

PRODUCTIVITY COMMISSION INQUIRY INTO INTRODUCING COMPETITION AND INFORMED USER CHOICE INTO HUMAN SERVICES - Submission by Homelessness Australia

Background

Homelessness Australia is an unfunded peak not for profit organisation that works with its members to prevent and reduce homelessness across Australia. Our members include small, locally based community organisations, multiservice agencies with a regional reach and large nation-wide service providers all of which provide services that prevent or address homelessness.

Homelessness Australia welcomes the statement from the Australian Government that it is committed to working in partnership with State and Territory Governments and non-government service providers to ensure that all Australians can access timely, affordable and high quality human services, which are appropriate to their needs, and are delivered in a cost-effective manner.

Across Australia Specialist Homelessness Services (SHSs) are also committed to preventing and addressing homelessness and ensuring that their clients receive high quality services that are efficient and effective.

Current level and nature of demand for homelessness services

The 2015 Report on Government Services indicates that total recurrent government expenditure on SHS for 2013–14 was \$619.1 million. This comes under two streams; the National Affordable Housing Agreement (NAHA) and the National Partnership Agreement on Homelessness (NPAH). Under the 2015-17NPAH, the Commonwealth Government is providing \$230 million over two years, matched by states and territories, to fund frontline homelessness services. To date the NPAH is not funded beyond June 2017.

Almost invariably homelessness services rely heavily on government sources of funding but in many cases will also use their own-sources of revenue and philanthropic giving to help fund their operations. There are also some homelessness service providers in Australia that are totally or largely reliant on their own sources of revenue, principally funding from philanthropic sources. For example, the St Vincent de Paul Society gains significant philanthropic funding from the CEO Vinnies Sleepout event and other fundraising activities to fund their homelessness services. The 2015 Sleepout raised over \$6million.

Despite all the efforts of government, non-government organisations and others all the indicators are that homelessness is increasing, and rapidly. This increase is being identified even in the context of a lack of regular available data and issues related to measuring homelessness.

Across Australia the Australian Bureau of Statistics Census provides the most reliable data on homelessness. According to the 2011 Census, the number of people experiencing homelessness in Australia was 105,000. This was an 8% increase since the 2006 Census.¹ From conversations with our members we believe that there will be a further increase in homelessness in Australia indicated via the Census count being undertaken in August 2016.

The major barrier to preventing and addressing homelessness in Australia is access to affordable housing. Each state has high numbers of people on their social housing waiting lists, for example in NSW the wait list is 60,000. For the

¹ <http://www.abs.gov.au/ausstats/abs@.nsf/latestProducts/2049.0Media%20Release12011>

Sydney district the expected wait time for any property type is over 10 years.² In South Western Sydney, Western Sydney and Illawarra Blue Mountains it is only in the town of Wallerawang that the wait time is under 2 years, and that is for a three-bedroom property.³

The private rental market, particularly in capital cities including Sydney, Melbourne and Brisbane, is unaffordable for people on low incomes. The Anglicare Rental Affordability Snapshot undertaken in the first weekend in April 2016 found that out of 75,410 rental properties across Australia and found just 21 properties were affordable for single adults living on Newstart, and only one was suitable for young people living on Youth Allowance.⁴

The Australian Institute of Health and Welfare (AIHW) collects annual data regarding clients accessing Specialist Homelessness Services. This data is limited to awareness of and access to services by people at risk of or experiencing homelessness. In Australia in 2014/15 256,000 people were supported. In the same period there were an estimated 119,910 requests for assistance that were not met due to the fact that services were full and unable to exit clients due to a lack of affordable housing.

User choice, contestability and alternative pricing and funding models

User choice

People at risk of or experiencing homelessness are in contact with Specialist Homelessness Services when they are in crisis situations such as being exited from an institution such as gaol or a mental health facility with no accommodation, families being evicted from private rentals, woman and children escaping domestic violence or a young person leaving an unsafe home environment. The user choice in this context is for access to safe and affordable housing.

