



Tasmanian
Audit Office

**Report of the Auditor-General
No. 8 of 2015-16**

Provision of social housing

February 2016

THE ROLE OF THE AUDITOR-GENERAL

The Auditor-General's roles and responsibilities, and therefore of the Tasmanian Audit Office, are set out in the *Audit Act 2008* (Audit Act).

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Compliance audits are aimed at ensuring compliance by State entities with directives, regulations and appropriate internal control procedures. Audits focus on selected systems (including information technology systems), account balances or projects.

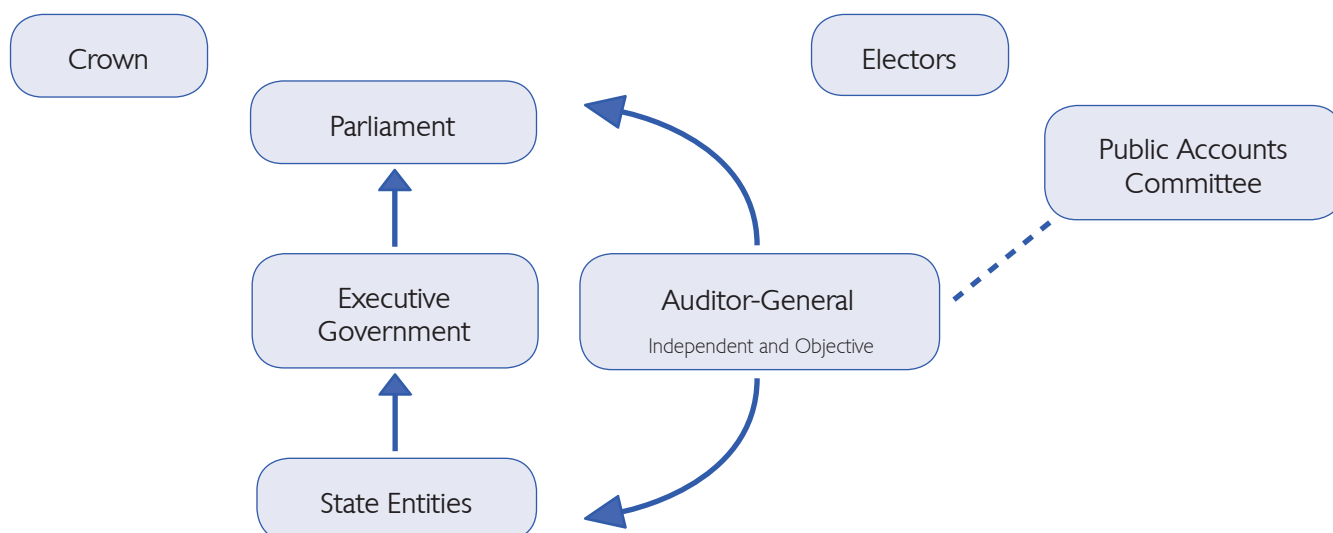
We can also carry out investigations but only relating to public money or to public property. In addition, the Auditor-General is now responsible for state service employer investigations.

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The Auditor-General's role as Parliament's auditor is unique.



2016

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2016

PARLIAMENT OF TASMANIA

**REPORT OF THE
AUDITOR-GENERAL
No. 8 of 2015–16**

Provision of social housing

February 2016

Presented to both Houses of Parliament in accordance with the provisions of the Audit Act 2008

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For further information please contact:

Tasmanian Audit Office

GPO Box 851

Hobart

TASMANIA 7001

Phone: (03) 6173 0900, Fax (03) 6173 0999

Email: admin@audit.tas.gov.au

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25 February 2016

President
Legislative Council
HOBART

Speaker
House of Assembly
HOBART

Dear Mr President
Dear Madam Speaker

REPORT OF THE AUDITOR-GENERAL
No.8 of 2015–16: Provision of social housing

This report has been prepared consequent to examinations conducted under section 23 of *the Audit Act 2008*. The objective of the audit was to form conclusions on the effectiveness and efficiency of the provision of social housing and other government assistance provided by Housing Tasmania and non-government organisations to Tasmanians in housing stress.

Yours sincerely

A solid black rectangular box used to redact the signature of the Auditor-General.

H M Blake
AUDITOR-GENERAL

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Foreword

In my 2005 report *Public Housing: meeting the need* I noted that, for people seeking public housing, the most important issues are the:

- time they have to wait for a house
- number of houses available to meet their specific needs.

I went on to suggest that my report should 'help the community understand the reality of waiting list pressures and the limitations faced by Housing Tasmania in supplying accommodation suitable to changing client needs and expectations'.

Evident from the current performance audit is that solving the housing requirements of vulnerable people at risk of homelessness and housing stress continues to be a challenge with respective governments adopting new frameworks and strategies aimed at doing so.

In recent years this included greater involvement of the non-government sector in the management and provision of social housing. As a result, the audit objective was broadened to include assessment of services provided by this sector as well as by Housing Tasmania.

Also evident from the current audit was that adequate strategic planning was being done, effective strategies for easing housing stress were being implemented and there was effective integration of services between Housing Tasmania and NGOs. However, Housing Tasmanian's role in monitoring and explaining performance needs improvement, as does a greater focus on:

- meeting Category 1 needs
- matching housing to housing needs including suitability for people with disabilities
- ensuring people occupying social housing continue to have an economic need for housing assistance. In saying this, I acknowledge there may be strong social reasons for keeping such persons within the social housing framework, at least for a period.

This performance audit benefitted strongly from the input of an advisory committee consisting of representatives from the NGO sector and Housing Tasmania, for which I thank them.

H M Blake

Auditor-General

25 February 2016

List of acronyms and abbreviations

HT	Housing Tasmania
NGO	Non-government Organisation
ROGS	Report on Government Services

Executive summary

Executive summary

Background

Housing Tasmania (HT), which forms part of the Department of Health and Human Services, is charged with implementing programs to provide affordable housing to Tasmanians most in need. In the last decade or so, HT has implemented a range of strategies to diversify social housing assistance to meet the needs of vulnerable people at risk of homelessness and housing stress. In recent years, much has changed, especially with the introduction of Housing Connect and Better Housing *Futures*.

Housing Connect

In 2013, Housing Connect was introduced as a collaboration between HT and non-government organisations (NGOs). Housing Connect through Front Door services provides access to common assessment, a shared statewide waiting list and integrated service delivery to social housing clients. It was intended to not only provide an easier means of placing applicants on the housing waiting list but also to provide support that may result in the removal of a need for long-term housing assistance or to sustain existing tenancies.

Better Housing Futures

The implementation of the Better Housing *Futures* program resulted in four NGOs¹ taking over the management of a third (around 4000 high-density, broad-acre properties) of HT's total portfolio. In March 2013, management of the first tranche of properties (around 500) was transferred from HT control, with the final tranche transferred in July 2014. A consequence of these arrangements was that the NGOs were now responsible for collecting the rent, performing maintenance and providing a point of contact for the tenants.

Audit objective

The audit objective was to form conclusions on the effectiveness and efficiency of the provision of social housing and other

¹ NGOs involved in the Better Housing *Futures* program include: Centacare Evolve Housing (Bridgewater, Gagebrook and Herdsmans Cove), Community Housing Limited (Ravenswood, Waverley, Rocherlea, Mayfield and Mowbray), Housing Choices Tasmania Limited (Somerset, Shorewell Park, Acton, West Ulverstone, East Devonport and Latrobe) and Mission Australia Housing (Rokeby and Clarendon Vale).

government assistance provided by HT and NGOs to Tasmanians in housing stress.

Audit scope

The audit included HT and NGOs involved with:

- Community Housing
- Better Housing *Futures*
- Housing Connect.

The audit concentrated on the five-year period 1 July 2009 to 30 June 2014. More recent data was used where available.

Audit criteria

We developed a number of audit criteria, namely:

- Was social housing stock being effectively used to meet the needs of people under housing stress?
- Had HT developed and implemented new strategies to better meet the needs of people under housing stress?
- Had the greater involvement of NGOs been effective?

Detailed audit conclusions

Was social housing stock being effectively used to meet the needs of people under housing stress?

Despite efficient turnaround time and high occupancy, social housing was not meeting Category 1 needs to the standard of internal benchmarks or past performance, particularly in the Northern Region.

To some extent, the inability to meet the need was due to relatively high demand in Tasmania (despite a relatively high provision of social housing) and to historically poorly matched housing in terms of number of bedrooms and suitability for people with disabilities.

However, lengthy Category 1 waiting lists were also partly due to the substantial allocation of stock to lower-category applicants. In addition, many people occupying social housing no longer had a need for housing assistance, despite legislative changes passed in 2014 designed to address this problem.

Had HT developed and implemented new strategies to better meet the needs of people under housing stress?

HT did undertake adequate strategic planning.

It had effective strategies to add to social housing stock.

However, disposals of existing stock had resulted in only a small net increase in HT-owned stock.

HT had implemented effective strategies for easing housing stress by increasing the availability of affordable housing and assisting those renting in the private sector.

Had the greater involvement of NGOs been effective?

HT had effectively and efficiently integrated its services with those provided by the NGOs. The new collaborative Housing Connect arrangements had improved service provision to those seeking housing assistance. In addition, the introduction of Better Housing *Futures* had led to cost benefits with a reduction in maintenance costs.

HT was not effectively monitoring the Housing Connect program, with the single activity measure of recording the number of people assisted by Front Door, providing little indication of performance.

HT was effectively monitoring the Better Housing *Futures* NGOs. However, where targets had not been achieved, we considered some of the explanations to be unconvincing.

