



Council to Homeless Persons – Productivity Commission draft report Introducing Competition and Informed User Choice into Human Services: Reforms to Human Services – July 2017



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## Introduction

### The Council to Homeless Persons

The Council to Homeless Persons (CHP) is the peak Victorian body representing organisations and individuals with a commitment to ending homelessness. CHP works to end homelessness through leadership in policy development, advocacy, capacity building and consumer participation.

The Council to Homeless Persons (CHP) welcomes the opportunity to provide feedback on the Productivity Commission's draft report 'Introducing Competition and Informed User Choice into Human Services: Reforms to Human Services'. CHP believes that homelessness can be avoided with the right interventions of housing and support at the right time. As such, homelessness, housing and human services are intrinsically linked. Further to this, human services provide critical supports to those who are both at risk of and experiencing homelessness, assisting them to gain and/or sustain housing.

### What we mean by 'ending homelessness'

Homelessness occurs at the intersection of personal vulnerabilities, and structural forces such as poverty, housing affordability and security of tenure. People who become homeless are often financially disadvantaged and some will have spent a lifetime in insecure housing.

Ending homelessness doesn't mean that people will never find themselves without shelter. It means that homelessness will be rare, the experience brief, and it will not recur in a cycle of repeated homelessness.

To achieve this vision requires action to reduce poverty, increase access to employment and critically, to improve the supply of housing that is affordable to people on low incomes, and the security of people's tenure within that housing. Simultaneously, Australia requires the services to help people manage the vulnerabilities that can lead to homelessness. Pathways into homelessness include eviction, job loss, family violence, physical or mental ill health, relationship breakdown, or indeed a combination of these factors. There is neither a single cause, nor a single solution. Some people may need relatively little assistance for a short period of time, while others may need support over a lifetime.

### Homelessness and reforms to human services

Between 2012 and 2016 homelessness in Australia increased by 18 per cent<sup>1</sup>. The current high levels of homelessness have never been seen before by most Australians. In that same period the number of people presenting to homelessness services with the main presenting issue of 'housing crisis' increased by 143 per cent<sup>2</sup>.

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<sup>1</sup> Australian Institute of Health and Welfare, Specialist Homelessness Services (SHS) collection, 2017.

<sup>2</sup> Ibid.

Simultaneously, the proportion of available rental properties in Victoria that are affordable to those on the lowest 40% of incomes, continues its long-term decline, currently sitting at just 14.5 per cent in Victoria (and 5.7 per cent across Melbourne)<sup>3</sup>. This is exacerbated by the continuing decline in the proportion of Victorian housing stock that is dedicated to social housing.

This lack of affordable housing, paired with the lack of social housing make it more difficult for people on low incomes to secure housing that is affordable to them. Consequently, more people are being forced into homelessness. Once homeless, the same lack of access to affordable housing means it is very difficult for households, even with homelessness assistance, to exit homelessness. For many people this results in longer and deeper periods of homelessness.

Australia's social housing system is of critical importance to the effectiveness of homelessness responses. This system ensures that those who are otherwise unable to gain and sustain housing through the private market are able to do so through social housing. Changes to the social housing system will have their greatest impact on the most vulnerable – including those who are currently experiencing homelessness and seeking to address that, and those in social housing who have experienced homelessness in the past.

As such, it is highly disappointing that the approach of the Productivity Commission as outlined in *Introducing Competition and Informed User Choice into Human Services: Reforms to Human Services* (the report) focuses on the improvement of the welfare of the community as a whole. While this may be appropriate for universal services, social housing (and many forms of family and community services) are highly targeted to those with the greatest need. Any proposal to reform human services must be based on an understanding that those with the highest needs will require more intensive and enduring supports to achieve positive outcomes. Neglecting this key consideration will lead to a service system designed to provide insufficient support to those most in need and hence a systemic failure to achieve positive outcomes for those in most need.

In this response, CHP provides comment about the proposed changes to the commissioning of family and community services, which have a direct impact on how homelessness agencies operate. Having provided feedback at previous stages of this inquiry, this response will not seek to repeat the content of previous submissions, recognising that the Productivity Commission has continued access to those responses.

In developing this response, CHP conducted two consultations, one with consumers of homelessness and housing supports (including community housing), and one with specialist homelessness support providers. Information from these consultations is provided throughout this response paper.

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<sup>3</sup> DHHS rent report

## User choice and contestability in social housing

*'Everybody knows that having good affordable housing that is 25% of incomes is the solution to homelessness. What you need to be doing is spending more money to put people in more housing'*

- Christine Thirkell, Consumer / Advocate

CHP rejects the recommendations of chapter five should they be delivered as a suite. While individual recommendations may have merit, the recommendations of this chapter considered in conjunction with a move to charging market based rents to social housing tenants (recommendation 5.2) would have a catastrophic effect on all those who the social housing system is designed to support.