Furthermore, the evidence base regarding addressing homelessness has clearly identified that interventions that include safe, affordable long term housing are the most successful approaches to ending homelessness. Supportive housing models that include Housing First, Staying Home Leaving Violence approaches and youth supported long term accommodation such as Foyers. Supportive housing models provide affordable housing with wrap around support to people experiencing homelessness without requiring the person to access crisis accommodation and/or transitional housing or rehab or other health interventions before accessing long term accommodation. Studies have shown that supportive housing models have an effective success rate. For example, internationally, Housing First has around an 80% success rate in assisting chronically homeless people to maintain their housing.

However, due to the lack of affordable housing in Australia, supportive housing is not the primary option and instead clients are referred to crisis accommodation. User choice in this context is therefore limited to what is available rather than what will provide the best outcome for clients and meet their needs. User choice can therefore not be applied to the Specialist Homelessness Service Program whilst the housing market limits client access to safe and affordable housing.

That is not to say that homeless services cannot improve their capacity to meet the needs of consumers, indeed this is occurring. SHSs fully appreciate their obligations under Article 25 of the International Covenant on Civil and Political Rights.

That is why SHSs are increasingly including consumers in decision making and client centred service delivery is a key priority. In Victoria the Council for Homeless People has developed a consumer charter, explaining rights and

² <http://www.housingpathways.nsw.gov.au/how-to-apply/expected-waiting-times/sydney,-south-eastern-sydney-and-northern-sydney>

³ <http://www.housingpathways.nsw.gov.au/how-to-apply/expected-waiting-times/south-western-sydney,-western-sydney-and-nepean-blue-mountains>

⁴ <http://www.anglicare.asn.au/docs/default-source/default-document-library/rental-affordability-snapshot-2016.pdf?sfvrsn=7>

responsibilities. In NSW too, three of the eight NSW Homelessness Quality Assurance System (QAS) Standards include a focus on ensuring that SHSs uphold client rights, provide equitable and accessible services and include clients in decision making regarding the services they receive and the design and delivery of SHS service models⁵. This includes the development of and adherence to a client charter.

Contestability and alternative pricing and funding models

In a number of jurisdictions, the SHS Program has been subject to reforms that have included contestability and alternative pricing and funding models, including NSW, Tasmania and Queensland.

These reforms have had a number of negative impacts on the provision of services to people at risk of or experiencing homelessness. These include:

- undervaluing of commitment of the SHS sector in delivering outcomes for clients over and above the funding provided;
- undervaluing of the SHS sector and individual service reputation, relationships, expertise and networks that had been developed over an extensive period of time and by delivering services to clients on a long term basis;
- undervaluing of community and individual client trust, respect and reliance on the existing SHS sector and the work of individual services;
- undervaluing and subsequent loss of workforce skills, specialist knowledge and experience;
- failure to appropriately cost infrastructure costs;
- the destruction of pre-existing partnerships and collaborative approaches in the sector as organisations were forced to compete against each other; and
- reduced access to appropriate, adequately-resourced specialist and domestic and family violence and youth services (eg. for women and children impacted by domestic and family violence, Aboriginal and culturally and linguistically diverse communities, people with disability, LGBTQIA communities).

The other important factor regarding the negative impact of these reforms is that the SHS Program in these jurisdictions prior to the reforms was already experiencing high demand for services due to a lack of safe and affordable housing and underfunding of crisis accommodation. Without a supply of safe and affordable housing, the reforms did not result in better outcomes for people at risk of or experiencing homelessness and instead resulted in a greater focus on supporting people in crisis.

