# Background paper 4 A profile of public housing applicants and tenants in South Australia and Western Australia

|  |
| --- |
| Key points |
| * Between 2004 and 2013, waiting list numbers for public housing declined in South Australia but doubled in Western Australia. Waiting times have increased in both states, but remain shorter for households in greatest need, compared with other applicants. * The number of households in public housing fell in South Australia but grew in Western Australia between 2004 and 2013. Tenancy durations grew in both states. * South Australia has the highest income eligibility limits for entry to public housing among Australian jurisdictions, with allocations linked closely to urgency of need. Western Australia has the lowest income eligibility limits. Public housing tenants in Western Australia have also had to comply with relatively low income eligibility thresholds since 2006. No ongoing income eligibility requirements apply for public housing tenants in South Australia. * Applicants for public housing are more likely to be of working age than tenants. Tenants tend to age in public housing rather than move out. * Compared with the general population, applicants and tenants are more likely to be female, Indigenous, Australian‑born, from single‑person households and to have a disability. * The limited availability of single‑bedroom properties means that many single households occupy larger properties than needed and so receive larger rent subsidies. * Tenants have higher employment rates and incomes than applicants, but employment among both groups is low compared with the general population. * In South Australia, 6 per cent of the most disadvantaged working‑age applicants were in employment at 30 June 2013. In contrast, about 20 per cent of tenants, as well as applicants experiencing lower levels of disadvantage, were employed. In comparison, 71 per cent of the overall South Australian working‑age population was employed in 2013. * In Western Australia, about 8 per cent of priority applicants were employed in 2013, whereas the employment rate of wait‑turn applicants was about 14 per cent. Of tenants, 22 per cent were employed in 2013. These employment rates are much lower than the general employment rate in Western Australia, which was 75 per cent for working‑age people in 2013. |
|  |
|  |

|  |
| --- |
| Key points (continued) |
| * Low income eligibility limits for public housing potentially create ‘welfare locks’, that is, an incentive for applicants to avoid employment in order to remain eligible for a property. To the extent that income limits also apply for tenants, as in Western Australia, welfare locks potentially exist for them too. For some tenants, the stable address and living arrangements that come with a move into public housing might facilitate employment (a stability effect). * A simple comparison of employment rates before and after a move into public housing shows that employment rates increased both while applicants were on the waiting list and following a move into public housing. Overall, the simple analysis is more consistent with a stability effect for tenants rather than a welfare lock for applicants. * A simple comparison of employment rates for single tenants in Western Australia and South Australia reveals that they are similar, suggesting that welfare locks do not apply for tenants in Western Australia. |
|  |
|  |

## Introduction

This background paper looks at the characteristics of public housing applicants and tenants in South Australia[[1]](#footnote-1) and Western Australia[[2]](#footnote-2) using data from administrative records provided by the Housing SA division of the Department for Communities and Social Inclusion in South Australia and the Department of Housing in Western Australia.[[3]](#footnote-3) The Commission gratefully acknowledges the help that these agencies have provided to the project.

Most of the descriptive statistics presented are based on administrative records from 2004 to 2013.[[4]](#footnote-4) The paper complements the multivariate analysis of employment outcomes in BP 6,[[5]](#footnote-5) so particular attention is paid to the characteristics of working‑age applicants and tenants. Furthermore, because the relationship between housing assistance and employment is the focus of this project, the characteristics considered in this paper are those typically found by researchers to be related to whether a person works — age, gender, Indigeneity, disability, country of birth and household composition. Some important influences on employment are not captured in the data, including educational attainment and work experience.

Annex A contains tables of data for public housing applicants and tenants. Figures included in the paper are drawn from those tables unless otherwise indicated. Most of the figures are column charts, but a number use box plots to summarise the distribution of a variable of interest. As the latter are seen less frequently in descriptive analyses, an explanation is presented in box 1.

|  |  |
| --- | --- |
| Box 1 Interpreting ‘box and whisker’ plots | |
| ‘Box and whisker’ plots can be used to summarise the distribution of an indicator, such as the time tenants have spent in public housing.  The line in the middle of the box to the right represents the median value of the indicator, whereas the diamond shows the mean value. The outer edges of the box represent the interquartile range — the gap between the 25th and 75th percentiles — so 50 per cent of observations fall within the box. The whiskers extending out from the box show values of the indicator at the 10th and 90th percentiles. | 90th percentile (p90)  75th percentile (p75)  Median (p50)  25th percentile (p25)  10th percentile (p10)  Mean |
| *Source*: Williamson et al. (1989). | |
|  | |
|  | |

### The welfare lock hypothesis — broader context for the analysis

The profile of applicants and tenants presented in this paper sets the scene for the analysis of the ‘welfare lock’ hypothesis. At the time they apply, applicants for public housing must meet a set of eligibility criteria, including an income limit based on household composition.[[6]](#footnote-6) An applicant household’s[[7]](#footnote-7) income must be below the income limit before being placed on a waiting list and before an offer of housing can be made.[[8]](#footnote-8) Because of these income eligibility limits, public housing applicants might choose to remain unemployed, or restrict their employment, to avoid the risk of exceeding the limit and thus not receiving an offer of housing. This disincentive to work is known as a ‘welfare lock’.

The potential for tenants to face welfare locks also exists if ongoing tenancy is conditional on not exceeding an income threshold or if tenants have fixed lease terms and need to remain eligible for their tenancy to be extended.

The question of whether welfare locks exist for applicants and tenants in South Australia and Western Australia is examined briefly in this paper and further assessed in BP 6. A summary of the evidence is presented in chapter 4 of the main report.

## SA public housing waiting lists, entrants and exits

### Setting the scene — the SA economy in the decade to 2013

The broader context of the state economy is likely to affect both demand for public housing and the employment rates of tenants and applicants. South Australia’s economy grew moderately between 2004 and 2013 (figure 1), reflecting its reliance on declining industry sectors, such as manufacturing. Whereas the increase in total earnings[[9]](#footnote-9) was slightly higher than the national rate of growth, wage income for full‑time workers grew at a slower rate than the national average (ABS 2014a). In addition, the state’s population — and in particular its working‑age population — grew more slowly than the national population. Rents in Adelaide increased at a slower rate than in the other capital cities. However, rents increased at a faster pace than wages and income support payments, which may have led to more households seeking housing assistance.

### Waiting list categories are based on housing needs

Since 2000, households applying for public housing in South Australia have been placed on a waiting list in one of four needs‑based categories, with priority being given to those in lower‑numbered categories (Legal Services Commission SA 2014):[[10]](#footnote-10)

* Category 1 applicant households are in urgent need of housing and unable to access private rental accommodation. Reasons for urgently requiring housing can include homelessness, domestic violence and long‑term medical conditions (Government of SA 2014a). Tenant households that have an urgent reason for requiring a transfer between public housing dwellings may also be placed in this category.
* Category 2 applicant households do not have an urgent need for housing but face long‑term barriers to accessing suitable housing in the private rental market or other housing options. Tenant households applying for a transfer may be placed in this category if their current housing is unsuitable in the long‑term.
* Category 3 applicant households meet the income and assets tests but do not have a high enough housing need to be placed in categories 1 or 2.
* Category 4 applicant households are tenant households that have been in public housing for at least three years and are requesting a transfer to another public housing property because of personal preferences, including relocating for work.

|  |
| --- |
| Figure 1 The South Australian economy — key indicators**a**  Annual compound growth rate, 2004 to 2013 |
| |  | | --- | |  | |
| a Rent data refer to the change in the rent component in the consumer price index for Adelaide. National rents reflect a weighted average of data for the eight capital cities. |
| *Sources*: ABS (*Australian Demographic Statistics*, Cat. no. 3101.0; *Australian National Accounts: State Accounts*, Cat. no. 5220.0; *Consumer Price Index, Australia*, Cat. no. 6401.0; *Average Weekly Earnings, Australia*, Cat. no. 6302.0). |
|  |
|  |

### Income limits in South Australia

Income limits for public housing applicants in South Australia are currently the highest across Australia — a single person household is allowed an income of up to $970 a week before they are no longer eligible for public housing (Government of SA 2014c). These income eligibility rules allow applicants to have relatively high earned incomes, implying that they are more likely to be employed while waiting for public housing than applicants in other jurisdictions.

That said, allocations to category 1 and 2 applicants are based primarily on need. Over the period 2004 to 2013, about one per cent of applicants with high or urgent needs for housing exceeded the income limits at entry to the waiting list.[[11]](#footnote-11)

Tenants face no ongoing income eligibility requirements. Fixed‑term leases were introduced for tenants who entered public housing from October 2010 and, so long as tenants comply with the conditions of their lease, they are offered further fixed‑term leases.

### Waiting list numbers have declined as waiting times have grown

There was a marked decline in the number of households waiting to access public housing over the ten years to 2013 (from 27 000 to 21 000) (figure 2). This was driven mainly by a fall in the number of new category 3 households, as well as more category 3 exits from the waiting list than entries (figure 3).[[12]](#footnote-12) The share of new applicant households in category 1 increased over the same period (from 4 per cent to 12 per cent), as did the share in category 2 (from 19 per cent to 30 per cent). The large number of category 1 transfers reflects a number of factors, including inappropriate housing (due to disability or overcrowding), domestic violence and relocation for redevelopments.

