Productivity Commission

REFORMS TO HUMAN SERVICES: STAGE 2
RESPONSE TO ISSUES PAPER

Submission from Shelter Tasmania, February 2017

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INTRODUCTION
Shelter Tasmania is pleased to lodge this submission to the Productivity Commission’s Stage 2 Inquiry into the Reform of Human Services.

Shelter Tasmania is an independent, not-for-profit peak organisation representing community housing and homelessness services across Tasmania. We provide an independent voice on housing rights and a link between governments and the community through consultation, research and policy advice. Shelter Tasmania is committed to working towards a fairer and more just housing system, and seeks to improve housing access for all Tasmanians. Our vision is that every person has affordable, appropriate, safe and secure housing; our mission is to end homelessness in Tasmania.

This submission responds to the Inquiry’s interest in community housing and homelessness services (grouped with family and community services). We have made 4 previous submissions in Stage 1:

- 2 joint submissions on community housing with national partners from community housing peak bodies; and
- 2 independent submissions in relation to homelessness services.

In Stage 2, we are again making separate submissions concerning community housing and homelessness services. This submission addresses the Inquiry’s interest in homelessness services.

Shelter Tas would be happy to provide further information to the Productivity Commission on any of the topics addressed in our submissions.

**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 manage a crisis situation and to find, establish and sustain stable accommodation (services include 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).

OVERVIEW OF KEY POINTS
Shelter Tasmania is pleased that Stage 1 of the Inquiry concluded homelessness services were not suitable for competition. The Productivity Commission did consider there is scope to improve the effectiveness of commissioning processes for homelessness services to capture the benefits of
contestability. Shelter Tasmania re-iterates its view that homelessness services are not suitable for competition reform.

The body of this submission will develop the following key points:

**Contestability and collaboration**

- In Tasmania, the current collaborative approach encourages agencies and practitioners to share best practice, and thus supports best outcomes for service users.
- People experiencing or at risk of homelessness often have multiple and complex needs, requiring support in domains such as mental health, medical issues, finance, legal support, advocacy or family reunification. Cooperation among homelessness service providers and between homelessness services and other agencies is essential to provide the range of support that users may need.
- Within the homelessness sector, experienced professionals use their formal and informal networks to act as conduits to other services and to facilitate service pathways for consumers.
- Homelessness services in Tasmania have the established networks, skills, knowledge, relationships, client trust and connections into the community that can take years to build, as recognised in the KPMG review in 2013.
- Services are all already contestable, through performance measures and accountability processes for the renewal of Government funding contracts.
- Reforms that undermine a collaborative approach may have unintended consequences that might disadvantage people who are amongst the most vulnerable in our community.
- There is a risk that a purely financial focus on efficiency can lead to perverse outcomes such as service providers being incentivised to assist those who can best achieve measurable ‘successful outcomes’, while the most vulnerable and those with highest needs miss out.
- A collaborative approach is demonstrably compatible with reform. In Tasmania, a collaborative approach between government and community-based service providers has supported a transition to outcomes based funding and reporting, and the development of an affordable housing strategy and action plan, which includes accountability measures, including KPI’s, benchmarks and commissioning for outcomes.
- Tasmania’s integrated homelessness services system (described below in Table 1) provides a further example of a collaborative model. Evaluation of these systems needs to form part of the evidence base when considering further reform of funding models for the homelessness sector.

**Choice**

- Specialist homelessness services are essential services that address a range of personal and social needs for individuals and families who are in crisis and on low incomes. Homelessness services provide an essential emergency service, which, like ambulance and fire-fighting services, is not well suited to a choice-based model.
- When there are insufficient resources to meet demand and services are tightly rationed, user choice becomes practically meaningless. Effective choice requires good information and genuine alternatives. People cannot choose what is not there.
- People facing a homelessness crisis first need an immediate response and then a pathway out of that crisis. For people facing homelessness, the inability to access emergency and longer term housing exacerbates their emergency situation.
• Over 100,000 Australians are turned away from Specialist Homelessness Services each year. In Tasmania, this translates to an average of 21 unassisted requests for help per day in 2015/16 with almost 19 of these unable to be assisted because of a lack of accommodation.

