



For a better working life

New Zealand Public Service Association
Te Pūkenga Here Tikanga Mahi

Social Housing Reform (Housing Restructuring and Tenancy Matters Amendment) Bill

Submission to the Social Services Committee by the Public Service Association: *Te Pūkenga Here Tikanga Mahi*

27 June 2013

Introduction

The New Zealand Public Service Association *Te Pūkenga Here Tikanga Mahi* (the PSA) is the largest trade union in New Zealand with over 58,000 members. We are a democratic organisation representing members in the public service, and the wider state sector (the district health boards, crown research institutes and other crown entities, state owned enterprises, local government, tertiary education institutions and non-governmental organisations working in the health, social services and community sectors).

We have several hundred members working at Housing New Zealand Corporation. We have a particular interest in the employment issues our members face.

PSA submission

This submission comments on workers' rights issues as relevant for our members. It also discusses the proposed model of service delivery through contracted third sector providers and requirements for that to succeed. Finally, it comments on the human right to adequate housing.

Workers' rights

The PSA supports the transfer of employee provisions as they are consistent with the technical redundancy provisions of the Collective Agreement.

The PSA supports the transfer of employee provisions in Schedule 4 of the Social Housing Reform (Housing Restructuring and Tenancy Matters Amendment) Bill, which govern the transfer of employees from Housing New Zealand Corporation to the Ministry of Social Development. They are consistent with the technical redundancy provisions of the Collective Agreement and due process.

However, the PSA remains interested in the Ministry of Social Development's plans for these staff following the transfer. Of particular interest are the following issues:

- (i) Whether the staff will transfer as a unit and continue to function as a unit specialising in social housing needs assessment;
- (ii) Whether the staff will eventually be reorganized or laid off;

- (iii) Whether other staff will also assess housing needs, together with an assessment of other welfare needs;
- (iv) If so, whether this risks losing specialist knowledge of social housing needs.

The PSA generally supports the transfer of work functions to the Ministry of Social Development. The Ministry of Social Development already carries out similar needs assessments so to include a social housing needs assessment as a part of that makes sense. A more comprehensive view will be taken of people’s housing needs alongside other social and income support needs.¹ Also, having a different organisation carry out this function creates another degree of accountability over Housing New Zealand Corporation.

Whether contracting out to an unformed social housing sector is an appropriate approach

This section comments on the proposed model of service delivery through contracted third sector providers and articulates requirements for its success.

There is limited financial capacity in the community housing sector, and proposed funding is insufficient to expand the community sector to meet the government’s objectives.

The first issue is whether the third sector has sufficient capacity to adequately fulfil its role. The New Zealand Productivity Commission in its 2012 *Housing affordability inquiry*² noted that “there is limited financial capacity in the community housing sector, and current funding appears insufficient to expand the community sector to meet the government’s objectives. If the community sector is not funded properly for this transition, there is a risk that Community Housing Organisations will be seen to fail in the eyes of their clients, undermining their ability to provide services.”

The bill’s \$27 million boost during four years has been attacked by some charity groups, which say it is not enough to fund the increase in housing demand.³ Indeed, some of our community public services members have expressed concern since community umbrella groups in housing have had funding cuts in recent years. Moana Mackey, Labour pointed out in the first reading of the bill that “the money that has been provided in this Budget, when it is fully rolled out, will cover less than 20 percent of those properties that are currently owned by the community housing sector and are providing social housing. The sector currently provides around 5,000 houses, and 17 percent will qualify for this.”⁴

¹ Ministry of Business, Innovation and Employment (2013), *Social Housing Reform – Key Points and Questions and Answers*, p 3.

² Productivity Commission (2012), *Housing affordability inquiry*, p 45.

³ Heather, B. and Wannan, O., 18 May 2013, *\$27m for housing needy not enough, say charities*, www.stuff.co.nz, accessed on 20 May 2013.

⁴ Parliamentary Debates (Hansard), 16 May 2013, *Social Housing Reform (Housing Restructuring and Tenancy Matters Amendment) Bill, First Reading*.

The main issue is whether it will be possible to provide a nationally consistent and equitable service with national standards of delivery that is properly funded.

The Productivity Commission found that the community housing sector is unlikely to meet the demands and responsibilities being placed on it. It noted that better utilisation of public housing capital is always desirable but needs to be managed in a way that does not create fiscal risks elsewhere in the welfare, social service and justice systems.⁵

The main question is whether it will be possible to provide a nationally consistent and equitable service with national standards of delivery that is properly funded. Community organisations currently delivering these services would like to expand but need adequate funding to do so. At proposed levels, seed funds are inadequate.

There are many benefits of delivering social housing services through the third sector, including reaching vulnerable populations such as Māori.

The second issue is whether devolution to the third sector is appropriate in the context of social housing. The PSA acknowledges the benefits of delivering social housing through the third sector, including the provision of strong connections to clients and communities, and the ability to secure services to vulnerable or other populations that have been hard to reach, particularly *Māori*.⁶ Moreover, because housing is often just one of the needs social housing tenants have, ‘wrap around’ social services are essential for sustainable improvements in the wellbeing of social housing tenants.⁷ The Government has recognised that community housing providers such as churches, NGOs, disability providers and local trusts are very good at providing a comprehensive wrap-around services for their clients. It has been suggested that possible private providers would include organisations such as the Salvation Army, *iwi* groups and the Presbyterian Church.⁸ However, it will be important to exercise caution in order to ensure that community service providers will be able to adequately manage the additional responsibilities.

The community housing sector would like to deliver these services ‘with’ rather than ‘instead of’ the government.