Despite the decline in waiting list numbers, the number of households waiting for public housing in 2013 was equal to just over half the number of tenanted public housing properties (about 40 500 in June 2013).

The elapsed waiting time for applicants who were still on the waiting list at 30 June increased steadily over the decade to 2013, although waiting times for category 1 households remain much shorter than for other categories (figure 4). The total length of an applicant’s wait before entry to public housing depended on the location that they applied for. The median total waiting time until allocation for category 1 households that were allocated housing in 2012‑13 was about 250 days, up from about 160 days in 2004‑05.[[13]](#footnote-13)

|  |
| --- |
| Figure 2 Waiting list applicant households by category, at 30 June 2004 to 2013 |
| |  | | --- | |  | |
| *Source*: DCSI, Housing SA, administrative data (unpublished). |
|  |
|  |

|  |
| --- |
| Figure 3 Waiting list entrants and exits by category, 2004‑05 to 2012‑13**a,b,c** |
| |  | | --- | |  | |
| a Entrants include applications that were previously deferred by Housing SA (due to the household not responding to a waiting list review) but then later reinstated. b Exits include households that exited for any reason, for example if they were allocated housing, their application was deferred (due to no contact for at least 12 months) or if their application was removed from the waiting list at the household’s request. c Entrants and exits cannot be calculated for 2003‑04 because data are not available for applicant households in 2003. |
| *Source*: DCSI, Housing SA, administrative data (unpublished). |
|  |
|  |

|  |
| --- |
| Figure 4 Median elapsed waiting time for applicant households by category, at 30 June 2004 to 2013**a,b** |
| |  | | --- | |  | |
| a Median waiting times are calculated as elapsed waiting times for households that are on the waiting list at 30 June, starting from the date of their last category change. b Transfer applications are not included. |
| *Source*: DCSI, Housing SA, administrative data (unpublished). |
|  |
|  |

### Homelessness is a factor in many applications

Households placed in category 1 are assessed as either homeless or at risk of homelessness.[[14]](#footnote-14) Most households placed in category 2 fulfil ‘auto entry criteria’, meaning that they were automatically placed in the category because they received the Disability Support Pension (DSP) or a Totally and Permanently Incapacitated Pension, had been a refugee in Australia for less than two years, or had exited the direct lease public housing program for young people aged 16 to 25 years.

About a third of new category 1 applicant households in 2013 described their living arrangements as either homeless or moving between family and friends (figure 5).[[15]](#footnote-15) This is a slight increase compared with category 1 households in 2004. A reasonably large proportion of households assigned to categories 2 and 3 also reported these living arrangements, but they did not meet the housing needs assessment criteria to be placed in category 1.[[16]](#footnote-16)

|  |
| --- |
| Figure 5 Current living arrangements by category**a**  Households that applied in 2003‑04 and 2012‑13 |
| |  | | --- | |  | |
| a Living arrangements are self‑reported. Applicant households that did not state a current living arrangement are placed in the ‘unknown’ category. |
| *Source*: DCSI, Housing SA, administrative data (unpublished). |
|  |
|  |

### A smaller public stock is increasingly housing people in greater need

Over the decade to 2013, the number of households in public housing in South Australia fell by over 10 per cent (from about 46 000 in 2004 to 41 000 in 2013) (figure 6). This was due to a number of factors, including sales of dwellings to tenants and the transfer of some stock to community housing.[[17]](#footnote-17) The downward trend is consistent with falling total stock numbers in Australia (SCRGSP 2014).

|  |
| --- |
| Figure 6 Households in public housing in South Australia, at 30 June 2004 to 2013**a** |
| |  | | --- | |  | |
| a Includes state owned and managed Indigenous housing. |
| *Source*: DCSI, Housing SA, administrative data (unpublished). |
|  |
|  |

Consistent with the fall in the number of households in public housing, the number of exiting households was higher than the number of new entrants (figure 7). Stock turnover also fell slightly. In 2004‑05, about 9 per cent of tenant households exited public housing. In 2012‑13, this figure had fallen to 8 per cent. Allocations to new tenant households represented about 9 per cent of the total number in public housing in 2003‑04, and fell to 6 per cent in 2012‑13. Both lower exit and entry rates would have contributed to the rise in durations in public housing (figure 9).

About 85 per cent of new public housing allocations go to category 1 households (figure 8). This is consistent with the changes in the composition of the waiting list over time (figure 2), as well as a fall in the stock of dwellings (figure 6).

|  |
| --- |
| Figure 7 Public housing entrants and exits, 2003‑04 to 2012‑13**a** |
| |  | | --- | |  | |
| a Excludes households transferring between public housing properties. |
| *Source*: DCSI, Housing SA, administrative data (unpublished). |
|  |
|  |

|  |
| --- |
| Figure 8 Housing allocations by category, 2003‑04 to 2012‑13**a,b** |
| |  | | --- | |  | |
| a Excludes households transferring between public housing properties. b Excludes applicant households in the ‘low demand’ category and those for which category was unknown (less than one per cent). |
| *Source*: DCSI, Housing SA, administrative data (unpublished). |
|  |
|  |

### Tenants are staying longer in public housing

As noted above, in South Australia, once tenants are in public housing, they are not required to meet ongoing income eligibility criteria. There are also few fixed‑term lease agreements — historically all households were on ongoing leases, but renewable fixed‑term leases (ranging in length from one to ten years) were introduced for new tenant households from October 2010. Reviews at the end of fixed‑term leases allow the housing department to inspect the property and check that all conditions of the lease agreement are met. Leases may not be renewed if tenants have serious breaches of their lease agreements (Government of SA 2014d).

Between 2004 and 2013, the median length of tenancies grew from 7 to 12 years (figure 9).[[18]](#footnote-18) About 55 per cent of head tenants in 2004 were also head tenants in 2013.

|  |
| --- |
| Figure 9 Public housing tenancy durations, at 30 June 2004 to 2013**a** |
| |  | | --- | |  | |
| a Transfers are taken into account. For households that began occupying public housing before 2004 and also transferred before 2004, their tenancy duration starts from the date of first observed transfer. |
| *Source*: DCSI, Housing SA, administrative data (unpublished). |
|  |
|  |

## Demographic characteristics of SA applicants and tenants**[[19]](#footnote-19),[[20]](#footnote-20)**

### Applicants are more likely to be of working age than tenants

The population waiting to access public housing is younger than South Australians in general, and the population living in public housing is older (figure 10). The median age of all applicants was 27 and that of all tenants was 47 in 2013. In comparison, the median age of the general South Australian population in 2011 was 35. Close to one third of the applicant population are children (aged under 16 years), and about one in ten are nearing or past retirement age (55 years or older). Among tenants, less than 20 per cent are children and over one third are nearing or past retirement age. Less than half of public housing tenants are aged between 16 and 54 years — ages at which employment is more likely.

Changes in the age composition of each of the applicant, tenant and general South Australian populations were not large between 2004 and 2013, but each population aged over these years.

|  |
| --- |
| Figure 10 Ages of applicants and tenants, at 30 June 2004 and 2013 |
| |  | | --- | |  | |
| *Sources*: ABS (*Basic Community Profile, South Australia*,Cat. no. 2001.0); DCSI, Housing SA, administrative data (unpublished). |
|  |
|  |

A comparison of the age profiles of people entering and exiting public housing suggests that tenants are older than applicants mainly because they have aged within the tenure, rather than because of an allocation of housing to older applicants (figure 11). However, comparison of the age profiles of entrants and category 1 applicants shows that entrants are slightly more likely to be older (55 years or more) than applicants. Those who exit public housing tend to be younger than remaining tenants, consistent with the finding that housing mobility is greater among people in younger age groups (ABS 2009).

|  |
| --- |
| Figure 11 Age of tenants who entered and exited public housing, 2003‑04 and 2012‑13**a** |
| |  | | --- | |  | |
| a It is assumed that all household members entered and exited public housing on the same date as the head tenant, who is the main person responsible for the tenancy. The data reflect all members within the households (not only head tenants). |
| *Source*: DCSI, Housing SA, administrative data (unpublished). |
|  |
|  |

### Applicants and tenants are more likely to be female, Indigenous and Australian‑born than other South Australians

Women make up just over half of both working‑age head applicants and head tenants[[21]](#footnote-21) — a slightly higher proportion than in the South Australian population (table 1). Furthermore, both applicants and tenants are much more likely to be Indigenous Australians. An increasing proportion of applicants is coming from countries in which English is not the main language. Nevertheless, people born in Australia are more likely than other South Australians to either live in public housing or apply for tenancy.

