



**St Vincent de Paul Society**  
NATIONAL COUNCIL *good works*

ABN: 50 748 098 845

National Council of Australia Inc  
22 Thesiger Court  
Deakin ACT 2600  
PO Box 243  
Deakin West ACT 2600  
Telephone: (02) 6202 1200  
Facsimile: (02) 6285 0159  
Website: [www.vinnies.org.au](http://www.vinnies.org.au)

# Homelessness services: considerations for funding and policy reform

---

August 2016

## Contents

<b>Introduction .....</b>	<b>3</b>
<i>Who we are.....</i>	<i>3</i>
<b>Policy context .....</b>	<b>4</b>
<i>Competition policy reform and homelessness services.....</i>	<i>7</i>
<b>Understanding homelessness .....</b>	<b>10</b>
<b>Service delivery context .....</b>	<b>12</b>
<i>The impact of short-term, inadequate and uncertain funding .....</i>	<i>12</i>
<i>Maintaining a diversity of service providers .....</i>	<i>14</i>
<i>Locational factors, including rurality and remoteness.....</i>	<i>14</i>
<i>Prevention and early intervention.....</i>	<i>15</i>
<i>Accountability requirements diverting resources from service delivery .....</i>	<i>16</i>
<b>Additional considerations .....</b>	<b>17</b>
<i>Clarifying objectives, outcomes and responsibilities.....</i>	<i>17</i>
<i>Strengthening accountability at the state and territory level.....</i>	<i>17</i>
<b>REFERENCES .....</b>	<b>19</b>

## Introduction

The Council of Australian Governments (COAG) have identified a sustainable and longer term approach to housing and homelessness as a priority for all levels of government, yet future arrangements for homelessness policy and funding remain unclear. In December 2015, COAG agreed that the relevant ministers would progress reforms to housing and homelessness services in the context of existing work on housing. A cross-jurisdictional meeting of housing and homelessness ministers is scheduled for October 2016, and a report canvassing future policy reforms and funding options is due for release by the end of 2016.

To support COAG's deliberations around reforms to homelessness services, the Commonwealth Department of Social Services are consulting with stakeholders across the homelessness sector. As part of the process, the St Vincent de Paul Society National Council (the Society) were invited to provide feedback on a range of issues including:

- the performance measures and outcomes that governments should seek in funding services;
- the appropriate role of early intervention and prevention within the homelessness sector and the wider human services system;
- options to increase public accountability and transparency for government spending on homelessness; and,
- the distribution of funding across the homelessness sector, including the merits or otherwise of targeting funding to particular service types.

This paper provides the Society's response to these questions, and elaborates on specific issues relating to the funding, overarching policy framework, and underlying principles that are relevant to the design and delivery of homelessness services. Our response is informed by the Society's extensive experience in the provision of homelessness services and draws on feedback from our members and staff who provide assistance to people experiencing homelessness across Australia.

## Who we are

The St Vincent de Paul Society (the Society) is a respected lay Catholic charitable organisation operating in 149 countries around the world. Our work in Australia covers every state and territory, and is carried out by more than 65,000 members, volunteers, and employees. Our people are deeply committed to social assistance and social justice, and our mission is to provide help for those who are marginalised by structures of exclusion and injustice. Our programs assist millions of people each year, including people who are experiencing homelessness or are insecurely housed, people living with mental illness, migrants and refugees, women and children fleeing family violence, and people experiencing poverty.

## Policy context

The overarching policy context and the role of different levels of government has implications for the funding and delivery of homelessness services.

All levels of government have a critical role to play in tackling homelessness. The *Reform of the Federation Housing and Homelessness Issues Paper* highlighted the wide range of roles, responsibilities and spheres of influence pertaining to housing and homelessness policy, funding, and programs at both the Commonwealth and state and territory levels.<sup>1</sup> Although the Federation Reform process has been shelved, the questions it raised remain unresolved and have implications for the current consultation around future funding and policy reform.

There are two major policy agreements that support homelessness services provision, namely the **National Partnership Agreement on Homelessness (NPAH)** and the **National Affordable Housing Agreement (NAHA)**.

The NAHA provides the overarching framework within which the Commonwealth and states and territories work together to “improve housing affordability and homelessness outcomes for Australians”.<sup>2</sup> Under this agreement, the Commonwealth Government provides NAHA funding to state governments, who in turn manage the allocation of funds to achieve pre-defined outcomes. These outcomes include:

- people who are homeless or at risk of homelessness achieve sustainable housing and social inclusion;
- people are able to rent housing that meets their needs;
- people can purchase affordable housing;
- people have access to housing through an efficient and responsible housing market;
- Aboriginal and Torres Strait Islander people have the same housing opportunities (in relation to homelessness services, housing rental, housing purchase and access to housing through an efficient and responsive housing market) as other Australians; and,
- Aboriginal and Torres Strait Islander people have improved housing amenity and reduced overcrowding, particularly in remote areas and discrete communities.

To achieve these outcomes, the Commonwealth provides \$1.3 billion per annum to the states and territories governments, including around \$260 million for homelessness services. The NAHA is an ongoing agreement that is indexed annually, but with below CPI indexing. As a result, the funding provided through the NAHA has not kept pace with inflation.