Recommendations made

The Report contains the following recommendations:

Rec	Section	We recommend that HT...
1	1.2	... reviews its approach to ensure those with the greatest need are prioritised.
2	1.3	... works to better align its stock with demand, taking into consideration disability requirements and the changing demographic profile of its tenants.
3	1.5	... investigates the reasons and implications for the sharp increase in applicants in the North and North West.
4	1.6	... implement the regulations as soon as possible after declaration in order to allow it to terminate social housing leases where there is no longer an ongoing need.

Rec	Section	We recommend that HT...
5	1.6	... continues to encourage eligible tenants to move away from non-fixed term leases.
6	2.4	... conducts a review of non-performing housing assistance initiatives with any found to be ineffective or inefficient to be revamped or discontinued and the resources to be redirected to more successful existing schemes or to fund new initiatives.
7	3.5	... implements effective replacement performance measures with the Housing Connect NGOs. HT must also follow-up on any instances of non-compliance.

Audit Act 2008 section 30 — Submissions and comments received

Audit Act 2008 section 30 — Submissions and comments received

Introduction

In accordance with section 30(2) of the *Audit Act 2008*, a copy of this Report was provided to the entities indicated in the Introduction to this Report.

A summary of findings, with a request for submissions or comments, was also provided to the Minister for Human Services and the Treasurer.

Submissions and comments that we receive are not subject to the audit nor the evidentiary standards required in reaching an audit conclusion. Responsibility for the accuracy, fairness and balance of these comments rests solely with those who provided the response. However, views were considered in reaching audit conclusions.

Section 30(3) of the Act requires that this Report include any submissions or comments made under section 30(2) or a fair summary of them. Submissions received are included in full below.

Department of Health and Human Services

Thank you for the final draft Report by the Tasmanian Audit Office on the *Provision of Social Housing* and the opportunity to provide a response.

I am pleased to be able to say that the report confirms that the Department of Health and Human Services (DHHS) has a solid understanding of the supply and demand issues, and service gaps for housing and homelessness. There has been significant reform in housing and homelessness services over recent years to address these issues including introduction of Housing Connect and Better Housing *Futures*.

The findings of the *Provision of Social Housing* report are supported by DHHS confirm the directions and activities that we are undertaking to address housing and homelessness gaps into the future. The *Tasmanian Affordable Housing Strategy 2015–2025* and *Action Plan 2015–2019* provide clear direction for further action and reform. The Strategy provides a comprehensive approach to prevent, intervene and respond to housing affordability issues and help those most vulnerable to housing stress and homelessness. I am pleased to advise that

there are a range of activities that are already underway that address the recommendations of the Report.

In relation to analysis within the Report, DHS considers that some measures adopted to calculate need and system response are less than useful. For example, the waiting times calculated at Figure 2 on Page 15 represent theoretical waiting times based on point of time data that will not be replicated in real life. For example, the analysis does not allow for changing needs, clients obtaining other forms of affordable housing or other factors that impact upon the waiting list over time. The Department's preference is to utilise the nationally agreed indicators to evaluate performance. Otherwise such figures are not directly comparable and may distort the true picture.

All recommendations in the Report are supported by DHHS, including:

- Review the approach to assessing greatest needs – Housing Tasmania introduced the Housing Assessment Prioritisation System (HAPS) in June 2015 to improve the way that people are assessed and categorised according to their housing need.
- Better alignment of stock – The *Affordable Housing Action Plan 2015–19* – Action 3 (Public Housing Reinvestment) addresses the need to better align stock with demand and will deliver a range of activities to increase new supply and make new supply appropriate to housing needs (more housing for older people and people with a disability).
- Investigate the reasons and implications for the sharp increase in applications in the North and North West – Housing Tasmania will investigate the regional differences in wait lists and categories of priority.
- Implement *Residential Tenancy Amendment Act 2013* regulations to terminate social housing leases where appropriate – This will be actioned as a key reform direction of the *Tasmanian Affordable Housing Strategy 2015–2025* with the promotion of tenure pathways out of social housing when there is no longer an ongoing need. The *Residential Tenancy Amendment Act 2013* regulations will be implemented when they are declared.
- Continue to encourage eligible tenants to move away from non-fixed term leases – This is supported and actioned through Housing Tasmania's *Tenure Length and Residential Tenancy*

Agreements Policy approved by the then Minister in October 2012. New tenants are placed on fixed term leases and current tenants are encouraged to transition to fixed term leases.

- Review non-performing housing assistance initiatives – This is supported and addressed by the *Affordable Housing Action Plan 2015–19* – Action16 (Outcomes Framework) and includes better performance indicators, measuring tools, transparent Performance Report Cards and an evaluation framework with funded organisations. This is a partnered approach with organisations to develop agreed performance measures. It will provide a solid basis for improved monitoring and performance reporting of the effectiveness of housing assistance initiatives.
- Replace performance measures for Housing Connect NGOs – This is addressed through the ongoing implementation of the Outcomes Framework as described above.

I wish to thank you and your staff from the Tasmanian Audit Office for their contribution to this important report.

Michael Pervan
Secretary

Introduction

Introduction

Background

Throughout Australia, the cost of housing has significantly risen. Tasmania, while not subject to the increases experienced by the larger interstate metropolitan centres, has nonetheless also experienced unprecedented rises² in the cost of housing. Tasmania has the highest proportion of low-income households in the nation, with a quarter of these low-income households in housing stress³. Based on University of Tasmania research, in 2011, there were 14 618 Tasmanian households in housing stress, which equates to 7.6 per cent of all Tasmanian households. Home ownership and private rental is unaffordable to many low income Tasmanians, with 51 per cent of households in housing stress or crisis being private renters.⁴

Housing Tasmania (HT), which forms part of the Department of Health and Human Services, is charged with implementing programs to provide affordable housing to Tasmanians most in need. In the past, HT and its predecessors built large broad-acre public housing estates in an attempt to house those in need. This approach is no longer financially sustainable, nor does it meet the needs of those it is trying to accommodate. In the last decade or so, HT has implemented a range of strategies to diversify social housing assistance to meet the needs of vulnerable people at risk of homelessness and housing stress.

In 2005, we tabled *Public Housing: Meeting the Need*⁵, which also looked at public housing. Since then much has changed, especially with the introduction of Housing Connect and Better Housing *Futures*.

² According to the Australian Bureau of Statistics' Residential Property Price Index, the median house price in Hobart rose from \$123 000 in 2002 to a peak of \$367 000 in 2014.

³ Department of Health and Human Services, *Tasmania's Affordable Housing Strategy 2015–2025*, DHHS, Hobart, 2015, p.14.

⁴ Verdouw, Flanagan, Gorter and Habibis, *Affordable Housing Strategy Tasmania 2015–2025 Discussion Paper: Key Issues and Innovations*, University of Tasmania, Hobart, 2015, p.6–7.

⁵ Tasmanian Audit Office, Auditor-General Special Report No. 57: *Public Housing: Meeting the Need*, TAO, Hobart, 2005.

Housing Connect

In 2013, Housing Connect was introduced as a collaboration between HT and five non-government organisations (NGOs). Two lead NGOs⁶ manage the three regions (North/North West and South) with the other three NGOs supporting the lead NGOs in providing Front Door services⁷. Housing Connect, through Front Door services, provides access to common assessment, a shared statewide waiting list and integrated service delivery to social housing clients. It was intended to not only provide an easier means of placing applicants on the housing waiting list, but also provide support that may result in the removal of a need for long-term housing assistance or to sustain existing tenancies. Previously, applicants had to apply for long-term housing through HT and then separately visit any number of NGOs for short-term accommodation and social needs. Under Housing Connect, applicants can now address all of their housing and social needs with one visit to a participating Housing Connect NGO.