|  |
| --- |
| Table 1 Head applicant and head tenant demographics, 2004 and 2013**a**  Per cent |
| |  |  |  |  |  |  |  |  |  | | --- | --- | --- | --- | --- | --- | --- | --- | --- | |  | Applicants | |  | Tenants | |  | South Australia | | | Working‑age household heads | 2004 | 2013 |  | 2004 | 2013 |  | 2001 | 2011 | | Women | 57 | 56 |  | 60 | 59 |  | 50 | 50 | | Indigenousb | 9 | 15 |  | 7 | 10 |  | 1 | 2 | | Australian‑bornc | 81 | 77 |  | 82 | 82 |  | 74 | 73 | | NESBc,d | 12 | 18 |  | 9 | 11 |  | 15 | 18 | |
| a Data for tenants and applicants are for household heads aged 16 to 64 years. Data for the whole population are for all people aged 15 to 64 years. b Indigenous status is self‑reported. There has been an increase in identification between 2004 and 2013, so it is unclear if any growth in the share of Indigenous Australians in the applicant and tenant populations is due to a change in composition or an increase in self‑reporting. c Statistics exclude people whose country of birth is unknown. (For applicants, this constituted about 1 per cent in 2004 and 2 per cent in 2013, and for tenants it was 26 per cent in 2004 and 16 per cent in 2013.) d Non‑English speaking background country of birth. |
| *Sources*: ABS (*Basic Community Profile, South Australia*,Cat. no. 2001.0; *Expanded Community Profile, South Australia,* Cat. no. 2005.0; *Indigenous Profile, South Australia*, Cat. no. 2002.0); DCSI, Housing SA, administrative data (unpublished). |
|  |
|  |

### Applicants and tenants are mostly single

Over half of all working‑age household heads live in single‑person households (figure 12). This reflects the profile of income support recipients (BP 3, figure 11). The proportion of single households is slightly higher for applicants in categories 1 and 2 than for tenants and applicants in category 3 (annex A, table SA.12).

|  |
| --- |
| Figure 12 Working‑age household type, at 30 June 2013**a,b,c,d** |
| |  | | --- | |  | |
| a Statistics generated from households with a working‑age head applicant or tenant. b Children aged under 16 include any person in the household aged under 16. Children aged 16 to 24 only include sons, daughters or legal guardianships of the head tenant. c Other family types include tenants living with children aged 25 and over, grandparents, cousins or other relatives. d Sharer households include any household living with a non‑relative. |
| *Source*: DCSI, Housing SA, administrative data (unpublished). |
|  |
|  |

### Many applicants and tenants report a disability or receive the DSP

The share of working‑age head applicants who self‑report having a disability nearly doubled over the ten years to 2013, to just over 30 per cent (figure 13). A similar proportion receive the DSP. These proportions are much higher than the 15 per cent of South Australians aged up to 64 years who reported a disability in 2012 (ABS 2013b).[[22]](#footnote-22) The proportions of working‑age head tenants and applicants who self‑report having a disability are similar. However, the proportion of tenants receiving DSP is much higher, at just over half.

The large difference between self‑reported disability and DSP receipt for tenants could partly arise from applicants having a greater incentive to self‑report a disability if they have one, as it may help demonstrate an urgent or high housing need. Applicants can provide information about their disability status on entry to the waiting list. Disability information can also be provided to the department at other times, including when applying for services other than housing. For example, tenants requiring a property modification or transfer after developing a disability would have an incentive to update the housing department. However, the majority of tenants who developed disability after moving into public housing may not have alerted the housing department and any tenant disability updates may not be recorded in data systems, which may explain the relatively low rates of self‑reported disability among tenants.

Mental and physical disabilities were the most frequently self‑reported disabilities (at 16 per cent and 9 per cent respectively for applicants and 13 per cent and 12 per cent respectively for tenants in 2013), and reports of physical disability were more common among tenants than among applicants.[[23]](#footnote-23)

|  |
| --- |
| Figure 13 Proportion of working‑age head applicants and head tenants with a disability, at 30 June 2004 to 2013**a,b** |
| |  | | --- | |  | |
| a Physical, mental and other disabilities (including intellectual, brain injury, hearing impairment and visual impairment) are self‑reported. People who have identified to Housing SA as having a disability do not require a medical confirmation. b Some people who self‑report as having a disability do not receive a DSP, and some who receive a DSP have not reported having a disability. Of the applicants who either had a self‑reported disability or received DSP, about 51 per cent had both. For tenants, the degree of overlap was 44 per cent. |
| *Source*: DCSI, Housing SA, administrative data (unpublished). |
|  |
|  |

## Employment among SA applicants and tenants

On average, working‑age head applicants are somewhat less likely to be in employment than working‑age head tenants (figure 14), but the average for applicants masks large differences between waiting list categories (figure 15).[[24]](#footnote-24) Very few working‑age category 1 applicants were in employment at 30 June 2013, in contrast with about 1 in 5 applicants from category 3. Employment rates for both applicants and tenants are much lower than the rate for the overall South Australian working‑age population, which was 71 per cent in 2013 (ABS 2014b).

Employment among tenants is relatively high, considering that public housing is mainly allocated to applicants from categories 1 and 2 who typically have very low employment rates. However, some tenants may have been housed before needs‑based allocations were introduced in 2000. Among head tenants who were housed before 2000, the employment rate was 28 per cent in 2013. In comparison, the employment rate among head tenants housed in or after the year 2000 was about 16 per cent, which is still higher than employment rates of people in category 1 or 2 on the waiting list. Applicant employment rates could be understated to the extent that they do not update their income.

|  |
| --- |
| Figure 14 Proportion of working‑age head applicants and head tenants employed, at 30 June 2004 to 2013 |
| |  | | --- | |  | |
| *Sources*: ABS (*Labour Force, Australia*, Cat. no. 6202.0); DCSI, Housing SA, administrative data (unpublished). |
|  |
|  |

|  |
| --- |
| Figure 15 Proportion of working‑age head applicants and head tenants employed, at 30 June 2004 to 2013  Applicants by category |
| |  | | --- | |  | |
| *Sources*: ABS (*Labour Force, Australia*, Cat. no. 6202.0); DCSI, Housing SA, administrative data (unpublished). |
|  |
|  |

Greater insight into the relationship between public housing and employment is gained by comparing employment rates for entrants before and after a move into public housing (figure 16). Looking at the sample of entrants who were still in public housing one year after entry, the data reveal that employment rates were higher at entry into public housing than at entry onto the waiting list for all categories of applicants. This suggests that applicants do not avoid employment while waiting for public housing. Employment rates also increased in the year following entry into public housing, although not markedly. This could suggest evidence of a welfare lock for a few applicants. Overall, however, the patterns of employment change from entry to the waiting list to the end of the first year of residence are not consistent with applicants in general avoiding employment to remain eligible for public housing. The data are not strongly suggestive of welfare locks in South Australia.

The increase in employment in the years following entry into public housing might reflect the impact of increased housing stability on employment for some applicants. Changes in employment for entrants still in public housing three years after entry provide more insight into a potential role for housing stability in tenants’ employment outcomes. Among category 1 entrants, employment continued to increase in the years after they gained a tenancy. Among category 2 entrants, employment rates were also higher three years after entry.

The issue of welfare locks and stability effects is analysed in more detail in BP 6.[[25]](#footnote-25)

|  |
| --- |
| Figure 16 Employment rates pre and post a move into public housing**a,b** |
| |  | | --- | |  | |
| a Observations include working‑age household heads who are observed both as an applicant and a tenant between 2004 and 2013. The analysis also only considers people whose category did not change while on the waiting list. (It is assumed that applicants who were housed within the same financial year they entered the waiting list did not change category.) Category changes mainly apply to category 1 entrants — nearly 30 per cent were initially in a different category when they entered the waiting list. b Employment rates at ‘1 year after entry into public housing’ are inferred from the first income observation more than ten months after entry into housing. Employment rates at ‘3 years after entry into public housing’ are inferred from the first income observation more than two years and ten months after entry into housing. Tenant income assessments are conducted every six months. |
| *Source*: DCSI, Housing SA, administrative data (unpublished). |
|  |
|  |

Turning to incomes, in 2013, the average weekly personal income (from all sources) of working‑age head applicants was $440 — slightly higher than the average income of working‑age head tenants of $430 (figure 17).[[26]](#footnote-26) However, as applicants who are renting in the private market can receive Commonwealth Rent Assistance (CRA), which is not available to public housing tenants, the income of applicants net of CRA is likely to be lower. After removing CRA from applicants’ incomes, their average weekly income falls to about $410 — lower than that of tenants. These incomes are well below the lowest public housing income eligibility limit for singles. Household incomes are only slightly higher than incomes of household heads because many applicants and tenants are from single‑person households.[[27]](#footnote-27)

Real incomes in 2004 (adjusted for changes in average weekly earnings in South Australia), were about the same in 2013 for both applicants and tenants. This reflects the fact that income eligibility thresholds for public housing are indexed to male average weekly earnings in South Australia. This means that, over time, people with higher nominal incomes (but the same real incomes) have been able to apply for and potentially enter public housing in South Australia.

|  |
| --- |
| Figure 17 Real income per week, at 30 June 2004 and 2013**a,b,c** |
| |  | | --- | |  | |
| a Converted to 2013 dollars using average weekly earnings in South Australia. b ‘Household head income’ is the individual income of working‑age household heads. ‘Household income’ is the total income of households with a working‑age household head. c Excludes individual incomes over $2000 a week or less than youth allowance. |
| *Source*: DCSI, Housing SA, administrative data (unpublished). |
|  |
|  |

Although applicants and tenants have similar real incomes, the main sources of incomes for the two groups are somewhat different (figure 18). In 2013, DSP (which is paid at a higher rate than allowances such as Newstart Allowance and indexed to average weekly earnings rather than the Consumer Price Index) was the main source of income for over half of tenants, followed by Newstart Allowance and employment income at 14 per cent each. In contrast, less than 30 per cent of applicants had DSP as their main source of income. Employment income was the main income source for 12 per cent of applicants.

|  |
| --- |
| Figure 18 Main source of income for working‑age head applicants and head tenants, at 30 June 2013**a,b** |
| |  | | --- | |  | |
| a Employment income includes wages, salaries and self‑employment income. b Other includes income from all other sources, including other income support payments, interest and foreign pensions. |
| *Source*: DCSI, Housing SA, administrative data (unpublished). |
|  |
|  |

The relatively high income eligibility threshold to enter public housing in South Australia raises the possibility that applicants perhaps restrict their hours of work while on the waiting list, rather than whether they work. If that was the case, it might be expected that average income from employment among those who work would increase markedly following entry into public housing. That is not the case for category 1 or 3 applicants (table 2). The pattern for category 2 applicants is consistent with hours increases following entry into public housing. There is no apparent reason for category 2 applicants to behave differently from category 1 and 3 applicants. It is suspected that the result reflects a quirk in the data, rather than being evidence of a welfare lock. In particular, it is possible that the category 2 applicants who entered employment during their first year of tenancy were more highly paid on average, than their peers who were employed while on the waiting list.