These proposals reflect a misunderstanding of how housing markets work as an overall system, and of how the current lack of affordability is a consequence of the lack of the appropriate policy settings to produce an adequate supply response from Government. A 2011 study highlighted that Australia has a large and growing shortfall of 271,000 properties that are available and affordable to low income households<sup>4</sup>. It found that 31 per cent of this shortfall could have been met within the existing market, but was being rented by higher income households, demonstrating the importance of ensuring that affordable housing supply is targeted at those most in need (as with social housing).

Policies that simply increase the purchasing power of households without addressing the significant problem of a supply that is specifically targeted to low income households will only inflate rental prices. This would represent a massive waste of Government resources as benefits would lead to landlords making more profit, without substantially improving on the availability of housing stock for those on low incomes.

### Increase and expand Commonwealth Rent Assistance (recommendation 5.1)

In responding here to recommendation 5.1, we consider this recommendation in isolation from the other recommendations in chapter five. As highlighted above, CHP strongly opposes any reforms tied to a move to charging market-based rents on social housing properties. This basis of this opposition is detailed further in our response to recommendation 5.2 (below).

Increasing Commonwealth Rental Assistance (CRA) may have some benefit for vulnerable community members. The Productivity Commission has identified that CRA has failed to keep up with the growth in housing costs since 2007. It is not immediately

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<sup>4</sup> Hulse, K., Reynolds, M., Stone, W. and Yates, J., (2015) Supply shortages and affordability outcomes in the private rental sector: short and longer-term trends, AHURI Final Report No.241. Melbourne: Australian Housing and Urban Research Institute. Available from: <http://www.ahuri.edu.au/publications/projects/p51018> .



evident why 2007 was selected as the base year. Around that time there were already significant concerns that the value of CRA had declined as a proportion of total rental costs<sup>5</sup> (see Table 1).

**Table 1 Maximum CRA as a proportion of median weekly rent by capital city, March Quarter 1995 to September Quarter 2009<sup>6</sup>**

	Single no children			Couple no children			Single/Couple 1-2 children			Single/Couple >2 children		
	at Mar-95	at Sep-09	% change 1995- 2009	at Mar-95	at Sep-09	% change 1995- 2009	at Mar-95	at Sep-09	% change 1995- 2009	at Mar-95	at Sep-09	% change 1995- 2009
Adelaide	25.1%	18.9%	(6.1%)	23.6%	17.9%	(5.8%)	27.5%	22.2%	(5.3%)	31.4%	25.2%	(6.3%)
Brisbane	21.9%	16.4%	(5.5%)	20.7%	15.5%	(5.2%)	24.1%	19.3%	(4.8%)	27.5%	21.8%	(5.7%)
Canberra	20.4%	13.6%	(6.8%)	19.2%	12.9%	(6.4%)	22.4%	16.0%	(6.4%)	25.6%	18.1%	(7.5%)
Darwin	14.0%	9.8%	(4.2%)	13.2%	9.2%	(4.0%)	15.4%	11.5%	(3.9%)	17.6%	13.0%	(4.6%)
Hobart	23.4%	18.6%	(4.8%)	22.1%	17.6%	(4.5%)	25.7%	21.9%	(3.8%)	29.3%	24.7%	(4.6%)
Melbourne	23.4%	18.0%	(5.4%)	22.1%	17.0%	(5.1%)	25.7%	21.2%	(4.5%)	29.3%	23.9%	(5.4%)
Perth	27.0%	15.3%	(11.7%)	25.5%	14.4%	(11.0%)	29.6%	18.0%	(11.6%)	33.8%	20.3%	(13.5%)
Sydney	18.5%	15.5%	(2.9%)	17.4%	14.6%	(2.8%)	20.3%	18.2%	(2.0%)	23.2%	20.6%	(2.5%)
<b>All capital cities</b>	<b>21.4%</b>	<b>16.4%</b>	<b>(5.0%)</b>	<b>20.2%</b>	<b>15.5%</b>	<b>(4.7%)</b>	<b>23.5%</b>	<b>19.2%</b>	<b>(4.2%)</b>	<b>26.8%</b>	<b>21.8%</b>	<b>(5.1%)</b>

Sources: ABS (2009; 2010), Department of Families, Housing, Community Services & Indigenous Affairs (2010), REIA (2010a; 2010b)

Between 2006 and 2016 the median rental price across Greater Melbourne increased by 75 per cent from \$200 per week to \$350 per week, rising at approximately triple the rate of inflation. Across the same period affordable rentals as a proportion of all rentals in Victoria fell from 42 per cent to 17 per cent<sup>7</sup> - with significant scarcity in Metropolitan Melbourne. It is clear that the median cost of rental housing has skyrocketed, while the availability of affordable rentals for low-income earners is in rapid decline. These changes have not been reflected in increases to CRA. A substantial increase in CRA could see it again support a greater proportion of household rental costs.