The NPAH provides additional funding to support the NAHA outcome to “help people who are homeless or at risk of homelessness achieve sustainable housing and social inclusion”.<sup>2</sup> The funding provided through this agreement is directed toward activities focussed on prevention and early intervention; breaking the cycle of homelessness; and improving and expanding service responses to homelessness.<sup>3</sup>

Under this agreement, the principle role of the Commonwealth is to provide funding to state and territory governments for homelessness measures, and to monitor progress against a specified set of outputs and outcomes. The states and territories retain responsibility for determining where services are located, which service providers are contracted, and the amount of funding each service provider receives. In addition to having responsibility for service delivery, state and territory

governments are required to make matching funding contributions and to meet performance reporting requirements. The four key outcomes set out in the NPAH are that:

- fewer people will become homeless;
- fewer people will become homeless more than once;
- people at risk of experiencing homelessness will maintain or improve connections with their families and communities, and maintain or improve their education, training or employment participation; and,
- people at risk of or experiencing homelessness will be supported by quality services, with improved access to stable accommodation.

The first NPAH commenced in 2009-10 and, to date, there have been three additional transitional short-term NPAHs, including the current two-year term. Under the current agreement, the Commonwealth Government is providing \$230 million over two years, matched by states and territories, to fund frontline homelessness services. In total, NPAH funding of nearly \$250 million per year is being directed to around 800 homelessness services around Australia.

The NPAH is due to expire in June 2017, and no future funding has been allocated beyond this date in Federal Budget Forward Estimates.

While the majority of government funding of homelessness services is provided through the NAHA and NPAH, funding is also delivered via several additional Commonwealth programs and related COAG agreements. For example, the National Partnership Agreement on Remote Indigenous Housing (NPAIH) plays a critical role with respect to Aboriginal and Torres Strait Islander homelessness in remote areas.<sup>4</sup> This partnership aims to reduce homelessness and overcrowding, as well as improving poor housing conditions for Indigenous people in remote areas.

The Commonwealth separately funds a small number of other programs on time-limited agreements. Of these, *Reconnect*<sup>1</sup> has been given a one-year extension until mid-2017, while the *HOME Advice*<sup>2</sup> Program was recently subsumed into the Financial Wellbeing and Capability Activity of the Families and Community Program. A scattering of other programs are funded by the Commonwealth that specifically target population groups to prevent or reduce homelessness, such as the *Assistance with Care and Housing for the Aged* (ACHA) Program.<sup>3</sup>

Overall, the funding programs currently in place are fragmented and erratic, which neither engenders opportunities for homelessness services to invest in the development of new programs nor to plan long-term strategies to best support their clients. For some of our services, funding insecurity is hampering future planning around infrastructure, employment and staff training and development. *Security of funding is essential for the effective delivery of homelessness services.*

---

<sup>1</sup> The Federally-funded *Reconnect* program uses community-based early intervention services to assist young people aged 12 to 18 years who are experiencing, or at risk of, homelessness. It assists young people stabilise their living situation and improve their level of engagement with family, work, education, training and their local community.

<sup>2</sup> The *Household Organisational Management Expenses (HOME) Advice Program* was an early intervention program aimed at assisting families at risk of homelessness due to personal or financial circumstances. The HOME Advice program provided funding to a community organisation and a Centrelink social worker in each state and territory, who worked collaboratively to assist families at risk of homelessness to manage their financial and household expenses in order to prevent future accommodation crisis and homelessness.

<sup>3</sup> The ACHA Program helps financially disadvantaged older people who are experiencing homelessness, or have insecure accommodation and are at risk of becoming homeless. It assists them in obtaining appropriate, sustainable and affordable housing and providing links to community care services.

Short-term funding agreements and continual funding uncertainty are undermining long-term planning and the effectiveness of specific programs and interventions. Insecure and short-term funding arrangements are particularly problematic for services and programs seeking to prevent the recurrence of homelessness and those working with homeless people with complex needs and long-term and chronic homelessness histories. Such cohorts require a longer-term outlook on the part of homelessness services.

Further, national investment on homelessness and related initiatives outside the NPAH clearly influence the outcomes that are achieved at the provider and population level. Yet this is not factored into the monitoring of outcomes under the NPAH, and the absence of an overarching national strategy undermines efforts to improve coordination and work toward long-term objectives and outcomes. We believe that ad hoc funding sources would be better targeted as part of a long-term strategic plan that involves cross-jurisdictional coordination and collaborative research, monitoring and continuous improvement.

If this is to be achieved, there is a compelling need to strengthen governance and institutional arrangements to improve the coordination, accountability and effectiveness of policies and programs related to homelessness. Over the past three years, there has been a steady withdrawal of the Commonwealth from homelessness and housing policy. This is reflected by the cessation of National Rental Affordability Scheme (NRAS), the abolition of the National Supply Council, the dismantling of interjurisdictional fora for housing and homelessness policy, long-term funding cuts to spending on social welfare, and a decentralist drift prompted by the Review of the Federation.<sup>5</sup>

The capacity to coordinate efforts across state and federal jurisdictions was weakened in 2013 when the COAG Ministerial Council on Housing was disbanded. Ministers can, and still do, meet in special circumstances, but not as part of a regular or ongoing decision-making forum. Related cross-jurisdictional forums, such as the Housing Ministers Advisory Committee, have met partially, intermittently or not at all. Other interjurisdictional fora for research and policy development, such as the Policy Research Working Group, have ceased to exist.