Among those who were employed, real employment incomes were less than half of the average weekly earnings for people in South Australia, which were $980 in May 2013 (ABS 2014a), and less than the $606 in income that a minimum wage employee working 38 hours a week would have earned (Fair Work Commission 2013).

|  |
| --- |
| Table 2 Real income per week pre and post a move into public housing**a,b**  2013 dollars |
| |  |  |  |  | | --- | --- | --- | --- | |  | Entry onto  waiting list | Entry into  public housing | 1 year after entry  into public housingc | | **Average income excluding CRA**d | | | | | All | 390 | 386 | 394 | | Category 1 | 399 | 395 | 400 | | Category 2 | 350 | 347 | 364 | | Category 3 | 393 | 396 | 408 | | **Employment income**e | | | | | All | 417 | 409 | 396 | | Category 1 | 438 | 427 | 410 | | Category 2 | 262 | 251 | 300 | | Category 3 | 427 | 450 | 436 | |
| a Observations include working‑age household heads who are observed both as an applicant and a tenant between 2004 and 2013. The analysis also only considers people whose category did not change while on the waiting list. (It is assumed that applicants who were housed within the same financial year they entered the waiting list did not change category.) Category changes mainly apply to category 1 entrants — nearly 30 per cent were initially in a different category when they entered the waiting list. b Excludes incomes greater than $2000 a week or less than $50 a week. c Income at ‘1 year after entry into public housing’ is from the first income observation more than ten months after entry into housing. Tenant income assessments are conducted every six months. d Converted to 2013 dollars using average weekly earnings in South Australia. e Employed people only. Converted to 2013 dollars using minimum wage changes. |
| *Source*: DCSI, Housing SA, administrative data (unpublished). |
|  |
|  |

## Larger subsidies go to single adult households

Public housing tenants pay about 25 per cent of assessable income in rent (or market rent, if it is less than or equal to 25 per cent of their income).[[28]](#footnote-28) The difference between rent paid and market rent is the implicit rent subsidy received by tenants. As discussed in BP 2, rent subsidies have the potential to create a disincentive for recipients to take up employment.

Implicit subsidies are larger for singles and sole parents than other household types (figure 19). For singles, this is likely because of the mismatch between the profile of public housing tenants and the housing stock, resulting in properties being under‑occupied (figure 20). Close to half of the stock consists of three‑bedroom properties, whereas over half of all households are made up of singles. Due to the limited availability of single‑bedroom properties (just over 10 per cent of the stock), occupancy standards that allow single people to occupy two‑bedroom properties and ageing tenants who stay in larger properties after changes to their household composition, many single‑person households occupy two‑ or three‑bedroom properties.

|  |
| --- |
| Figure 19 Mean weekly rents and implicit subsidies, at 30 June 2013**a,b,c,d** |
| |  | | --- | |  | |
| a The rent paid plus the implicit subsidy is equal to market rent. b Children aged under 16 include any person in the household aged under 16. Children aged 16 to 24 only include sons, daughters or legal guardianships of the head tenant. c Other family types include tenants living with children aged 25 and over, grandparents, cousins or other relatives. d Sharer households include any household living with a non‑relative. |
| *Source*: DCSI, Housing SA, administrative data (unpublished). |
|  |
|  |

|  |
| --- |
| Figure 20 Number of bedrooms by number of people in household, at 30 June 2013 |
| |  | | --- | |  | |
| *Source*: DCSI, Housing SA, administrative data (unpublished). |
|  |
|  |

Implicit subsidies for many public housing tenants are larger than the subsidies received by CRA recipients in similar household types (figure 21). As a consequence, many tenants would face higher housing costs if renting privately (BP 2) — a disincentive to exiting public housing. However, it may not be a disincentive to the extent that the higher subsidy is due to a stock mismatch.

|  |
| --- |
| Figure 21 Subsidies tend to be larger in public housing**a,b,c,d,e,f,g**  Mean rents in South Australia, 30 June 2013, selected household types |
| |  | | --- | |  | |
| a The rent subsidy received by public housing tenants is implicit — tenants do not actually receive a payment. The subsidy is the difference between the market rent for their property and the rent that they pay. b CRA recipients pay market rents and receive CRA (the subsidy) as a payment to offset the cost. c Children aged under 16 include any person in the household aged under 16. d Subsidy figures for public housing are calculated as the difference between mean market rents and mean rents paid by households within each household type, rather than the mean subsidy received by households with market rents equal to the mean market rent. (This approach was adopted because there are relatively few households in properties with exactly the mean market rent. A check of the data showed that households in properties with market rents in the vicinity of the mean market rent typically pay rents that are close to the mean rent paid.) e Mean rents for single, childless renters receiving CRA are for all singles, that is, both those who share housing and those who live alone. The CRA subsidy presented in the figure is the maximum rate for singles who live alone. (Sharers receive a lower rate.) f The CRA subsidies presented for singles and couples with children aged under 16 years only are the rates for families with less than three children. g The CRA subsidy presented for couples only is the rate for people who are not temporarily separated. |
| *Sources*: Public housing — DCSI, Housing SA, administrative data (unpublished); CRA — Author estimates based on unpublished data from the Research and Evaluation Database. |
|  |
|  |

## 6 WA public housing waiting lists, entrants and exits

### Setting the scene — the WA economy in the decade to 2013

The Western Australian economy grew very strongly between 2004 and 2013. The mining boom contributed to strong economic growth and an increase in wages, as well as an influx of population into the state. These factors contributed to a substantial increase in rents (figure 22). Although the state’s strong economy and additional employment opportunities may have encouraged some public housing tenants to take up employment and move to private rental or other forms of accommodation, rising rents may have led to higher demand for more affordable types of tenure, such as public housing.

|  |
| --- |
| Figure 22 The Western Australian economy — key indicators**a**  Annual compound growth rate, 2004 to 2013 |
| |  | | --- | |  | |
| a Rent data refer to the change in the rent component in the consumer price index for Perth. National rents reflect a weighted average of the eight capital cities. |
| *Sources*: ABS (*Australian Demographic Statistics*, Cat. no. 3101.0; *Australian National Accounts: State Accounts*, Cat. no. 5220.0; *Consumer Price Index, Australia*, Cat. no. 6401.0; *Average Weekly Earnings, Australia*, Cat. no. 6302.0). |
|  |
|  |

### Waiting list categories are based on housing needs

Households applying for public housing in Western Australia are placed in one of two categories:

* Priority applicant households are in urgent need for housing. Factors that contribute to having an urgent housing need include homelessness, medical conditions that are aggravated by a person’s existing accommodation, domestic violence and racial harassment (Department of Housing WA 2011).
* Wait‑turn applicant households do not have an urgent need for housing but meet the eligibility criteria for public housing.[[29]](#footnote-29)

### Income limits in Western Australia

The income limits for households applying for public housing in metro and some country areas of Western Australia are the lowest in Australia. A single‑person household is ineligible when income exceeds $430 a week — less than half of the income limit in South Australia. However, income limits are higher for those applying for housing in the north‑west or remote areas of the state ($610 a week for a single, unless they have a disability); and people with a disability ($540 for a single person with a disability applying in metro and country areas, and $760 for a single person with a disability applying for north‑west or remote areas) (Department of Housing WA 2014).

Since 2006, income limits have also applied for tenants. The limits have not been adjusted since they were introduced, and are relatively low. For example, the limit for single tenants without disability is the same as for applicants ($430 a week).

### Waiting list numbers have doubled in Western Australia

The number of households on public housing waiting lists in Western Australia grew quickly during the second half of the 2000s, but has slightly declined since 2010 (figure 23). In 2013, the total number of households on the waiting list was over half the number in public housing. The increase in the size of the list reflects the fact that the number of entrants onto the waiting list tended to exceed the number of exits, particularly for wait‑turn households (figure 24). Large rent rises over the period (figure 21) could explain these increases in demand for public housing.

