

Productivity Commission

HUMAN SERVICES: identifying sectors for reform

Submission from Shelter Tasmania

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Housing Affordability and Homelessness in Tasmania

All Tasmanians depend on affordable, appropriate, safe and secure housing to sustain health and well-being and to enable social and economic participation; however, the Tasmanian community faces a shortage of affordable housing. Housing stress impacts on a quarter of the State's low income households.¹ According to 2011 Census data, 14,618 households are in housing stress. Tasmanian households are amongst the poorest in Australia. Medium incomes are approximately \$100 per week less than the national average.² There continues to be a long waiting list for social housing, of around 3,000. In 2011, on Census night 1,579 people were homeless in Tasmania. Pressures on services for people experiencing homeless, or at risk of homelessness, are increasing. According to a 2015 Productivity Commission Report, increasing numbers of people are being turned away from Tasmanian Homelessness Services.³ Both the social housing and the homeless sector in Tasmania have recently undertaken a range of reforms to increase housing supply and improve outcome reporting under the Tasmanian Affordable Housing Affordable Strategy 2015-2025.⁴ Shelter Tasmania welcomes the opportunity to provide this submission to the Productivity Discussion Paper: Human Services: Identifying sectors for reform.

Shelter Tas support identifying social and affordable housing as services for reform

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 community housing sector submission. This submission was prepared jointly by peak and industry associations representing the community housing sector nationally and at a state level. It outlines a continuum across the wider housing system, ranging from crisis accommodation at one end to full home ownership at the other.

Both the National Shelter and the community housing sector submission identified social and affordable housing as a key area for reform, which we support.

Shelter Tas does not support increased competition, contestability or tendering for Specialist Homelessness Services

In contrast to identifying social housing as a sector for reform, we do not consider homelessness service provision as eligible for reform in terms of increased contestability, competition and consumer choice. Currently there is insufficient service provision available for people at risk and experiencing homelessness, which we consider unlikely to be improved through increased competition and contestability. Shelter Tasmania has concerns about the potential risk to service and consumer outcomes if competition is introduced into the delivery of specialist homelessness services. Like ambulance and fire services, specialist homelessness services provide a response to crisis or emergency situations and need to be recognised as an essential service type not suited to a competitive market environment.

The homelessness sector is made up of important essential crisis services that provide emergency housing services for people on low incomes (or sometimes no established incomes) providing

¹ https://www.dhhs.tas.gov.au/_data/assets/pdf_file/0020/203690/Affordable_Housing_Strategy_2015-2025

² Australian Bureau of Statistics, *QuickStats 2011*: Tasmania

³ Productivity Commission 2015 Report on Government Services: Housing p 58

⁴ Tas Affordable Housing Strategy

support to the most vulnerable and disadvantaged members of our community. We urge the Commission to understand the need to make the clear distinction between the different housing types and products across the wide continuum of services when deciding which services are suitable for reform. There is a need to prioritise the importance of the homeless service systems which give immediate access to emergency housing and provide safe and secure environments to support victims of family and domestic violence, at risk young people (many who are subject to child protection) and homeless families.

Consumer choice is strongly supported by Shelter Tasmania, but insufficient resources allocation make this impossible when there is a chronic shortage of affordable housing and social housing and a lack of sufficient homeless service provision to meet the need.

Competition is at odds with the spirit of co-operation and collaboration that is essential between service providers for effective delivery of specialist homelessness services

- Homelessness services include crisis accommodation and related support services provided to consumers at the first point of contact, and thereafter from anywhere between 6 weeks or longer, depending on what is needed to stabilise a person's or family's situation (some consumers have ongoing and persistent issues, such as disability, trauma related and co-morbidity issues).
- Typical of all homeless services, there is a very strong team ethic and practice of collaboration and co-ordination between the organisations providing 'wrap around' support and care to people who are homeless or at risk of homelessness.
Our members have expressed concerns about 'competition' and 'contestability' as defined in the PC Issues Paper – they see them as threats to viability and constraining diversity rather than facilitating it.
- Delivering effective homelessness services relies on collaboration across a range of support that a person experiencing homelessness may need. Each person presenting at a service has a range of often complex needs e.g. mental illness; parent with children fleeing domestic violence; a young person leaving an unsafe situation; an Aboriginal person with particular cultural requirements. There is local diversity in the makeup of services, their interactions and collaboration, developed over years of working together to respond to localised needs and clients circumstances.
- Research on homelessness service delivery consistently reports⁵ the importance of the relationship between the service agencies who are responding to consumer needs. This includes workers knowing who provides what kind of service, their strong professional relationships that facilitates communication and co-ordination about case planning and management; shared learnings through collective experience; information sharing; and co-operative problem-solving.

