

THE FUNDING OF HOMELESSNESS SERVICES IN WESTERN AUSTRALIA

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26 May 2022



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At the homelessness service level...

Evidence of the type, mix, and level of funding

The extent to which services are able to meet needs

Barriers in attracting funding

The commissioning of services, the sustainability of services

Implications of funding for staff retention, innovation, development, measurement

At the homelessness systems level....

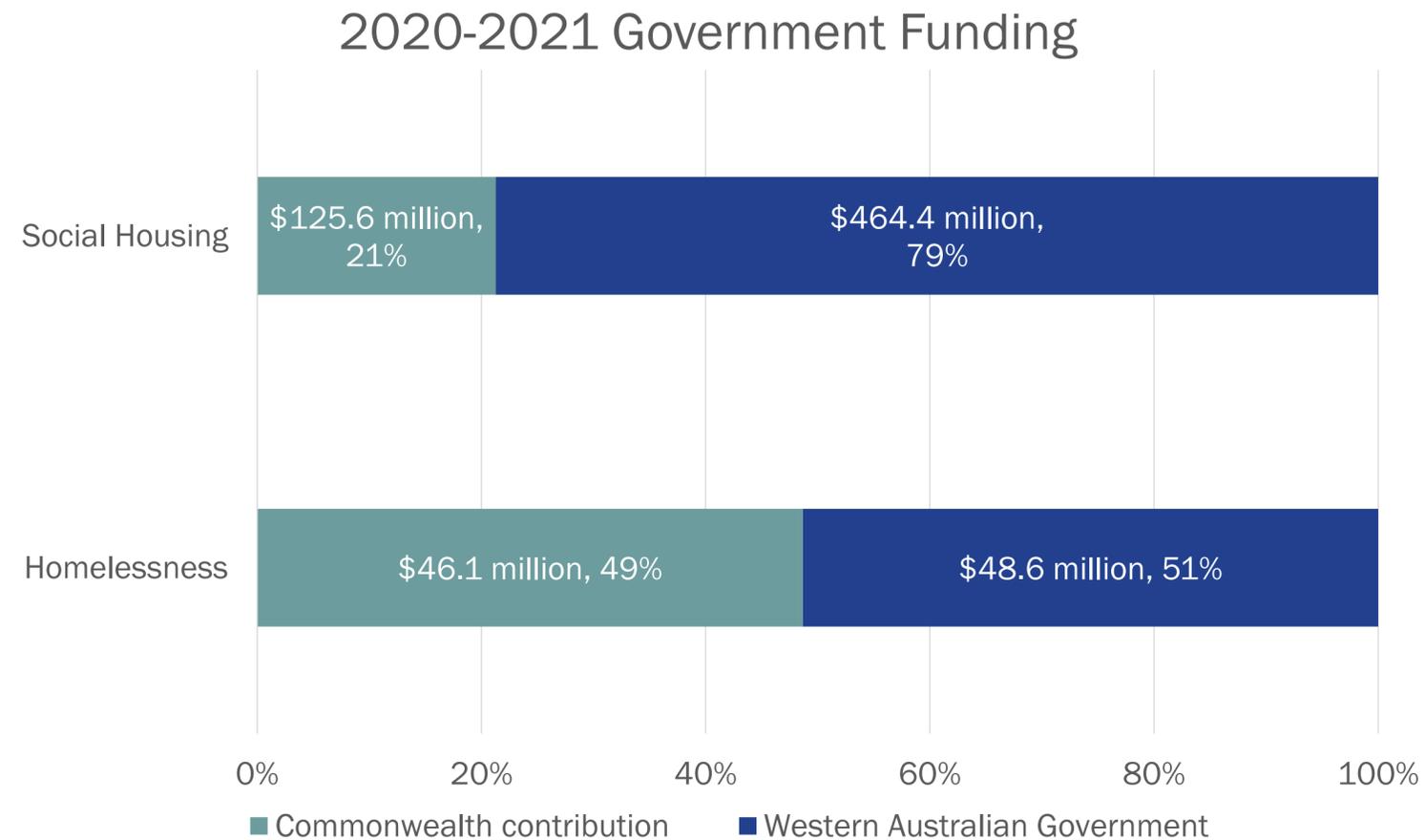
What is the appropriate level and mix of funding to address the fundamental drivers of Western Australian homelessness and end homelessness in Western Australia?

Model of homelessness; the state of homelessness in Western Australia; WA and Australian policy environment

Findings from the CSI UWA Western Australian Homelessness Funding and Delivery Survey of 73 homelessness services operating across Western Australia

Outcomes from focus groups and interviews comprising CEOs and managers.