An increase in CRA may make it easier for households to bid for properties in the private market typically occupied by those on higher incomes. However, it is amply evident that CRA does little to stimulate an increase in supply at the low income end of the rental market<sup>8</sup>. Further, it does not address other considerations locking those on very low incomes out of the rental market – including discrimination against those on statutory incomes, and support to maintain a tenancy for those with complex needs.

<sup>5</sup> Colic-Peisker, V., et al, *Falling Behind; The growing gap between rent and rent assistance 1995-2009*, RMIT University for the Tenants Union of Victoria, 2010.

<sup>6</sup> Reproduced with permission from Colic-Peisker, V., et al, *Falling Behind; The growing gap between rent and rent assistance 1995-2009*, RMIT University for the Tenants Union of Victoria, 2010.

<sup>7</sup> DHS rent report.

<sup>8</sup> Hulse et al, 2015, p. 60.

Significant benefits may accrue from expanding CRA eligibility to those in public housing – though as above, CHP does not support this recommendation as an alternative to current forms of funding to public housing. Our support is contingent on this being additional funding.

The Victorian Auditor General has identified that each year a significant portion of acquisitions and maintenance funding for public housing is reappropriated to meet structural funding shortfalls<sup>9</sup>. The extension of CRA funding to cover public housing tenants (recommendation 5.1) would see a significant influx of funding into Australia’s public housing system which could be used to address structural shortfalls in maintenance and acquisition. Significant new funding for public housing in Australia, whether via this mechanism or another, is sorely needed, and standing alone, would be a welcome recommendation.

### Moving social tenancies from income based rents to market rents - Recommendation 5.2

*‘I definitely would end up back on the street again’*

- John Kenney, Consumer / Advocate

CHP strongly opposes the proposal to move social tenancies to a market based rent - even with the advent of increased Commonwealth Rent Assistance (CRA) and possible new State and Territory Government private rent assistance programs such as high-cost housing payments.

#### Box 1.

**Family type:** Single Person  
**Tenure:** Public housing  
**Dwelling type:** 1 bedroom apartment  
**Location:** Glenhuntly, 11 km from Melbourne CBD

CURRENT ARRANGEMENT		MARKET RENT MODEL	
Income		Income	
Weekly newstart	\$267.80	Weekly newstart:	\$267.80
Rent Assistance:	Ineligible	Rent Assistance:	\$76
Expenses		Expenses	
Rental contribution:	\$66.95	Rental contribution:	\$300
<b>Remainder:</b>	<b>\$200.85</b>	<b>Remainder:</b>	<b>\$43.80</b>

<sup>9</sup> Victorian Auditor General’s Office, *Access to Public Housing*, March 2012.

The change from income-based rents to market rents in social tenancies represents a significant shift of unaffordable costs to highly vulnerable service users. Such a change would dictate that clients dedicate hundreds of additional dollars every month to meeting housing costs, despite their already extremely limited budgets. Despite the proposed changes to CRA, this increased cost burden is completely unsustainable for these households. CHP’s consultations with both consumers and specialist homelessness services identified that such a reform to Australia’s social housing system would see those who have experienced homelessness, and those highly at risk of homelessness, unable to sustain their tenancies, due simply to the high cost of housing. Put simply: homelessness services, and those who have experienced homelessness advise that a system designed as proposed in the draft report would fail. It would entrench homelessness amongst those most at risk. The indicative scenarios in Boxes 1 – 3 highlight that those who currently struggle to sustain their housing will be in a significantly worse position.