⁵ Commonwealth of Australia (2008). *The Road Home. A National Approach to Reducing Homelessness*. Commonwealth of Australia. Canberra.

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)

- Introducing a competitive framework presents the risk of reducing the effectiveness of the relationships between organisations. Rather than generating shared values and a collective and co-operative effort, a competitive market framework could lead to a lack of sharing . There has been no evidence of practice, either nationally or internationally, demonstrating how competition would improve the effectiveness or efficiency in this area of service delivery.
- Continuity is an important prerequisite for maintaining stable working relationships, in particular when working with clients suffering from trauma and/or with a history of insecurity. The importance of consistent and trusting relationships between support workers and clients is essential for delivering improved outcomes. Funding security in the sector has been a significant issue in recent years. The National Partnership Agreement on Homelessness (NPAH) has had insecure funding over the past few years and is currently only funded to mid-2017. Workplace insecurity during this period has disrupted service delivery to clients and has led to staff leaving the homelessness sector to seek job security elsewhere. This loss of experienced staff with high skill levels and knowledge impact on the sector. A competitive framework has the potential to introduce further insecurity as a permanent feature in the workplace, requiring homelessness providers to compete at the end of each contract period to continue their service.

Competition risks eroding provider ability to be flexible, innovative and adaptive to specific local circumstances and needs, particularly in rural and remote areas

- In Tasmania, crisis and longer term homelessness services are delivered by a collaborative partnership of five service providers and a range of small independent crisis accommodation services in urban and more remote areas in the North West. Many of the independent crisis accommodation services are small providers in isolated communities such as Smithton and Queenstown, where services have emerged in response to local needs and are tailored to meet local circumstances. The ability to respond to local needs has been the key to delivering homelessness services in these locations.
- Competition often favours larger providers with the capacity to manage the complex tendering processes involved, placing these small providers at risk.

Competition cannot exist in a saturated market that is capped and where people are in crisis

- Demand for the available homelessness services (either to keep people housed or to get them housed) significantly exceeds the supply. The capacity of the 'market' is capped. There is no capacity to make financial profit in homelessness service provision.
- In a saturated market such as this, concepts of competition can only be theoretical and in practice are artificial; this would significantly reduce positive outcomes. In a capped market people do not have a real choice when on low incomes. Introducing competition and user choice into a 'market' like this simply does not fit and cannot function efficiently or effectively. There is a risk organisations must focus on competitive advantage rather than consumer outcomes and collective effort.
- Consumers in crisis are often not in a position to exercise informed user choices - choice at the pointy end of crisis is an unrealistic as a market concept.
- The sector has a commitment to promote the right of users, and encourages consumers to be responsible for their choices. The homelessness sector works hard to empower consumers, but in crisis situations the critical issue is finding a safe place to stay. Pragmatic choices have to be

made because there is not enough affordable housing stock for people to be appropriately housed. Many people are housed temporarily in emergency accommodation, motels, boarding houses or caravans; if they are unable to be assisted in this way their 'choices' can be to sleep in their car or a tent, couch surf or sleep rough.

Cost and limitations of competitive tendering

- Often adds enormous cost to Specialist Homelessness Services.
- The experience of the homelessness sector in recent NSW government competitive tendering for SHSs has arguably not resulted in service improvements, has caused disruption to service delivery and has generated perverse outcomes, such as centralised rather than localised management and loss of niche provision. Decisions about success may be reduced to low cost winning bids which can compromise quality.

How do we measure competitive effectiveness across an uneven playing field?

- People who are experiencing homelessness often have complex and persistent needs. The variation in the time frame needed to stabilise and exit the homelessness system varies greatly.
- To be effective, market competition needs to be measurable across a standardised set of criteria applying evenly across suppliers. This is difficult to achieve. There is a risk that providers in a competitive unit costing system may turn more complex cases away, as the level of investment and time needed for their care, or the number of return visits recorded, would reflect badly on their reported performance. Oversimplified, the measurement of efficiency, outcomes, and performance risks missing the real effectiveness of the service that is being delivered. This would result in emphasising provider performance rather than the quality of consumer outcomes, which is difficult to measure comparatively given the diversity in 'presenting' needs and the number of externalities involved e.g. the input from collaborating service providers.