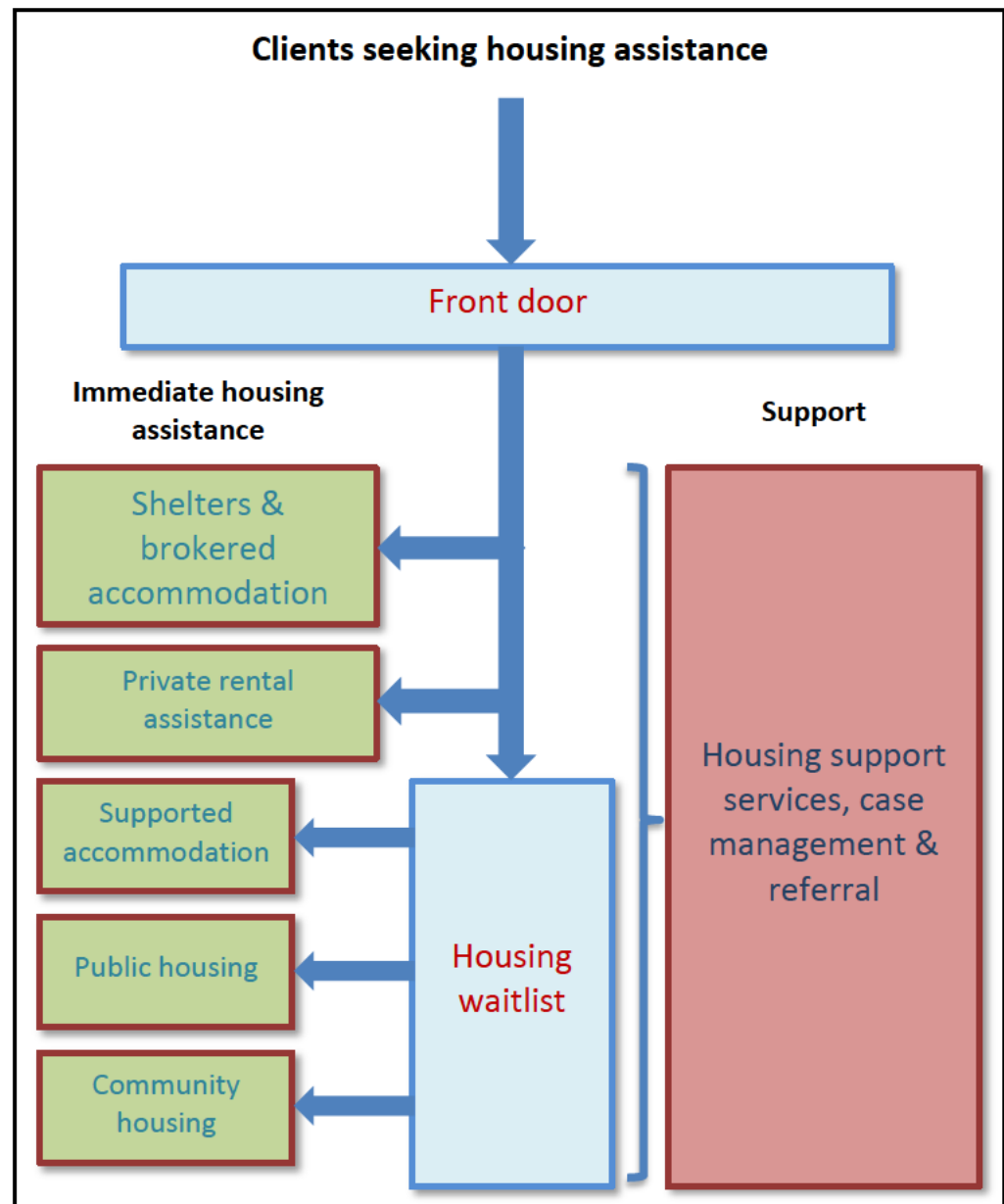
In the past, HT only had access to its own public housing properties, now there is a broader pool of stock that has a range of housing providers that can be used to allocate public and community housing properties. These changes have resulted in a terminology shift from using terms such as community housing and public housing to now using the term social housing to represent both public and community housing.

Figure 1 sets out the application process used by the new Housing Connect program.

⁶ Lead contractor in the North and North West was Anglicare, which used Centacare Tasmania (now CatholicCare Tasmania) as a contractor. In the South, the lead contractor was Colony 47, which used Anglicare, Centacare, Hobart City Mission and the Salvation Army as sub-contractors. In more remote parts of the state Front Door services were provided by Wyndarra Centre Inc. and the West Coast Council.

⁷ Front Door refers to the access points for people seeking housing assistance. Front Door services are now provided by the participating NGOs. They are not provided by HT.

Figure 1: Assessment process at Housing Connect



Source: Tasmanian Audit Office

Better Housing Futures

The implementation of the *Better Housing Futures* program resulted in four NGOs⁸ taking over the management of a third

⁸ NGOs involved in the *Better Housing Futures* program include: Centacare Evolve Housing (Bridgewater, Gagebrook and Herdsmans Cove), Community Housing Limited (Ravenswood, Waverley, Rocherlea, Mayfield and Mowbray), Housing Choices Tasmania Limited (Somerset, Shorewell Park, Acton, West Ulverstone, East Devonport and Latrobe) and Mission Australia Housing (Rokeby and Clarendon Vale).

(around 4000 high-density, broad-acre properties) of HT's total portfolio. In March 2013, management of the first tranche of properties (around 500) was transferred from HT control, with the final tranche transferred in July 2014. A consequence of these arrangements was that the NGOs were now responsible for collecting rent, performing maintenance and providing a point of contact for the tenants. The NGOs were also contractually obligated to develop master plans for the housing under their control, which must include provision for future additional housing.

Audit objective

The audit objective was to form conclusions on the effectiveness and efficiency of the provision of social housing and other government assistance provided by HT and NGOs to Tasmanians in housing stress.

Audit scope

The audit included HT and NGOs involved with:

- Community Housing
- Better Housing *Futures*
- Housing Connect.

The audit concentrated on the five-year period 1 July 2009 to 30 June 2014. More recent data was used where available.

Audit criteria

We developed a number of audit criteria, namely:

- Was social housing stock being effectively used to meet the needs of people under housing stress?
- Had HT developed and implemented new strategies to better meet the needs of people under housing stress?
- Had the greater involvement of NGOs been effective?

Audit approach

The audit:

- assessed the performance of HT programs against its objectives, monitoring and reporting requirements, targets and outcomes
- performed testing and analysis of the performance of programs on the ground at HT, NGOs and Housing Connect offices. Data was examined to verify waiting lists and waiting times

- compared Tasmania's performance against other jurisdictions using Report on Government Services (ROGS) and other available data to examine other initiatives implemented by HT and NGOs.

Timing

Planning for this audit began in December 2014 with fieldwork being undertaken until September 2015. The report was finalised in February 2016.

Resources

The audit plan recommended 950 hours and a budget, excluding production costs, of \$150 655. Total hours were 1423 and actual costs, excluding production, were \$216 520, which exceeded our budget.

Why this project was selected

This audit was added to our *Annual Plan of Work 2013–14* because of the significant state expenditure on the provision of public and community housing and following requests from parliamentarians and because of changes in public housing services in recent years including greater involvement by NGOs.

**1 Was social housing stock being effectively used to meet the
needs of people under housing stress?**

1 Was social housing stock being effectively used to meet the needs of people under housing stress?

1.1 Background

In Tasmania, approximately one-in-four low-income households experience housing stress⁹.

This Chapter examines government's effectiveness in assisting those in housing stress, discussing the use of housing stock managed by both HT and NGOs.

Specifically:

- Were waiting lists/waiting times reasonable? (Section 1.2)
- Were clients in accommodation that matched their assessed needs? (Section 1.3)
- Were occupancy rates and turnaround times at efficient levels? (Section 1.4)
- Was housing being provided equitably between regions? (Section 1.5)
- Was housing stock effectively maintained? (Section 1.6)
- Was housing stock occupied by people with the highest priority? (Section 1.7)

1.2 Were waiting lists/waiting times reasonable?

We considered three sources of standards for determining the reasonableness of waiting times, namely:

- HT's internal standards
- prior HT performance
- other Australian jurisdictions.

1.2.1 HT's internal standards

HT categorised its waiting list using points allocated to factors such as adequacy and affordability of current accommodation, special requirements (e.g. ramps, safety), health factors and rejection of previous offers. Allocation of housing was decided on the basis of category, not point score.

⁹ Op.cit., *Tasmania's Affordable Housing Strategy 2015–2025*, p.12.

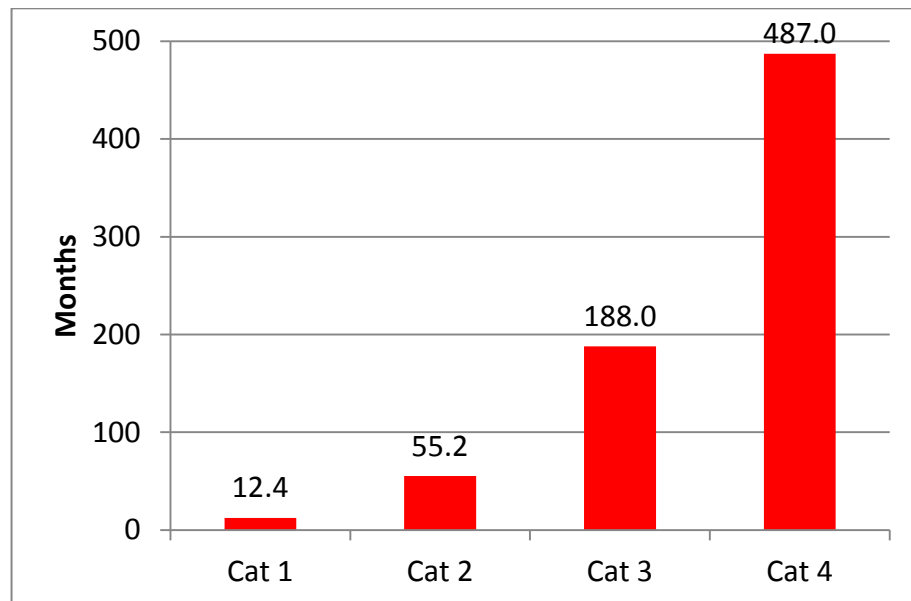
Housing Categories^{10, 11} included:

- Category 1 (first priority for housing)
- Categories 2, 3 and 4 (little chance of gaining social housing unless circumstances deteriorate).

It was HT's aim to house Category 1 applicants within a five-month period (20 weeks), subject to availability of stock. There were no targets for other categories.

We calculated waiting times¹² for the categories, with results shown in Figure 2.

Figure 2: Waiting times in months as at February 2015



Source: Housing Tasmania

Figure 2 shows the large difference in waiting times between the categories, consistent with HT policy, but also shows that HT

¹⁰ Up until 14 June 2015, HT categories included exceptional need and Categories 1 to 4. Exceptional need numbers were relatively low and we have incorporated them into Category 1 — an approach we use throughout this Report unless otherwise stated.