National leadership is also hampered by the lack of a dedicated homelessness and housing minister at the Commonwealth level. Homelessness is not simply an adjunct of welfare policy – it is shaped by social, economic, taxation, employment, education and health policies. Given the factors underlying homelessness are so complex and there are multiple policy levers across different portfolio areas, a dedicated housing and homelessness minister is necessary to drive cross-portfolio and national leadership on this important policy issue.

With the complexities of the funding architecture and federated governance settings for homelessness and housing policy, it is imperative that a strong and stable intergovernmental governance structure is established, backed up by long-term and secure funding. Responses to homelessness will not be effective if they are operating in an institutional vacuum. There is also an urgent need for a national strategy and associated action plan to address homelessness given its complexities and inter-governmental dimensions.

In this context, the Society welcomes the current sector consultation that the Department of Social Services (DSS) are undertaking, and we are hopeful that a renewed and proactive COAG reform process will provide a more coordinated and concerted approach to homelessness policy into the future. While this consultation focuses on specific aspects of service delivery and funding, we believe

it needs to be situated within a big picture, proactive and long-term framework if there are to be meaningful and sustained reductions in homelessness across Australia.

**Recommendations:**

**Current government efforts remain fragmented, split between various agencies at the federal, state and local government levels. This fragmentation is a more significant issue than overlap or duplication, and requires greater cross-government collaboration to make a genuine impact. All levels of government have a role in tackling homelessness, and ongoing efforts to overcome this fragmentation need to be pursued when redesigning and reforming homelessness policy, funding models and associated accountability frameworks.**

**To overcome policy fragmentation and provide a more coordinated response, a Ministerial Council on Housing and Homelessness needs to be established within the COAG ministerial council system, backed up by a strong and stable intergovernmental governance structure, along with long-term and secure funding.**

**A long-term strategy and national action plan needs to be developed to support a more coordinated and effective approach to preventing and reducing homelessness.**

**The Commonwealth should appoint a Minister for Housing and Homelessness, with the portfolio to be located in a central agency in order to drive a cross-portfolio approach to tackling homelessness and its attendant causes.**

## **Competition policy reform and homelessness services**

Current deliberations around future homelessness policy are taking place in a context where the Commonwealth are pursuing further competition policy reforms across human service sectors. The homelessness sector has been flagged as a potential candidate for reforms to promote greater competition, contestability and user choice.<sup>6,7</sup> The prospect of market-based reforms was also raised during homelessness sector consultations in June 2016, with DSS indicating that a funding model based on person-centred funding, or individualised support payments, was under active consideration.

Although recent state and territory reform processes have increased the contestability of service delivery, many forms of homelessness do not yield readily to market-based responses. The cost (particularly capital costs) of implementing such approaches requires careful consideration. The effect of competition and market approaches on coordination and collaboration in service delivery, coherence of care, and equity in access and outcomes are also fundamental considerations.

The St Vincent de Paul Society has significant reservations about the introduction of competition reforms into homelessness services, including the shift toward individualised support payments. Our concerns in relation to competition policy and individualised payment models is elaborated on in our recent [submission to the Productivity Commission's Inquiry into Human Services](#). We believe that imposing competition reforms and individualised market-based service delivery carries numerous risks, including:

- ***Neglect of the structural and supply-side factors that contribute to homelessness.***

A competitive market does not produce genuine choice without the structural conditions and social relations in which it can flourish. Service delivery models based around individualised payments can reinforce an individualised view of homelessness that neglects structural and supply-side factors, such as the lack of affordable housing options, cuts to the social safety net, the scarcity of community mental health services, labour market barriers, inadequate income, and domestic violence. These structural and contextual factors limit the capacity of people to exercise genuine choice and sustain better outcomes.
- ***Reduction in the quality of services.***

Experience in other contexts suggests that, to survive in a competitive market, organisations are often pressured to drive down costs and labour standards to enhance efficiency, frequently at the expense of quality.<sup>8,9</sup> In other human service sectors, the entry of for-profit providers into the market has led to predatory market behaviour and an erosion in service quality, including in areas such as Vocational Education and Training, Early Childhood Education and Care, and employment services.<sup>10,11</sup> Further, competition can accentuate the focus on short-term performance goals or throughput, placing the emphasis on time-limited and standardised care at the expense of welfare and relational aspects of care and support.
- ***Reduced coordination and collaboration among services.***

Competition can engender an environment in which other service providers are seen as threats rather than as collaborators. This competitive orientation can undermine the cross-organisational and collaborative approach that is so critical to addressing the often complex and multi-faceted needs of people experiencing homelessness.
- ***A lack of continuity and coherence of care for service users.***

The fragmentation of care into activity-based and time-limited components can effect the ability to develop trust and relationships, and compromise the continuity and coherence of care and support.
- ***Erosion of the sustainability of services and their capacity to plan and coordinate.***