As might be expected, elapsed waiting times for priority applicant households are shorter than for wait‑turn applicant households. The median elapsed waiting time for priority households on the waiting list at 30 June 2013 was about 1.7 years, compared with 2.3 years for wait‑turn households (figure 25). For households that were allocated housing in 2012‑13, the median waiting time to allocation was about 500 days.

|  |
| --- |
| Figure 23 Waiting list applicant households by category, at 30 June 2004 to 2013**a** |
| |  | | --- | |  | |
| a The administrative records provided do not include applicants who entered the waiting list prior to 2004. Comparisons with data from SCRGSP (2014) indicate that the data from 2006 onwards are likely to include the majority of waiting lists members. |
| *Source*: Department of Housing (WA), administrative data (unpublished). |
|  |
|  |

|  |
| --- |
| Figure 24 Waiting list entrants and exits by category, 2004‑05 to 2012‑13**a,b,c** |
| |  | | --- | |  | |
| a New applicant households include applications for emergency accommodation and remote Indigenous housing. b Entrants include only applicant households that entered the waiting list within the financial year and were still on the list at the end of the financial year. Applications that were previously deferred but then reinstated are also included in entrants. c Exits include applicant households that were on the waiting list at the start of the financial year and exited for any reason, for example if they were allocated housing or if their application was deferred. |
| *Source*: Department of Housing (WA), administrative data (unpublished). |
|  |
|  |

|  |
| --- |
| Figure 25 Median elapsed waiting time for applicant households by category, at 30 June 2004 to 2013**a,b** |
| |  | | --- | |  | |
| a Median waiting times are calculated as elapsed waiting times for applicant households that applied from 2004 onwards and that were on the list at 30 June. b Transfer applications are not included. |
| *Source*: Department of Housing (WA), administrative data (unpublished). |
|  |
|  |

### Homelessness and medical conditions are factors in many applications

Nearly 40 per cent of all new priority applicant households are on the priority list because they are experiencing some form of homelessness, and another third are on the list for medical reasons (figure 26). Homelessness became an increasingly important reason for placement on the priority list between 2005 and 2013, although the share fluctuates between these years.

|  |
| --- |
| Figure 26 Primary reason for being placed in the priority category**a**  Applicants who applied in 2004‑05 and 2012‑13 |
| |  | | --- | |  | |
| a ‘Homelessness’ includes primary homelessness (rough sleeping), secondary homelessness (moving between temporary forms of shelter) and tertiary homelessness (living in single rooms in private boarding houses without own bathroom, kitchen or security of tenure) (Chamberlain and MacKenzie 2008). ‘National partnership agreement’ refers to people placed in the priority category due to their eligibility under the National partnership agreement on homelessness. ‘Homeswest approved’ is a generic category used by Department of Housing staff, which also includes emergency housing and other minor categories (Department of Housing WA, pers. comm., 16 December 2014). |
| *Source*: Department of Housing (WA), administrative data (unpublished). |
|  |
|  |

### Public housing has grown; the share of priority allocations has been stable

The number of Western Australian households in public housing increased by nearly 10 per cent over the decade to 2013 (figure 27). Consistent with this rise, the number of households entering public housing exceeded the number of exits between 2007 and 2013 (figure 28). The introduction of tenant income limits in 2006 do not appear to have had a large impact on the number of households exiting public housing across the years. In 2005 and 2006, exits from public housing exceeded the number of entrants, which could partly be because the mining boom created employment opportunities that helped people exit into private accommodation.

Turnover rates have been reasonably stable in recent years at about 10 per cent (slightly higher than the turnover rate in South Australia). The proportion of allocations made to priority applicant households has also been fairly stable in the past five years — at about 50 per cent (figure 29).

|  |
| --- |
| Figure 27 Households in public housing in Western Australia, at 30 June 2004 to 2013**a** |
| |  | | --- | |  | |
| a Includes properties owned by the Department of Housing that are externally managed. |
| *Source*: Department of Housing (WA), administrative data (unpublished). |
|  |
|  |

|  |
| --- |
| Figure 28 Public housing entrants and exits, 2004‑05 to 2012‑13**a** |
| |  | | --- | |  | |
| a Excludes households known to be transferring between public housing properties but those that applied for a transfer before 2004 are counted. It includes those moving in and out of dwellings owned by the Department of Housing that are externally managed. |
| *Source*: Department of Housing (WA), administrative data (unpublished). |
|  |
|  |

|  |
| --- |
| Figure 29 Housing allocations by category, 2004‑05 to 2012‑13**a,b,c** |
| |  | | --- | |  | |
| a Excludes households known to be transferring between public housing properties but those that applied for a transfer before 2004 are counted. b Households with an unknown waiting list category likely applied for housing before 2004. c Does not include entries and exits within the same financial year. |
| *Source*: Department of Housing (WA), administrative data (unpublished). |
|  |
|  |

### WA tenants are staying longer in public housing

As noted above, unlike in South Australia, income eligibility limits have applied for tenants in Western Australia since 2006. The limits apply to all tenants, both those who were resident in public housing in 2006, and those who have entered since. Tenant households that are no longer eligible for public housing are usually given a period of six to 24 months to find alternative accommodation. Only a small number of tenants have been evicted due to a loss of eligibility since the limits were introduced in 2006 (Department of Housing WA, pers. comm., 16 December 2014). In 2013‑14, 104 ineligible tenants were transitioned into other affordable housing options (Government of WA 2014).

Between 2004 and 2013, the median tenancy length grew from about 4 to 6 years (figure 30).[[30]](#footnote-30) This is markedly lower than the tenancy length of South Australian public housing tenant households (12 years in 2013). Given that the number of entrants to public housing was higher than the number of exits (which would bring median tenancy lengths down), this suggests that some households may be entering and exiting public housing relatively quickly, whereas others are more entrenched. About a quarter of tenant households had been in public housing for more than 11 years, and 36 per cent of households that were living in public housing in 2004 were in the same property in 2013.

|  |
| --- |
| Figure 30 Public housing tenancy durations, at 30 June 2004 to 2013**a** |
| |  | | --- | |  | |
| a Transfers are counted as a new tenancy. Therefore the median lengths of tenancy are understated. |
| *Source*: Department of Housing (WA), administrative data (unpublished). |
|  |
|  |

## Demographic characteristics of WA applicants and tenants**[[31]](#footnote-31)**

### Applicants are more likely to be of working‑age than tenants

Both the applicant population and public housing residents in Western Australia are relatively young (figure 31). In 2013, the median age of applicants was 23 and that of tenants was 34. In comparison, the median age of the general Western Australian population in 2011 was 35. Forty per cent of people on the priority list in 2013, and nearly one third of public housing residents, were children (aged less than 16 years). In contrast, less than 20 per cent of South Australian public housing residents were children. Relatively few public housing tenants are of working‑age — just over 40 per cent in 2013, in comparison with about two‑thirds of the broader population (in 2011).

The ages of people who are allocated housing broadly reflect the age profile of those who are on the waiting list (figure 31 and figure 32). Similar to South Australia, those who exit public housing tend to be younger than remaining tenants.

|  |
| --- |
| Figure 31 Ages of applicants and tenants, at 30 June 2004 and 2013 |
| |  | | --- | |  | |
| *Sources*: ABS (*Basic Community Profile, Western Australia*,Cat. no. 2001.0); Department of Housing (WA), administrative data (unpublished). |
|  |
|  |

|  |
| --- |
| Figure 32 Age of tenants who entered and exited public housing, 2004‑05 and 2012‑13 |
| |  | | --- | |  | |
| *Source*: Department of Housing (WA), administrative data (unpublished). |
|  |
|  |

### Applicants and tenants are more likely to be female and Indigenous than other Western Australians

As in South Australia, women make up over half of both working‑age applicants and tenants in Western Australia (table 3). Both applicants and tenants are also much more likely to be Indigenous Australians than other Western Australians. Close to one third of tenants self‑identify as Indigenous Australians.

|  |
| --- |
| Table 3 Applicant and tenant demographic characteristics**a,b**  Per cent |
| |  |  |  |  |  |  |  |  |  | | --- | --- | --- | --- | --- | --- | --- | --- | --- | |  | Applicants | |  | Tenants | |  | Western Australia | | | Working‑age individuals | 2004 | 2013 |  | 2004 | 2013 |  | 2001 | 2011 | | Women | 61 | 56 |  | 61 | 60 |  | 50 | 49 | | Indigenousc | 19 | 17 |  | 26 | 31 |  | 3 | 3 | |
| a Data for tenants and applicants are for people aged 16 to 64 years. Data for the whole population are for all people aged 15 to 64 years. b Country of birth statistics are not reported because it is unknown for over 70 per cent of applicants and over 80 per cent of tenants. c Indigenous status is self‑reported. |
| *Sources*: ABS (*Basic Community Profile, Western Australia*,Cat. no. 2001.0; *Indigenous Profile, Western Australia*, Cat. no. 2002.0); Department of Housing (WA), administrative data (unpublished). |
|  |
|  |

### Applicants and tenants are mainly single

Nearly half of all applicant households that include at least one working‑age member are single‑person households and about a third are single parent households (figure 33). There are more single households on the waiting list than there are in public housing. Reflecting the age profile of the tenant population, about one third of households in public housing include at least one child aged under 16 years.

