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Introduction

The Council to Homeless Persons (CHP) welcomes the opportunity to provide a submission to the Productivity Commission issues paper *Human Services: Identifying Sectors for Reform*.

As the peak body of the Victorian specialist homelessness sector, our response will focus on the context of the specialist homelessness service system in Victoria, and the issues presented by the introduction of competition, contestability and user choice.

Context in Victoria for the specialist homelessness service system

The numbers of people experiencing homelessness in Victoria has been increasing, driven by increasing unaffordability of housing, particularly in the rental sector.

According to the Australian Institute of Health and Welfare, homelessness in Victoria has risen by an annual average of 6.1 per cent since 2011. The most recent data of Victorian Specialist Homelessness Services, shows that on average 108 people are turned away from services each day. Of these 37.3 require short term or emergency accommodation, 15.2 require other housing assistance, 34.8 require a specialist service without accommodation and 20.6 need general assistance.

Table VIC UNMET.7: Daily average unmet requests by reason service was not provided, 2014–15, adjusted for non-response

	Short-term or emergency accommodation	Other housing assistance	Specialist service (without accommodation)	General assistance only	Total
Person did not accept service	1.6	0.5	3.1	0.9	6.1
Person wanted different services	1.2	1.4	2.1	4.2	8.9
Agency was in the wrong area	2.5	2.3	2.7	1.4	8.9
Agency had no accommodation available	20.7	1.9	0.0	0.1	22.7
Agency had no other services available	0.4	0.9	0.6	0.5	2.2
Agency had insufficient staff	2.5	4.1	3.3	3.7	13.6
Agency was inappropriate, wrong target group	1.0	0.7	2.7	0.9	5.3
Agency's facilities were not appropriate for a person with special needs	0.3	0.1	0.2	0.2	0.8
Person was refused service/ person did not meet criteria	1.4	0.6	0.6	1.3	3.8
No fee-free services, available at the time of request	0.1	0.0	0.1	0.2	0.4
Other	7.9	4.4	20.5	8.1	41.0
Total	**39.3**	**17.0**	**36.0**	**21.5**	**113.7**

The costs of private rental housing have been increasing at the same time that the amount of social housing as a proportion of all housing stock in Victoria has been

decreasing. The consequence, is that it is extremely difficult for people on low incomes to find housing they can afford, and often they experience homelessness as a consequence.

Resources available to the specialist homelessness sector have not increased alongside this growth in demand. There is both inadequate availability of support to assist all who need it, and lack of exit options from homelessness into housing that people can afford.

As a consequence of scarcity of both support and housing, mechanisms have developed to triage people seeking assistance for homelessness, to ensure assistance is directed to those who are most vulnerable.

Mechanisms have also been developed to maximise efficiency and equity of service delivery. In Victoria, the Opening Doors Framework (implemented between 2005-11) resulted in homeless services in each area working collaboratively to provide a systematic response. In each area a visible single 'entry point' for the homelessness service system was developed. Staff at these entry points undertake initial assessment, and provide an initial crisis response or referral to an appropriate service or program in the sector.

Each service provides continuous information about vacancies and accepts the referral and prioritisation of the entry point.

This process has delivered significant efficiency gains, and improved the client experience.

Prior to 'Opening Doors' service users needed to approach each agency in their area, and undergo an assessment with each to determine their eligibility and priority. Service users were forced to tell their story over and over again, and may not have been aware of the services that best meet their needs. They would also then be on multiple concurrent waiting lists.

Opening doors has made it far easier for people to find out where to go to get assistance, as a single number in Victoria provides information about entry points where people are referred to services for which they are eligible.

Context of service user characteristics

While some people experience chronic homelessness, for most the experience is temporary and occurs as a consequence of a crisis, or an escalating series of crises – such as illness, resulting in job loss and tenancy breakdown.

When the crisis occurs most people do not know where to go, or what services are available to assist them. Similar to a hospital emergency department, people need to know where it is, and then to be assisted by professionals to resolve the crisis when they get there.