With individualised payment systems, service providers receive money in arrears and thereby lose the financial stability of block funding. This reduces their capacity to plan and their flexibility to target, ration and deliver services to a community of people with a mix of support needs, including directing resources to those most in need by cross-subsidising clients. The transition to individualised funding or a competitive markets also creates pressures for not-for-profit (NFP) service providers to operate more like a business. Although homelessness providers currently compete for government tenders, this is a markedly different process to that of competing for consumer directed funds. Under an individualised payment system, organisations are compelled to invest in branding and marketing strategies, as well as developing systems for invoicing service users, chasing late payments, and adopting business practices and an orientation that may be at odds with their social justice ethos.
- ***Insufficient resourcing and support to enable genuine user choice and decision-making.***

User choice is illusory when services and exits out of homelessness are in scarce supply. In addition, supporting individuals with multiple and complex needs to develop a sense of control and the skills and confidence to navigate service systems can be extremely complex and time-intensive. Experience in Australia and elsewhere suggests that individualised payment models rarely factor in the costs and resources require to provide such intensive support.<sup>8,12,13</sup> The nature of help-seeking behaviours varies, and there also needs to be

investment in flexible entry points and assertive forms of outreach to engage people who may be otherwise reluctant or unable to seek out support.

- **Barriers to exercising choice.**

Among those experiencing or at risk of homelessness, there is considerable variation in their capacity to engage with and navigate complex systems of service delivery. The notion of choice is particularly problematic for some vulnerable client groups such as ex-offenders, who frequently face discrimination from landlords and employers.<sup>8</sup>

- **Exploiting informational asymmetries and vulnerabilities.**

The difficulties of making complex care choices, often in contexts of crisis or trauma, can increase the power of others to determine the choices of service users. Limited access to or comprehension of information, cognitive disabilities, personal circumstances or traumatic events may affect the consumer's capacity to critically assess information and make an informed decision. This can also expose service users to manipulation by unscrupulous suppliers.

- **Restricting diversity.**

Competitive markets often reduce diversity as smaller or more specialised organisations struggle to compete. This often favours larger providers who are driven by the imperatives of profit and efficiency, rather than by long-term relationships with communities or community development, social justice, or service quality.

- **Compounding social inequality and inequities in access to services.**

An individualised payment model has the potential to further alienate and exclude marginalised groups who experience structural or situational disadvantages that limit their capacity to deal with individual budgets. In addition, the entry of for-profit providers shifts the focus to services, clients and localities that will deliver the greatest profitability, with implications for people with more complex and intensive needs, as well as people experiencing homelessness in rural, regional and remote areas.

**Recommendation:**

**Increased tendering, contestability and market-oriented reform poses fundamental risks to service equity, collaboration and coordination and the quality of services, and should not be pursued in relation to homelessness service delivery.**

## Understanding homelessness

How homelessness is understood has implications for the design of policy responses, models of service delivery and frameworks for measuring the effectiveness of policies and programs.

Homelessness is a complex and multi-dimensional problem. The pathways into and out of homelessness vary and are shaped by a variety of underlying economic and social factors, such as affordable housing, inadequate income, barriers to participating in the labour market, domestic violence, poor physical and mental health, and community and family breakdown. These factors, in varying combinations, contribute to the duration, frequency, and nature of homelessness.

While the factors contributing to homelessness are complex and multiple, the pathways in and out of homelessness are not linear and vary enormously. Despite this variation, a critical and cross-cutting barrier to preventing and overcoming homelessness is the lack of safe, securely tenured, affordable and well located housing available to those who need it, when they need it. In addition to affordable and appropriate housing, different population cohorts may also have distinctive needs and issues, with some requiring short-term assistance, while others require more intensive and long-term support addressing various social and health issues. Women and children fleeing domestic and family violence, people with drug and alcohol problems, those with a mental health issue, young people leaving family homes due to conflict and family breakdown, and Aboriginal and Torres Strait Islander people, are recognised as key groups vulnerable to experiencing homelessness in Australia. Each of these groups have differing needs and issues, which are turn shaped by individual, contextual and situational factors.

As this understanding of homelessness implies, homelessness is not simply a consequence of individual or behavioural factors, nor can it be prevented or overcome through a single agency response or the actions of specialist homelessness services alone. In short, no single intervention can prevent or address homelessness, and securing and sustaining successful outcomes is beyond the scope of anyone agency.

The complex and multi-faceted nature of homelessness has implications for the performance measures and outcomes set by governments, both at a population and agency level. A lack of programs and policies addressing housing affordability, and a continual underinvestment in health, educational and employment responses, will ultimately constrain what can be achieved by the homelessness services sector.

The need for wider policy responses (particularly in relation to housing affordability) and the impact of broader social and economic settings was the most consistent concern raised by the services we consulted for this paper. Many expressed frustration that a narrow approach continues to prevail in the way governments fund and monitor services, and that the focus on sector capacity is meaningless without a concurrent examination of the impact of a lack of housing on effective homelessness responses.

Critically, a fundamental constraint is the lack of securely tenured, safe, affordable and well-located housing. The capacity of services to achieve better outcomes for people experiencing or at risk of homelessness is limited by the shortage of secure public housing, community housing, or affordable rental properties in the private rental market. Without suitable housing options, even the best

efforts of specialist homelessness services will not be able to achieve meaningful and sustained outcomes for people needing support.