|  |
| --- |
| Figure 33 Working‑age household type at 30 June 2013**a,b,c,d** |
| |  | | --- | |  | |
| a Households that have a working‑age applicant or tenant. b Children aged under 16 includes any person in the household aged under 16. Children aged 16 to 24 only includes people described as children or dependents. c Other family types include tenants living with children aged 25 and over and grandparents. d Sharer households include households that consist of all single adults, or those that are identified as having more than one family group. |
| *Source*: Department of Housing (WA), administrative data (unpublished). |
|  |
|  |

### Applicants and tenants are more likely to have a disability than other Western Australians

The percentage of working‑age tenants with a disability recorded with the Department of Housing increased slightly over the decade to 2013, from 12 to 14 per cent (figure 34).[[32]](#footnote-32) The self‑reported disability figures are similar to the 11 per cent of Western Australians aged up to 64 years who reported a disability in 2012 (ABS 2013b). However, the self‑reported disability figures for tenants are likely to be understated because this information is usually only recorded if the disability affects housing. The percentage of working‑age tenants who receive DSP is three times as high, at about 33 per cent. Applicants report disability at about the same rate as tenants.[[33]](#footnote-33) Rates of DSP receipt among tenants were markedly lower than in South Australia.

|  |
| --- |
| Figure 34 Proportion of working‑age applicants and tenants with a disability, at 30 June 2004 to 2013**a,b,c,d** |
| |  | | --- | |  | |
| a Self‑reported disability types include physical, mental, cognitive, intellectual, neurological and sensory. It does not require a medical confirmation. b DSP is not listed for applicants because in many cases it is not separately identified in the income data for applicants. c Some people who self‑report as having a disability do not receive a DSP, and some who receive a DSP have not reported having a disability. For tenants, the degree of overlap is 33 per cent. d The decline in the proportion of applicants with a disability since 2008 may reflect an increase in the number of people without disability applying to public housing following the global financial crisis, as well as improvements in the quality of data collected by the Department of Housing. |
| *Source*: Department of Housing (WA), administrative data (unpublished). |
|  |
|  |

The large difference between self‑reported disability and DSP receipt for tenants (which also occurs in South Australia) might reflect a tendency for disabilities to be reported by tenants or recorded in the data only if the disabilities are likely to affect their housing.

Physical disability is the most commonly reported disability type, being reported by 8 per cent of working‑age applicants (63 per cent of those who reported any disability) and 10 per cent of tenants (69 per cent of those who reported any disability) in 2013. In comparison, only 5 per cent of working‑age applicants and tenants in Western Australia were self‑reported as having a mental disability in 2013.[[34]](#footnote-34)

## Employment among WA applicants and tenants

Employment rates among public housing tenants in Western Australia are higher than among applicants but the difference narrowed markedly post 2007 (figure 35).[[35]](#footnote-35) This was due to a fall in employment rates among tenants. Employment rates in the general Western Australian population and among applicants were reasonably stable post 2007.

The decline in tenant employment rates post 2007 may reflect a compositional effect (tenants who are able to find employment may have left public housing because they are no longer eligible), although, as noted above, very few tenants have been evicted due to a loss of eligibility since the limits were introduced (Department of Housing WA, pers. comm., 16 December 2014). Neither can the fall be attributed to new tenants who entered in the second half of the decade being less likely to work than those who exited — employment rates of tenants who lived in public housing for the whole period, 2007 to 2013, also fell (by 3.4 percentage points).

It is possible that the data reflect the introduction of income eligibility limits for tenants (Department of Housing WA, pers. comm., 16 December 2014). To the extent that this is the case, the fall in employment rates would be consistent with a welfare lock for tenants. The possibility of welfare locks among tenants is revisited below.

|  |
| --- |
| Figure 35 Proportion of applicants and tenants employed, at 30 June 2004 to 2013 |
| |  | | --- | |  | |
| *Sources*: ABS (*Labour Force, Australia*, Cat. no. 6202.0); Department of Housing (WA), administrative data (unpublished). |
|  |
|  |

Employment rates also differ markedly between working‑age applicants from different waiting list categories (figure 36). Less than 10 per cent of priority applicants were employed in 2013, whereas the employment rate of wait‑turn applicants was nearly twice as high.

|  |
| --- |
| Figure 36 Proportion of applicants and tenants employed at 30 June 2004 to 2013  Applicants by category |
| |  | | --- | |  | |
| *Sources*: ABS (*Labour Force, Australia*, Cat. no. 6202.0); Department of Housing (WA), administrative data (unpublished). |
|  |
|  |

Comparison of employment rates pre and post entry into public housing sheds more light on the relationship between public housing residence and employment (figure 37). As in South Australia, increases in employment are observed between entry onto the waiting list and entry into public housing, suggesting that applicants do not avoid employment while waiting for public housing (in contrast with the welfare locks hypothesis). A larger increase in employment is observed for wait‑turn applicants, which could reflect their longer waiting times or better employment prospects.

After entry into public housing, there is an increase in the likelihood of employment, which is consistent both with welfare locks for applicants and a stability effect for tenants. That said, if a person faces the same income eligibility thresholds as a tenant as while an applicant, it might be argued that they would manage their employment both before and after entry to retain eligibility. If that were the case, the increased likelihood of employment following entry into public housing might be interpreted as the effect of greater housing stability.[[36]](#footnote-36)

|  |
| --- |
| Figure 37 Employment rates pre and post a move into public housing**a,b** |
| |  | | --- | |  | |
| a Observations include working‑age individuals who are observed both as an applicant and a tenant between 2004 and 2013. The analysis also only considers people whose waiting list category did not change more than one month after entering the waiting list — 70 per cent of priority entrants were initially wait‑turn applicants when they entered the waiting list. b Employment rates at ‘1 year after entry into public housing’ are inferred from the first income observation more than ten months after entry into housing. Employment rates at ‘3 years after entry into public housing’ are inferred from the first income observation more than two years and ten months after entry into housing. Tenant income assessments are conducted yearly. |
| *Source*: Department of Housing (WA), administrative data (unpublished). |
|  |
|  |

If income eligibility limits for tenants in Western Australia do create welfare locks, then it might be expected that employment rates among Western Australia tenants would be substantially lower than those of South Australian tenants, who are not subject to income limits while in public housing. To facilitate a comparison between South Australia and Western Australia, the investigation of employment before and after entry into public housing was restricted to single‑person households to remove differences resulting from the analysis of head tenants in South Australia and all tenants in Western Australia. Data for category 1 and 2 applicants in South Australia were also combined for comparison with priority applicants in Western Australia, whereas category 3 applicants in South Australia were compared with wait‑turn applicants in Western Australia (figure 38). The results show that employment rates among Western Australian tenants were not markedly lower than in South Australia, suggesting that welfare locks among tenants are not an issue.[[37]](#footnote-37)

|  |
| --- |
| Figure 38 Employment rates pre and post a move into public housing**a,b**  Single‑person households |
| |  | | --- | |  | |
| a Observations include working‑age individuals who are observed both as an applicant and a tenant between 2004 and 2013, whose category did not change while on the waiting list, and who were still in public housing one year after entry. b Employment rates at ‘1 year after entry into public housing’ are inferred from the first income observation more than ten months after entry into housing. |
| *Sources*: DCSI, Housing SA, administrative data (unpublished); Department of Housing (WA), administrative data (unpublished). |
|  |
|  |

Average real incomes (adjusted using changes in average weekly earnings) for both applicants and tenants declined between 2004 and 2013 (unlike in South Australia where there was little change), which can be explained by the fact that income eligibility limits in Western Australia did not grow by as much as average weekly earnings over the period (figure 39).[[38]](#footnote-38) This means that, over time, only people with lower real incomes have been eligible to enter the waiting list and/or remain in public housing.

In 2013, average weekly income was about $370 for applicants and $490 for tenants. The average income received by applicants in Western Australia is much closer to the public housing income limit ($430 for a single applicant without disability in a metro or country area) than it is in South Australia, which is not surprising given the higher income limits in South Australia.[[39]](#footnote-39) Average tenant incomes exceeded the limit for singles without disability, but were within the income limit for singles with a disability ($540 in a metro or country area) and within that for singles in north west or remote areas ($610 for those without a disability and $760 for those with a disability).

Household incomes exceed individual incomes by a greater amount than South Australian tenants because of the larger households in Western Australia.

|  |
| --- |
| Figure 39 Real income per week, at 30 June 2004 and 2013**a,b,c,d** |
| |  | | --- | |  | |
| a Converted to 2013 dollars using the average weekly earnings in Western Australia. b ‘Individual income’ is calculated for all working‑age individuals. ‘Household income’ is calculated for households that contain a person who is of working‑age. c Excludes individual incomes over $2000 a week or less than youth allowance. d Few people are recorded as receiving CRA in the data. It is likely that CRA is included in the high level ‘pension’ category for most applicants, so is not separately identifiable. |
| *Source*: Department of Housing (WA), administrative data (unpublished). |
|  |
|  |

In 2013, the most common main source of income for working‑age tenants was DSP (32 per cent), followed by Newstart Allowance (17 per cent) and employment income (14 per cent) (figure 40).[[40]](#footnote-40) For 33 per cent of applicants, the main source of income was ‘pensions’ (a high level category that includes a variety of income support payments).[[41]](#footnote-41) Other common sources of income were Newstart Allowance (19 per cent), Parenting Payment Single (13 per cent) and DSP (12 per cent). Employment income was the main income source for only 9 per cent of applicants.[[42]](#footnote-42)

|  |
| --- |
| Figure 40 Main source of income for working‑age applicants and tenants, at 30 June 2013**a,b** |
| |  | | --- | |  | |
| a Employment income includes wages, salaries and self‑employment income. b Other includes income from all other sources, including other income support payments, interest and foreign pensions. |
| *Source*: Department of Housing (WA), administrative data (unpublished). |
|  |
|  |

## Larger subsidies go to single adult households

Rent‑setting arrangements in Western Australia are similar to those in South Australia — tenants pay up to 25 per cent of assessable income in rent, with a maximum rent payment equal to the market rent.[[43]](#footnote-43)

As in South Australia, single people and singles with children receive a larger implicit subsidy than other household types (figure 41) due to a mismatch between the housing stock and the needs of tenants (figure 42). Furthermore, although tenants in Western Australia pay similar levels of rent to those in South Australia, Western Australian subsidies are larger because of much higher market rents.