**Box 2**

**Family type:** Single Person, custody of 2 children every second weekend)  
**Tenure:** Public housing | Private rental\*  
**Dwelling type:** 1 bedroom house | 3 bedroom house\*  
**Location:** Morwell, 146km from Melbourne CBD | Heyfield, 206km from Melbourne CBD  
 \*In this scenario the tenant moves house due to the new model

CURRENT ARRANGEMENT		MARKET RENT MODEL	
Income		Income	
Weekly newstart	\$267.80	Weekly newstart:	\$267.80
Rent Assistance:	Ineligible	Rent Assistance:	\$76
Expenses		Expenses	
Rental contribution:	\$66.95	Rental contribution:	\$250
<b>Remainder:</b>	\$200	<b>Remainder:</b>	\$93.8

*‘This is just going to make the burden on rough sleeping tougher, it’s not going to solve any of the issues, it will make things worse. It’s another way that the poor can be downtrodden, and it’s disgusting. They need to stop looking at how they can get money from people, and start treating people in accordance with their human rights... there will be so many more people homeless and end up in prison, and it’s not cost effective’*  
 - Christine Thirkell, Consumer / Advocate

Such a reform would fatally undermine the social housing system’s capacity to support the most vulnerable individuals. Increasing CRA in this context will have the unwanted effect of driving up rental prices at the bottom end of the market, doing little to actually improve the provision of housing, the capacity of those on low incomes to



obtain tenancies, or to sustain them. The ultimate outcome of such a reform is less support to households, in a less affordable market<sup>10</sup>.

**Box 3.**

**Family type:** Single Parent, one child  
**Tenure:** Public housing  
**Dwelling type:** 2 bedroom house  
**Location:** Sunshine, 13 km from Melbourne CBD

CURRENT ARRANGEMENT		MARKET RENT MODEL	
Income		Income	
Parenting payment	\$374.05	Parenting payment	\$374.05
Family Tax Benefit (A+B):	\$100.3	Family Tax Benefit	\$100.3
Rent Assistance: Ineligible.	Ineligible	Rent Assistance:	\$87
Expenses		Expenses	
Rental contribution:	\$118.60	Rental contribution:	\$295
<b>Remainder:</b>	<b>\$355.75</b>	<b>Remainder:</b>	<b>\$266.35</b>

Of critical importance to this discussion is the understanding that households in public housing, and households on the public housing waiting list are not as alike as the report seems to suggest. As identified on page 149 of the report, three out of four allocations of public housing are to those on the priority list – that is, those with far higher support needs. Hence, it is not accurate to suggest (as on page 154 of the report) that "households in similar circumstances can receive a significantly different level of assistance depending on whether they rent social housing or in the private market, leading to inequitable outcomes".

*'All you're doing is moving us out of public housing into homelessness, so that those who are on the wait list can have our houses!'*  
 - John Kenney, Consumer / Advocate

Both CHP's consultation with consumers and our consultation with specialist homelessness services agreed that a greater consistency between household size and housing stock can be achieved in public housing. However, an inadequate supply of social housing stock means that too often it is impossible to offer tenants appropriately sized housing within their existing community. Moving people to more appropriately sized housing has the potential to improve outcomes for them. However, forcing them to move significant distances from the communities they have made a life in has a detrimental impact on their wellbeing, and must be avoided.

CHP would add to this however that the mismatch between the existing social housing stock and the household composition of those on the wait list should not be

<sup>10</sup> Hulse et al, 2015, p. 60

overstated. While true that Australia’s social housing stock does not reflect the household composition of social tenants and wait list applicants, properties are not sitting vacant. Indeed there has been a lack of new social housing delivery across all housing sizes, which has led to a shortfall of 271,000 properties, across every house size.

*‘Target new builds based on the types of people who need to move’*

- Jody Letts, Consumer / Advocate

### **Choice based letting - Recommendation 5.3**

*‘Of course you would want to choose’*

- John Kenney, Consumer / Advocate

CHP provides in principle support for choice based letting for social housing properties (recommendation 5.3). Allowing prospective social housing tenants to determine whether or not they would like to live in a property is consistent not only with ensuring that the social housing stock delivers the best possible outcomes for social housing tenants, but also with community expectations of fairness. As with other recommendations in this chapter, CHP rejects choice based letting should it be paired with a move to market rents.

In particular, the suggestion that *“the rent that a tenant would be willing to pay would be another aspect of the property that the tenant could have choice over”* (page 168), would seem to callously suggest that those with lesser vulnerabilities and a greater capacity to pay should benefit more from Australia’s social housing than those who are highly vulnerable with complex needs. This would be a totally inappropriate use of social housing stock.

Little detail is provided in the report as to how choice based letting might be achieved in the Australian context, other than to say that it would be introduced by State and Territory Governments. CHP advises that greater consideration is required before determining a model of choice based letting, given the significant potential for negative outcomes to be achieved should the design of the model be inappropriate.

A key consideration is implementing choice based letting in a way that ensures that social housing applicant prioritisation lists operate fairly.