Thus, a failure to secure and sustain appropriate housing cannot be simply attributed to the performance of specialist homelessness services if there is no appropriate and affordable housing options available. Similarly, members in the Society's networks indicate that underinvestment in mental health services, youth services, education and training, and various other social and infrastructural supports is increasing demand while at the same time limiting the effectiveness of service responses and the capacity of service users to sustain housing.

An additional concern was the inflexibility and standardised approach that is often prescribed via funding or service delivery models. Some people experiencing homelessness, or at risk of homelessness, have multiple and complex needs that require a range of ongoing or intensive interventions. Others may require one-off or more focused assistance. Contractual targets or funding approaches that fail to recognise this complexity are problematic, particularly for those with more complex needs. People should not be forced to leave a service because of an arbitrarily set deadline.

In addition, outcomes-based funding and performance frameworks can drive services toward those who are easiest to serve and away from those with the most complex or intractable needs. Where services receive funding on the basis of achieving housing in the shortest time possible, services may feel pressured to avoid individuals with more chronic and complex needs, leading to 'creaming' or 'cherry-picking' clients who require less resource-intensive support. Competitive, market-based service delivery models foster this creaming behaviour, particularly where for-profit service providers are part of the market mix.

Inflexible time limits imposed on access to support services, or funding outcomes on the basis of achieving housing in the shortest time possible, is therefore problematic. As one member commented:

Achieving secure housing in the shortest time possible is clearly desirable and what we strive for, but this needs to be balanced against other considerations. Mandating this as a target can overlook the time and resources that are needed to build relationships with people who are homeless and to support them working through the range of issues they may be contending with. Dictating the speed in achieving outcomes rather than responding to an individual's own pace is not appropriate for people with the most complex needs.

Capturing the diverse and complex nature of homelessness in performance measures and outcomes reporting is also inherently challenging. We understand that the DSS Standard Client Outcomes Reporting (SCORE) was introduced, in part, to better capture the complexity of achieving client outcomes in a service delivery context, enabling outcomes to be self-selected to reflect a client's specific needs and contextual considerations. We did not receive any specific feedback in relation to the merits or otherwise of SCORE. However, the feedback received from our networks suggests that outcomes measurement and performance reporting requirements are not coordinated across jurisdictions or levels of government.

Given the complex and multifarious nature of homelessness, there is a need for improved policy coordination and outcomes measurement at the systems level. While those within the Society's networks supported robust accountability and monitoring at the service level, it was noted that

more needs to be done to monitor and track the performance of the wider service system, and to ensure mechanisms were in place to encourage better coordination and integration.

It was observed that cross-agency outcomes are frequently discussed, but rarely achieved. There are considerable variations within states in terms of cross-sectoral coordination, and some members indicated that successful examples of multi-agency partnerships and coordination were largely due to the dedication and commitment of local organisations and individuals, rather than conducive policy settings or funding models. Overcoming a siloed approach to service delivery is an ongoing challenge, with accountability and performance systems continuing to reward individual and agency performance rather than collective effort. While the need for a more coordinated and joined-up approach has been a stated objective of government policy, its realisation remains elusive.

While some of our members identified ‘hubs’ or clusters of agencies that are working effectively together, we believe there is a need for dedicated additional resources to strengthen and enhance these collaborations and to promote their development in areas where they may not yet exist.

#### **Recommendations:**

**The design, implementation and evaluation of homelessness policies and service delivery needs to factor in the social, structural and contextual factors that contribute to homelessness and shape outcomes.**

**Funding models and outcome measures needs to take into account the needs and complexities of specific population groups, such as children and young people, women and children fleeing domestic violence, people with mental disorders, and people with a disability.**

**Funding and policy settings need to take into account the different needs or challenges within specific locations; this includes factors specific to rural and remote areas, such as the significant shortfall in both housing and support services and the distance travelled for people accessing support.**

**Policy and funding models need to support better interagency coordination and collaboration between specialist homelessness and mainstream services at the systems level and service level. Such models need to factor in the time and resourcing required to build and sustain cross-sectoral partnerships and coordination.**

**The interaction between the supply of housing affordability and homelessness must be recognised and addressed. Specific recommendations to increase the supply of social and affordable housing are provided in the St Vincent de Paul Society report, [the Ache for Home](#).<sup>14</sup>**

## **Service delivery context**

### **The impact of short-term, inadequate and uncertain funding**

Ongoing funding uncertainty and inadequacy are key issues across the homelessness sector, placing significant strain on services and undermining their capacity to meet the needs of people experiencing or at risk of homelessness. At the same time, many services are reporting an increase in demand, and a corresponding increase in the number of people being turned away from services.

There has been constant uncertainty regarding the continuation of funding under NPAH and other funding streams, a decline in the real value of funding through inadequate indexation, and uncertainty for responsibility for funding services between the tiers of government. The uncertainty and scarcity of funding has been disruptive to the lives of already vulnerable people, with service providers unable to guarantee the continuation of services beyond the life of short-term or soon-to-expire funding agreements.

Funding under NPAH and NAHA has remained stagnant or has declined in real terms. Indexation of funding has been lower than the growing cost of service provision, resulting in a decline in the real value of funding. This has in turn impacted on the effectiveness of service responses and the capacity of services to meet the needs of people experiencing homelessness.

For many organisations, the ongoing uncertainty and scarcity of funds has made it impossible to undertake strategic or long-term planning. It has also had significant workforce implications. Workplace insecurity has led to disruptions in service delivery and the exodus of staff seeking job security elsewhere.