Market mechanisms are not a panacea for responding to 'wicked problems'

- A market led approach to homelessness is predicated on consumers' ability to pay and that there is an adequate supply of affordable housing. Consideration needs to be given to people's personal circumstances and income, and that we are not operating in a perfect market place where consumers make clear choices in choosing from a range of housing products. The lack of affordable and safe housing is the major cause of homelessness in Australia. The market is unable to supply appropriate housing at an affordable price point to people who are economically or socially disadvantaged and experiencing homelessness; nor is it able to provide the support services needed to help them gain accommodation and independence. This failure of the market is why not-for-profit agencies providing homelessness services exist – to fill the gap that the market cannot.
- Homelessness is complex, and for many it is persistent and intractable – it is a 'wicked problem' not easily solved. Market mechanisms currently do not address this kind of problem; and there has been no evidence provided in Australia or internationally to suggest market forces do a better job than our current, targeted arrangements are achieving.
- Homelessness services are continually working on ways to improve services to their clients. The sector is working collaboratively and in partnership with the state government to address these

improvements carefully, applying an evidence-based and consumer-centred approach to social values, rights and collaborative practices that underpin service effectiveness for consumers. Tasmania is currently undertaking such work with all Specialist Homelessness Services being required to report against an 'outcomes framework' that goes beyond merely counting 'outputs'.

- There is a high risk that competition drives practices that focus only on homelessness services as a commodity, and applying commercial business principles to their delivery, will lead to people with more complex and expensive needs 'falling through the net of care' because it is not cost-effective to invest in their support. There is always a social cost to homelessness. People who are not supported into secure affordable housing experience high personal costs, but so does society, through higher health, education and justice costs as well as lost productivity. One study has estimated every dollar invested in housing a homeless person saves the Government \$5.10 in public services⁶.

Additional Points

The Commission is seeking participants' views on which human services have the greatest scope for improved outcomes from the increased application of competition, contestability and user choice. Where possible, this should be supported by evidence from performance indicators and other information to show the extent to which:

- current and expected future outcomes — measured in terms of service quality, efficiency, equity, accountability and responsiveness — are below best practice
- competition, contestability and user choice do not exist under current policy settings, or are not as effective as they could be in meeting the goals of quality, equity, efficiency, accountability and responsiveness.

The Commission welcomes participants' views on how to improve performance data and information in the human services sector."

Under the Tasmanian Affordable Housing Strategy 2015-25 there are a number of key reforms where Housing Tasmania has taken a partnering approach to the design and implementation of outcome and activity measures. Tasmania is currently introducing an 'outcomes framework' to all Specialist Homelessness Services. This framework has been applied consistently across all 'like' services which will allow for greater transparency in relation to each service's performance. This framework has gone beyond the traditional 'output' reporting of such services i.e. how much did we do? The outcome measures contained in service agreements ask 'how well did we do it?' and focus on longer term outcomes i.e. 12 months after leaving the service, was the person still housed and in employment?

⁶ Mission Australia (2013). *Going Places Program Cost Benefit Assessment*. Infographic. Brisbane

Participants are invited to submit case studies of where policy settings have applied the principles of competition, contestability and user choice to the provision of a specific human service. Such case studies could describe an existing example or past policy trial in Australia or overseas. Participants should include information on the:

- pathway taken to achieve the reform
- effectiveness of the policy in achieving best-practice outcomes for quality, equity, efficiency, responsiveness and accountability
- applicability of the case study to the provision of human services in Australia if it is an overseas example.

Experience gathered through WA's Partnership Forum, evaluating the impact of competitive tendering on collaboration, points to significant tensions between the introduction of competition and the ability to support effective collaboration. Organisations seeking collaboration, especially Indigenous organisations, reported that the allowed tendering time frames comprised the ability to collaborate effectively⁷.

In comparison, the total overhaul of the Tasmanian homelessness sector in 2013 took a collaborative approach which seems to have paid off. Following an evaluation by KPMG, the State Government approached the five existing organisations delivering homelessness crisis and support services asking if they could develop a collaborative response that would satisfy the recommendations of the KPMG review. Three years on, this collaborative partnership is delivering a holistic service to people who are experiencing homelessness, at risk of becoming homeless, or in housing need. The service (Housing Connect) includes multiple 'front door' (one stop shop) access points, a range of rural access points, floating support and seamless referrals to crisis shelters, supported accommodation and other long-term housing options. The system is connected by an integrated information system, allowing for client information to be easily shared (with clients' consent), a reduction in people having to re-tell their story and a more efficient and effective system overall.

⁷ *Independent Evaluation of WA Child Health Nurse tender*, Peta Slocombe (2104). Cited in ACOSS 2014:5 (Ibid)