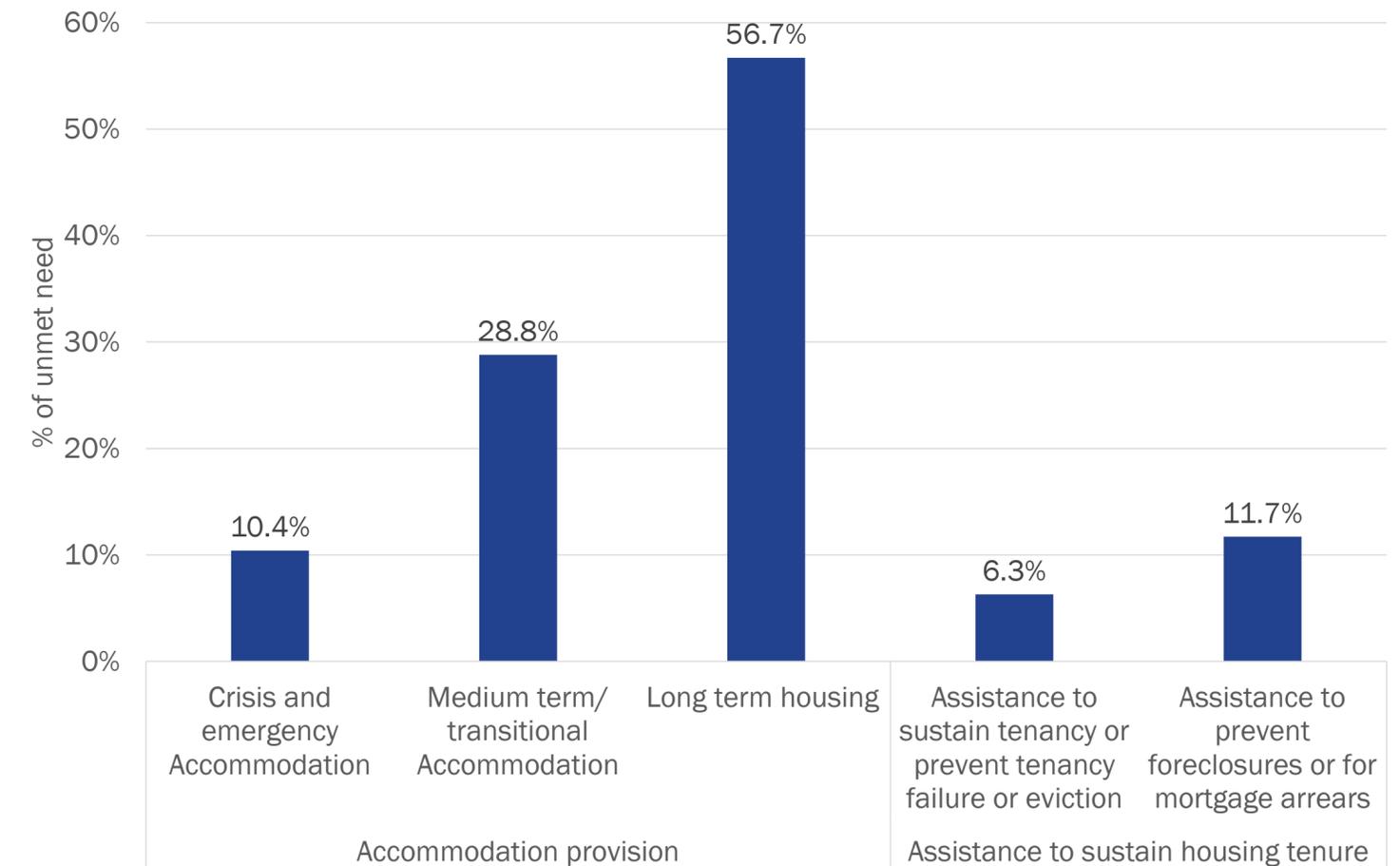
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Source: Steering Committee for the Review of Government Service Provision 2022, *Report on Government Services 2022*, Productivity Commission, Canberra.

Our report emphasises that government funded services are not the only homelessness services operating in WA and that those who receive government funding supplement that funding in a number of different ways

SHS Clients and proportion of unmet need for those who are homeless and those at risk of homelessness



Source: Australian Institute of Health and Welfare (2021) *Specialist homelessness services annual report 2020-21* accessed 13 April 2022. Latest edition, AIHW, Australian Government.

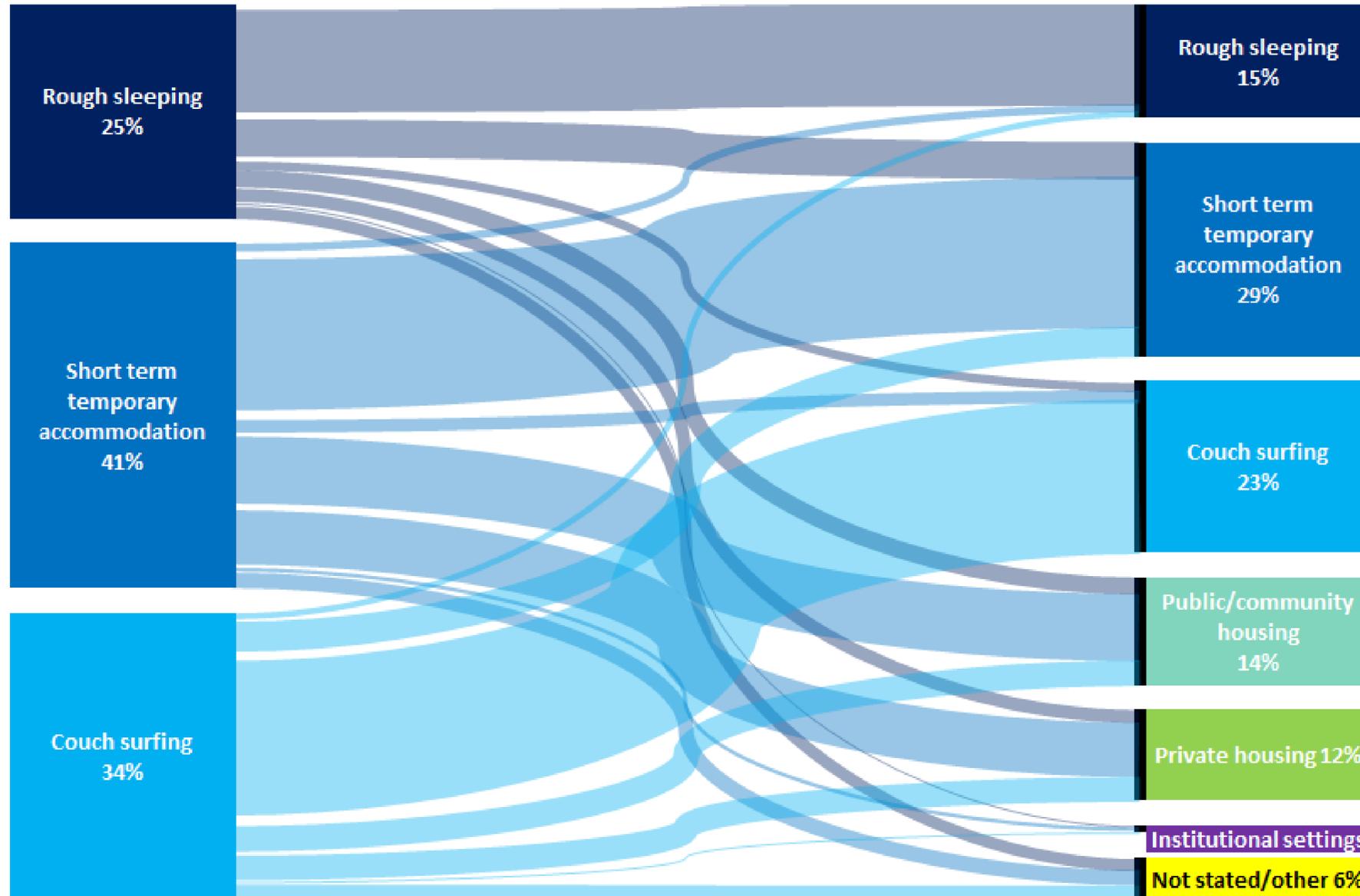
WA SHS in March 2022

| | |
|---|-------|
| Number of Indigenous clients | 2,978 |
| Number of clients who have experienced family and domestic violence | 2,941 |
| Number of clients with a current mental health issue | 1,842 |
| Number of clients with problematic drug or alcohol issues | 778 |
| Number of clients who are homeless | 3,131 |
| Number of clients who are at risk of homelessness | 3,378 |