The lack of certainty around the NPAH has also put pressure on the ability of homelessness services to plan for coming years and to thereby put in place long-term strategies to reduce the instance and severity of homelessness. With future funding unclear, some services have been unable to accept new clients into programs that have long-term delivery models.

The *process* for developing and implementing policy reforms and funding rounds is also crucial and must be considered and deliberative, with timeframes that allow services to understand and prepare for changes. Homelessness services often have strong local networks and connections with communities that are integral to their effectiveness. Establishing and maintaining these relationships in the absence of supportive institutional structures is difficult. Rapid change through re-tendering also risks disrupting local networks, contributions in kind, and the relationships and practices that have been developed over a period of time. Accordingly, service system reform should be planned, funded and staged so that it builds on the effective service elements that are already in place.

**Recommendations:**

**To operate effectively and support the needs of people experiencing or at risk of homelessness, homelessness services need long-term, secure and sustainable funding.**

**Governments therefore need to establish multipartisan and long-term (at least four year) funding agreements for homelessness services. These agreements need to be:**

- **indexed annually at a level that reflects the costs of service delivery and meets the costs (including wages) of providing the services, capital and research funded under the agreements;**
- **negotiated and drafted in a manner that involves the homelessness sector, with sufficient timeframes that minimise service disruption and allow services to understand and prepare for changes.**

## Maintaining a diversity of service providers

It is important that future reform and funding for homelessness services is based on a recognition of the significant and complementary roles played by different types of homelessness services.

Providers are as diverse as the reasons for homelessness, and they vary in size and function. We believe that there is significant value in the diversity of organisations from small through to large, and from specialist through to generalist services. In addition, while moving beyond a reactive and crisis-driven response to homelessness is fundamental, it is important that a focus on prevention and early intervention does not lead to a de-funding of crisis response services while the demand for such services remains high and frequently unmet.

In the homelessness sector, recent competitive tender processes have resulted in less diversity and the loss of smaller, specialist and locally embedded providers who are uniquely placed to understand the needs of their community and client group. Larger providers tend to enjoy competitive advantages and economies of scale that increase their success in competitive tendering and procurement processes. However, the loss of specialists and locally-embedded organisations can have detrimental outcomes, particularly for specific population cohorts that may have complex and specific needs that specialist organisations cater for. This has been reflected, for example, in the de-funding of specialist homelessness services support women and families fleeing domestic violence.

### **Recommendation:**

**The distribution of funding, and associated mechanisms for allocating funding (e.g. tendering), need to take into account the full range of organisational sizes, focus points, and expertise. This includes funding formulae that reflect the actual costs of supporting client cohorts with complex and intensive needs.**

## Locational factors, including rurality and remoteness

The Society provides support to people experiencing homelessness, or at risk of homelessness, across a wide range of locations and settings, including in regional and rural areas. Feedback from our networks suggests that, while issues such as housing affordability are a cross-cutting theme, there is wide variation in the challenges services and service users face in different regions and localities, and this in turn can have implications for the allocation of funding and the capacity to achieve given outcomes.

In regional and remote areas, the already stretched financial and human resources of service systems can pose a challenge to adopting a more holistic and coordinated response to homelessness. Without additional support from the broader service system, necessary measures to improve service coordination and/or integration can be particularly difficult to implement and sustain.<sup>15</sup> Sector development and cohesion is a legitimate and necessary pursuit for individual services and the service system as a whole, but it requires time and resourcing, as well as top-down and bottom-up commitment.

In a number of metropolitan settings, coordinated housing and support services centred on Housing First models such as Common Ground have been promoted. These models address the need for shelter as a starting point, then systematically address the other support needs of the client. While there have been positive outcomes achieved through such approaches, they tend to be large-scale, ‘one-size-fits-all’ models that require significant resources and a concentration of services, housing

and service users within small geographic areas. These conditions generally do not exist outside major metropolitan settings. Further, the successful implementation of such models requires a knowledge of place-based opportunities, limitations and the capacity for service integration in regional locations, and there is evidence that such factors can vary significantly.<sup>15</sup>

Service integration and coordination is especially critical in non-urban locations where target populations are widely dispersed and their potential support systems are often severely limited. Location-specific conditions may impact significantly on the scale and nature of supports, particularly the number and geographic spread of specialist homelessness services, employment and training opportunities, transport options and local housing opportunities. A service system's ability to produce effective responses is also significantly influenced by service-level innovation and the local capacity to maximise outcomes with what resources are available.

**Recommendation:**

**Outcomes measurement and/or performance-linked funding needs to take into account the operational contexts of homelessness service delivery.**

## Prevention and early intervention

Prevention and early intervention are vital, and the Society believes that greater investment in programs and services that prevent homelessness, or intervene early, is imperative. Refocusing the service system away from a purely reactive, crisis-relief model, makes sense both for individuals experiencing homelessness as well as economically. However, while we support greater investment in early intervention and prevention strategies, the current need for adequate crisis services and accommodation should not be compromised. With the demand for crisis response services remaining high, the withdrawal of funding for such services could have detrimental impacts for those already experiencing homelessness and in urgent need of support.