As stated earlier the NPAH provides \$115 million of Australian Government funding per annum and is due to expire in June 2017. The AHURI discussion paper commissioned by the Department of Social Security (DSS) on the NPAH indicates highlights how this funding (and the matched funding from the States) has provided much needed support for people at risk of or experiencing homelessness, but again, without a supply of safe and affordable housing, is maintaining the status quo rather than significantly preventing or addressing homelessness.⁶ In addition, the current annual or bi-annual extension of this funding creates significant uncertainty for services who receive this funding which impacts on the workforce and quality of services provided to people at risk of or experiencing homelessness.

Rather than reform of the NPAH via contestability, alternative pricing and funding models, Homelessness Australia believes what is required is a coherent national strategy to deliver more affordable housing and end homelessness.

We need a strategy that will deliver reforms across the taxation, income security, social housing and homelessness systems, driven by a Cabinet-level minister with authority to coordinate, and supported by strong government and community sector institutions. We believe there are five key reforms that are priorities for this strategy;

⁵ http://www.housing.nsw.gov.au/_data/assets/pdf_file/0020/325208/GHSHPracticeGuidelines_Module3.pdf

⁶ https://www.ahuri.edu.au/_data/assets/pdf_file/0022/5863/AHURI_Discussion_Paper_The-Inquiry-into-the-funding-of-homelessness-services-in-Australia.pdf

Reform 1: Significant growth in public and community housing and other affordable options

The Government should commit to developing an Affordable Housing Growth Fund starting with \$750 million in the first year, growing to \$15 billion over 15 years. This funding should be explicitly for expanding the stock of affordable housing to provide real alternatives for low income Australians locked out of home ownership. The funds should be deployed in tandem with strategies to attract private investment into the affordable housing sector, with the precise means for this to be informed by the current policy process being managed by the Affordable Housing Working Group.

Reform 2: National Homelessness Strategy and Plan

The Government should commit to a renewed plan to end homelessness, which addresses the drivers of homelessness, rapidly rehouses people who are homeless, and provides adequate and flexible support for those needing help to sustain housing. A recommitment to aspirational targets for reducing homelessness, should be integrated with a wide range of strategies which provide housing and address known risk factors leading to homelessness. In particular we support the investment of new and additional funding and resources into early intervention programs.

Reform 3: Reform the tax treatment of rental housing

The Government should commit to limit the offsetting of losses on investments in rental properties purchased after a specified date to income from those assets, rather than the investor's other income. Part of the revenue saved from this measure should be used to introduce a two-tier rental housing investment incentive to support the creation of affordable rental housing.

Reform 4: Increase Commonwealth Rent Assistance

In order to reduce the number of Commonwealth Rent Assistance recipients in housing stress, the maximum rate of payment should be increased by 30%, and it should be indexed to the rental component of the CPI.

Reform 5: Address the shortfall of appropriate, affordable housing for people with disabilities

In the context of the introduction of the National Disability Insurance Scheme, the Commonwealth and State Governments need to work with the community housing sector to develop a ten-year plan to deliver 16,000 new units of specialist disability housing and improve the capacity of other parts of the mainstream housing system to cater for people with disabilities.

Going Home Staying Home

As a peak body for homeless services Homelessness NSW collaborated with the NSW Government as they initiated their review of homeless services. We understand that the Commission has a copy of the PIR as well as the response of the peaks to that review. We would like to take this opportunity to reiterate some concerns regarding that reform process.

Rather than a reform we believe that this was more a matter of contract management. One of the stated aims of the reform was to cut the number of contracts being managed. Improving service delivery should never be conflated with contract management.

Throughout the process we expressed concern at the tendering process. We believed then and we believe now that competition is usually at odds with the cooperation and collaboration that is vital between service providers to ensure effective service delivery of homeless services. In the last 12 months Homelessness NSW has met with members and other homeless services across NSW. Without exception at every meeting we were informed that the process of competitive tendering had diminished the level of cooperation and it was only recently that this was returning to the sector.

Homelessness NSW were also concerned about the impact of competition on small, locally based services. We believe that the loss of a number of locally managed services highlighted that our concerns were well founded. We struggle to understand how cutting the number of providers can be seen as improving choice for consumers.