High market rents also contribute to much larger subsidies for public housing tenants compared with CRA recipients in similar household types (figure 43).

|  |
| --- |
| Figure 41 Mean weekly rents and implicit subsidies, at 30 June 2013**a,b,c,d,e** |
| |  | | --- | |  | |
| a The rent paid plus the implicit subsidy is equal to market rent. Market rents in the data are based on rent valuations in the second half of 2014. Valuation methods were revised from previous years, hence average subsidies displayed here are larger than in the data in SCRGSP (2014). b Statistics exclude tenants whose rent or market rent data are not available, who have market rents greater than $1500 per week or who have negative rent or implicit subsidy. c Children aged under 16 include any person in the household aged under 16. Children aged 16 to 24 only include people described as children or dependents. d Other family types include tenants living with children aged 25 and over and grandparents. e Sharer households include households that consist of all single adults, or those that are identified as having more than one family group. |
| *Source*: Department of Housing (WA), administrative data (unpublished). |
|  |
|  |

|  |
| --- |
| Figure 42 Number of bedrooms by number of people in household, at 30 June 2013 |
| |  | | --- | |  | |
| *Source*: Department of Housing (WA), administrative data (unpublished). |
|  |
|  |

|  |
| --- |
| Figure 43 Subsidies tend to be much larger in public housing**a,b,c,d,e,f,g**  Mean rents in Western Australia, 30 June 2013, selected household types |
| |  | | --- | |  | |
| a The rent subsidy received by public housing tenants is implicit — tenants do not actually receive a payment. The subsidy is the difference between the market rent for their property and the rent that they pay. b CRA recipients pay market rents and receive CRA (the subsidy) as a payment to offset the cost. c Children aged under 16 include any person in the household aged under 16. d Subsidy figures for public housing are calculated as the difference between mean market rents and mean rents paid by households within each household type, rather than the mean subsidy received by households with market rents equal to the mean market rent. (This approach was adopted because there are relatively few households in properties with exactly the mean market rent. A check of the data showed that households in properties with market rents in the vicinity of the mean market rent typically pay rents that are close to the mean rent paid.) e Mean rents for single, childless renters receiving CRA are for all singles, that is, both those who share housing and those who live alone. The CRA subsidy presented in the figure is the maximum rate for singles who live alone. (Sharers receive a lower rate.) About 17 per cent of single CRA recipients in Western Australia live in share accommodation (author estimate based on SCRGSP (2014)). f The CRA subsidies presented for singles and couples with children aged under 16 years only are the rates for families with less than three children. g The CRA subsidy presented for couples only is the rate for people who are not temporarily separated. |
| *Sources*: Public housing — Department of Housing (Western Australia), administrative data (unpublished); CRA — Author estimates based on unpublished data from the Research and Evaluation Database. |
|  |
|  |

## References

ABS (Australian Bureau of Statistics) 2009, *Housing Mobility and Conditions, 2007-08*, Cat. no. 4130.0.55.002, Canberra.

—— 2012, *A Statistical Definition of Homelessness, 2012*, Cat. no. 4922.0, ABS, Canberra, http://www.abs.gov.au/AUSSTATS/abs@.nsf/Latestproducts/4922.0Main%  
20Features22012?opendocument&tabname=Summary&prodno=4922.0&issue=2012&num=&view= (accessed 1 March 2015).

—— 2013a, *Australian Health Survey: Users’ Guide, 2011-13 - Appendix 5: Income deciles*, Cat. no. 4363.0.55.001, ABS, Canberra, http://www.abs.gov.au/ausstats/  
abs@.nsf/Lookup/4363.0.55.001Appendix502011-13 (accessed 6 October 2014).

—— 2013b, *Disability, Ageing and Carers, Australia: Summary of Findings, 2012*, Cat. no. 4430.0, ABS, Canberra.

—— 2014a, *Average Weekly Earnings, Australia, Nov 2013*, Cat. no. 6302.0, ABS, Canberra.

—— 2014b, *Labour Force, Australia, Aug 2014*, August, Cat. no. 6202.0, ABS, Canberra.

Chamberlain, C. and MacKenzie, D. 2008, *Counting the Homeless 2006*, Cat. No. 2050.0, ABS, Canberra.

Department of Housing WA (Department of Housing, Western Australia) 2011, *Priority Public Housing Assistance*, http://www.housing.wa.gov.au/housingoptions/  
rentaloptions/publichousing/priority/Pages/default.aspx (accessed 12 September 2014).

—— 2014, *Income Limits*, http://www.dhw.wa.gov.au/HousingDocuments/Public\_  
Housing\_Income\_Limits.pdf (accessed 23 June 2014).

—— 2015, *Rental Policy Manual*, Government of Western Australia, http://www.dhw.wa.gov.au/HousingDocuments/Rental\_Policy\_Manual.pdf (accessed 22 January 2015).

DHS Victoria (Department of Human Services, Victoria) 2013, *Rental Report - March Quarter 2013*, http://www.dhs.vic.gov.au/\_\_data/assets/pdf\_file/0011/838352/March-quarter-2013.pdf (accessed 30 September 2014).

Fair Work Commission 2013, *Annual Wage Review 2012-13*, https://www.fwc.gov.au/documents/sites/wagereview2013/decisions/2013fwcfb4000.pdf (accessed 10 March 2015).

Government of SA (Government of South Australia) 2014a, *Demonstrating Special Circumstances to Housing SA*, Collection, https://www.sa.gov.au/topics/housing-property-and-land/housing/renting-and-letting/renting-public-housing/waiting-list/  
demonstrating-special-circumstances-to-housing-sa (accessed 22 September 2014).

—— 2014b, *How Rent is Set for Public Housing*, Collection, http://www.sa.gov.au/  
topics/housing-property-and-land/housing/housing-sa-customers/tenants/rent-water-and-other-charges/how-rent-is-set-for-public-housing#title0 (accessed 1 October 2014).

—— 2014c, *Income and Asset Eligibility Limits for Housing SA Services*, Collection, https://www.sa.gov.au/topics/housing-property-and-land/housing/renting-and-letting/renting-public-housing/waiting-list/income-and-asset-eligibility-limits-for-housing-sa-services (accessed 23 June 2014).

—— 2014d, *Lease Agreements in Public Housing*, Collection, https://www.sa.gov.au/  
topics/housing-property-and-land/housing/renting-and-letting/renting-public-housing/  
being-a-public-housing-tenant/lease-agreements-for-public-housing-properties/  
lease-agreements-in-public-housing (accessed 22 September 2014).

—— nd, *Housing Needs Report Form*, https://www.sa.gov.au/\_\_data/assets/pdf\_file/  
0020/14582/Housing\_needs\_report\_form.pdf (accessed 17 October 2014).

Government of WA (Government of Western Australia) 2014, *Housing Authority Annual Report 2013-14*, East Perth, http://www.dhw.wa.gov.au/HousingDocuments/housing\_  
authority\_annual\_report-2013-14.PDF (accessed 13 February 2015).

Legal Services Commission SA (Legal Services Commission of South Australia) 2014, *The Waiting List*, http://www.lawhandbook.sa.gov.au/ch23s04s01.php (accessed 9 September 2014).

SCRGSP (Steering Committee for the Review of Government Service Provision) 2006, *Report on Government Services 2006*, Productivity Commission.

—— 2014, *Report on Government Services 2014*, Productivity Commission.

Williamson, D.F., Parker, R.A. and Kendrick, J.S. 1989, ‘The Box Plot: A Simple Visual Method to Interpret Data’, *Annals of Internal Medicine*, vol. 110, no. 11, pp. 916–921.