Existing prioritisation processes promote those who are most vulnerable, including those who have experienced chronic homelessness, to have improved access to social housing, reflecting their greater and more immediate needs. User choice models typically involve a process where social housing applicants apply for a property through the property’s social housing provider – who then makes a decision based on a range of selection criteria. This process represents a significant shift in power from the existing prioritisation list (wherein those with most urgent needs and longest

accumulated wait times receive a property) to the provider, who ultimately determines who gains the property.

Choice based letting, while positive in principle, must be appropriately designed, including appropriate selection criteria in order to ensure that the most highly vulnerable are not discriminated against and are allocated housing. CHP's consultations identified support for a selection criterion based on the complexity of an applicant's needs, where greater complexity leads to a greater likelihood of receiving the allocation.

CHP supports the suggestion made by the Productivity Commission that significant support be provided to those applying for properties whose needs are high and complex (page 170). Given the administrative complexity of applying for properties, those experiencing crises such as homelessness are likely to require supports to submit applications – particularly if current (extremely tight) reletting timeframe targets for social housing providers are maintained. CHP encourages the Productivity Commission to strengthen this section of the report by detailing the level of support that might be made available to high needs clients to complete their applications, and to include the provision of such support as an essential element of the recommendation.

#### **Contestable tendering for social tenancy management - Recommendation 5.4**

*'...A different way where the funding model is entirely different. Instead of setting a contract for the next three years and the milestone is 150 people, they can get payment based on fee for service.'*

- Jody Letts, Consumer / Advocate

While greater contestability in tenancy management may have some benefits, CHP cautions that it would be naïve to equate social housing tenancy management with private real estate agency tenancy management. Even when distinguished from housing support (as recommended throughout Chapter 6 of the report), managing social tenancies requires a specialist skillset if tenancies are to be successfully sustained. Appropriately designed tenders which accurately reflect the role of the social tenancy manager would likely see many private providers decide (appropriately) not to bid.

Consumers consulted by CHP identified significant support for a model where consumers are allocated a property, and choose their own tenancy management agency and tenancy support program.

*'The choice system is good because it shows who is doing best practice by consumer voice. If people are choosing these people then they are best practice. If we have choice we can not choose the bad providers, and they will disappear'*

- Christine Thirkell, Consumer / Advocate

CHP notes that such a model is perhaps the truest form of competition in human services delivery, yet seems not to have been considered in the report. Such a concept may be worth further consideration in the final version of the report.

*‘We can nominate each year for the best organisation, like an awards program’*  
- John Kenney, Consumer / Advocate

## Social housing: tenancy support services and stewardship

*'Some tenants need support services, both to enable them to exercise their choice of home, also to help them to sustain a tenancy and improve their economic and social participation'*

- Productivity Commission, draft report *Introducing Competition and Informed User Choice into Human Services: Reforms to Human Services*, p. 178

In chapter six, CHP is pleased to note the high level of emphasis on the importance of tenancy supports for those vulnerable to housing insecurity and tenancy breakdown. Particularly welcome is the recognition that tenancy support services are an important preventative measure that can reduce the burden on other human services (p. 179), and lead to improved outcomes in other aspects of a tenant's life.

Tenancy support programs represent significant value for money. A 2014 report found that the cost per client of tenancy support under Victoria's SHASP program (now TenancyPlus) was under \$2,000<sup>11</sup>, while the cost of an eviction from last resort housing (such as social housing) into the homelessness transitional/crisis support sector was estimated in 2011 to be \$34,000 per episode<sup>12</sup>.

What is not immediately apparent from the draft report is whether the Productivity Commission fully understands the limited availability of tenancy support programs in the community. Victoria's SHASP program for example has supported 2,400 households per year to maintain their housing. This amounts to approximately four per cent of all public housing households (community housing tenants were until very recently ineligible for tenancy support under SHASP) – a tiny proportion given that 75 per cent of social housing allocations come from the priority list, and are likely to have significant needs, requiring some level of support in independent living and tenancy sustainment.

What is immediately apparent is that tenancy support programs that currently exist are extremely small compared to the magnitude of the rental market. While CHP and homelessness services have long called for greater provision of tenancy support in the community, including for some private rental market participants, it is important to recognise that this would require a substantial new funding stream. CHP is pleased to note that the Productivity Commission recognises the importance of funding programs which are to be delivered in the report (p. 183).

During our consultations with homelessness services and with consumers, CHP canvassed the proposal of the Productivity Commission (p. 175) that additional supports such as tenancy support and high-cost housing payments might be funded

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<sup>11</sup> SHASP Managers Network (Victoria), *Social Housing Advocacy & Support Program (SHASP): Support that works*, 2014 available at <<http://loma.net.au/devsite/wp-content/uploads/2015/09/SHASPSupportthatworks.pdf>>

<sup>12</sup> DHS, *Human Services: The case for change*, 2011 quoted in *ibid*.

through the revenue obtained from charging market rents on social housing properties. In both CHP consultations this proposal was met with outrage.

