properties
Rent collection expenses	Expense incurred in collecting rental income
Rental rebates and subsidy	The rebate or subsidy granted by the SHA to tenants
Rents lost through vacancy	Rents lost through vacancy as the dwelling was in need of repairs or was vacant due to time taken to turn around tenants
Repairs and maintenance	Costs incurred which restore an asset to its original condition. This includes: day-to-day maintenance, reflecting general wear and tear cyclical maintenance, which is maintenance performed as part of a planned maintenance program; and other maintenance. This would include repairs due to vandalism
Residential services	Includes components of public lighting, cleaning, gardening, security and any other communal area costs

(continued)

Table 4 (continued): Definitions

State and territories	Includes all borrowings sourced from the states and territories
Sundry creditors	Other creditors
Tenant rental accounts	Monies receivable from tenants for rent and related items. Amounts payable in respect of vacated premises should also be included in this category
Tenant revenue in advance	Tenant accounts paid in advance of year-end
Trade creditors	Accounts payable recorded in subsidiary ledger
Vacant land	Land purchased or held for construction of rental dwellings
Work-in-progress	Incomplete development projects

Appendix C: Financial performance indicators

Information presented in financial statements can be best analysed by the calculation and interpretation of financial ratios which show the relationships that exist between various items presented in those statements. Relationships may exist between various items in the one financial statement, for example between items presented in the balance sheet, or they may exist between items presented in several related financial statements such as the profit and loss account and the balance sheet.

Comparing ratios between states and territories or against benchmarks may indicate areas for further investigation. For example, assume the national average ratio for depreciation as a percentage of property values is 2% and one state only has a ratio of 1%. This might highlight that the state is not spending adequate amounts of resources on maintenance, which might lead to higher restoration costs in the future.

Any conclusions made when analysing ratios should be made in consultation with the state and with the context of the SHA operations in mind.

Table 5: Indicators and calculation methods

Financial performance indicator	Calculation method and what it measures
Net operating surplus/(loss) as a proportion of total revenue	$$\frac{\text{Net operating surplus/(loss)}}{\text{Total revenue}}$$ This shows the percentage profitability of the organisation. Modest profitability should be around 5–10% to repay debt/support growth.
Net CSHA funding as a proportion of rent received	$$\frac{\text{Net CSHA funding}}{\text{Total rent received}}$$ Indicates the SHA's reliance on CSHA funding to support operations where total rent is insufficient to meet the operating needs.
Percentage of CSHA funding used to fund operating deficits	$$\frac{\text{Cash inflow/(outflow) from operations}}{\text{Net CSHA funding}}$$ This shows how much of the government funding has been used to fund operating cash deficiencies.
Capital payments as a proportion of CSHA revenue	$$\frac{\text{Net payments for FFE}}{\text{Net CSHA funding}}$$ This shows how much of the CSHA funding has been used to fund capital acquisitions.

(continued)

Table 5 (continued): Indicators and calculation methods

Financial performance indicator	Calculation method and what it measures
Interest as a proportion of total operating expenses	$$\frac{\text{Interest expense}}{\text{Total operating expenses}}$$ This shows the proportion of total expenditure on servicing the SHA's debt.
Interest cover (the number of times the net surplus can cover the interest expense)	$$\frac{\text{Net surplus/(cost of service)}}{\text{Interest expense}}$$ This measures the SHA's ability to service its debt. For a private sector organisation, the net surplus should be between 9–16 times the interest expense.
Interest as a proportion of long-term borrowings	$$\frac{\text{Interest expense}}{\text{Average non-current borrowings}}$$ How much are the borrowings costing the organisation—is the average interest rate comparable with current market rates?
Non-current borrowings at year-end as a proportion of non-current borrowings at beginning of year	$$\frac{\text{Non-current borrowings at year-end}}{\text{Non-current borrowings at beginning of year}}$$ This shows the trend of loan reduction, indicating how long it will take to repay the non-current borrowings.
Interest received as a percentage of loans	$$\frac{\text{Interest received}}{\text{Loans to customers}}$$ This shows the average interest rate earned on SHA loans to customers—how does this compare to market rates?
Return on assets	$$\frac{\text{Net operating surplus/(cost of service)}}{\text{Total assets}}$$ This measures portfolio management and indicates how well the SHA's investment in property is performing.
Maintenance expense as a proportion of property, plant and equipment (PPE)	$$\frac{\text{Repairs and maintenance}}{\text{Total PPE at cost/valuation}}$$ This can indicate where an SHA is not fully maintaining its assets, or if there is a problem with ageing assets.
Depreciation expense as a proportion of property	$$\frac{\text{Depreciation expense}}{\text{Total PPE at cost/valuation}}$$ This can indicate where depreciation policies are unusual or where the mix of PPE is unusual.
Rent received as a proportion of potential rental income	$$\frac{\text{Rent received}}{\text{Potential rental income}}$$ This shows the level of subsidy given to tenants.