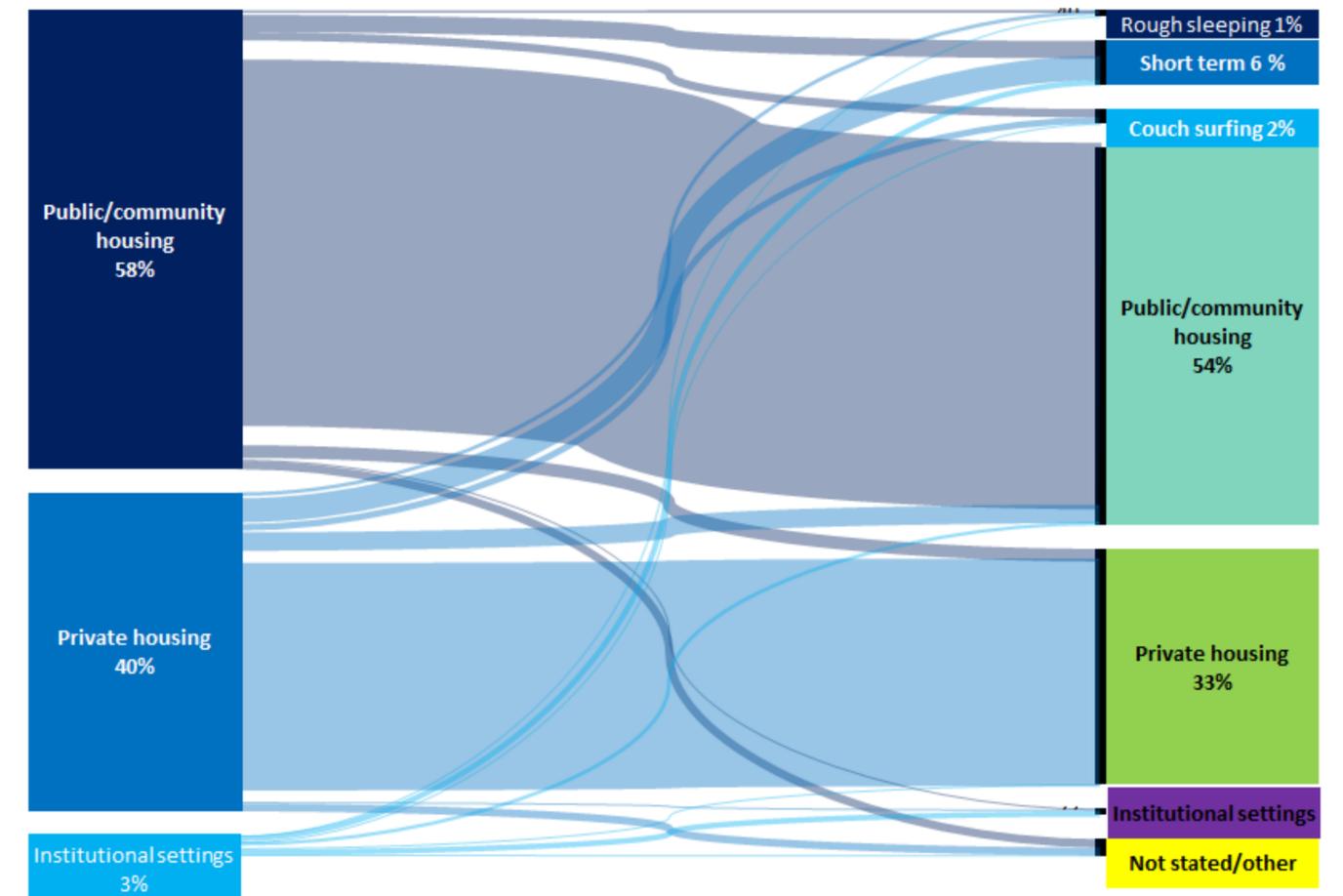


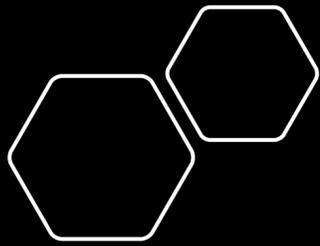
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WA 2020-21 SHS Homeless Clients