*'Just say it: If you're homeless, we'll take you out back and shoot you. It's getting to that stage. The government won't take responsibility'*

- John Kenney, Consumer / Advocate

Again the proposal to charge market rents for social housing created significant consternation. There is a high level of concern that charging market rents will increase levels of homelessness.

*'Try that and you'll have increased homelessness by ten within a week, in two weeks times it by ten again'*

- Christine Thirkell, Consumer / Advocate

Nor did the proposal meet expectations of fairness. One participant compared the proposal to major historical atrocities (quote not reproduced herein). It is clear that if improvements are made to the provision of housing payments and/or tenancy supports, funding these services by charging market rents on social housing is considered neither an appropriate, nor effective mechanism.

*'It's cost shifting... There's no new money to extend services, it's just marketing'*

- Jody Letts, Consumer / Advocate

CHP strongly opposes the move to market rentals on social housing properties. Consistent with previous sections in this response, below we consider the recommendations in isolation from one another. While below we offer support for a number of recommendations in the report, we do not support any proposal whose implementation is tied to a move to market based rents in social housing (recommendation 5.2).

### **Separate funding of tenancy support and tenancy management, expand tenancy support to private rental market participants (Recommendation 6.1)**

*'It is okay for one organization to provide both tenancy management and tenancy support, but it should be different workers, and your worker should move with you if you move house'*

- Jody Letts, Consumer / Advocate

CHP supports the proposal that tenancy support and tenancy management be funded separately. The supports could be provided by different workers in the same agency or by different agencies. This approach would clarify funding and expectations, and be likely to lead to improved delivery of tenancy support, the requirements around which are currently ambiguous.



Consistent with our response to Recommendation 5.4 (above), consumers identified that there may be greater scope than identified in the report for user-directed funding of tenancy management and/or tenancy support services, where consumers can choose the most appropriate service or operator for them. This would allow for through-care, a concept whereby a consumer is able to continue accessing supports, even as they move house, location, or tenure type. Through-care represents a significant new emphasis on client outcomes, allowing for continued support through changes towards achieving outcomes where other models would see support interrupted or even withdrawn.

*'Client directed funding would mean it would be more client centred'*

- Christine Thirkell, Consumer / Advocate

CHP strongly supports the recommendation to ensure that tenants in the private rental market have access to tenancy support programs. Sustaining tenancies in the private rental market is critical to ensuring that people do not experience homelessness where it might otherwise easily be avoided. As identified in the report (p.184), this function is currently delivered on a largely ad hoc basis.

*'Tenancy support needs to be needs-based, not based on what type of house you live in'*

- Jody Letts, Consumer / Advocate

For those who are highly vulnerable to homelessness, tenancy support programs are particularly important. Many people who have experienced long periods of primary homelessness find it difficult to sustain a tenancy, and can require significant support. Consumer and advocate John Kenney currently receives tenancy support through his specialist homelessness service. He notes that a history of service disengagement carries through to today, and that without the ongoing tenancy sustainment support he receives, he would quickly resort to sleeping rough.

*'I'm a chronic homeless person, and if I don't have support in my flat, guess where I end up again? I have attempted – but they keep dragging me back unfortunately'*

- John Kenney, Consumer / Advocate

Improved provision of support to tenants in the private rental market is sorely needed. The ad hoc nature of existing provision of tenancy support, sees many people who have experienced homelessness, and remain highly vulnerable to homelessness, unable to access tenancy and other supports they need. This can lead to homelessness, which could be avoided through improved provision of tenancy support services to those in private rental.

*'I'm in private rental... Supporting people in private rental, would prevent homelessness – sometimes I feel like shooting myself in the head. I don't see a future for me or my child at the moment, when we're both suffering dangerous mental health issues, and we can't get support'*

- Christine Thirkell, Consumer / Advocate

### **Competitive neutrality in commissioning tenancy management (Recommendation 6.2)**

In relation to recommendation 6.2, CHP reiterates the advice provided at previous stages of this inquiry, that any changes in contract outcomes and measurement must be done in a consultative manner in order to ensure that outcomes remain appropriate. Altering outcome measures of a funding stream can substantially alter service delivery methods, and must be done with the advice of specialist services and consumers.