Appendix D: 2002–03 CSHA financial reporting framework

Table 6: Statement of cash flows for the year ended 30 June 2002

	2002	2001
	$'000	**$'000**
Rent received		
Interest received		
Grants and other contributions		
Other		
Total inflows		
Employee costs		
Supplies and services		
Borrowing costs		
Grants and subsidies paid		
Other		
Total outflows		
Commonwealth government funding		
State/territory government funding		
Net cash flows from government		
Net cash flows from operating activities		
Inflows		
Proceeds from sale of land and buildings, plant and equipment and infrastructure systems		
Proceeds from sale of investments		
Loans and advances redeemed		
Outflows		
Purchases of land and buildings, plant and equipment and infrastructure systems		
Purchases of investments		
Loans and advances made		

(continued)

Table 6 (continued): Statement of cash flows for the year ended 30 June 2002

	2002 $'000	2001 $'000
Net cash flows from investing activities		
Cash flows from financing activities		
Inflows		
Proceeds from borrowings and advances		
Other		
Outflows		
Repayment of borrowings and advances		
Other		
Net cash flows from financing activities		
Net increase (decrease) in cash		
Cash and cash equivalents at beginning of financial year		
Cash and cash equivalents at end of financial year		

Table 7: Statement of financial position as at 30 June 2002

	2002	2001
	$'000	**$'000**
Current assets		
Cash assets		
Receivables		
Inventories		
Other financial assets		
Other		
Total current assets		
Receivables		
Inventories		
Other financial assets		
Property, plant and equipment		
Intangible assets		
Other		
Total non-current assets		
Total assets		
Payables		
Interest-bearing liabilities		
Provisions		
Other		
Total current liabilities		
Payables		
Interest-bearing liabilities		
Provisions		
Other		
Total liabilities		
Net assets		
Contributed equity		
Reserves		
Accumulated surplus (deficit)		
Total equity		

Table 8: Statement of financial performance as at 30 June 2002

	2002	2001
	$'000	$'000
Revenues from ordinary activities		
Commonwealth government funding		
State/territory government funding		
Net rental revenue		
Interest income		
Grants and other contributions		
Other		
Total revenues from ordinary activities		
Employee expenses		
Supplies and services		
Housing maintenance		
Depreciation and amortisation		
Grants and subsidies		
Other		
Total expenses from ordinary activities excluding borrowing costs expense		
Borrowing costs		
Net surplus (deficit) from ordinary activities		
Extraordinary items		
Net surplus (deficit)		
Non-owner transaction changes in equity		
Net increase (decrease) in asset revaluation reserve		
Net amount of each revenue, expense, valuation or other adjustment not disclosed above recognised as a direct adjustment to equity		
Total revenues, expenses and valuation adjustments recognised directly in equity		
Total changes in equity other than those resulting from transactions with owners as owners		

4 References

Commonwealth of Australia 1999. Housing assistance (form of agreement) determination 1999. Gazette Special. Thursday 1 July. Canberra: AusInfo.

Allen Consulting Group Pty Ltd. 1999. Commonwealth State Housing Agreement: the design of a new financial reporting framework. Consultants report for the Department of Family and Community Services. Mimeo.