1. The South Australian records also include state owned and managed Indigenous housing (SOMIH), which is public housing specifically for Indigenous people. In this paper, all statistics reported for public housing in South Australia include SOMIH. [↑](#footnote-ref-1)
2. The Western Australian records also include some properties owned by the housing department that are externally managed. In this paper, all statistics reported for public housing in Western Australia include these externally managed households. [↑](#footnote-ref-2)
3. The Productivity Commission requested data from New South Wales, Victoria, South Australia, Western Australia and Tasmania. Given the timelines of the project, only South Australia and Western Australia were able to provide data. [↑](#footnote-ref-3)
4. See BP 6 annex A for a description of the administrative records and the data processing steps applied in turning the records into datasets suitable for analysis. [↑](#footnote-ref-4)
5. Throughout this paper, BP refers to ‘background paper’. [↑](#footnote-ref-5)
6. Additional eligibility criteria include Australian and State residency, asset limits and non‑ownership of residential property. People who do not meet the criteria but have special circumstances may still apply. [↑](#footnote-ref-6)
7. The term ‘applicant household’ is used throughout the paper to describe a household on the waiting list, whereas the term ‘applicant’ is used to describe a member of a household on the waiting list. ‘Head applicant’ refers to the main person responsible for the application. Similarly, ‘tenant household’ describes a household in public housing, ‘tenant’ describes a member of a tenant household and ‘head tenant’ describes the main person responsible for the tenancy. [↑](#footnote-ref-7)
8. Households that exceed the South Australian income limits may still be eligible for public housing if they have a specific and verified housing need that cannot be met by other forms of accommodation. [↑](#footnote-ref-8)
9. Total earnings are equal to weekly ordinary time earnings plus weekly overtime earnings (ABS 2014a). [↑](#footnote-ref-9)
10. A small number of new applicants are placed in a fifth category — low demand housing. These applicants do not meet the income and/or assets tests, nor the needs tests, to be eligible for public housing, but wish to be considered for housing in low demand areas. In 2013, there were 40 applicants for low demand housing, a fall from 152 in 2004. [↑](#footnote-ref-10)
11. According to Housing SA policy, category 1 and 2 applicants remain eligible if they meet the housing needs criteria, regardless of their income or assets. However, all applicants’ incomes are still assessed and, in general, they are not explicitly told that their income does not matter. Because applicants could still believe that their income affects their eligibility for public housing, it is likely that welfare locks impact the employment decisions of prospective tenants in these categories. [↑](#footnote-ref-11)
12. Prior to 2000, applicant households were housed on a wait‑turn basis. After the introduction of the categorised waiting list, many existing households on the waiting list were placed in category 3. Because the chances of being housed from category 3 are low, category 3 households have removed themselves from the waiting list over time and fewer new applicant households have applied for category 3. [↑](#footnote-ref-12)
13. Total waiting times are calculated as the time between application and allocation dates. Applicant households that have changed waiting list category have had their entire time on the waiting list included because the date of last category change was not available for all households that were allocated public housing. [↑](#footnote-ref-13)
14. In the housing needs assessment, a person is deemed to be homeless if they do not have access to safe, secure and adequate housing. Housing that is not safe, secure and adequate includes housing that could damage health or threaten safety, does not have adequate amenities or economic and social supports, and has no security of tenure (Government of SA nd). [↑](#footnote-ref-14)
15. Transitions between temporary forms of shelter can be classified as secondary homelessness (Chamberlain and MacKenzie 2008). More broadly, the ABS considers a person to be homeless if they do not have suitable alternatives for accommodation and, among other factors, their current living arrangements come with a short tenure (ABS 2012). [↑](#footnote-ref-15)
16. Applicant households need to provide supporting documents from a doctor or support worker to confirm they have an urgent housing need. [↑](#footnote-ref-16)
17. The number of households in community housing increased in South Australia (from 3800 to 5700) between 2004 and 2013, which was lower than the fall in the number of households in public housing (SCRGSP 2006, 2014). [↑](#footnote-ref-17)
18. In comparison, the median completed tenancy length of bond assistance recipients (low‑income private renters) was about 1.1 years in South Australia in 2012-13 (unpublished data from Housing SA). The median completed tenancy length in the private rental market was about 1.3 years in Victoria in 2013 (DHS Victoria 2013). [↑](#footnote-ref-18)
19. Data used in generating applicants’ characteristics exclude applicants seeking to transfer between public housing dwellings. [↑](#footnote-ref-19)
20. Data on household composition for tenants are valid at the date they exited public housing or at 30 June 2013 for tenants who were residents at that date. It is assumed that a household’s membership did not change during their tenancy, apart from households who have had additional children. The children are added to the number of household members from their date of birth. [↑](#footnote-ref-20)
21. In South Australia, each household contains a nominated household head who is responsible for the application or the tenancy. [↑](#footnote-ref-21)
22. The ABS figure includes children. ABS data are not separately available for working‑age South Australians who reported disability. About 14 per cent of 15-64 year olds in Australia reported a disability. [↑](#footnote-ref-22)
23. People can report more than one type of disability. Physical disability affects a person’s physical functioning, including their mobility, dexterity or stamina. [↑](#footnote-ref-23)
24. Although the employment status of applicants and tenants cannot be directly observed, it has been inferred from receipt of employment income. [↑](#footnote-ref-24)
25. Other possible explanations for the observed increases in employment are policy changes and increases in general employment rates over time. However, discussions with state housing authorities did not suggest there was a change in local approaches to supporting tenants, and employment patterns for income support recipients receiving housing assistance do not suggest that national policy changes led to consistent increases in employment rates across the decade (BP 3). Changes in general employment rates over time also do not fully explain the increases in employment among people who moved into public housing. [↑](#footnote-ref-25)
26. These data must be interpreted with caution. Income data for some applicants have not been updated over their time on the waiting list. Although available information has been converted to 2013 dollars, the resulting estimates might not be an accurate reflection of those applicants’ current incomes. [↑](#footnote-ref-26)
27. The average applicant or tenant household would fit into the second decile of gross household income, based on the income deciles calculated by the ABS (ABS 2013a). [↑](#footnote-ref-27)
28. Public housing rents are usually set at 25 per cent of gross household income, but some exceptions apply. For example, Family Tax Benefit payments and income received by children aged 16 to 20 years are assessed at 15 per cent. Some forms of income, such as the pension supplement, are not assessable. Rents in cottage flats range from 19 to 25 per cent of gross household income. (See BP 1 and BP 2 for more detail.) Market rents are based on information provided by the Valuer General (Government of SA 2014b). [↑](#footnote-ref-28)
29. To be eligible, applicants must be Australian citizens or permanent residents, aged over 16 and living in Western Australia. Their income and assets must be below the limits set by the Department of Housing (BP 1). [↑](#footnote-ref-29)
30. Tenancy lengths are likely to be understated for Western Australia because transfers could not be taken into account. [↑](#footnote-ref-30)
31. Data used in generating applicants’ characteristics exclude applicants seeking to transfer between public housing dwellings. [↑](#footnote-ref-31)
32. The date at which disability was reported is not included in the data. This has implications for comparisons over time. For example, if someone on the waiting list initially had no disability but developed one later (either as an applicant or as a tenant), they will be counted as having a disability for all years they were on the waiting list. [↑](#footnote-ref-32)
33. Data on DSP receipt for applicants are not presented because income support payment type is recorded under a ‘high level pension’ category for many applicants; the exact payment is not identified. [↑](#footnote-ref-33)
34. People can report more than one type of disability. [↑](#footnote-ref-34)
35. Although the employment status of applicants and tenants cannot be directly observed, it has been inferred from receipt of wage and salary income. [↑](#footnote-ref-35)
36. Other possible explanations for the observed increases in employment are policy changes and increases in general employment rates over time. However, discussions with state housing authorities did not suggest there was a change in local approaches to supporting tenants, and employment patterns for income support recipients receiving housing assistance do not suggest that national policy changes led to consistent increases in employment rates across the decade (BP 3). Changes in general employment rates over time also do not fully explain the increases in employment among people who moved into public housing. [↑](#footnote-ref-36)
37. The better employment opportunities in Western Australia could boost employment rates among tenants in Western Australia to an extent. However, if welfare locks were an issue for Western Australian tenants, it is unlikely that employment opportunities would fully offset the welfare lock effect. It is expected that their employment rates would still be markedly lower than in South Australia. [↑](#footnote-ref-37)
38. These data must be interpreted with caution. Income data for some applicants have not been updated over their time on the waiting list. Although available information has been converted to 2013 dollars, the resulting estimates might not be an accurate reflection of those applicants’ current incomes. [↑](#footnote-ref-38)
39. Differences between household incomes for applicants and tenants could also be due to differences in the completeness of income data for applicants and tenants. For application purposes, only the main applicant, partner and any co-applicant’s incomes are assessed. Once tenanted, all incomes (of tenants aged 16 and over) are taken into consideration for rent calculation purposes. [↑](#footnote-ref-39)
40. Employment income includes wages and salaries and self-employment income. An additional 3 per cent of tenants received CDEP (community development employment projects, a government funded employment scheme primarily for Indigenous people) wages and salary. [↑](#footnote-ref-40)
41. Some income support recipients are included in this category, whereas others are included in the separate categories for each payment. This is based on an allocation criteria used by the Department of Housing WA. [↑](#footnote-ref-41)
42. An additional 1 per cent of applicants received CDEP wages and salary. [↑](#footnote-ref-42)
43. Tenants pay 25 per cent of gross household assessable income in rent. Some income types are not assessable (such as pharmaceutical allowance) and others are assessed at lower rates (such as Family Tax Benefits). In general, dependents aged 16 to 20 have their income assessed at 10 per cent for rent. An amount is deducted for all working tenants before rent is calculated (known as a working allowance). Market rents are based on information supplied by the Valuer General (Department of Housing WA 2015). [↑](#footnote-ref-43)