WA 2020-21 SHS Clients at Risk of Homelessness

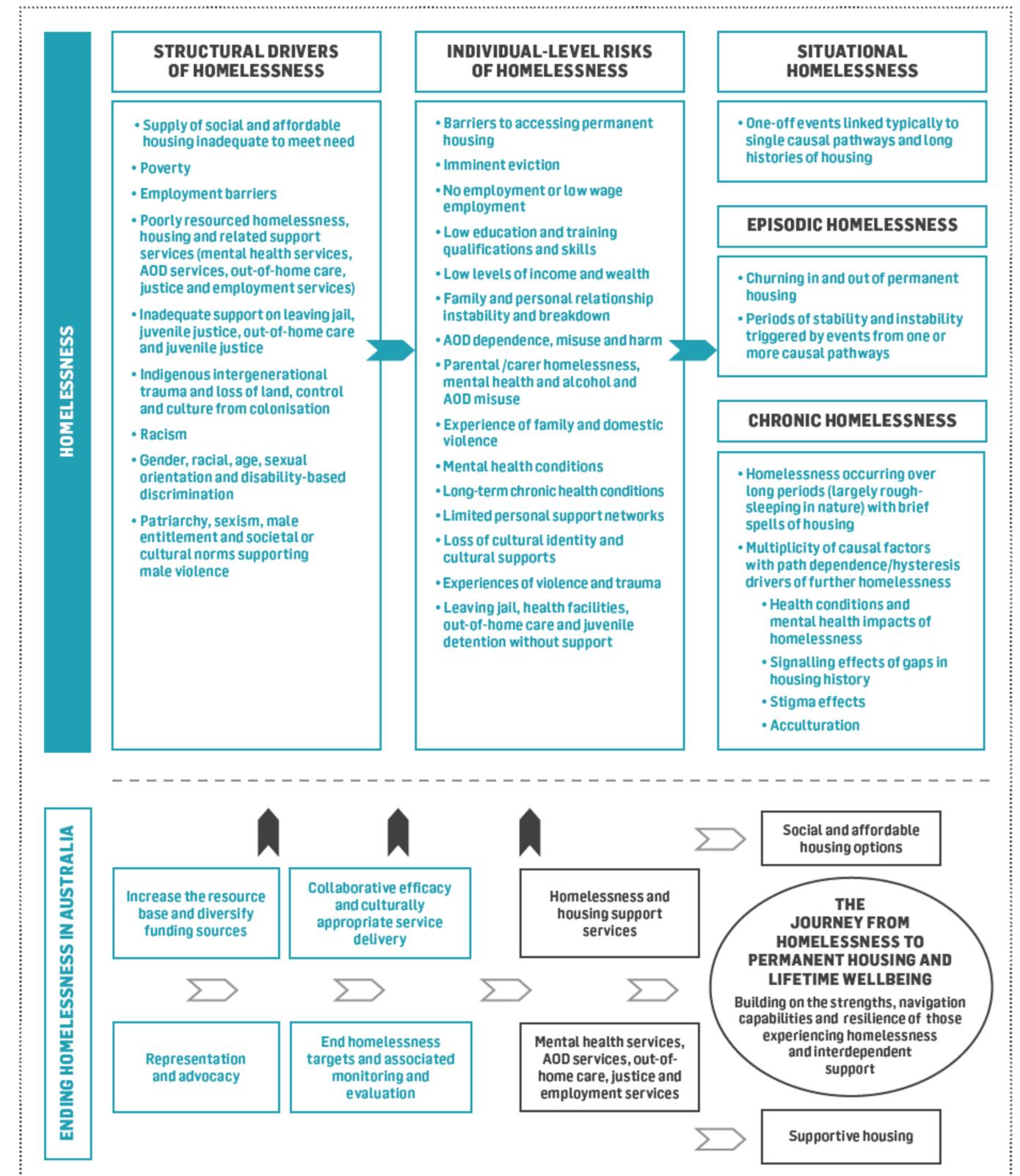




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The Western Australian Government's *All Paths Lead to a Home: Western Australia's 10-Year Strategy on Homelessness 2020-2030* provides a strong platform for Western Australia going forward (with additional funding) but at present Australia does not have in place a national end homelessness strategy.

Figure 1 – Ending Homelessness in Australia Model



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1. Leadership and proactivity at the Australian Government level for a national homelessness strategy

- The implementation of a **national end homelessness strategy** backed by a proactive Australian Government and by all states and territories.
- A **major boost** to the Australian Government commitment to **NHHA** for both social housing and homelessness services (with matching WA Government commitments) to reduce high levels of unmet need in Western Australia.
- **Greater coordination** between Australian Government and WA Government funded programs at the prevention, early intervention and crisis points of homelessness.
- An **enhanced national homelessness target setting and monitoring framework** centred on end homelessness goals.

3. Application of Housing First programs

- There are still areas where the Housing First approach has yet to be fully implemented. This requires further **investment by the Australian Government and the WA Government**.
- **Government funding and expansion of Zero Projects** and the backbone functions including significantly improved data collection systems are required to drive an evidence-based response.

2. An increase in the supply of social and affordable housing

- **Direct Australian Government funding of social housing options** to complement recently announced historic WA Government investments in social housing to significantly boost the stock of social housing in Western Australia over the next five years.
- **Increased investment in remote and regional First Nations housing** to meet the very high rates of severe overcrowding and homelessness in these areas.
- Stronger **partnerships with the community housing sector** as a key delivery partner to drive new social and affordable supply.
- The Australian Government and the WA Government facilitate **increased affordable rental housing options** accessible to those exiting homelessness or at risk of homelessness.
- The Australian Government and the WA Government to provide an enabling environment for **impact investment into affordable housing** options for those experiencing homelessness.
- **Increase in Commonwealth Rent Assistance** and other initiatives to enable the private rental market to play a greater role than it has previously given social housing supply-side constraints.
- **Affordable housing, and more diversity in housing options** is needed to provide housing at the individual level, especially for cohorts which are lacking in safe housing options.

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4. Diverse supportive housing and homelessness models

- A **range of homelessness, housing, and complementary supports** is needed to effectively work towards ending homelessness given the diversity of the homelessness population.
- A **long-term supportive housing model** is required (and needs to be adequately funded) for those with high health and social needs and long periods spent homeless.
- **Culturally safe and appropriate service delivery** including expansion of Aboriginal and Torres Strait Islander-led and controlled services to help address high rates of homelessness in their communities.
- **Service delivery to be appropriate to the cultural norms of people from CALD backgrounds.** This may include: translation services; bilingual staff reflecting the client cohort; cultural training; strong links to cultural and community groups; and culturally specific services.

5. Increase the scale of Aboriginal and Torres Strait Islander controlled homelessness services

- **New and increased funding** to increase the scale of Aboriginal and Torres Strait Islander-controlled homelessness services.
- Promote Housing First programs that are directly **delivered by Aboriginal-led and controlled community organisations** drawing on the experience of the new Aboriginal-led programs under the WA Government Homelessness Strategy.

6. Targeted prevention and early intervention homelessness programs

- Due to the strong evidence of links between childhood and adolescent homelessness and subsequent adult chronic homelessness, **early intervention programs for children and young people** experiencing the first early spells of homelessness are critical.
- **Targeted responses** are required for clients involved in child protection care, and juvenile and adult justice systems.
- Focusing nationally on an end-poverty program, **addressing Family and Domestic Violence**, and providing supportive mental health programs is necessary when addressing the underlying drivers of homelessness.
- **A coherent system that effectively works together on prevention** will prevent the cycle of entrenched homelessness and the challenges with finding long-term housing solutions.
- **Wraparound holistic support** is needed to support those at risk of homelessness from becoming homeless, and a necessity for those who have been newly homed.