Competition

The introduction of competition into the service system described above would undo the efficiency and equity gains achieved though collaboration. Competing entry points would waste scarce staff hours in multiple assessments. Competition among housing and support providers would undermine the protocols governing allocation of referrals, which prevent unutilized staff capacity for support, and un-utilised vacancies in crisis or transitional accommodation.

Competition on the basis of outcomes would also create a perverse incentive to focus on assisting those who least need assistance. For example, there is considerable evidence that the longer young people are homeless the more at risk they are of becoming chronically homeless, and of acquiring significant drug, alcohol and mental health problems. Consequently, it is important they are afforded priority within homelessness services. However, young people are also more likely than older service users, to not succeed in sustaining a tenancy, often for the same reasons – such as challenging behaviours, or very low incomes – that they experienced homelessness in the first place.

Likewise people who are chronically homeless often have a series of complex issues, including drug, alcohol and/or mental health problems, that mean it is very likely they will have a number of failed tenancies along the path to sustaining housing. Nonetheless continuing in homelessness continually worsens their physical and mental health, at considerable cost to their own wellbeing, and the overall human, health and justice systems. For these reasons, it is important that they are prioritised within services.

A competitive model that rewarded successful sustainment of tenancies would create very strong incentives to not focus on assistance to young people or those experiencing chronic homelessness. Conversely, people experiencing very temporary financial set-backs, who are most likely to find a path out of homelessness without assistance or a very 'light-touch', such as advice, would be a 'sure-bet' of a successful outcome, and the incentive would be there to provide more help than necessary.

Contestability

Specialist homelessness services within Victoria are provided by mission driven community sector organisations. These organisations have a fundamental commitment to working to end homelessness, and to improving outcomes for people experiencing, or at risk of homelessness. Many are also deeply embedded in their local communities, and able to leverage considerable volunteer work, and social capital that contributes to supporting people's pathways out of homelessness.

These organisations are also very lean, with generally low overheads, and a not-for-profit model that reinvests any surplus in the pursuit of the mission. This delivers excellent value to funders.

Within the community services sector, services are all already effectively contestable, as renewal of Government funding contracts is always subject to performance, and retender.

As for-profit providers would need to reduce service quality or quantity to generate a profit, enabling contestability with the for-profit sector offers is a poor value proposition.

Informed user choice

Council to Homeless Persons supports the principle of user choice. However, people's need for homelessness services arises out of crisis, at which point service users typically have very poor information about the services available. Hence, it is neither practical nor useful to create a system that forces people to navigate the available options on their own.

Informed user choice is currently incorporated into service delivery as part of the initial assessment and planning (IAP) process. During the IAP process assessment workers discuss the service user's situation, and explain the available options to them, including different waiting times for different types of housing options, and what different forms of support may involve. The plan that arises from this process reflects the choices people make once they have the information about these options.

It should be noted however, that resource constraints, most particularly access to housing, means that many people do not have available the services they want. This forces people to make sub-optimal choices, for example, to accept rooming house accommodation available immediately, rather than affordable social housing for which they may have to wait many years.

The broader process of reform should aim to address this paucity of housing options available to people.

Conclusion

This first stage of the review process seeks to identify services within the human services sector that are best suited to the introduction of greater competition, contestability and user choice. Council to Homeless Persons has argued that the homelessness service system is ill suited for a number of reasons:

- People seeking a service are usually in temporary crisis and have no knowledge of services available – consequently they need a system that provides a clear pathway to help, not a mélange of options.

- Demand for services greatly exceeds availability, and consequently collaborative processes that efficiently and equitably allocate services are important – competition would undermine these processes.

- Competition would risk creating perverse incentives to assist people who least need support, and to deny support to those who most need it. This would have disastrous consequences for the most vulnerable service users, and for the broader health, human services and justice systems.

- Specialist homelessness services in Victoria are already effectively contestable within the community services sector. The need for for-profit providers to generate a profit means this option offers poor value to funders.

- Informed user choice is already incorporated within the service model, although broader reform is needed to increase the availability of the housing options people seek.