Department of Family and Community Services (FaCS) 2001. Housing Assistance Act 1996 annual report 1998–99. Canberra: AusInfo.

Measure of dwelling to household size in Commonwealth State Housing Agreement programs: a work in progress paper

1 Introduction

1.1 Purpose of this paper

This paper has been developed to stimulate discussion with Commonwealth, state and territory governments and explore issues in measuring the match of dwelling to household size. The paper examines current policies and relevant issues in this measure and proposes a national occupancy standard and levels of overcrowding and underutilisation in CSHA programs. It is expected that the national occupancy standard and measures of overcrowding and underutilisation will be incorporated into the *National Housing Assistance Data Dictionary* and will be used in Commonwealth State Housing Agreement (CSHA) data collections.

1.2 Background

The 1999 CSHA aims to facilitate access to affordable, appropriate and secure housing for people on low incomes and people with special needs. Under this CSHA a new national performance indicator framework was developed. Figure 1 outlines the 11 indicators under this new framework. Commonwealth, state and territory governments and the Australian Institute of Health and Welfare (AIHW) have collaboratively developed the specifications for the new performance indicator framework.

On 8–9 March 2000 a CSHA National Housing Data Agreement (NHDA) performance indicator public and community housing workshop was held in Canberra. At this meeting the specifications for the CSHA 1999–2000 data collection were discussed and community housing and public rental housing data manuals were developed.

At the CSHA NHDA workshop it was agreed that there was a need to explore the issues involved in measuring match of dwelling to household size and develop a national occupancy standard for measuring levels of overcrowding and underutilisation in CSHA programs. The AIHW agreed to undertake a review of standards used in Australia and overseas and propose an Australian occupancy standard for consideration by Commonwealth, state and territory governments. This discussion paper explores the issues associated with measuring overcrowding and underutilisation in CSHA programs and with developing a national occupancy standard. It also proposes a draft national measure of match of dwelling to household size.

Figure 1: 1999 CSHA National Performance Indicator Framework

Effectiveness

- Appropriateness
  - P1   Amenity/location
  - P2   Affordability
  - P3   Match of dwelling to household size
- Access
  - P4   Low income
  - P5   Special needs
  - P6   Priority access to those in greatest need
- Quality
  - P7   Customer satisfaction