We believe that *both* specialist homelessness services and mainstream social services have a role to play in preventing homelessness and in intervening early to support those at risk of or experiencing homelessness. Approaches that assign sole responsibility to the homelessness sector or, conversely, to mainstream services, are unlikely to be effective and deliver the coordinated approach that is required. Without increasing housing supply, specialist support to manage complex behavioural health conditions, adequate income support and social inclusion programs, the homelessness sector will struggle to achieve and sustain the outcomes which make a difference.

Primary prevention activities for households at risk of homelessness, but where homelessness is not imminent, are largely driven by wider social policy settings and service responses, including the adequacy of the social safety net (e.g., income support payments and Commonwealth Rent Assistance), the accessibility and affordability of education and training, the availability of policies and programs to support youth engagement in education, labour market policy settings, strategies to increase housing affordability, and the availability and affordability of healthcare.

Both the mainstream and homelessness service sectors have a role to play in identifying and supporting those at imminent risk of homelessness. In particular, people leaving institutional care are at a heightened risk of becoming homeless, and there is a need to ensure that institutions do not transition individuals into homelessness. We believe that current targets and cross-sectoral mechanisms need to be increased to provide better support to people leaving child protection

services, correctional and health facilities. This in turn needs to be backed up by a level of funding that is commensurate with the task of ongoing coordination. There is also a need to ensure that targets and funding adequately acknowledges the differing issues for young people and adults exiting these institutions.

People with severe mental health issues are also at particular risk of homelessness, and there is a need for additional services and a more strategic approach to prevent people with a mental illness from becoming homeless.

When homelessness does occur, early intervention is vital to quickly resolve it and prevent it from becoming entrenched or long-term. Early intervention is particularly important to prevent young people entering into a cycle of chronic homelessness. We urge the Commonwealth to commit to long-term funding for programs such as *Reconnect*, which have proven successful in intervening early to support young people who are homeless or at risk of homelessness.

Early intervention also requires a ‘no wrong doors’ approach, and first responder services must be able to assist individuals who are homeless or at risk of homelessness. This in turn requires more investment and better planning to support a coordinated service response that includes both mainstream and specialist homelessness services. Where agencies do not have the requisite skills, experience or capacity to support a person at risk of homelessness, there needs to be stronger collaboration and referral mechanisms to ensure that there really are ‘no wrong doors’ for people seeking assistance.

**Recommendations:**

**There is a need for greater investment in early intervention and prevention strategies, along with the development of better systems level and cross-portfolio mechanisms and governance structures to support early intervention and prevention.**

**Early intervention and prevention should not be funded at the expense of adequate crisis services and accommodation.**

## **Accountability requirements diverting resources from service delivery**

For homelessness services, the onerous and often burdensome reporting and acquittal requirements that accompanying government contracts are an ongoing challenge. Accountability requirements can represent a significant operational cost, and may even be felt to compromise the organisation’s independence and core values.

The amount of time, expense and effort required to participate in the tendering process and to subsequently monitor and account for specific programs can reduce the ability of organisations to respond to community needs. Prescriptive and inflexible contracts are often administratively onerous, resulting in staff spending a disproportionate amount of their time managing reporting systems rather than delivering services. For smaller organisations, these effects can be particularly detrimental, undermining organisational sustainability and diverting already stretched resources away from service delivery. Prescriptive performance monitoring can also stifle innovation and the capacity of services to adapt to changing or emerging needs.

These issues pose a dilemma for designing effective outcome measures and performance requirements. Among our networks, the importance of robust accountability was not questioned, however ensuring accountability mechanisms support rather than impede effective service delivery remains a central concern. Linking outcomes to funding can shift resources from services delivery to measurements with no offsetting benefit, penalise prevention and other activities that have intangible or harder-to-measure outcomes, promote ‘creaming’, inhibit innovation, punish risk-taking and discourage cooperation across services and programs. It is important accountability and reporting requirements are developed in ways that minimise these risks.

## Additional considerations

### Clarifying objectives, outcomes and responsibilities

As a starting point for the current deliberations around the future funding of homelessness services, the specific objectives, outcomes and aims of homelessness policy need to be clearly identified and articulated by governments.

In addition, population or system-level outcomes need to be framed differently from agency-level or program outcomes. The outcomes desired at a population, system or other aggregate level are not the same as the outcomes that are achieved by individual service providers or programs. However, within the homelessness sector, concern has been expressed that governments have sought to devolve to the service delivery level federal accountability measures for state or territory populations.

This distinction is necessary to avoid poor contract management at the state or territory level and the devolution to the service delivery of federal accountability measures for state or territory populations (i.e. enables government to evade responsibly and shift the blame for poor outcomes onto services; muddying the waters of transparency and accountability).

**Recommendation:**

**Accountability for populations needs to be distinguished from accountability for programs or for service providers.**

### Strengthening accountability at the state and territory level

Governments have an obligation to share with the public what has been achieved with public funds. In terms of accountability for homelessness funding, there is a pressing need for governments to not only articulate the purpose and objectives of NAHA and NPAH more clearly, but to ensure that funding is tied to these objectives. Further, the reporting mechanisms associated with funding should be more robust and transparent, producing accurate and reliable data on how money is being spent and the results.

Commonwealth and State Governments must work together to set clear targets with timelines, and report against those key performance indicators. The key performance indicators (KPIs) need to be directly linked to the expenditure of funds, as previous KPIs did not appear to link programs and services delivered with outcomes achieved.

