

Productivity Commission

HUMAN SERVICES: identifying sectors for reform

RESPONSE TO STAGE 1 REPORT

Submission from Shelter Tasmania

October, 2016

Contact: Pattie Chugg, Shelter Tasmania EO

eo@shelertas.org.au



Introduction

Shelter Tasmania is the peak body representing both community housing providers, homelessness services and low income housing consumers across Tasmania. On behalf of its community housing members, Shelter Tasmania has contributed to and supports the submission lodged by National Shelter.

Both National Shelter and the community housing sector submission identified social and affordable housing as a key area for reform, which we support. However, **Shelter Tas does not support these reforms in relation to Specialist Homelessness Services.**

This submission follows our initial submission lodged at the commencement of the Inquiry in July, 2016 and specifically addresses Specialist Homelessness Services.

Defining Specialist Homelessness Services

Specialist homelessness services (SHS) support people who are experiencing homelessness or who are at risk of homelessness. They focus on transitional support helping people to find, establish and sustain stable accommodation (including providing personal, family, medical, advocacy and other support). The intention is to help people become independently housed, and where ongoing support is needed, to connect them with appropriate mainstream services to help keep them housed (such as education and training, mental health or disability services and community facilities).

Addressing Supply Related Inefficiencies

The greatest inefficiency in the homelessness services system is the lack of affordable and appropriate housing to enable people to move from homelessness into secure housing – instead, many consumers are forced to cycle back through the system. The main reasons for this inefficiency are:

- the failure of the market to deliver appropriate and affordable housing for people on low incomes¹;
- the failure of the market to deliver crisis and emergency housing²; and
- the lack of jobs and declining household incomes.

The Stage 1 report fails to provide any evidence that introducing competition, contestability or user informed choice will address the most pressing inefficiency caused by inadequate supply.

¹ A commonly cited reason for people seeking homelessness support is the inability to secure appropriate and affordable housing. Homelessness Australia (2016). *Homelessness in Australia*. Fact Sheet. Jan 2016.

² The supply of crisis accommodation is primarily reliant on government and charitable organisations.

Informed decision making

Informed choice applies equally to system designers and it does to system users. While we are aware that there may be scope for improvement in current service delivery arrangements, it is not clear what the inefficiencies are that the Productivity Commission seeks to address through reform. While generalised reference is made to the lack of planned or co-ordinated services across the whole of the spectrum of family and community services (S8.2), there is considerable variation in how different service areas function. The Report does not investigate the arrangements for homelessness services. Because of this, it does not recognise how service co-ordination underpins the delivery of homelessness services or the innovative consumer engagement practices that are emerging in the sector (for example, through the recently adopted Outcomes Reporting framework in Tasmania or Victoria's Peer Education Support Program). Nor does the Report consider the strengths that could be built on or the range of available options for reform.

Deciding a path of action before establishing a sound understanding the problem, assessing available options or consulting meaningfully with service providers and consumers is at odds with informed choice.

Shelter Tasmania calls on the Productivity Commission to clearly define the homelessness services inefficiencies it is trying to address. It further calls for an evidence-based rationale to be provided for the Commissioner's conclusion that proposed reforms would improve consumer outcomes. To be sound, any analysis should be informed by consultation with the SHS sector and consumers.

Risks to Quality of Outcomes for Consumers

Eroding co-ordination and co-operation - research consistently reports the importance of co-ordination between the homelessness service agencies in responding to consumer needs³. This system requirement was also noted in the Australian Government's major report into homelessness, *The Road Home*⁴. Pre-requisites for specialist homelessness services include: the need to know who provides what kind of service in a local community; strong professional relationships that facilitate co-ordinated case planning and management; shared learning and information; and co-operative problem-solving.

There is a real risk that requiring collaborators to compete will be counterproductive to effective service outcomes for consumers. For example, Tasmania's recently restructured homelessness service delivery system (Housing Connect) is based on a collaborative model of delivery between 5 different agencies. It is working effectively and is building a stronger sector response to homelessness. The introduction of competition and contestability could seriously undermine these co-operative arrangements and the 'joined up' service delivery they are achieving, risking their willingness to share information and work together because of commercial interests.

³ Nichols, N (2014). *A Systems Approach to Homelessness*. Web-based research report. The Homelessness Hub. Research Matters. Finding Solutions to Homelessness website. <http://www.homelesshub.ca/solutions/systems-approach-homelessness> (accessed 23/6/14)

⁴ Commonwealth of Australia (2008). *The Road Home. A National Approach to Reducing Homelessness*. Commonwealth of Australia. Canberra.

In NSW, the introduction of competitive tendering led to considerable disruption within the sector, including a loss of staff continuity, resource instability and a reduction in service access for clients, highlighting the risks associated with introducing major change⁵.

Price cutting – specialist homelessness services operate on tight budgets. There is no capacity to reduce costs without reducing service reach and / or quality. Introducing competition and contestability risks leading to a drop in service quality through price competition. It would be a retrograde step to reduce service quality by returning to a reliance on inappropriately skilled staff or volunteers, or inadequate staffing levels with inherent risks to staff and consumer safety. With 1 in 5 people assisted by SHS services in Tasmania being children under 15 years⁶, safety is an important consideration.

Shelter Tasmania calls on the Productivity Commission to provide evidence to show how the introduction of competition and contestability would strengthen existing co-operative relationships underpinning the homelessness service system and enhance the quality of outcomes for consumers.

Capacity for Informed User Choice

People who are homeless or at risk of homelessness are in crisis – their need is often immediate. A large proportion of people seeking help are escaping domestic violence, or are children and young people, or people with mental health issues. Moreover, choice assumes there is capacity in the system as well as access to a range of different services. This is not the case - existing services are unable to meet demand. The data shows that there are 17.5 unmet requests for assistance on average each day in Tasmania⁷. When there is not enough supply, the reality is that choice does not exist and people regularly remain homeless.

Section 3 of the Stage 1 Report recognises that user informed choice is not always appropriate, and yet seems to disregard this observation in relation to homelessness services.

Shelter Tasmania considers that user informed choice is not a justifiable rationale for adopting market based approaches to homelessness services delivery as the ability for consumers to exercise informed choice is limited by both personal and system capacity.

Guaranteeing no Reduction in Outcomes for Consumers

Shelter Tasmania welcomes reforms that will lead to better consumer outcomes. However, where essential services that provide a lifeline to vulnerable people are concerned, it is crucial that we are confident that any changes can demonstrate an improvement in consumer outcomes.

To date the Productivity Commission has failed to provide evidence that a market based system would improve outcomes for consumers. Nor did we find considered reference in the Report that drew on submitters' views on the potential benefits and risks associated with proposed reform to homelessness services. Shelter Tasmania is deeply concerned that the proposed inclusion of

⁵ KPMG (2015) *Going Home Staying Home Post-Implementation Review. 2015 Final Report*. Prepared for Department of Family and Community Services

⁶ AIHW Specialist Homelessness Services Collection Data Cube data for 2014-15 accessed 5/9/16 at <http://www.aihw.gov.au/shsc/>

⁷ AIHW SHS Data Cube Tables, 2014-15: Tas Unmet.4

specialist homelessness services in broader reforms carries the risk of creating detrimental outcomes for some of our most vulnerable Tasmanians.

Shelter Tasmania urges the Productivity Commission to reverse its decision in relation to homelessness services, and instead to exclude these services from further consideration for human services reform.