• User choice requires that housing and support services are available. At present, there is little scope for user choice given the severe shortage in affordable private rental, social housing, housing support and homelessness services in Tasmania. The greatest inefficiency in the system is structural: the lack of affordable private rental and social housing. This leads to greater demand for emergency housing for those who are homeless or at risk of homelessness, and to delayed exit from specialist homelessness services because there are no affordable housing options to move on to.

Co-Design and reform to achieve better outcomes

• Outcomes for users of homelessness and housing services can be enhanced by a co-design approach, involving service users, providers and advocates to ensure people’s needs are met in the most efficient, appropriate and cost-effective ways.

• Co-design that includes consumers can ensure that the system for support has users at its heart, can be navigated by those needing to use it, and has the right supports to meet people’s needs. This is an effective way of incorporating consumers’ knowledge and lived experience into the design of service delivery models.

• Tasmania has emerging expertise in consumer engagement in the homelessness sector, and Shelter Tas has led this development. For example, we produced a series of consumer engagement guides developed in our Consumer Engagement Symposium 2016. Shelter Tas is happy to discuss our experience approaching reform through co-design with consumers with the Productivity Commission.

Context and background

Homelessness in Tasmania

In 2011, on Census night, 1,579 people in Tasmania were counted as being homeless and substantial increases are expected when the 2016 Census figures are available. Of all Australian states, Tasmania has the highest proportion of people with the greatest risk of homelessness, and pressure on services for people experiencing or at risk of homelessness is increasing.

Tasmania faces a housing affordability crisis. Forecasts for affordable housing demand in Tasmania show that 27% of all new dwellings built need to be affordable, however this amount of affordable housing is unlikely to be delivered. The Rental Affordability Index shows that Hobart has the least affordable rental properties after Sydney, contrary to popular belief that Tasmanian housing is affordable. Tasmanian households are among the poorest in Australia and as a result, rental affordability here is among the lowest nationally. The State Government, in consultation with the housing and homelessness sector has developed a State-wide strategy, Tasmania’s Affordable Housing Strategy, 2015-25, in an effort to play its part in responding to Tasmania’s housing crisis.
The most pressing inefficiency in the homelessness services system is structural. The inadequate supply of affordable private rental and social housing drives entry into the homelessness services system and restricts people exiting from it.

Data recently released by the AIHW shows:¹¹

- the lack of affordable accommodation and related financial difficulty as the main reason people use homelessness services (representing of 61% of all requests for help);
- an average of 21 unassisted requests for help per day in 2015/16 (up from 17.5 per day in 2014/15), with almost 19 of these unable to be assisted because of a lack of accommodation; and
- more than a fifth (21%) of users of homelessness services are children under 9 years of age needing support.

These data show how the lack of affordable and social housing exacerbates the demand for homelessness services; it also shows how demand for services increasingly exceeds supply. Homelessness service providers struggle to meet the growing demand on the extremely lean budgets available to them. They already struggle with higher caseloads, now typically between 42-60 clients a month per worker¹², with varying complexity of client need and/or duration and intensity of support. The current situation is barely sustainable.
RESPONSE TO THE ISSUES

This submission responds to the four aspects of commissioning for family and community services described in Chapter 8 of the Issues Paper:

- Model of provision
- User choice
- Contestability
- Commissioning arrangements.

Model of provision

The Inquiry is investigating coherent systems for identifying need across all services; maximising service delivery efficiency; achieving better outcomes; and achieving the cost-effective use of government funds.

Recent reforms to the homelessness service delivery system in Tasmania (based on an efficiency review by KPMG\(^1\)) are delivering an effective model of services delivery leading to improved user outcomes. The system includes the Tasmanian Affordable Housing Strategy, Housing Connect and Outcomes Reporting Framework (described in Table 1 overleaf). Through its progressive implementation and review, continual improvements are being made. This integrated system has been demonstrated to be more user focused and provide greater efficiency, and provides reform without the need for competition. The benefits for users and providers thus far include:

- **Users:** at the centre of service delivery, easier access through a single entry point and waiting list, easier navigation through the system (no longer needing to re-tell their story to multiple providers and join multiple waiting lists), and choice over the support they receive;
- **Provider co-operation:** strengthened relationships, shared learning and problem solving, cooperative action and stronger relationships with the State Government (e.g. working with Government toward system improvement such as introduction of outcomes reporting framework); and
- **Efficiency gains:** elimination of duplication, more equitable access (both in location and numbers of users), greater consistency in service delivery, shared information (including case management data), and more cost effectiveness.
### Table 1. Overview of Tasmania’s Reformed Homelessness Services System

<table>
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<tr>
<th>COMPONENT:</th>
<th>FEATURES:</th>
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| **Housing Connect**<sup>14</sup> | - Longer contracts supporting long range planning, service stability and continuity for client relationships  
- Single point of entry for users (replacing multiple entry points, assessments and waiting lists)  
- Efficiency gains through eliminated duplication, more equitable access and greater consistency in service delivery  
- Integrated referral system and data sharing  
- Users at centre of service delivery with focus on client needs and outcomes, and co-ordinated support  
- Strengthened sector capacity through shared learning and problem solving, and increased collaboration  
- Support for diversity and innovation in service delivery |
| ‘Front Door’ providing a single point of entry and assessment for crisis assistance, housing support and long-term housing  
State wide collaboration between 5 existing not-for-profit providers, facilitated with State Government  
Access through 6 regional locations  
3 year contracts | |
| **Affordable Housing Strategy, 2015-2025**<sup>15</sup>  
Over-arching strategic planning framework (including action plan)  
Focus on housing pathways and intervention, including homelessness response | - Coherent strategic plan for social housing and homelessness services  
- Framework for whole of government policy and co-ordinated service delivery, helping to overcome ‘siloed’ approaches  
- Guides government funding priorities  
- Developed and implemented in consultation with community sector  
- Facilitates co-ordination between government and community sector  
- Publicly reporting of monitoring and progress |
| **Outcomes Based Reporting**<sup>16</sup>  
An outcomes based performance framework introduced to State funded services within the community sector | - Implementation of outcomes-based contracts focusing on evaluating effectiveness of outcomes for service users, including people with complex needs  
- Use of qualitative and quantitative data, supported by shared data capture system (Specialist Homelessness Information Platform)  
- Outcome measures defined with community sector  
- Achieved within existing commissioning arrangements |
User choice

The Inquiry is investigating increased user choice for relevant services.

People who are homeless or at risk of homelessness face a lack of appropriate, affordable accommodation. Tasmania, like other States, has a serious undersupply of crisis accommodation and support, affordable private rental housing and social housing. Choice in this context is practically meaningless. Reforming the commissioning processes will not overcome the fundamental structural inefficiency of underfunding and lack of short and long term accommodation options. The Harper Review noted that funding is the most important aspect of human services policy, adding that it is the role of governments; this continues to be the case.

People with a lived experience of homelessness can make a unique and highly valuable contribution to the design of services. As part of reforming the commissioning process, and at every stage of the commissioning cycle, consumers can have a critical role in enhancing government decision-making through their knowledge, insight and analysis. Shelter Tas encourages the Productivity Commission to develop pathways to encourage and attend to consumer voices in strategic and systemic decisions about responding to homelessness.

Most homelessness is episodic and much is hidden since most people who are homeless are not sleeping rough. For most people, homelessness is a new experience and the situation is one of crisis. Homelessness services fulfil an emergency service role offering immediate support, much like ambulance or fire services do. In the context of crisis people are often not aware of what to do – the primary need is for a simple pathway to information and support, while choice can be confusing.

Consistent with best practice, Housing Connect helps people gain access to Tasmania’s homelessness services through a single point of entry. People can access crisis services directly outside of Housing Connect’s opening hours, which extends and supplements the Housing Connect service. Upon entry, people’s needs are assessed, triaged and assisted (similar to the triage process that occurs in a hospital emergency department). Once assisted to safety and / or their situation is stabilised, users have a choice of subsequent service, if needed. Support staff develop a case management plan with their client(s) which may also include referrals for specialist support (much like a GP helps a patient to work out a health plan with referrals to specialists). Self-determination and user choice are built in features of this process. Participation in a case management plan is voluntary and, where a ‘market’ is large enough to have multiple providers, the client can choose which provider to use for specialist support (such as family or financial counselling, medical or personal care, life skills development).