### **Comprehensive housing and assistance assessment, including appropriate referrals (Recommendation 6.3)**

CHP continues to reject the recommendation to move social housing to market-based rents. This is regardless of the circumstances where comprehensive housing and assistance needs assessments are undertaken, and including where all necessary referrals are made. Significant feedback on this matter can be found in our introductory response to the user choice and contestability in social housing chapter, and our response to recommendation 5.2, and again in our introductory response to the chapter social housing: tenancy support services and stewardship.

### **Improved data collection and outcomes measurement (Recommendation 6.4)**

CHP is broadly supportive of the recommendation to improve data collection for social housing, as well as for those receiving supports to sustain private rental tenancies. CHP has provided significant input about the gradual introduction of outcome measurement at previous stages of this inquiry, to which the Productivity Commission is encouraged to refer.

Please also see our response to recommendation 7.3 below. In addition to that feedback however, we advise that recommendation 7.3 seemingly refers to a casework response, which should be conflated with the tenancy management role.

### **Additional public information on performance of social housing (Recommendation 6.5)**

CHP supports the recommendation to improve the public availability of information about the performance of social housing, as set out in the report. In particular, this recommendation is likely to give more power to consumers who require social housing, empowering them to make decisions about the housing and providers that will best meet their needs.

### **Evaluating reforms**

CHP is pleased to see the inclusion of equity as a key consideration of the proposed evaluation for proposed reforms. For this consideration to be met the reforms would

need to be recast with equity at their core. Proposals contained in this report fail to recognise that many tenants of social housing have extremely high and complex needs. Instead, the report erroneously equates social housing tenants with low-income renters, where existing prioritisation processes ensure that social housing is predominantly a resource for those with even higher needs.

These measures must allow clients to set their own goals, recognise appropriate goals for clients with complex needs, and recognise that for those who are prioritised into the social housing system (currently three quarters of all social housing allocations) tenancy sustainment is likely to be a positive outcome itself. As mentioned previously, outcome measures can have a significant effect on service delivery and practice, and such measures need to be carefully developed for the highly vulnerable cohorts who are social housing residents.

These reforms, with their significant move away from prioritising support toward those with greatest need, would certainly fail any measure of equity. Yet, equity must be a key consideration for evaluating human services reforms. The critical flaw in the proposed reforms is that they were not developed with equity in mind, and so will not be effective as human services reforms.

## **Commissioning family and community services**

CHP appreciates that with few exceptions, the findings and recommendations in chapter seven are consistent with the advice that CHP provided at earlier stages of this inquiry. Introductory explanations of the tensions within user choice for crisis services (p. 205), sub-ideal contract selection processes (p. 208), and the roles of service users and service providers (pp.209-210) reflect a sophisticated understanding.

Particularly welcome is the recognition (p. 212) that service providers and consumers should have input into developing outcomes. Consistent with previous stages of the inquiry, CHP recommends that this applies not just to developing outcomes, but to every stage in the commissioning cycle (see p. 203 figure 7.1). CHP hopes to see the inclusion of such a recommendation in the final report.

CHP has provided comment on many elements of this chapter at three previous stages of the inquiry. Hence the responses below are brief, recognising that the Productivity Commission will continue to refer to previous submissions as required.

### **Data driven system design (Recommendation 7.1)**

CHP supports the mapping of existing services, analysis of the characteristics and needs of service user populations and the development of service plans to address these needs, consistent with recommendation 7.1.

CHP believes this development is critical to delivering the new National Housing and Homelessness Agreement, and ensuring that the homelessness service system reflects both local needs and best practice.

In supporting Government decisions around funding priorities, high quality information is likely to lead to more appropriately targeted services that better reflect the needs of consumers.

### **Improving tender processes (Recommendation 7.2)**

Improvements to provider selection processes are extremely welcome. This includes the suggestion that service coordination be funded to ensure that it is meaningfully delivered. Service coordination can be a cost effective mechanism for facilitating the use of existing resources to greatest effect to achieve positive outcomes – though CHP warns that improved efficiency through service coordination is not an alternative to appropriately resourcing services to meet demand.

CHP is strongly supportive of the recommendation to allow sufficient time for providers to prepare considered responses, consistent with our previous submission. Longer application periods during the commissioning process will lead to greater collaboration, and result in clients receiving more of the supports that they require, hence improving outcomes.

Surprisingly, it was consumers rather than services providers who objected most strongly to the introduction of for-profit providers into homelessness service delivery.

Service providers were concerned to ensure that for-profit providers would need to meet the same accreditation standards as not-for-profit providers. Consumers however saw significant potential for a reduction in service quality.