¹¹ From 15 June 2015 (outside the scope of the audit) the former categories were replaced with only two categories — Priority and General

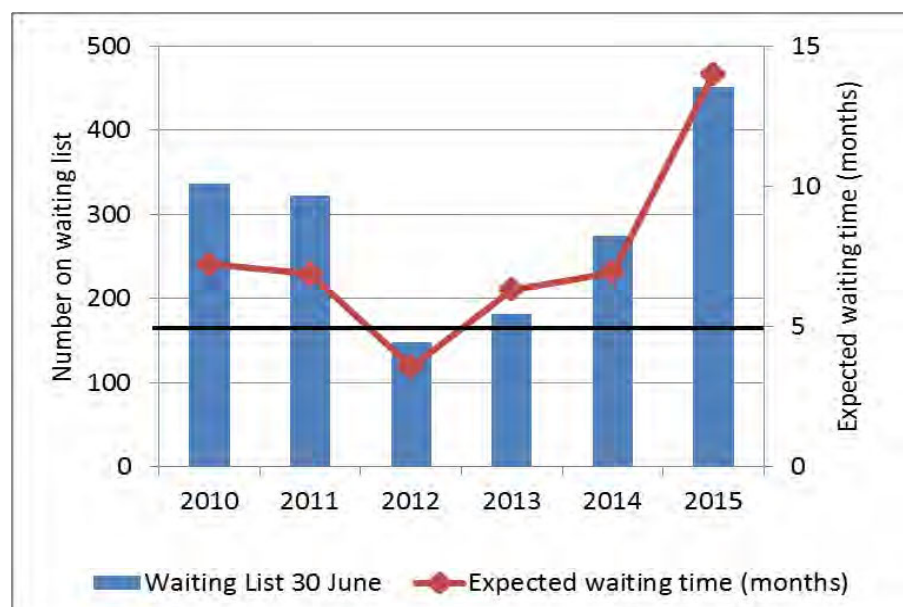
¹² For calculation of waiting times we calculated the rate at which people had been housed in the past 12 months then used that rate to determine how long it would take to clear the waiting list. This method slightly overstates the waiting time because it does not allow for people leaving the waiting list for other reasons. However comparison with average waiting times of people housed from previous years indicated that the level of overstatement is only three to four per cent.

had been unable in the 2014–15 year to meet its five-month (20 weeks) target.

1.2.2 Prior HT performance

In Figure 3 we examine Category 1 waiting lists and waiting times dating back to July 2010.

Figure 3: Expected waiting lists and times for all Category 1



Source: Housing Tasmania

Figure 3 shows that in past years, HT only met its internal target of five months (20 weeks) for Category 1 applicants once (2012) since 2010. Since 2012, waiting times have increased significantly with expected waiting times for Category 1 applicants now at 14 months.

We observed an increase in the waiting list that coincided with the introduction of Housing Connect. A possibility is that the capacity to apply for social housing at any participating NGO and that all applicants are assessed, may have encouraged more people to seek assistance. That notion is supported by an increase of approximately 100 per cent (62 per cent for Category 1) in new additions to the overall waiting list in 2013 to 2015 compared to the previous two years.

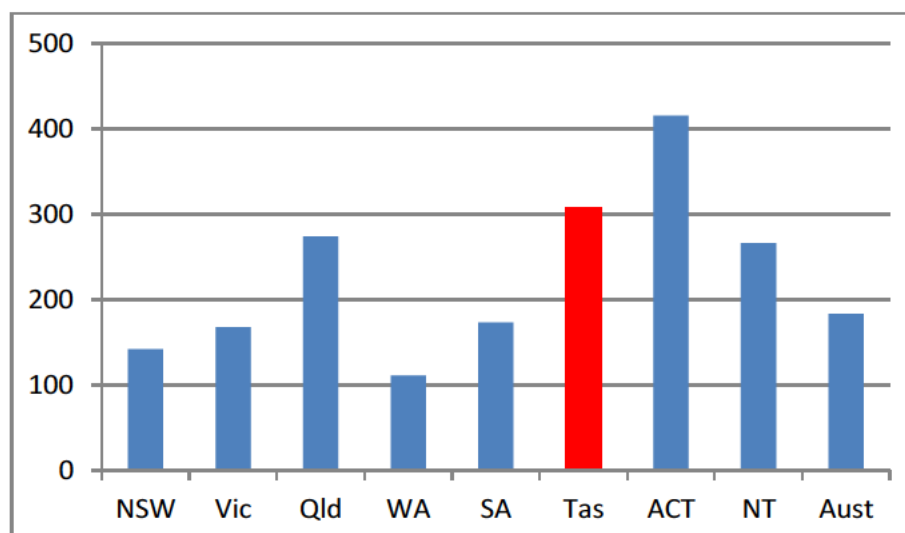
There had also been a 32 per cent reduction in the number of houses becoming vacant in 2014–15 compared to the previous year. This might be due to very high occupancy rates in public housing and the unaffordability of private rental housing. It might, however also partially reflect increased reluctance of renters to leave social housing, which has become increasingly suitable in terms of location and quality. HT agreed that greater stability of social housing tenants and the community housing

model of providing a more ‘mixed’ allocation of clients had led to reduced turnover and movement in the market.

1.2.3 Other Australian jurisdictions

Figure 4 compares ‘greatest need¹³’ applicants on waiting lists per 100 000 of population for Australian jurisdictions.

Figure 4: Greatest need applicants on waiting list per 100 000 population by jurisdiction 2014

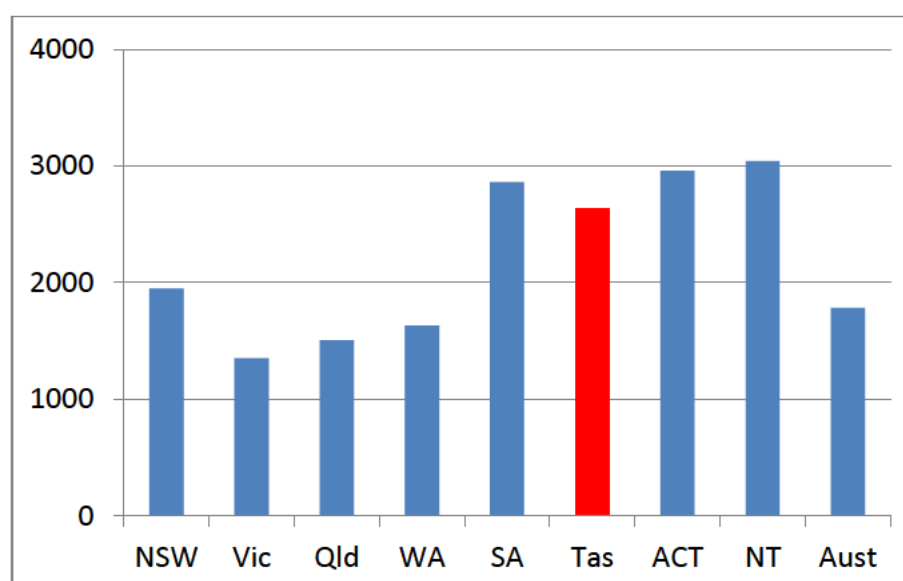


Source: Calculation TAO, based on data from ROGS 2014 Table 17A.5 and Australian Bureau of Statistics 2014 population data.

Figure 4 indicates that Tasmania had a high number of greatest need applicants per 100 000 population, second only to the Australian Capital Territory. We also compared the availability of public housing per 100 000 people in each jurisdiction.

¹³ ROGS defines great need households as ... ‘households that at the time of allocation are either homeless, in housing inappropriate to their needs, in housing that is adversely affecting their health or placing their life and safety at risk, or that have very high rental housing costs’.

Figure 5: Stock per 100 000 population 2014



Source: Calculation TAO, based on data from ROGS 2014 Table 17A.3 and Australian Bureau of Statistics 2014 population data.

Figure 5 suggests that Tasmania has been generous with its supply of social housing (2636 social houses per 100 000 in overall population), compared to all jurisdictions other than South Australia and the two territories.

It follows that the larger number of priority applicants on Tasmania's waiting list was likely due to demand factors such as the affordability of private rentals and high occupancy and slow turnover of public and community housing rather than a lack of supply of social housing. Using Australian Bureau of Statistic's data, we calculated that 20 per cent of Tasmanian's population was in the lowest decile for Socio-economic Advantage and Disadvantage compared to the Australian average 10 per cent¹⁴. Therefore, we were not surprised that there was a high need for housing assistance in Tasmania.

Section 1.2 conclusion

Waiting lists and waiting times were not satisfactory compared to internal benchmarks and past performance. This was mainly due to substantial increases in applicants since 2013 and a recent decline in turnover.

¹⁴ Australian Bureau of Statistics, *2033.0.55.001 Socio-economic Indexes for Areas, Australia, Index of Advantage-Disadvantage 2011*, ABS, Canberra, released 28 March 2013.

On the other hand, Tasmania's provision of social housing compared well with most jurisdictions, and its lengthy waiting list was mainly due to demand factors.

Recommendation 1

We recommend that HT reviews its approach to ensure those with the greatest need are prioritised.

1.3 *Were clients in accommodation that matched their assessed needs?*

One of HT's major challenges is for its property portfolio to match demographics. We examined the extent to which housing stock met the needs of tenants, with respect to:

- number of bedrooms
- clients with disabilities.

Number of bedrooms

Our 2005 report¹⁵ found a mismatch between housing stock and housing needs. At the time HT advised us that it was realigning its stock because demand for three-bedroom properties had reduced and demand for two-bedroom properties had increased. We tested whether any progress had been made with regard to stock mismatch. For this analysis, we took into account the totality of social housing (both HT and community housing stock).

Table 1 shows the property match for social housing as at June 2015. Cells highlighted in blue represent households in accommodation with more bedrooms than their entitlement, which we categorise as under-occupied. Cells highlighted in pink represent households in accommodation with fewer bedrooms than their entitlement. Cells highlighted in green indicate a good match.