Contestability

The Inquiry is investigating improved government processes for commissioning arrangements to:

- deliver more effective services to people with complex / long-term needs;
- support co-design and evaluation for improved government decision making;
- achieve outcomes based – flexibility, accountability, alignment of user and provider incentives;
- balance the costs and benefits of contestability; and
- learn from lessons / examples.
Shelter Tasmania: Reforms to Human Services Stage 2 – Response to Issues Paper

In balancing the costs and benefits of contestability Shelter Tas encourages the Productivity Commission to carefully consider the risks posed by intensifying competition in the homelessness services sector in Tasmania and elsewhere. Good will and willingness to collaborate have enabled reform in Tasmania, and Shelter Tas stresses the need to include evidence and evaluation from this program in any national reform agenda.

Research consistently highlights the importance of collaboration and co-ordination between the homelessness service agencies in achieving lasting outcomes for users. Effective homelessness services offer a simple, single entry point; are typically well networked; have strong professional relationships that facilitate co-ordinated case planning and management; openly share learning and information; and practice co-operative problem-solving. The Harper Review also highlighted the importance of collaboration and the relationship-based nature of service delivery as important features of human services provision. Homelessness services in Tasmania have the established networks, skills, knowledge, relationships, client trust and connections into the community that can take years to build, as recognised in the KPMG review in 2013. Forcing competition between providers risks breaking these fundamentally important relationships.

Profit seeking and competition risks undermining these proven methods of success. The risks include:

- Eroding the existing co-operation that facilitates integrated service delivery, shared information and learning, and simplified entry points and referral pathways for system users;
- Promoting the protection of commercial interests and ‘market position’ at the expense of information sharing and collaboration;
- Shifting the focus from care to cost, eroding the relational nature of homelessness service provision (as seen in contestable commissioning practices elsewhere in Australia and the UK);
- Disruption through resource instability, staff insecurity and loss of continuity due to funding uncertainty each time a contract is retendered (competitive tendering in NSW’s homelessness sector led to similar disruptions);
- Reducing the number and diversity of service providers, counter to the principles for competition and potentially leaving remote regions in Tasmania under-serviced. When introduced elsewhere, contestability has been shown to reduce diversity (similar reforms in the Job Network led to a significant reduction in diversity, and eventually to contracts being rolled-over based on an incumbency rather than a competitive one);
- Pressuring providers to compete on price, reducing the quality and availability of services, (homelessness services currently operate on minimal budgets having absorbed increased demand). Further cost reductions would necessarily mean reduced staffing levels / increased caseloads; reduced outreach services (impacting access for people in more remote locations) and preferencing people with simpler needs over those with more complex (costly) needs; and
- Impacting on the specialised and professional service quality found in contemporary homelessness services that already have built in accountability measures. Having appropriate staffing levels and expertise increase the chance of clients moving out of homelessness into stable housing, reducing repetition of homelessness episodes. It also supports occupational health and consumer safety (with 17,845 homeless people in Australia being children under 10 years, safety must be a primary consideration).
Shelter Tasmania recommends that the recent homelessness services reforms being progressively implemented in Tasmania (described in Table 1) are used as an evidence base for further reform. While there is scope for further improvements, Shelter Tasmania argues strongly that time should be allowed for their full evaluation and that any changes build on their strengths rather than impose further reform that could undercut the gains being made. The collaborative relationships that underpin this system, supported by increased accountability through outcomes based reporting, are already delivering improved outcomes for users, and achieving increased efficiencies and strengthened sector capacity.

A further consideration is that Tasmania has a relatively small population, dispersed across distinctly different and at times, isolated regions. Driven by community need and resourcefulness, many small customised and agile service providers have emerged, able to adapt and innovate to meet local needs. Without these deep-rooted local connections, these services may not exist at all. This kind of human capital would not be easily replaced (or deliver efficiency gains) in a contestable market.

The Devonport HUB in North-West Tasmania is a good example of locally based Collaborative Service Planning. Enhanced services and efficiencies were created through reducing duplication, ensuring pathways were clearer, and providing a shared intake and assessment tool. Service funding was retained at existing levels, so this was not a cost savings exercise, but rather a successful improvement to the efficiency of delivery and quality of outcomes for consumers.