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“Ending homelessness in Australia is achievable but infrastructure is what is holding us back. Housing shortages, building delays and shortages are the shackles that prevent us from doing the work needed. Many services exist that are proficient in delivering homeless services and they have the expertise to achieve outcomes but they need resources and infrastructure to do it. Buildings and money to run effective services. By effective services, I mean services that are costed accurately.” [Service provider]

Source: Flatau P, Lester L, Callis Z, Kyron M. (2022). *The Funding of Western Australian Homelessness Services*, Perth: The University of Western Australia. <https://doi.org/10.25916/xvt3-5c91>



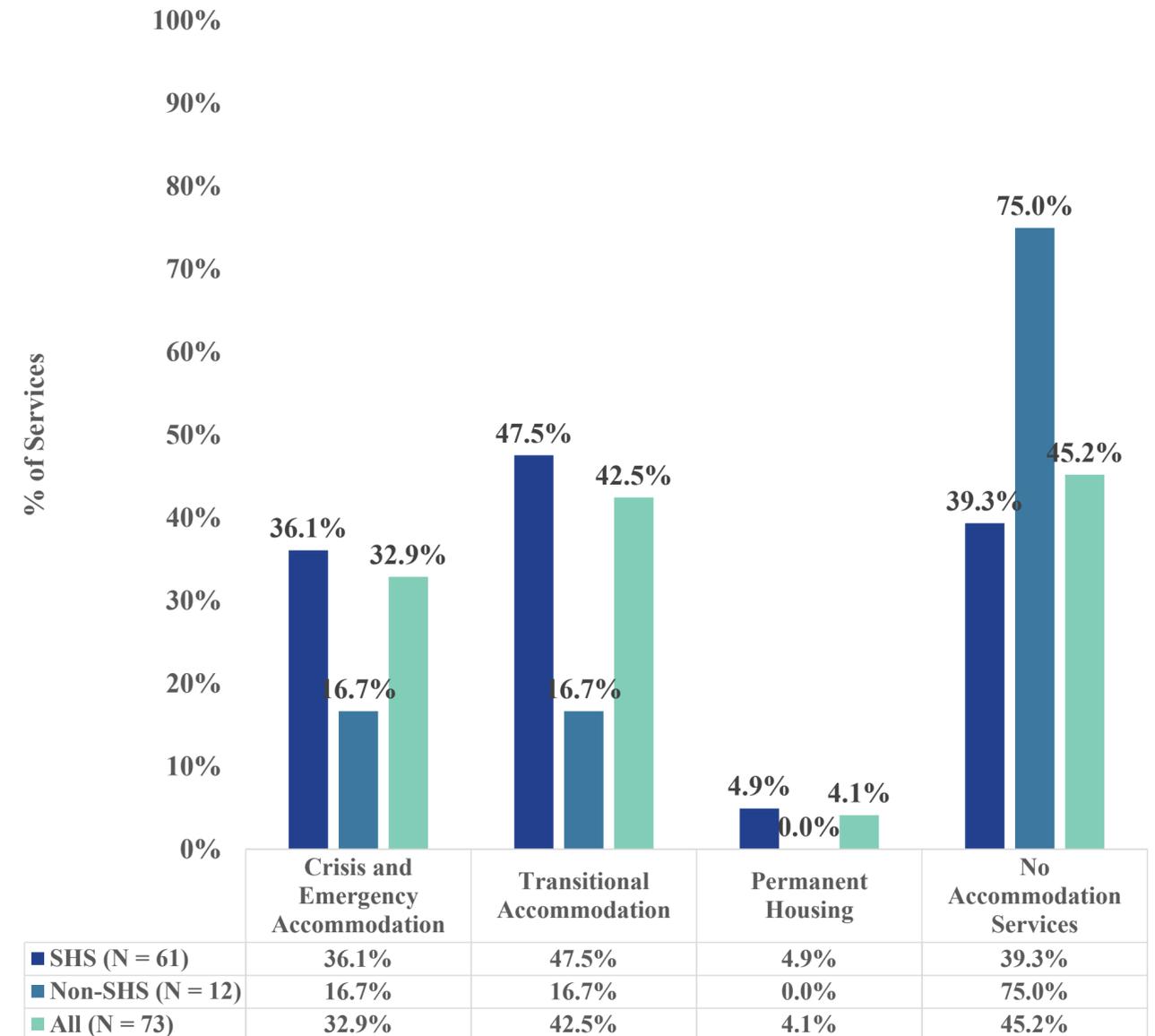
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Survey Results
Organisations
 SHS - 61
 Non SHS - 12
 Total - 73

| Regions of service operation | | |
|--------------------------------------|----------|-------|
| | <i>n</i> | % |
| Major City | 59 | 80.8% |
| Inner Regional | 7 | 9.6% |
| Outer Regional | 9 | 12.3% |
| Remote | 6 | 8.2% |
| Very Remote | 7 | 9.6% |
| Service operates in single region | 68 | 93.2% |
| Service operates in multiple regions | 2 | 2.7% |
| Service operates in all regions | 3 | 4.1% |

| Managing Agency | | |
|--|----------|-------|
| | <i>n</i> | % |
| Is homelessness-specific | 3 | 4.1% |
| Runs both homelessness and non-homelessness services | 62 | 84.9% |
| Other | 8 | 11.0% |

| Agency Annual Revenue | | |
|-----------------------------|----------|-------|
| | <i>n</i> | % |
| <\$1 Million | 5 | 6.8% |
| \$1 Million to <\$5 Million | 21 | 28.8% |
| >\$5 Million | 47 | 64.4% |



| Agency FTE Staff 2020-21 | | |
|--------------------------|----------|-------|
| | <i>n</i> | % |
| <10 | 9 | 12.3% |
| 10 to <20 | 9 | 12.3% |
| 20 to <50 | 18 | 24.7% |
| >50 | 37 | 50.7% |