¹⁵Op. cit., *Tasmania's Affordable Housing Strategy 2015–2025*, pp. 46–47.

Table 1: Property to client match 2015

	Bedroom entitlement			
Property bedrooms	1-2	3	4	5 or more
1-2	6322	41	505	0
3	4246	1208	303	24
4	133	90	143	22
5 or more	8	8	91	8

Source: Housing Tasmania. Bedroom data for public housing provided as at 30 June 2015. Bedroom data for stock now leased to NGOs under Better Housing *Futures* provided from the date NGOs took control of properties previously controlled by Housing Tasmania.

Using the data from the above table together with additional bedroom data provided by HT, we found that:

- around 35 per cent of HT properties were under occupied
- about 31 per cent (9557) of bedrooms in HT properties were unoccupied
- the percentage of unused bedrooms was similar to 2010 and 2005.

HT's new affordable housing strategy acknowledges that there is now greater demand for smaller dwellings¹⁶.

¹⁶ Op. cit., *Public Housing Meeting the Need?*, p.12.

Clients with disabilities

We were advised that as at April 2015 there were 3918 HT households with at least one person with a physical disability (number of disabled persons likely to be higher) compared to 1423 modified HT properties (excludes NGO properties)¹⁷. We did note that the gap had closed¹⁸ over the last decade.

Section 1.3 conclusion

To a substantial extent clients were in accommodation that did not match their assessed needs with respect to number of bedrooms and suitability for people with disabilities. There had been little improvement in the mismatch of bedrooms provided and needs over the past ten years. However there had been an increase in the number of disability-modified properties.

Recommendation 2

We recommend that HT works to better align its stock with demand, taking into consideration disability requirements and the changing demographic profile of its tenants.

1.4 Were occupancy rates and turnaround times at efficient levels?

High occupancy and short turnaround times when a house becomes vacant are important factors in ensuring efficient use of housing stock.

Occupancy rates

Occupancy rate measures the percentage of housing stock that is currently occupied. As at May 2015, the occupancy rate for HT stock was 98.5 per cent¹⁹, which compared favourably against its internal budgeted target of 98 per cent²⁰. HT's occupancy rate was also above the 2014 national rate of 97.9 per cent. We were satisfied that HT was maintaining efficient occupancy

¹⁷ HT advised that available data only showed that there were 229 disability modified properties in 2005.

¹⁸ Whilst HT advised that there may be some comparability issues between the 2015 and 2005 property suitability data, nonetheless we are satisfied that progress has been made.

¹⁹ Source: Housing Tasmania

²⁰ Tasmanian Government, *Government Services, Budget Paper Number 2, Volume 1*, 2015–16, Hobart, p.80.

rates. However, as noted in Section 1.3, much of the stock does not meet the requirements of the tenants.

Turnaround times

Turnaround time is defined as the average time taken for the available vacant rental stock to be rented and occupied. We noted that latest 12-month turnaround time data for HT stock was 25²¹ days against an internal target of 28 days²².

Section 1.4 conclusion

Occupancy rates were higher than the national average and turnaround times were within internal benchmarks.

1.5 Was housing stock being provided equitably between regions?

Our expectation was that social housing stock would be equitably distributed between Tasmanian regions (North, North West and South) based on need. Our assessment was based on whether housing stock per:

- population was approximately equal for the regions
- Category 1 applicant on the waiting list was equitable across the regions.

Table 2 shows our comparison of stock against population across the regions.

²¹ Source: Housing Tasmania, 12 months to January 2015.

²² A national average has not been available in ROGS for the last two years. The last national average (2011–12) was around 29 days.

Table 2: Regional comparison of stock per 100 000 people

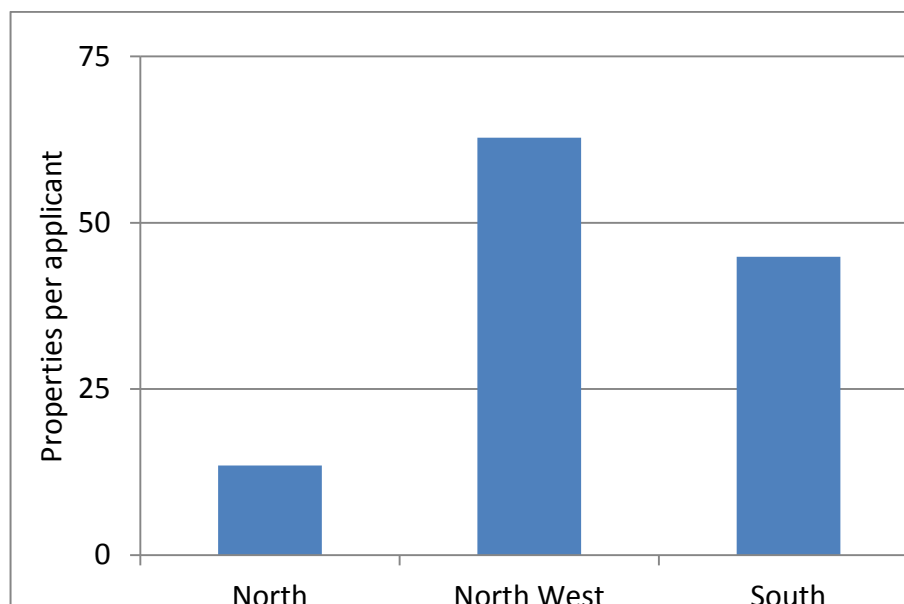
	North	North West	South	Tasmania
Housing stock at June 2014	3352	3390	6597	13 339
Population at June 2014	143 792	113 927	257 043	514 762
Stock per 100 000 people	2331	2976	2566	2591
Compared to Tasmanian average	90%	114%	99%	

Source: Housing Tasmania

The table shows reasonable regional equity on a population basis, with stock per 100 000 people between 90 and 114 per cent of the Tasmanian average, particularly in consideration of the socio-economic differences between the regions.

Figure 6 shows our comparison of waiting times for Category 1 applicants for the regions.

Figure 6: Ratio of stock to Category 1 applicants



Source: Housing Tasmania

Figure 6 shows a large disparity with a very low ratio of stock per Category 1 applicants in the Northern region. Review of waiting lists shows a sharp increase in Category 1 applicants on

all regional waiting lists in the last two years, but the increase has been particularly large in the North. We were advised that these increases had also resulted in a higher caseload for support services.

Table 3: Percentage increase in Category 1 waiting list applicants from June 2013 to June 2015

	Jun 2013	Jun 2015	Increase
North West	22	54	145%
North	51	245	380%
South	86	147	71%

Source: Housing Tasmania

HT was unable to provide an explanation for the severity in the Northern, and to a lesser extent North West, increase in the waiting list. It is possible that it is due to data problems, but in any case, the disparity requires investigation by HT.

Section 1.5 conclusion

Whilst housing stock per head of population was largely equitable between regions a sharp increase in Category 1 applicants had led to a very low ratio of stock to applicants in the North.

Recommendation 3

We recommend HT investigate the reasons and implications for the sharp increase in applicants in the North and North West.

1.6 Was stock occupied by people with the highest priority?

There is not enough social housing available for all households in housing stress, and the cost of building sufficient new housing for all is prohibitive. It is, therefore, important that social housing is allocated to those with the highest priority.

In this section we examine whether:

- new allocations were to people with the highest priority as defined by the category system
- stock was only occupied by people with a continuing need for assistance.

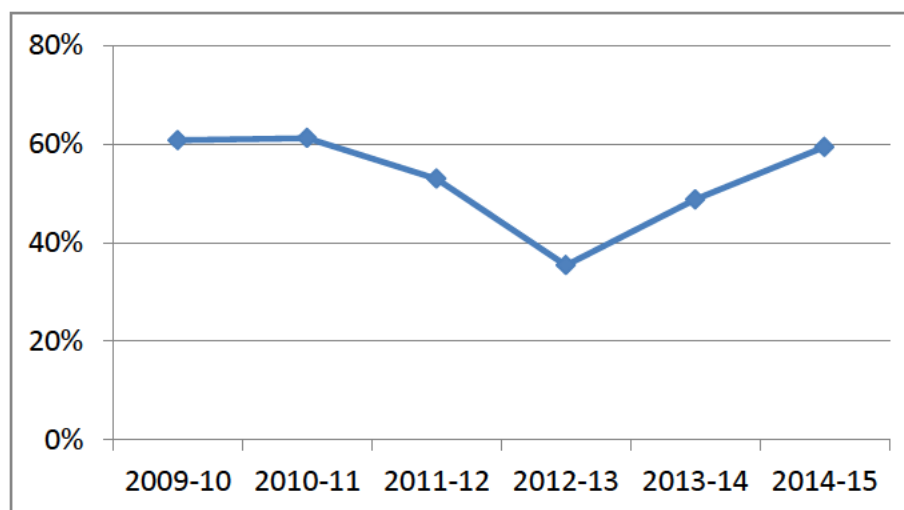
1.6.1 Were new allocations to people with the highest priority?

As discussed in Section 1.2.1, HT categorised applicants into categories of need based on a points system. However, allocation of housing was decided on the basis of category assessment, not each applicant's point score. We understand

that there are many attributes of available housing that need to be considered when making an allocation. Nonetheless, it was our expectation that whenever reasonably possible, housing would be allocated to Category 1 applicants.

Figure 7 shows the percentage of housing allocated to Category 1 applicants in the years from 2009–10 to 2014–15.