Efficiency

- P8   Direct cost per unit
- P9   Occupancy rates
- P10   Turnaround time
- P11   Rent arrears
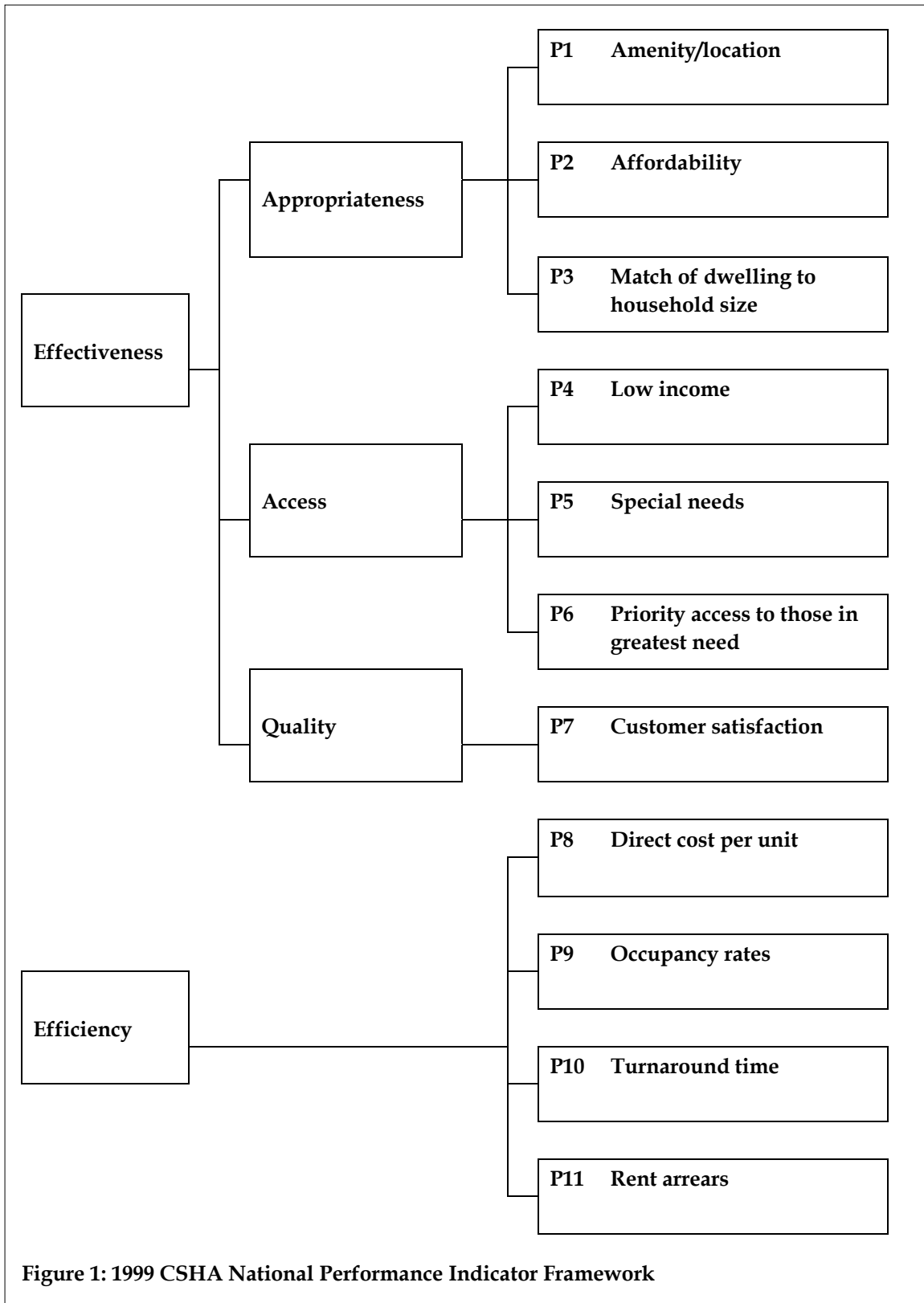
2 Match of dwelling to household size measure

A match of dwelling to household size measure can inform about whether housing stock is appropriately utilised and whether tenants are adequately housed, by measuring levels of underutilisation and overcrowding. This measure, in conjunction with any population and household size projections in CSHA programs, can assist with planning the development of housing stock. To effectively report about levels of underutilisation and overcrowding in CSHA programs it is necessary to develop a national occupancy standard.

2.1 Background

Previous CSHA collections used the Canadian occupancy standard when reporting underutilisation and overcrowding in housing stock. The Canadian standard however is not appropriate for use in the Australian performance framework as it does not reflect Australian state and territory government housing policies.

Using the Canadian occupancy standard in past collections resulted in some dwellings being reported as moderately overcrowded. However when compared to state and territory government policies the level of overcrowding was much less. Likewise, some dwellings were reported as high overcrowding according to the Canadian occupancy standard but when compared with state and territory policies they were only moderately overcrowded. To overcome the problem with the Canadian occupancy standard not reflecting Australian state and territory housing policies, an Australian occupancy standard is being developed for CSHA reporting.

3 Measurement issues

Literature reveals that generally measures of overcrowding and underutilisation vary along two lines:

- according to the measure of dwelling size that is used; and
- according to whether or not account is taken of household composition (Department of Housing and Regional Development 1994).

These issues will be explored in this section.

3.1 Measure of dwelling size

When measuring dwelling size, two main definitions are evident:

- the number of rooms; and
- the number of bedrooms (Department of Housing and Regional Development 1994).

It has been argued that measures of overcrowding and underutilisation should be based on the number of bedrooms rather than the number of rooms in a dwelling, as the number of bedrooms allows the number of rooms which provide appropriate privacy for sleeping, studying and other activities to be identified (Department of Housing and Regional Development 1994).

Kendig (1987) has argued that floor area is a better measure of the size of dwellings, as this takes into account changes over time such as the combining of living and dining rooms.