Source: Flatau P, Lester L, Callis Z, Kyron M. (2022). *The Funding of Western Australian Homelessness Services*, Perth: The University of Western Australia.
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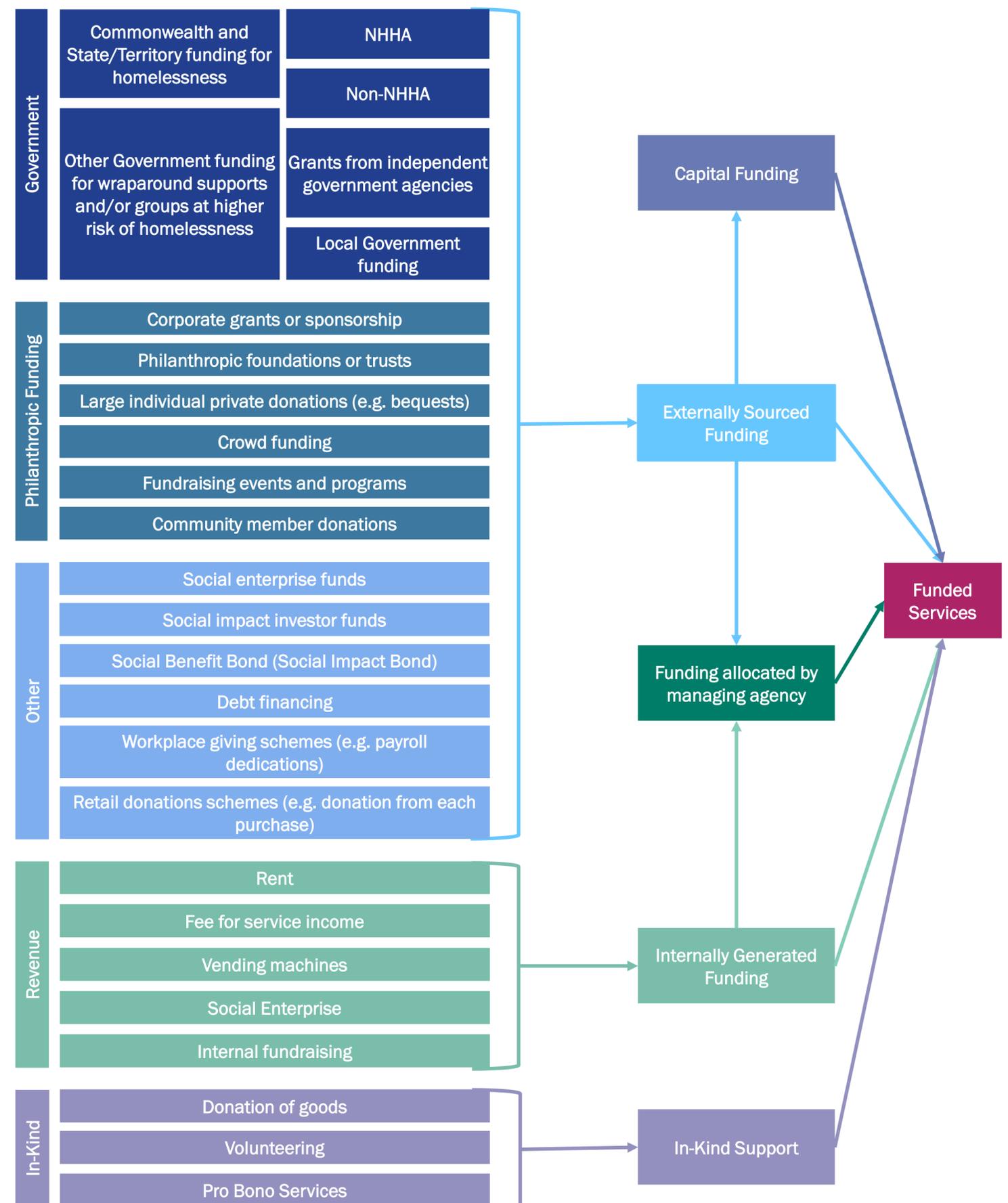
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| | Total Funding |
|----------------------------------|---------------------|
| Total External | \$36,158,090 |
| Total Internal Revenue | \$26,778,290 |
| Total Allocated by parent agency | \$2,301,987 |
| Total In-Kind | \$1,049,365 |
| Total Capital Funding | \$2,480,532 |
| Total | \$68,768,264 |

- Government funding comprises 45.0% of all homelessness service funding (the majority of which is National Housing and Homelessness Agreement funding) with other external funding (including fundraising and donations) comprising a further 7.6% of all funds.
- Internal sources of funds (primarily rent from accommodation services) comprises 38.9% of all funding received.
- Parent agency allocated funds, in-kind funds and capital funds comprise a further 8.4% of total funding.

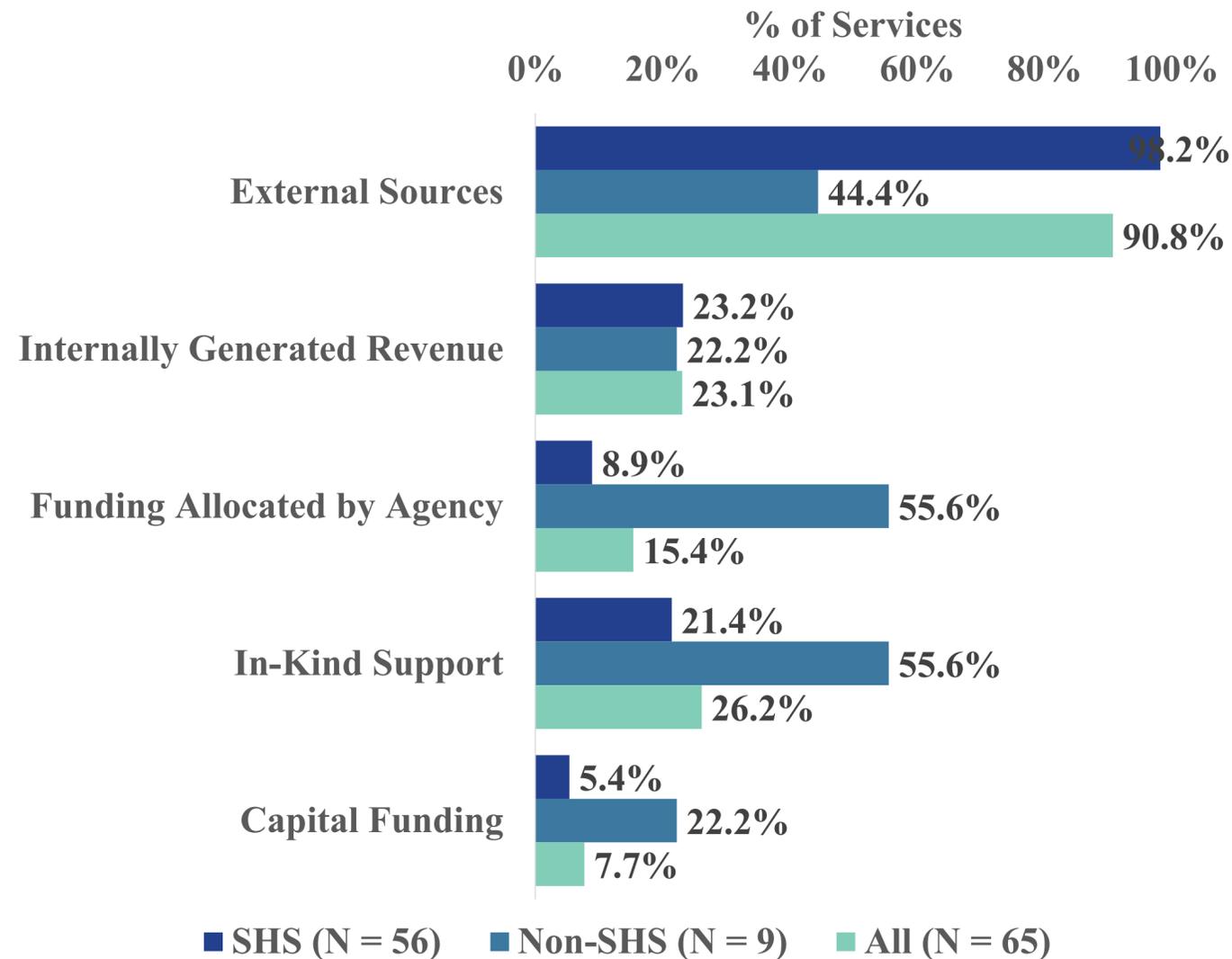
81.7% did not report any change in funding between 2019-20 and 2020-21