Figure 7: Category 1 applicants housed as a proportion of total housed



Source: Housing Tasmania

Figure 7 shows that the percentage of all social housing allocated to Category 1 applicants is only approximately 60 per cent and in some years, it has been well below that figure. HT advised that under the previous 1–4 categorisation system, both Category 1 and Category 2 were considered ‘priority applicants’, therefore, HT consider it appropriate that a high number of Category 2 applicants were housed. Also, HT does house Category 3 and 4 applicants, particularly if the housing available does not suit the needs of Category 1 and Category 2 applicants.

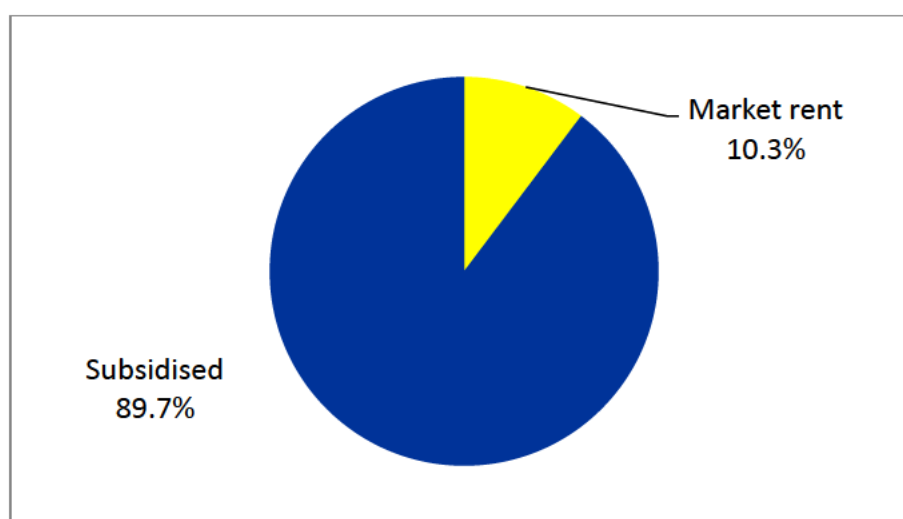
1.6.2 *Was stock only occupied by people with a continuing need for assistance?*

Historically, people accessing public housing were placed on no-fixed-term leases. Under these agreements, when an occupant’s circumstances changed, so that there was no further need for public assistance, HT had no power to terminate their lease. However, HT ceased issuing no-fixed-term lease from late 2012. Whilst the number of no-fixed-term leases has been steadily declining in recent years, 42 per cent of tenants still have no-fixed-term leases as at May 2015.

Since October 2011, rental for HT tenants has been fixed at 25 per cent of assessable household income; except for very low-

income households. Tenants on higher incomes pay market rent rates, which was the rent that would be charged for the property if it were leased in the private market. Our assumption was that households paying market rent have no continuing need for subsidised housing. Figure 8 shows the proportions of public housing tenants who either have subsidised housing or pay market rates.

Figure 8: Proportion of public housing tenants paying market rent



Source: Housing Tasmania

The 10.3 per cent of public housing for which market rents were paid represented 736 houses, a figure that was considerably higher than the 451 Category 1 applicants on the June 2015 waiting list.

We note that there may be reasons why it is desirable to allow some households paying market rent to remain in those houses, such as:

- maintaining a reasonably 'mixed' community
- meeting the needs of those with disabilities.

Since 2011, HT has not issued any no-fixed-term leases. Instead, new tenants were put on a three-month probation period and then a two-year lease (four years for aged or disabled tenants).

In 2014, Parliament passed the *Residential Tenancy Amendment Act 2013*. The intent of the legislation was to allow HT to end a social housing tenancy, for any one of:

- income exceeding the specified limit
- assets exceeding the specified limit
- there being more bedrooms than needed.

HT advised that none of the above reasons for ending a social housing tenancy were enforceable because the supporting regulations had yet to be finalised.

Whilst 42 per cent of public housing tenants were still on no-fixed-term leases, this figure had fallen over the last four years from 58 per cent in June 2011.

Section 1.6 conclusion

Not enough stock was being assigned to people with the highest priority. In some years, less than 60 per cent of housing stock was allocated to Category 1 applicants.

Over ten per cent of people occupying public housing were paying market rent, of whom a significant proportion would have little or no need for continuing assistance.

Recommendation 4

We recommend that HT implements the regulations as soon as possible after declaration in order to allow it to terminate social housing leases where there is no longer an ongoing need.

Recommendation 5

We recommend that HT continues to encourage eligible tenants to move away from no-fixed-term leases.

1.7 Conclusion

Despite efficient turnaround time and high occupancy, social housing was not meeting Category 1 needs to the standard of internal benchmarks or past performance, particularly in the Northern Region.

To some extent, the inability to meet the need was due to relatively high demand in Tasmania (despite a relatively high provision of social housing) and to historically poorly matched housing in terms of number of bedrooms and suitability for people with disabilities.

However, lengthy Category 1 waiting lists were also partly due to the substantial allocation of stock to lower-category applicants. In addition, many people occupying social housing no longer had a need for housing assistance, despite legislative changes passed in 2013 designed to address this problem.

2 Had HT developed and implemented new strategies to better meet the needs of people under housing stress?

2 Had HT developed and implemented new strategies to better meet the needs of people under housing stress?

2.1 Background

There has long been insufficient social housing stock to meet the needs of all people in housing stress, as evidenced by the existence of waiting lists. This Chapter examines whether HT has developed strategies to help meet the shortfall.

We reviewed whether HT had:

- undertaken strategic planning (Section 2.2)
- strategies to increase supply (Section 2.3)
- strategies for easing housing stress other than by providing housing stock (Section 2.4).

2.2 Did HT undertake strategic planning?

Our expectation was that HT would have performed and documented strategic planning to direct its activities. That planning should be documented and should identify goals, programs, strategies, performance measures, risks, resources and constraints.

We found that HT had:

- a strategic plan: *Housing Tasmania Strategic Plan 2012–2017*(strategic plan)
- the *Affordable Housing Strategy*, which supplemented the strategic plan and included more detailed content
- lower-level work plans, such as the *Housing Connect Service Implementation Plan*, which outlined specific initiatives, actions and timeframes.

Our examination considered the planning documents collectively. We found that strategic planning documentation included our expected planning elements such as goals, strategies, risk management and performance measures.

Section 2.2 conclusion

HT did undertake adequate strategic planning.

2.3 Did HT have strategies to increase housing stock?

Our findings in Chapter 1 were that waiting lists and waiting times had increased rapidly in recent years. It follows that to

achieve target waiting times there is a need to increase the level of social housing stock.

To measure the increase in social housing stock, we examined a number of separate housing programs. Table 4 lists the additions to social housing stock by program.

Table 4: Additional social housing by specified program since 2010

Program	Increase in social housing
A place to call home	25
Tasmanian Affordable Housing Limited*	120
Nation Building and Economic Stimulus Plan	481
Social Housing National Partnership	41
Capital Investment Program	92
National Rental Affordability Scheme	238
Housing Fund	55
National Partnership Agreement on Remote Indigenous Housing	12
Total	1064

* Although this program initially resulted in additional social housing, the benefit has not been sustained over time.

Source: Housing Tasmania

Of the 1064 additional properties approximately half were owned by NGOs or private providers. The remainder were owned by HT (some managed by HT and some managed by NGOs).

We found that between December 2010 and May 2015 there was a small net increase in HT-owned stock after 572 disposals were taken into account. We were advised that disposals were driven by the need to service the Commonwealth State Housing Agreement debt, realign the portfolio and maintain the sustainability of public housing. The new NGO and privately-owned stock meant that there had been an overall planned increase in the stock of social housing of approximately 500.

In addition, there was an expectation that NGOs would eventually use rental income to build more properties.

Section 2.3 conclusion

HT had effective strategies to add to social housing stock, which had led to a small increase.

2.4 *Did HT have strategies for easing housing stress other than by providing housing stock?*

There are many people eligible for public housing, but whose position on the waiting list means it is unlikely they will secure a placement in the short term. Alternatively, there are people on modest incomes ineligible for social housing²³, but who are still looking for assistance in the private sector. Despite ineligibility or prolonged waits for social housing, there are still a number of alternative housing assistance schemes available, as evaluated in Table 5.

Table 5: Housing assistance programs

Program	Description	Effectiveness
Tenancy Guarantee Program(TGP)	A pilot program that allowed eligible private renters to apply for bond assistance.	Low: TGP had only provided support to one client to 30 June 2015.
Streets Ahead	An initiative to assist low-income applicants to purchase existing HT properties.	Low: Over the past five years, the number of property sales supported Streets Ahead has reduced from 24 properties per year to ten.

²³ As at October 2015, eligibility limits are \$34 320 for single person or \$59 345 for a couple with up to one child and/or assets over \$35 000.

Program	Description	Effectiveness
HomeShare	An equity-based scheme where the Director of Housing takes a 30 per cent part-ownership holding in a property purchase.	Moderate: HomeShare has recently been relaunched as part of the new Affordable Housing Strategy and has seen the take-up rate increase over the last five years from 61 approvals per year to 117.
National Rental Affordability Scheme (NRAS)	A joint Commonwealth and state government initiative to encourage investors to provide suitable low-income rental housing.	High: Since 2008, over 900 new dwellings have been made available through NRAS.
Private Rental Assistance	Provides help to private renters with bonds, arrears and removal costs.	High: this scheme provided low levels of assistance to 3666 households during 2014–15 ²⁴ .
Commonwealth Rent Assistance ²⁵	Assistance provided to private renters with affordability issues.	High: approximately \$100m provided annually.