Extending the number of bedrooms measure to include floor area space could provide information about bedroom size, allowing judgments to be made about whether a bedroom could adequately accommodate more than one person.

While there would be advantages with this model, the availability of data about the floor area of bedrooms in CSHA dwellings is not currently recorded, thereby making this option not feasible at this time. However future improvement to the measure of dwelling could allow this option to be explored at a later date.

For the purpose of the CSHA data collection it is proposed that the number of bedrooms is the definition unit of measuring overcrowding and underutilisation.

A bedroom is defined as being:

> 'identified by the intended use for which a room was designed and also other rooms permanently modified and intended for use as bedrooms (e.g. sleep-out or built-in verandah' (AIHW 2000).

3.2 Household size and composition

In addition to the number of bedrooms, it is proposed that the household size and composition be considered in the measure of match of dwelling to household size. Factors such as age, gender and relationships of household members should be considered when assessing how many people can appropriately share bedrooms in a dwelling.

For the purpose of the CSHA data collection, the primary decisions in regard to the household size and composition are:

- What is the maximum number of people that can share a bedroom?
- Can children of different genders share a bedroom?
- At what age should a single person require a separate bedroom?

These issues are explored in this paper and considered when proposing the national occupancy standard.

4 Developing an Australian national occupancy standard

To measure the level of overcrowding and underutilisation in housing stock it is necessary to identify appropriate levels of occupancy for households of specified sizes and compositions. A national occupancy standard should reflect Australian values in regard to what is an acceptable standard for adequate housing. For example, when measuring overcrowding and underutilisation, the national standard should reflect societal values about what is an unacceptable degree of overcrowding or underutilisation. The following section explores issues with developing a national occupancy standard.

4.1 Australia as a culturally diverse society

The culturally diverse nature of Australia's society creates challenges for developing a national occupancy standard that reflects the values of all cultures. A national occupancy standard which reflects Australian values about the nuclear family unit may not accurately reflect the values of some cultures. For example, Indigenous and non-English-speaking

cultures may have several generations residing in the one household. This type of housing arrangement may be considered an appropriate and adequate standard of living according to some cultures. Cultural issues influence the way people prefer to be housed and these issues should be considered when interpreting housing data.

Incorporating cultural influences in the measure of match of dwelling to household size can be achieved by using more than one collection method to measure levels of overcrowding and underutilisation. Administration data alone should not be the only data source for measuring match of dwelling to household size. Literature suggests that the point of view of both the housing manager and the consumer should be considered when measuring underutilisation (and overcrowding) (Department of Housing and Regional Development 1994).

It is recommended that both administrative data and customer satisfaction data from the National Social Housing Survey should be the data collection methods for assessing levels of overcrowding and underutilisation in CSHA programs. Administrative data allow information about dwelling to household size to be analysed according to the CSHA occupancy standard. Customer satisfaction data from the National Social Housing Survey allow consumer values about the appropriateness of dwelling to household size to be collected, allowing cultural issues to be taken into account in the analysis.

4.2 Variation in government policies

CSHA programs are administered by state and territory governments which utilise a range of housing policies. Table 1 outlines state and territory government allocation policies for public rental housing programs. This variation creates problems for developing a national occupancy standard that can effectively report how well state and territory government departments are implementing their policies.

It is proposed that the national occupancy standard takes into account but does not mirror all jurisdictional policies. If jurisdictions wish to assess how effectively they implement policies when allocating housing, they can undertake jurisdiction-specific performance reporting. For example, New South Wales occupancy data could be compared with the New South Wales housing allocation policies. This would identify whether tenants are housed according to individual state and territory government policies.

A jurisdiction-specific reporting framework however does not provide comparative data between jurisdictions, except in regard to the percentage of tenants who are not appropriately housed (due to overcrowding or underutilisation) according to each jurisdiction's policies. Developing a national occupancy standard however can allow comparison of each jurisdiction's allocation of housing according to a nationally acceptable standard of what constitutes appropriate housing in CSHA programs.