**Commissioning arrangements**

The Inquiry is investigating a range of areas that would lead to improvements to commissioning processes (including service planning and delivery, system impediments, improved user outcomes, impacts on users and providers, data collection and evaluation and the use of policy trials).

The homelessness sector has experienced significant disruption in recent years with uncertainty of funding under the National Partnership Agreement on Homelessness (the current Agreement is for just 1 year). Short term funding cycles create impediments to service planning, staff recruitment and retention, and relational stability; they result in operational inefficiency, inhibit innovation and create user insecurity. Shelter Tasmania advocates 5 year funding contracts for homelessness services to provide the certainty needed for expert staff, effective programs and better outcomes for service users.

The accountability and incentivisation sought by the Productivity Commission do not depend on contestability. Tasmanian human services contracts (including homelessness services) have recently adopted an outcomes reporting framework, including publicly available Performance Report Cards. Performance targets are jointly negotiated with service providers and annual performance monitoring will be publicly reported. This will increase transparency for funded services and has been achieved within existing commissioning arrangements without the need for an intensively competitive market environment. These reforms make repeat funding dependent on performance, providing incentive without the risks associated with competition.

Relationships and trust play an important role in homelessness services delivery and long term consumer outcomes. For many users, the period of support can extend for months and even years, depending on the level of complexity involved. Commissioning arrangements need to understand and
support relational stability, avoiding disruption to users through unnecessary changes in service provider. The criteria used for commissioning must ensure that these relational values are carefully weighed against value for money.

Shelter Tasmania supports the practice of co-design to ensure a ‘good fit’ of programs to user needs as well as workable service delivery. There is scope for wider engagement with providers, peak bodies and users in Tasmania’s homelessness services system. The Harper Review recognised the benefits of governments working collaboratively with non-government service providers, noting advantages for diversity and highlighting its importance where users have an ongoing and trust-based relationship with their service provider. The benefits of engaging users in service design for maximising the effectiveness of services in delivering better outcomes are well documented. The Tasmanian Affordable Housing Strategy and the Devonport HUB provide clear examples of a collaborative approach to service and system design.

In contemplating contestability, care is needed to avoid creating incentives and/or reporting methods that might lead to perverse user outcomes. This can occur if relying on over-simplified and poorly defined KPI’s and/or pricing targets. This approach is also reliant upon effective contract management and monitoring by government agencies. There are numerous examples where unchecked assumptions about the benefits of a competitive market have led to system failure and extortionate costs (for example, Australia’s VET sector). The Productivity Commission has noted the important role of government in contact management, monitoring and evaluation in a contestable market. This function needs to be adequately resourced under any model of commissioning, to ensure provider accountability and performance.

People who are homeless or experiencing homelessness are amongst the most vulnerable people in society. Great care is needed to ensure any changes to the system do not leave them worse off. Users of homelessness services have the lived experience necessary to inform best practices in the services and systems that are established to meet their needs. Any reform must be developed on a strong evidence base, and in consultation with consumers and the homelessness sector to draw on their deep experience to minimise the risk of unintended consequences. Shelter Tas recommends that any changes be tested and trialled before being introduced more broadly, and that careful evaluation of current approaches, including those recently established in Tasmania, informs any proposed reform.
END NOTES

1. CHPs for Qld, Community Housing Council of SA, Community Housing Federation of Victoria, Community Housing Industry Association, NSW Federation of Housing Associations Inc, Shelter Tas, QShelter
3. AIHW-SHS Data 2015-16-supp-tables_TAS analysed by Shelter Tas.
4. Shelter Tas (2015). The consumer engagement project – hearing and listening: Developing a consumer engagement strategy to foster the active participation of people who are or have been homeless. Submitted to Housing Tasmania March 2015
5. Data from the 2016 Census is yet to be released
10. Ibid
32. Shelter Tas (2015). The consumer engagement project – hearing and listening: Developing a consumer engagement strategy to foster the active participation of people who are or have been homeless. Submitted to Housing Tasmania March 2015