The table indicates that at least some state and Commonwealth initiatives have significantly eased housing stress by increasing the availability of affordable housing.

²⁴ Department of Health and Human Services, Tasmania's Affordable Housing Strategy 2015–2025, DHHS, Hobart, 2015, p.21.

²⁵ Provided by Commonwealth, but included for completeness of programs, which eases housing stress.

Section 2.4 conclusion

HT had a number of effective strategies for easing housing stress by either increasing the availability of affordable housing or providing support to people renting in the private sector.

Recommendation 6

We recommend that HT conducts a review of non-performing housing assistance initiatives with any found to be ineffective or inefficient to be revamped or discontinued and the resources to be redirected to more successful existing schemes or to fund new initiatives.

2.5 Conclusion

HT did undertake adequate strategic planning.

It had effective strategies to add to social housing stock.

However, disposals of existing stock had resulted in only a small net increase in HT-owned stock.

HT had implemented effective strategies for easing housing stress by increasing the availability of affordable housing and assisting those renting in the private sector.

3 Had the greater involvement of NGOs been effective?

3 Had the greater involvement of NGOs been effective?

3.1 *Background*

HT now provides its services in collaboration with participating NGOs. The collaboration involves:

- Better Housing *Futures*, where a number of NGOs manage a third (4000 properties) of HT's total portfolio.
- Housing Connect, which provides a common assessment, a shared waiting list and integrated service delivery to social housing clients.

To assess whether the greater involvement of NGOs had been effective, we sought to answer the following questions:

- Had HT effectively and efficiently integrated its services with those provided by NGOs? (Section 3.2)
- Had service provision improved? (Section 3.3)
- Had the collaborative arrangements led to cost benefits? (Section 3.4)
- Did HT effectively monitor housing programs conducted by NGOs? (Section 3.5)

3.2 *Had HT effectively and efficiently integrated its services with those provided by NGOs?*

Our expectation was that services would be integrated to maintain efficiency, facilitate access to services, minimise duplication of effort and ensure information was available throughout the system.

We found that:

- The Housing Connect responsibilities were clearly defined, with NGO's providing the Front Door services, HT processing all applications and both NGOs and HT cooperating to provide housing as available. Inclusion on waiting lists was taking less time than the previous HT-based system.
- HT had effective contractual arrangements with NGOs, with defined service levels and penalties for non-compliance.
- There were no indications of confusion or duplication concerning management of stock, with a clear distinction between HT and NGO stock.

- Average occupancy rates of housing stock managed by the NGOs was 96.8 per cent, which we saw as evidence of an efficient process for allocation of available housing.
- A new IT system was intended to meet the information needs of Housing Connect and housing management, but at the time of the audit, it had not been fully implemented. HT had been using a combination of manual and IT work-arounds, which had been meeting most needs, including our information requests.
- Client satisfaction was measured as a key performance indicator of the contract with the NGO that provided HT with maintenance services. Figures showed that the rate exceeded 98 per cent.
- 75 per cent of users²⁶ (HT and NGO customers) were satisfied with social housing; a figure that was unchanged from the average satisfaction level before the introduction of Better Housing *Futures*.

Section 3.2 conclusion

HT had on the whole effectively and efficiently integrated its services with those provided by NGOs. However, problems with the implementation of the new IT system meant that some manual processes were required as an interim measure until the IT system was fully implemented.

3.3 *Had the collaborative arrangements improved service provision?*

As noted in Section 1.2.2, there was a substantial increase in the waiting list from 2012–13 to the next two years that coincided with the introduction of Housing Connect.

A possibility is that the capacity to apply for social housing at any participating NGO may have encouraged more people to seek assistance. Prior to the introduction of Housing Connect, those experiencing housing stress had to ‘shop around’. To address short-term needs people had to potentially approach a number of NGOs for assistance.

Since the introduction of Housing Connect, assessment procedures have been streamlined. Now a single assessment

²⁶ We combined ROGS satisfaction ratings for public housing and community housing to obtain an overall social housing rate.

occurs with any one of the participating Housing Connect NGOs. Access to crisis services is available 24 hours a day through an 1800 service. That streamlining led to the following benefits:

- addressing of both short-term and long-term social and housing needs
- shorter time for placement on the housing lists
- applicants also accessing non-housing services provided through NGOs such as counselling, mental health, drug and alcohol services, and improved financial brokerage services
- improved case management and support.

In addition, tenants in properties managed by NGOs with leases with Better Housing *Futures* providers gained access to Commonwealth Rent Assistance payments. This additional source of funds enabled improved maintenance such as remodelled kitchens and bathrooms.

For those reasons we see the better access as an improvement in service delivery despite the likelihood that it has contributed to a sharp increase in the waiting list (See Section 1.2).

Section 3.3 conclusion

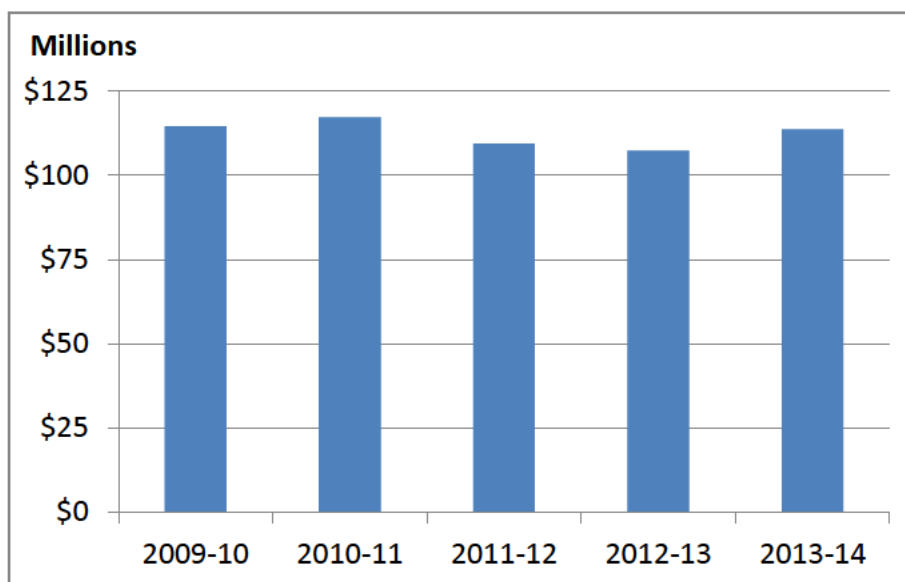
The new collaborative arrangements introduced through Housing Connect have improved service provision to applicants seeking housing assistance.

However, the introduction of Housing Connect has caused more people to seek housing assistance due to its perceived benefits compared to the old system.

3.4 *Had the collaborative arrangements led to cost benefits?*

Figure 9 shows total social housing expenditure between 2009 and 2014.

Figure 9: Real recurrent expenditure on social housing by the state government 2009 to 2014

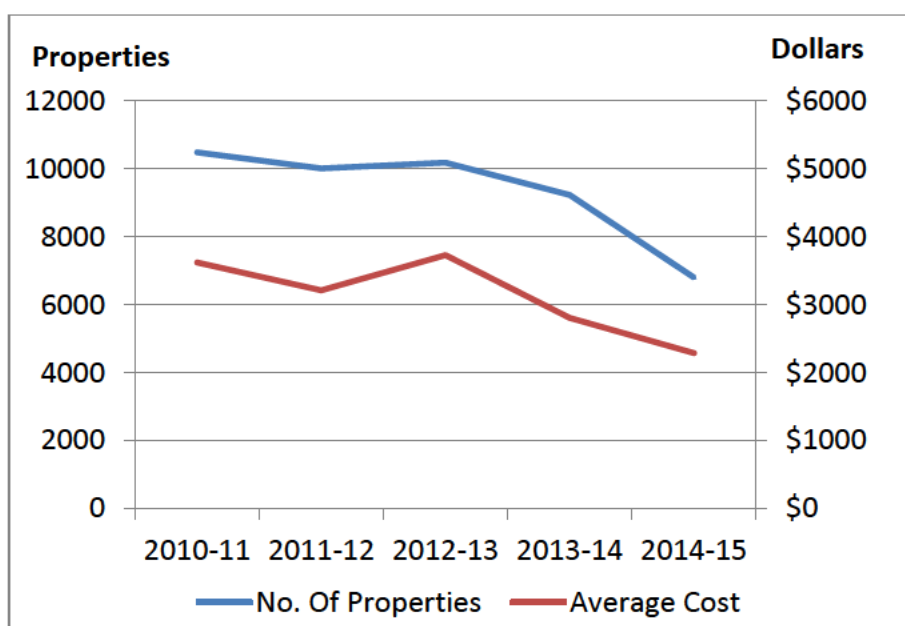


Source: ROGS 2015

Figure 9 shows that social housing expenditure had experienced only a minor fluctuation in recurrent expenditure during the past five years, with no significant reduction in the year 2013–14 following the introduction of *Better Housing Futures*.

We also reviewed maintenance expenditure by property based on work order costs, where we expected a significant reduction, with NGOs taking on responsibility for community housing stock (approximately 4000 properties).

Figure 10: HT Maintenance expenditure: 2010–15



Source: Housing Tasmania

We found that maintenance costs had decreased by 46 per cent overall (\$26.9m to \$14.5m) and on average per property by 35 per cent (\$3600 to \$2400).

On the basis, of the reduction in maintenance cost, it seemed likely that there had been a cost benefit from the introduction of Better Housing *Futures*, even though it had not yet been reflected in the 2013–14 overall costs to HT.

Section 3.4 conclusion

The collaborative arrangements resulting from the introduction of Better Housing *Futures* had led to cost benefits.