On the other hand, it is essential to bear in mind that the community housing sector is interested in a strategic partnership with the government, delivering social housing services with, rather than instead of, the government. An effective partnership between the Government and the community housing sector would see tenancies being transferred to organisations that deal with specialist needs in social housing—whether that be dealing with the elderly, formerly homeless people, at-risk youth, or mental health patients.⁹ However, it will be imperative to ensure that these changes do not become a precursor to this particular service being picked up by private organizations rather than community based organisations, and leading the way to large holding of state owned properties being transferred into private ownership.

⁵ Productivity Commission (2012), *Housing affordability inquiry*, p 46.

⁶ Barclay, G. (2011), *Respective roles: the public sector and the community and voluntary sector*, Modern Public Services, A PSA Policy Paper, New Zealand Public Service Association, p 7.

⁷ *Ibid*, n2.

⁸ Shuttleworth, K., 17 May 2013, *Social housing legislation passes first hurdle*, New Zealand Herald, http://www.nzherald.co.nz/nz/news/article.cfm?c_id=1&objectid=10884354, accessed on 21 June 2013.

⁹ Mackey, M., Parliamentary Debates (Hansard), 16 May 2013, *Social Housing Reform (Housing Restructuring and Tenancy Matters Amendment) Bill, First Reading*.

It will also be important to emphasise a cooperative model rather than a competitive model. It is unclear whether there will be any regulatory functions from Housing New Zealand Corporation over the third sector. Housing New Zealand would be well placed to provide a guiding and supportive role to community service providers in this respect. This is an opportunity to make things better and provide a better deal for people in need. The focus of these changes is about creating more diverse social housing and more choice so that needs are better met.¹⁰

It will be important to ensure that contracts are fair and protect workers' rights.

The PSA published a policy paper, ["Respective roles: the public sector and the community and voluntary sector"](#) in 2011 which debates the proper roles of the respective sectors.¹¹ It points out that government requirements for accountability have created contracts that impose on community providers ways of working that undermine some of their traditional points of difference, such as innovation, advocacy and closeness to their communities. Also, community provision tends to be cheaper largely because government underfunds the sector, and wage gaps ensue. Under the guise of providing community responsiveness, contracting out has been used in other sectors to reduce the level of funding to provide a cheaper service resulting in lower pay and worse conditions of employment for the people delivering the service. Therefore, if the government contracts out to third sector providers it should ensure that its contracts have the following characteristics:

- Be funded at a level that enables workers in the sector to receive levels of pay comparable to their state sector
- Be funded at a level that enables providers to keep up with the cost of service delivery
- Have only those reporting requirements that are absolutely necessary for the appropriate oversight of public funds
- Be focused on outcomes
- Allow sufficient time for the community provider to meet those outcomes.¹²

In sum, delivery of social housing via the third sector will yield benefits such as reaching vulnerable populations. However, in order to be successful this must be adequately funded, be based upon an effective and transparent partnership with the government, and ensure that contracts are fair and protect workers' rights.

¹⁰ *Ibid* n 1.

¹¹ Barclay, G. (2011), *Respective roles: the public sector and the community and voluntary sector*, Modern Public Services, A PSA Policy Paper, New Zealand Public Service Association.

¹² *Ibid*, n 11.

Right to Adequate Housing

Restricting eligibility for social housing to only those 'in greatest need' denies many people of their human right to adequate housing.

The human right to adequate housing derives from the right of everyone to an adequate standard of living for him or herself and family. This is a protected right pursuant to Article 11 of the International Covenant on Economic, Social and Cultural Rights,¹³ which has been ratified by New Zealand.¹⁴ The Committee that monitors the implementation of this treaty, the Committee on Economic, Social and Cultural Rights, noted in its General Comment on the right to adequate housing that states parties should establish housing subsidies for those unable to obtain affordable housing.¹⁵ The Committee has called upon New Zealand to ensure that its enactments and policies guarantee the right to adequate housing for everyone, including for all those in need of social housing and especially those who are no longer eligible to it. It has also urged New Zealand to take appropriate measures to address the problem of the long waiting list in respect of social housing.¹⁶

It will be important to be mindful of vulnerable groups of tenants.

The Committee expressed its concern with the restriction in eligibility for social housing to only those 'in the greatest need', which denies many people of their right to adequate housing.¹⁷ The New Zealand Productivity Commission noted that "starting the reforms by making changes to state housing without addressing external demand pressures and building sufficient options to 'move on' generates a risk that those who are reviewed out of state housing will have to accept inadequate housing alternatives, or are placed in a situation that leaves them vulnerable. This creates a future risk for the tenant and the state."¹⁸ It will be important to be mindful of vulnerable groups of tenants, such as older tenants, those with disabilities, victims of natural disasters, and children. Adequate housing must be accessible to those entitled to it. Disadvantaged groups must be accorded full and sustainable access to adequate housing resources. Such groups should be ensured some degree of priority consideration in the housing sphere.¹⁹

Equitable access to adequate housing is a key issue. Once there are multiple providers of social housing at arms' length from the government with reduced public accountability, all sorts of issues may arise. Therefore, it will be important that the government continue to be the major provider and funder of social housing.

¹³ International Covenant on Economic, Social and Cultural Rights (1966, entry into force 1976).

¹⁴ New Zealand ratified this treaty on 28 December 1978.

¹⁵ Committee on Economic, Social and Cultural Rights (1991), *General comment 4: The Right to Adequate Housing*, paragraph 8(c).

¹⁶ Committee on Economic, Social and Cultural Rights, 31 May 2012, *Concluding observations of the Committee on Economic, Social and Cultural Rights: New Zealand*, paragraph 22.

¹⁷ *Ibid*, n 16.

¹⁸ *Ibid* n 2.

¹⁹ *Ibid* n 15, paragraph 8(e).

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