

**ACT Ministerial Housing Summit**  
**28 February 2006**

**Additional written comments**  
**Care Inc Financial Counselling Service**

**The purpose of these comments:**

Care Inc Financial Counselling Service was represented at the ACT Ministerial Housing Summit on 28 February. Care's Director attended the morning session and the Housing Financial Counsellor the entire day.

This is not intended to be a detailed submission, nor does it seek to cover all of the issues raised at the Summit or dealt with in the Information Papers. The purpose of providing the comments is twofold:

- to confirm the willingness of Care Inc Financial Counselling Service and the co-located Consumer Law Centre of the ACT to be involved in follow-up activities, consultations, design and delivery work coming out of the Summit and
- to draw attention to several key issues within our expertise and experience that were not necessarily dealt with at the Summit or in the Papers.

**About Care:**

Care has been the main provider of financial counselling and related services in the ACT since 1983. Care's integrated service model includes:

- information
- casework
- advocacy
- representation
- community development and education and
- policy, social action and law reform comment.

Care's client group are low income and vulnerable consumers, many of whom are either tenants of or seeking assistance from Housing ACT. Recognising the critical importance of providing access to Care's services to Housing ACT tenants, a Budgeting service dedicated to the needs of public housing tenants was established in 1998. That service has since evolved into the current Housing Financial Counselling Service. The HFCS is not only co-located with Care it is a

critical part of Care's integrated service delivery model. In particular, the existence of a specialist HFCS allows public housing tenants with complex or pressing financial issues to receive in depth and ongoing assistance as required. The credit and debt issues experienced by the public housing tenant or applicant clients who present through Care's intake process, are not exclusively accommodation related. All however have the potential to impact on the ability of those clients to establish or maintain a relationship with Housing ACT.

Demand levels for Care's services from Housing ACT tenants or applicants have always been and remain high. For example, in the 2003-2004 financial year, of the 2229 new requests for assistance across Care's general services, 35% were public housing tenants. In 2004-2005, 2175 new requests for assistance were received across Care's general services and 38% of those clients were public housing tenants.

There are two key issues of relevance to the discussions at the Summit that Care would like to raise in this document:

- a) the importance of appropriate understanding and consideration of demand-side needs when investigating models for alternative housing finance and
- b) the urgent need to clarify how Housing ACT will tackle the "financial viability" issues for public housing in the ACT in light of its responsibilities to ensure appropriate support services are available to vulnerable and disadvantaged consumers.

These are not the only issues in which Care has an interest in the follow-up to the Summit. They are however issues that we would specifically recommend are included in any follow-up activities.

**a) Demand side considerations in the development of alternative housing finance models:**

There are a number of references to alternative housing finance in the information papers circulated just prior to the Housing Summit. In particular, Information Paper number 3, *Social Housing Supply*, provides some detail on a number of potential models. Only one of the questions that Paper number 3 poses could be interpreted as inviting consideration of demand side needs and capacities:

*What safeguards would be necessary to establish a shared equity scheme?*

In the context of the discussion of alternative finance models in the paper generally and the additional questions raised, it might however be that the question above is referring to safeguards for commercial investors and/or Government. If that is the case, then demand side considerations are entirely overlooked – and care should be taken to rectify this situation in follow-up

activities, discussion, debate and, most importantly, in any market testing of products or services.

Specifically, in Care's view the following issues require consideration:

- ensuring that the policy and planning failures that caused significant problems in the roll-out and operation of public home-lending schemes are not repeated;
- developing a more sophisticated understanding of the current dysfunction and unfairness in the housing finance market, particularly in relation to "lo-doc" and "non-conforming" loans;
- looking for models that do not unfairly shift risk to low to moderate income borrowers (for example, it is Care's view that great caution should be taken with embedding product elements like mortgage insurance in any alternate design, because of the inherently unfair nature of those products);
- ensuring that any benefits that might flow from blended home ownership are fairly and equitably shared with borrowers;
- developing a clear understanding of what affordability means with due regard to payment capacity (ie: resisting the temptation to see home ownership via any form of credit product as an accommodation solution for people who do not have the capacity to sustain the credit).

**b) "Financial Viability" and appropriate tenant support services:**

Information Paper number 4 in the pack of Summit papers, *Financial Viability*, raises a number of very difficult but critically important issues. Whilst we do not necessarily agree with all of the conclusions drawn in the paper, we congratulate Housing ACT for producing and circulating information about its financial position to inform ongoing discussions.

As a key provider of services in the ACT to low income and vulnerable consumers, Care is perhaps more concerned by what is not said in Paper number 4 than by the information the paper does contain. Specifically at pages 92 and 93, we refer to the following:

*Housing ACT has a responsibility to provide a range of tenancy and social support services for its clients. These services are largely absorbed by Housing ACT as part of its ongoing commitment to sustaining tenancies.*

*Clearly Housing ACT has to seriously look at major savings in its expenditure, however, these savings need to be achieved in the context of ensuring that services are able to be provided to tenants of Housing ACT and to those on Housing ACT's waiting list. The most useful mechanism for identifying additional savings to those discussed above will be to look*

*at the operations of Housing ACT against other public housing providers and seek to move closer to national benchmarks.*

Having read the paper closely on several occasions, we are unable to decide what this commentary means. On the one hand it might be interpreted as meaning that the network of basic community support services provided to tenants or applicants for public housing will be maintained. It does not however say that – and there is considerable speculation and discussion amongst community service providers that the commitment to and resourcing of basic services is at risk.

The reference to moving toward national benchmarks is also oblique. Housing ACT and community service providers in the Territory have designed and deliver services to their clients with the needs and vulnerabilities of those clients in mind. Moving away from a commitment to local needs toward systems based on national averages, if that is what is anticipated, could produce very poor outcomes. In the move toward a national electricity market, for example, vital safeguards for low income ACT consumers are coming under pressure from processes that are supposed to be about delivering national benchmarks – but are in fact more like a dive to a lowest common denominator.

We urge Housing ACT to be clearer about what cost savings might mean and how options will be investigated, properly analysed and communicated. It goes without saying that Housing ACT should have regard to the spirit and letter of the Social Compact and, above all, ensure that priority is accorded to the needs and impacts of any changes to be considered on service users. Perhaps engaging the Human Rights Commissioner in any such discussion might also ensure that basic rights are appropriately considered.

We look forward to details of activities following up the Summit, as they become available.

**31 March 2006**