*'You will have repeat presentations, people will re-cycle through the service, because what they're getting through the point of contact is not sufficient to solve the long term problem. They will get a band aid, and when it flicks off, they'll come back in. It will be cheaper for the service, but what you're getting for the money is much much lower'*

- Jody Letts, Consumer / Advocate

In particular, our consumer consultation identified that consumers have greater trust in mission driven (not for profit) organisations to deliver services that focus on outcomes for consumers. There was significant scepticism about for profit providers.

*'The consumer is less significant than profit. Profit is more the game than the service to the person'*

- Christine Thirkell, Consumer / Advocate

*'They will service the easy clients. The more complex clients will be neglected'*

- Jody Letts, Consumer / Advocate

*'I can see all people being neglected the way that this is going!'*

- John Kenney, Consumer / Advocate

CHP's opposition to private providers has been expressed in previous submissions to this inquiry, and remains unchanged. CHP is concerned that in order to generate a profit, any for-profit providers in the SHS space would need to reduce either service quality or the availability of services and/or cherry pick clients. This would lead to poorer outcomes for those experiencing homelessness. Enabling contestability with the for-profit sector is a poor value proposition for funders, will see fewer resources dedicated to ending or alleviating homelessness, and will lead to poorer outcomes for those experiencing homelessness.

### **Consistent outcomes measurement across all human services (Recommendation 7.3)**

Consistent with previous submissions, CHP supports the development over time of an outcomes framework and outcome measures as they are appropriately developed.

However it is unlikely that a one size fits all set of outcomes will be able to applied across human services (including family and community services). This is important both in terms of the appropriateness of measures to the service response and outcomes sought - but also to the capacity of the workforce and systems to be able to collect and integrate this information. For example, for most of the measures cited in DSS Data Exchange Framework (p. 219), existing data systems are unable to record the measure. While they may be collected in one part of the service system, there is not

currently a way of making that data available and shared across the human services system.

The important thing is to identify data that relates to outcomes that can be collected reliably and reported in a manner that not only assists service improvement and funders, but also provides quality information back to those who collect the information to ensure the integrity of the data. These concerns are captured by the report pages 223 – 224.

### **Expanded program evaluation and a role for Government in disseminating lessons (Recommendation 7.4)**

CHP supports the recommendation to expand program evaluation to more programs, and for Government to play a role in disseminating learnings (including all constituent components of recommendation 7.4), assuming that such evaluations are appropriately funded.

Program evaluation is currently undertaken to a high level of and quality across the homelessness sector. This is particularly the case where it is funded, but it is also undertaken at the initiative and cost of services. Program evaluation should be routinely funded and supported by Government to facilitate effective dissemination of learnings.

### **A default contract length of seven years (Recommendation 7.5)**

CHP strongly supports the recommendation to move default contract lengths to seven years. In our previous submission CHP provided detailed comment about our concerns regarding the existing practice of short term contracts. A default contract length of seven years, and reliable commissioning timeframes would contribute to alleviating these concerns.

### **Funding that reflects the true cost of service provision (Recommendation 7.6)**

CHP strongly supports the recommendation that Governments should fund services at the true cost of providing services. As highlighted in previous submissions, costs differ based on client cohort, support needs and comorbidities, and even geography. While understanding the true efficient cost of service provision across the human services and across the country is, as recognised by the Productivity Commission, a complex task, it is appropriate, as suggested in the report, that Governments should identify and seek the information required to improve their estimates and contract design over time.

### **Relational contract management (Recommendation 7.7)**

CHP supports the recommendation to trial relational approaches to contract management in the family and community services (recommendation 7.7). Allowing



highly trusted service providers to move away from prescriptive practice guides is likely to result in better outcomes for consumers. Certainly, the opportunity for greatly improved outcomes provides significant justification for a number of trial projects to test this approach.

## Conclusion

CHP is pleased to have had the opportunity to provide feedback on the draft report. We are similarly pleased to see that our advice from previous submissions to the inquiry has been considered, and is evident in the report's recommendations. Many of the reforms proposed to commissioning arrangements for family and community services will see improved responses to homelessness (and other human service areas) with little additional expenditure by Government.

Previous submissions to this inquiry have focused on the importance of new social housing stock in order to significantly improve outcomes for service users. Unfortunately, this has not been reflected in the report. Instead, the report recommends a move to charging market rents for social housing, a change which would fatally undermine the social housing system. CHP strongly urges the Productivity Commission to remove said recommendation before publishing the final report.

CHP's mission is to end homelessness in Victoria. Certainly, rates of homelessness right across Australia are at historical highs at this point in time. Certain recommendations in the report will improve on that situation and see more people gain and sustain housing. Other recommendations will have a significant deleterious effect.