Table 1: State and territory government allocation policies for public rental housing

				Number of bedrooms				
Household composition	**NSW**	**Vic**	**QLD**	**WA**	**SA**	**Tas**	**ACT**	**NT**
Single	1 or 2	1	1	. .	. .	1	1	1
Couple	1 or 2	1	1	1 or 2	. .	1	2	2
Single with 1 child	2 or 3	2	2	2	. .	2	2	2
Couple with 1 child	2 or 3	2	2	. .	. .	2	3	3
Single with 2 children	2 or 3	2 or 3	3	2 or 3	. .	2 or 3	3	3
Couple with 2 children	2 or 3	2 or 3	3	. .	. .	2 or 3	3	3
Single with 3 children	3 or 4	3	3	3	. .	3	3	3
Couple with 3 children	3 or 4	3	3	. .	. .	3	4	3
Single or couple with 4 children	3 or 4	3 or 4	3 or 4	. .	. .	3 or 4	4	3 or 4
Single or couple with 5 or more children	4 or 5	4	4 or 5 or more	. .	. .	4 or 5	5 or 6	4
Single or couple with 6 or more children	4 or 5+	4 or 5+	5 or more	. .	. .	. .	. .	. .
2 single adults	2	2	2	2	. .	2	2	2

				Additional factors				
	NSW	**Vic**	**QLD**	**WA**	**SA**	**Tas**	**ACT**	**NT**
Age at which a person is entitled to their own bedroom (years)	18	18	18	considerable age difference	. .	16	. .	. .
Siblings of different gender share bedroom	yes	no	. .	no	. .	yes	. .	yes
Age at which siblings of different gender are not required to share a bedroom (years)	10	. .	. .	. .	. .	6	. .	10
Age difference before siblings of same gender don't share a bedroom (years)	one aged over 10, with 4 yrs difference	. .	7	considerable age difference	. .	up to 16	5	. .
Max no. of children of same gender who can share a bedroom	2	. .	2	. .	. .	2	. .	. .
If childless and pregnant at time of allocation bedroom entitlement allows for newborn	yes	. .	yes	yes	. .	. .	. .	yes
Additional bedroom provided for special circumstances[a]	yes	yes	yes	yes	. .	. .	yes	yes

(a) Special circumstances include: special health or support needs; medical equipment; for a live-in carer or part-time household member; parent who has regular access to children; foster parents or 'shared care' families.

. . Not applicable.

4.3 Australian and international occupancy measures

Occupancy standards in use in Australia and overseas can provide useful insights when developing a national occupancy standard for CSHA programs. Table 2 outlines Australian and international occupancy measures and reveals there is considerable variation between standards. Some standards consider the gender and relationships of household members and other standards only consider the number of persons residing in a dwelling.

Table 2: Australian and international measures of overcrowding

Measures of overcrowding	
Australia	
ABS 1975 Family survey and Anderton and Lloyd	Where, after allocating one bedroom to the parent(s), there is, on average, more than 2 persons per bedroom.
Neutz 1977 and Department of Housing and Construction 1984	Households with 4 persons or less need one room per person and, thereafter, one bedroom for each 2 persons with two additional living rooms.
Burke et al. 1985	Where there are at least 4 persons resident in a four-room dwelling and 1 person for each additional room.
HALCS 1992	'High' overcrowding where there are more than 2 people per bedroom on average. 'Moderate' overcrowding where there are more than 1 and less than 2 people per bedroom.
Overseas	
UK Dept of Environment 1980	Conventionally, households living at more than 1.5 persons/room regarded as overcrowded. Some studies use more than 1 person/room as a criterion.
UK 'bedroom standard'	The bedroom standard compares the number of bedrooms a household has with the following allocation:
	Each married couple is given one bedroom.
	Any other persons aged 21 years and over are each given a bedroom.
	Persons aged 10 to 20 years inclusive of the same sex are paired off and a bedroom given to each pair.
	Any person aged 10 to 20 years left over after this pairing, is paired with a child under 10 years of the same sex. If no pairing of the latter kind is possible, such a person is given a separate bedroom.
	Any remaining children under 10 years are paired and a bedroom is given to each pair. Any remaining child is given an additional room.
Swedish Living Conditions reports	If there are more than 2 persons per room, excluding kitchen and sitting room.
Canadian National Occupancy Standard	A maximum of 2, and a minimum of 1, person per bedroom.
	Parents eligible for a separate bedroom.
	Household members aged 18 years or over are eligible for a separate bedroom unless married.
	Dependants under 18 years of opposite sex do not share a bedroom if they are aged 5 years or older.