**Recommendations:**

**Through COAG, state and territory level accountability associated with NAHA and NPAH needs to be strengthened.**

**All COAG agreements, partnerships or associated agreements that relate to housing and homelessness, including state/territory implementation plans and report requirement under them, should be published immediately after they are entered into or take effect.**

## REFERENCES

- <sup>1</sup> Commonwealth Department of the Prime Minister and Cabinet, (2014). *Reform of the Federation White Paper: Roles and responsibilities in housing and homelessness. Issues Paper 2*. Commonwealth of Australia: Canberra.
- <sup>2</sup> Council of Australian Governments (COAG), (2009). *National Affordable Housing Agreement*. COAG: Canberra. [http://www.federalfinancialrelations.gov.au/content/npa/national\\_agreements/national-housing-agreement.pdf](http://www.federalfinancialrelations.gov.au/content/npa/national_agreements/national-housing-agreement.pdf)
- <sup>3</sup> Council of Australian Governments (COAG), (2009). *National Partnership Agreement on Homelessness, 2014-2017*. COAG: Canberra. [http://www.federalfinancialrelations.gov.au/content/npa/housing/national-partnership/homelessness\\_NP\\_2015.pdf](http://www.federalfinancialrelations.gov.au/content/npa/housing/national-partnership/homelessness_NP_2015.pdf)
- <sup>4</sup> Council of Australian Governments (COAG), (2008). *National Partnership Agreement on Remote Indigenous Housing*. COAG: Canberra. [http://www.federalfinancialrelations.gov.au/content/npa/housing/national-partnership/remote\\_indigenous\\_housing\\_NP\\_variation.pdf](http://www.federalfinancialrelations.gov.au/content/npa/housing/national-partnership/remote_indigenous_housing_NP_variation.pdf)
- <sup>5</sup> Lawson, J., Legacy, C. and Parkinson, S., (2016). *Transforming public housing in a federal context*. AHURI Final Report No. 264. Australian Housing and Urban Research Institute Limited: Melbourne. <https://www.ahuri.edu.au/research/final-reports/264>
- <sup>6</sup> Productivity Commission, (2016). *Human services: identifying sectors for reform - issues paper*. Productivity Commission. <http://www.pc.gov.au/inquiries/current/human-services/identifying-reform/issues>
- <sup>7</sup> Commonwealth Department of the Treasury, (2015). *Australian government response to the competition policy review*. Department of the Treasury, Commonwealth of Australia: Canberra. [http://www.treasury.gov.au/~media/Treasury/Publications%20and%20Media/Publications/2015/Government%20response%20to%20the%20Competition%20Policy%20Review/Downloads/PDF/Govt\\_response\\_CPR.ashx](http://www.treasury.gov.au/~media/Treasury/Publications%20and%20Media/Publications/2015/Government%20response%20to%20the%20Competition%20Policy%20Review/Downloads/PDF/Govt_response_CPR.ashx)
- <sup>8</sup> Jacobs, K., Lawson, J., Gabriel, M., & Hulse, K., (2015). *Individualised and market-based housing assistance: evidence and policy options*. Australian Housing and Urban Research Institute (AHURI) Final Report No.253. AHURI: Melbourne.
- <sup>9</sup> Meagher, G., (2010). *Is choice the enemy of equality?* Keynote address at the Transforming Care Conference. Copenhagen, 21-23 June 2010.
- <sup>10</sup> Considine, M., O'Sullivan, S., & Nguyen, P. (2014). Mission drift?: The third sector and the pressure to be businesslike: Evidence from job services Australia. *Third Sector Review* 20(1):87-107.
- <sup>11</sup> Farrow, K., Sturrock, R., Hurley, S., (2015). *Grand alibis: how declining public sector capability affects services for the disadvantaged*. Centre for Policy Development: Sydney.
- <sup>12</sup> St Vincent de Paul Society National Council, (2016). *Submission to the Productivity Commission Inquiry into Human Services: Identifying sectors for reform*. St Vincent de Paul Society National Council: Canberra. [https://www.vinnies.org.au/icms\\_docs/249614\\_Submission\\_to\\_Productivity\\_Commission\\_Inquiry\\_into\\_Human\\_Services.pdf](https://www.vinnies.org.au/icms_docs/249614_Submission_to_Productivity_Commission_Inquiry_into_Human_Services.pdf)
- <sup>13</sup> David, C., (2016). *Delivering on its promise? Better but not good enough*. (Doctoral dissertation). RMIT University: Melbourne.
- <sup>14</sup> St Vincent de Paul Society National Council & National Social Justice Committee, (2016). *The ache for home: a plan to address homelessness and housing unaffordability in Australia*. St Vincent de Paul Society National Council: Canberra. [https://www.vinnies.org.au/icms\\_docs/238828\\_The\\_Ache\\_for\\_Home\\_Paper\\_2016.pdf](https://www.vinnies.org.au/icms_docs/238828_The_Ache_for_Home_Paper_2016.pdf)
- <sup>15</sup> Neale, K., Buultjens, J., & Evans, T., (2012). Integrating service delivery in a regional homelessness service system. *Australian Journal of Social Issues* 47(2):243-261.