3.5 *Did HT effectively monitor housing programs conducted by NGOs?*

This Section looks at whether HT enforced the contractual performance measures. We have separately assessed Housing Connect and Better Housing *Futures*.

Housing Connect

We looked to see whether the original reporting requirements contained in the lead contracts had been enforced. We found that the original performance measures had been replaced by a single requirement for each NGO to provide the number of people assisted by Front Door. That measure was just an activity count and was not compared to performance targets.

Whilst we were provided with reports showing that HT collects a lot of information, there was no evidence of performance monitoring and follow-up. HT acknowledged that there had been delays in provision of information by NGOs and that the 'current capture was limited and could be enhanced to enable improved reporting'.

Better Housing Futures:

HT requires the Better Housing *Futures* NGOs to provide quarterly reports, which were in addition to their normal reporting requirements to the Commonwealth. We examined reporting by each of the four Better Housing *Futures* NGO providers to assess whether HT was actively monitoring the NGOs. We found that:

- whilst there were some initial reporting delays, all NGOs were now providing quarterly reports
- NGOs were reporting against targets such as turnaround times and average time to house.

We tested a number of NGO reports provided to HT that looked for individual instances of reporting non-compliance or failure

to meet targets. We found that 35 per cent of measures tested did not meet the agreed target. An explanation had been provided, although in some instances the explanation provided was 'settling in' issues, even after 12 months operation.

Section 3.5 conclusion

HT was not effectively monitoring the Housing Connect program, with the original performance measures having been replaced by a single activity measure that was not compared to any performance targets.

HT was on-the-whole effectively monitoring the Better Housing *Futures* NGOs. However, where targets had not been achieved we considered some of the explanations to be unconvincing.

Recommendation 7

We recommend that HT implements effective replacement performance measures with the Housing Connect NGOs. HT must also follow-up on any instances of non-compliance.

3.6 Conclusion

HT had effectively and efficiently integrated its services with those provided by the NGOs. The new collaborative Housing Connect arrangements had improved service provision to those seeking housing assistance. In addition, the introduction of Better Housing *Futures* had led to cost benefits with a reduction in maintenance costs.

HT was not effectively monitoring the Housing Connect program, with the single activity measure of recording the number of people assisted by Front Door, providing little indication of performance.

HT was effectively monitoring the Better Housing *Futures* NGOs. However, where targets had not been achieved, we considered some of the explanations to be unconvincing.

Independent auditor's conclusion

Independent auditor's conclusion

This independent conclusion is addressed to the President of the Legislative Council and to the Speaker of the House of Assembly. It relates to my performance audit on assessing the effectiveness and efficiency of the provision of social housing.

Audit objective

The audit objective was to form conclusions on the effectiveness and efficiency of the provision of social housing and other government assistance provided by Housing Tasmania (HT) and non-government organisations (NGOs) to Tasmanians in housing stress.

Audit scope

The audit included HT and NGOs involved with:

- Community Housing
- Better Housing *Futures*
- Housing Connect.

The audit concentrated on the five-year period 1 July 2009 to 30 June 2014. More recent data was used where available.

Management responsibility

The Secretary for the Department of Health and Human Services was responsible for ensuring the implementation of effective and efficient assistance to those experiencing housing stress.

Auditor-General's responsibility

In the context of this performance audit, my responsibility was to express a conclusion on the effectiveness and efficiency of the provision of social housing and other government assistance provided by HT and NGOs to Tasmanians in housing stress.

I conducted my audit in accordance with Australian Auditing Standard ASAE 3500 *Performance engagements*, which required me to comply with relevant ethical requirements relating to audit engagements. I planned and performed the audit to obtain reasonable assurance that HT was providing effective and efficient social housing and other government assistance to Tasmanians in housing stress.

My work involved obtaining evidence that:

- social housing stock was being effectively used to meet the needs of people under housing stress

- HT had developed and implemented new strategies to better meet the needs of people under housing stress
- a greater involvement by NGOs had been effective.

I believe that the approach I adopted and evidence I obtained was sufficient and appropriate to provide a basis for my conclusion.

Auditor-General's conclusion

Based on the audit objective and scope and for reasons outlined in this Report, it is my conclusion that:

- social housing was not meeting Category 1 needs, particularly in the Northern Region, due to relatively high demand and historically poorly matched housing
- lengthy Category 1 waiting lists were partly due to the allocation of stock to lower-category applicants and that many people occupying social housing no longer had a need for assistance
- HT had effective strategies to add to social housing stock. However, HT stock disposals resulted in only a small net increase
- HT had implemented effective strategies for easing housing stress by increasing affordable housing numbers and assisting those renting in the private sector
- HT had effectively and efficiently integrated its services with those provided by the NGOs. The introduction of Better Housing *Futures* had led to cost benefits with a reduction in maintenance costs
- HT was not effectively monitoring the Housing Connect program, but it was effectively monitoring the Better Housing *Futures* NGOs.

My report contains seven recommendations aimed at addressing my conclusions. These included, for example, HT reviewing its prioritisation approach, better aligning its stock with demand, investigating the reasons behind the large increase in applicants in the North and North West and conducting a review of non-performing housing assistance initiatives with those found to be inefficient or ineffective to be revamped or discontinued.

H M Blake

Auditor-General

25 February 2016

Recent reports

Recent reports

Tabled	No.	Title
Feb	No.7 of 2014–15	Financial Statements of State entities, Volume 4 — Local Government Authorities, Joint Authorities and Tasmanian Water and Sewerage Corporation Pty Ltd 2013-14
Mar	No.8 of 2014–15	Security of information and communications technology (ICT) infrastructure
Mar	No.9 of 2014–15	Tasmanian Museum and Art Gallery: compliance with the National Standards for Australian Museums and Galleries
May	No.10 of 2014–15	Number of public primary schools
May	No.11 of 2014–15	Road management in local government
June	No.12 of 2014–15	Financial Statements of State entities, Volume 5 — State entities 30 June and 31 December 2014, findings relating to 2013–14 audits and other matters
July	No. 1 of 2015–16	Absenteeism in the State Service
August	No. 2 of 2015–16	Capital works programming and management
October	No. 3 of 2015–16	Vehicle fleet usage and management in other state entities
October	No. 4 of 2015–16	Follow up of four reports published since June 2011
November	No. 5 of 2015–16	Financial Statements of State entities, Volume 2 — Government Businesses 2014–15
November	No. 6 of 2015–16	Financial Statements of State entities, Volume 3 — Local Government Authorities and Tasmanian Water and Sewerage Corporation Pty Ltd 2014–15
December	No. 7 of 2015–16	Financial Statements of State entities, Volume 1 — Analysis of the Treasurer’s Annual Financial Report, General Government Sector Entities and the Retirement Benefits Fund 2014–15

Current projects

Current projects

The table below contains details performance and compliance audits that the Auditor-General was conducting and relates them to the *Annual Plan of Work 2015–16* that is available on our website.

Title	Audit objective is to...	<i>Annual Plan of Work 2015–16</i> reference
Tasmanian Forests Intergovernmental Agreement	... assess the effectiveness of the state's administration of projects listed for implementation by the Tasmanian Government, under the Tasmanian Forests Intergovernmental Agreement 2011 and 2013.	Page 19 Topic No. 1
Compliance with legislation	... to test whether responsible agencies have implemented procedures to address statutory requirements of a sample of Tasmanian legislation.	Page 19 Topic No. 3
Management of national parks	... form an opinion on how effectively the Parks and Wildlife Service manage the State's national parks by reference to the adequacy of planning processes and planning implementation.	Page 21 Topic No. 7
Government support for sporting and other events	... to express an opinion on whether supported events are cost effective for Tasmania and funded in accordance with applicable government policy.	Page 21 Topic No. 1 (2016–17)

AUDIT MANDATE AND STANDARDS APPLIED

Mandate

Section 17(1) of the *Audit Act 2008* states that:

‘An accountable authority other than the Auditor-General, as soon as possible and within 45 days after the end of each financial year, is to prepare and forward to the Auditor-General a copy of the financial statements for that financial year which are complete in all material respects.’

Under the provisions of section 18, the Auditor-General:

- ‘(1) is to audit the financial statements and any other information submitted by a State entity or an audited subsidiary of a State entity under section 17(1).’

Under the provisions of section 19, the Auditor-General:

- ‘(1) is to prepare and sign an opinion on an audit carried out under section 18(1) in accordance with requirements determined by the Australian Auditing and Assurance Standards
- (2) is to provide the opinion prepared and signed under subsection (1), and any formal communication of audit findings that is required to be prepared in accordance with the Australian Auditing and Assurance Standards, to the State entity’s appropriate Minister and provide a copy to the relevant accountable authority.’

Standards Applied

Section 31 specifies that:

‘The Auditor-General is to perform the audits required by this or any other Act in such a manner as the Auditor-General thinks fit having regard to –

- (a) the character and effectiveness of the internal control and internal audit of the relevant State entity or audited subsidiary of a State entity; and
- (b) the Australian Auditing and Assurance Standards.’

The auditing standards referred to are Australian Auditing Standards as issued by the Australian Auditing and Assurance Standards Board.



Tasmanian Audit Office

Phone (03) 6173 0900
Fax (03) 6173 0999
email admin@audit.tas.gov.au
Web www.audit.tas.gov.au

Launceston Office

Phone (03) 6173 0971

Address Level 8, 144 Macquarie Street,
Hobart

Postal Address GPO Box 851, Hobart 7001

Office Hours 9am to 5pm Monday to Friday

Address 2nd Floor, Henty House
1 Civic Square, Launceston