Source: Department of Housing and Regional Development 1994.

5 Proposed national occupancy standard

After considering the literature, state and territory public housing allocation policies, and Australian and international occupancy standards, an Australian occupancy standard for CSHA programs is proposed as:

- maximum of 2 people per bedroom;

- single people aged 18 years or over require one bedroom;

- couple living alone requires two bedrooms;

- couple living with others requires one bedroom (in addition to bedroom allocation for children or other adults residing in the dwelling);

- related children of different gender aged 5 years or under can share a bedroom;

- related children of same gender aged 17 years or under can share a bedroom;

- parents 17 years of age or under require one bedroom (in addition to bedroom allocation for child/ren of this parent);

- households with special circumstances may have one extra bedroom. Special circumstances include: medical condition or disability which requires medical equipment or extensive medical aids; non-custodian parent with regular access to children; live-in carer; part-time household member; foster parent family; share care family.

5.1 Age at which persons require their own bedroom

Eighteen years has been chosen as the age for people receiving their own bedroom as this is consistent with allocation policies for the majority of state and territory governments, where a policy exists.

It could be argued that 16 years of age is a more appropriate age for people receiving their own bedroom as:

- this is consistent with the (P4) Low Income measure, being the age at which a person is identified as a separate income unit; and

- persons 16 years of age are either in receipt of an income (either via employment or government benefit) or are in the final two years of secondary school study and require privacy to effectively study.

For the purpose of the CSHA data collection 18 years is being proposed.

5.2 Couples with and without children treated differently

This paper proposes that a one-bedroom dwelling provides insufficient space for a couple without children. Couples with children are provided with less bedrooms in the national occupancy standard than couples without children as the former will be allocated extra bedrooms (and hence a larger overall dwelling) according to the number, age and gender of children.

5.3 Children sharing bedrooms

It is suggested that children of different genders aged 5 years or under can share a bedroom. This age is proposed as children commence school at 5 years of age and it is considered that from this age they should only share a bedroom with a child of the same gender.

Only children who are related (e.g. brother/sister/step-sibling/cousin) should share a bedroom.

5.4 Parents aged 17 years or under allocated own bedroom

It is proposed that persons aged 17 years or under who are parents should be allocated their own bedroom due to the responsibilities of parenthood. The child/ren of this person should be allocated bedroom entitlements according to the national occupancy standard (e.g. taking into account the age and gender of the child/ren).

5.5 Special circumstances

The national occupancy standard provides for a household to receive an extra bedroom for specified reasons, providing flexibility. Special circumstances include:

- medical condition or disability which requires medical equipment or extensive medical aids;
- non-custodian parent with regular access to children;
- live-in carer;
- part-time household member;
- foster parent family; or
- share care family.

6 Overcrowding and underutilisation measures

Identification of a national occupancy standard provides a benchmark against which levels of overcrowding and underutilisation can be measured. It is proposed that:

- moderate overcrowding exists where one additional bedroom is required to satisfy the national occupancy standard;
- high overcrowding exists where two or more additional bedrooms are required to satisfy the national occupancy standard; and
- underutilisation exists where there are two or more bedrooms additional to the number required to satisfy the national occupancy standard.

7 References

Australian Institute of Health and Welfare (AIHW) 2000. National Housing Assistance Data Dictionary version 1. Canberra: AIHW.

Department of Housing and Regional Development 1994. Towards indicators of housing stress. Canberra: Australian Government Publishing Service.

Kendig H 1987. Towards developing Australian housing indicators. Family Wellbeing Workshop proceedings, Melbourne, 3 June 1987. Melbourne: Australian Institute of Family Studies.