Source: Flatau P, Lester L, Callis Z, Kyron M. (2022). *The Funding of Western Australian Homelessness Services*, Perth: The University of Western Australia. <https://doi.org/10.25916/xvt3-5c91>

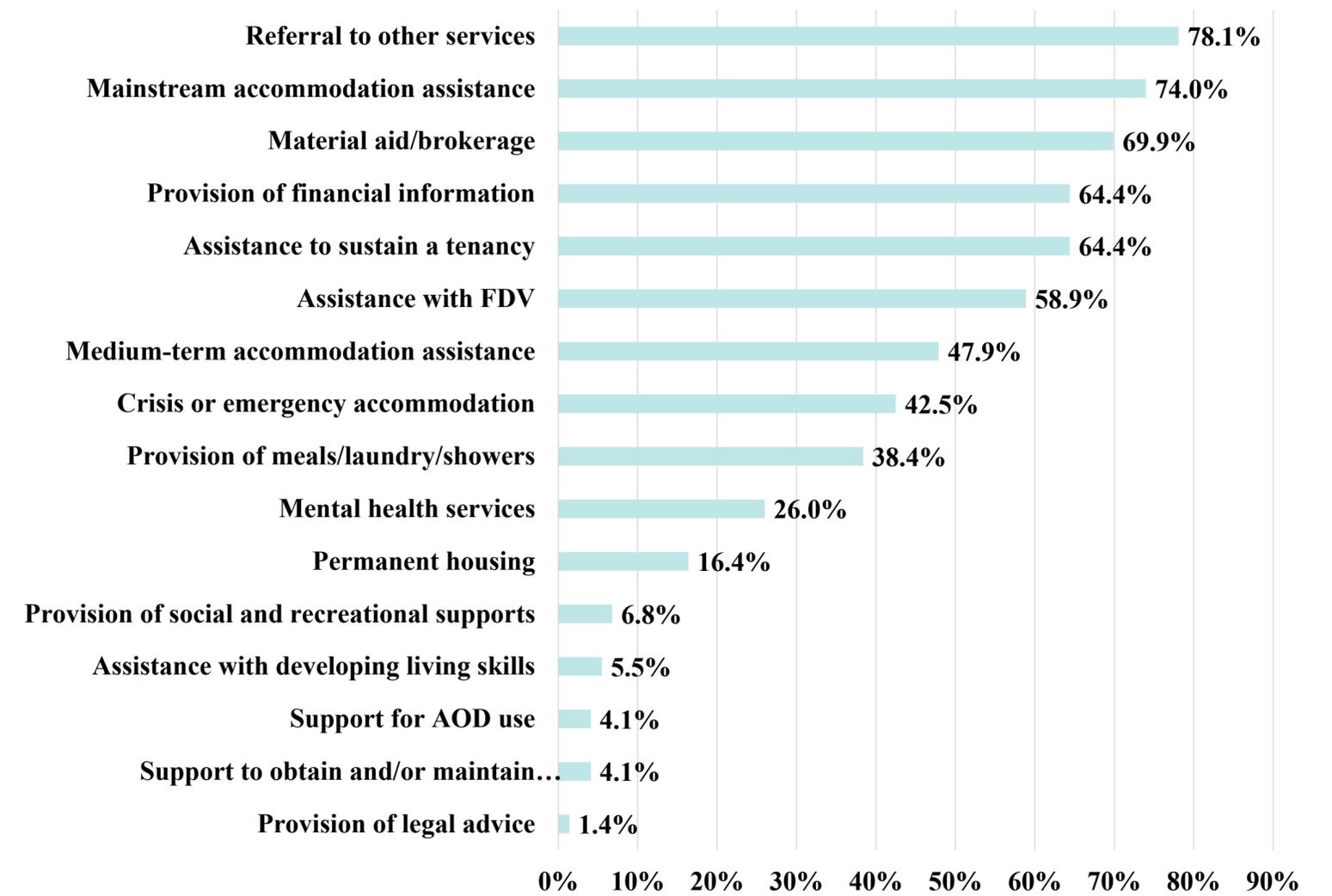


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Funding sources



Service provision



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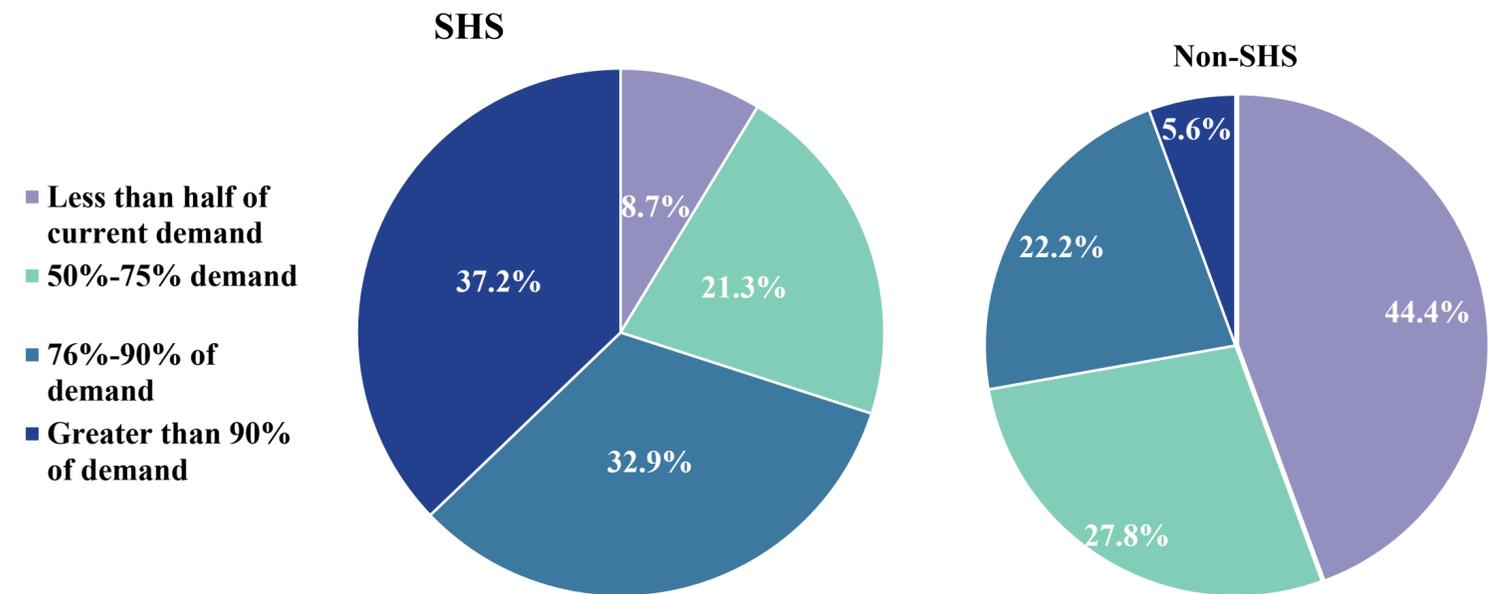
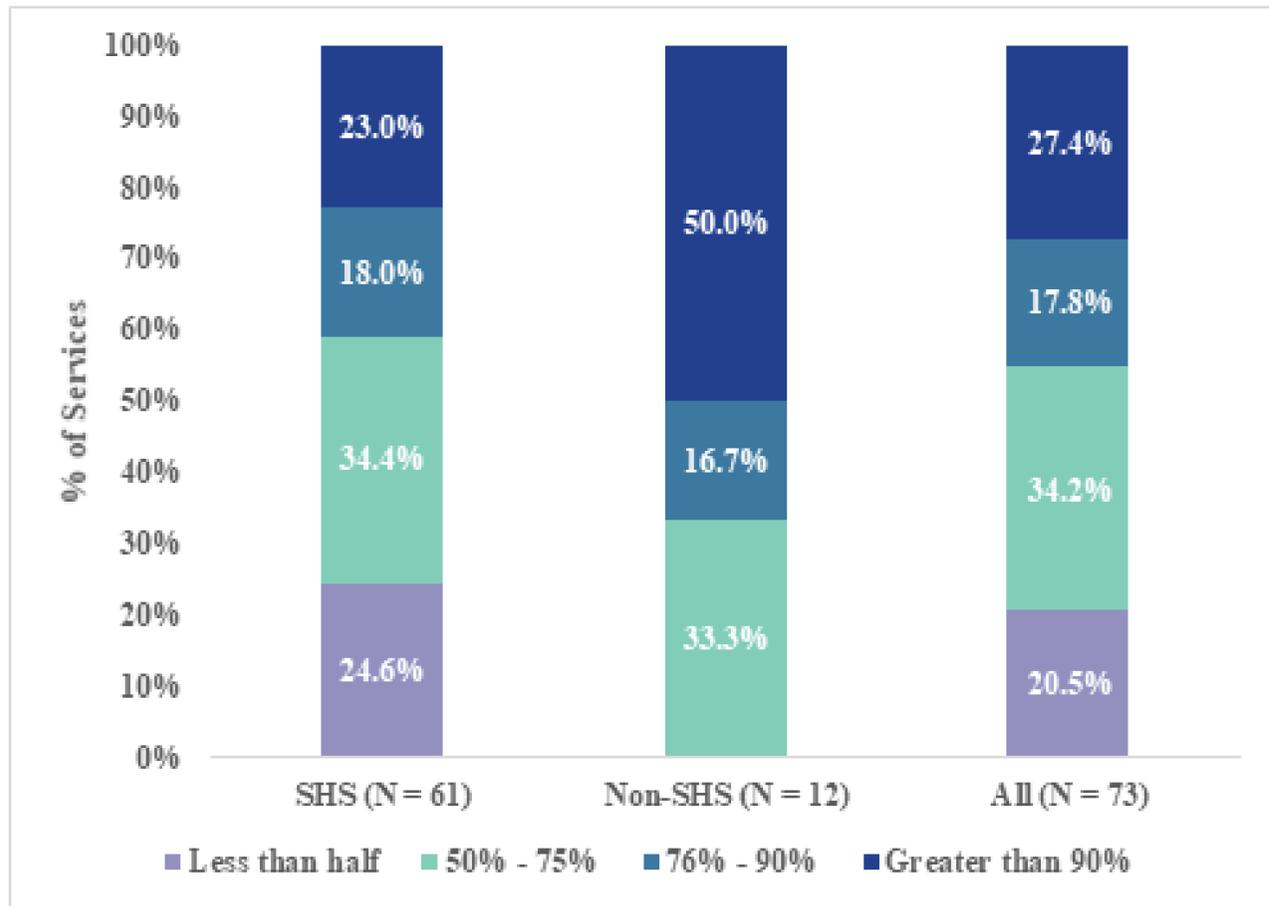
“A holistic approach to service delivery, from provision of housing to addressing other issues that impact on people’s wellbeing, is the only approach that can provide some hope of achieving a reasonable outcome in the quest to end homelessness. Adequate funding will allow for better, innovative, and cost-effective solutions to the issue of homelessness. Drip feeding the issue will never see it go away.” [Service provider]

Source: Flatau P, Lester L, Callis Z, Kyron M. (2022). *The Funding of Western Australian Homelessness Services*, Perth: The University of Western Australia. <https://doi.org/10.25916/xvt3-5c91>



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Figure 15 Level of client demand met



Source: Flatau, P., Zaretzky, K., Wood, L. and Miscenko, D. (2016) *The financing, delivery and effectiveness of programs to reduce homelessness*, AHURI Final Report 270, Australian Housing and Urban Research Institute, Melbourne, URL, doi:10.18408/ahuri-8209101.

Only 27.4% of services indicated that they were able to meet 90% or more of client demand, and less than a half (45.2%) said they were able to meet 76% of demand or greater

Source: Flatau P, Lester L, Callis Z, Kyron M. (2022). *The Funding of Western Australian Homelessness Services*, Perth: The University of Western Australia. <https://doi.org/10.25916/xvt3-5c91>

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Contract renewal

Contract Rollovers

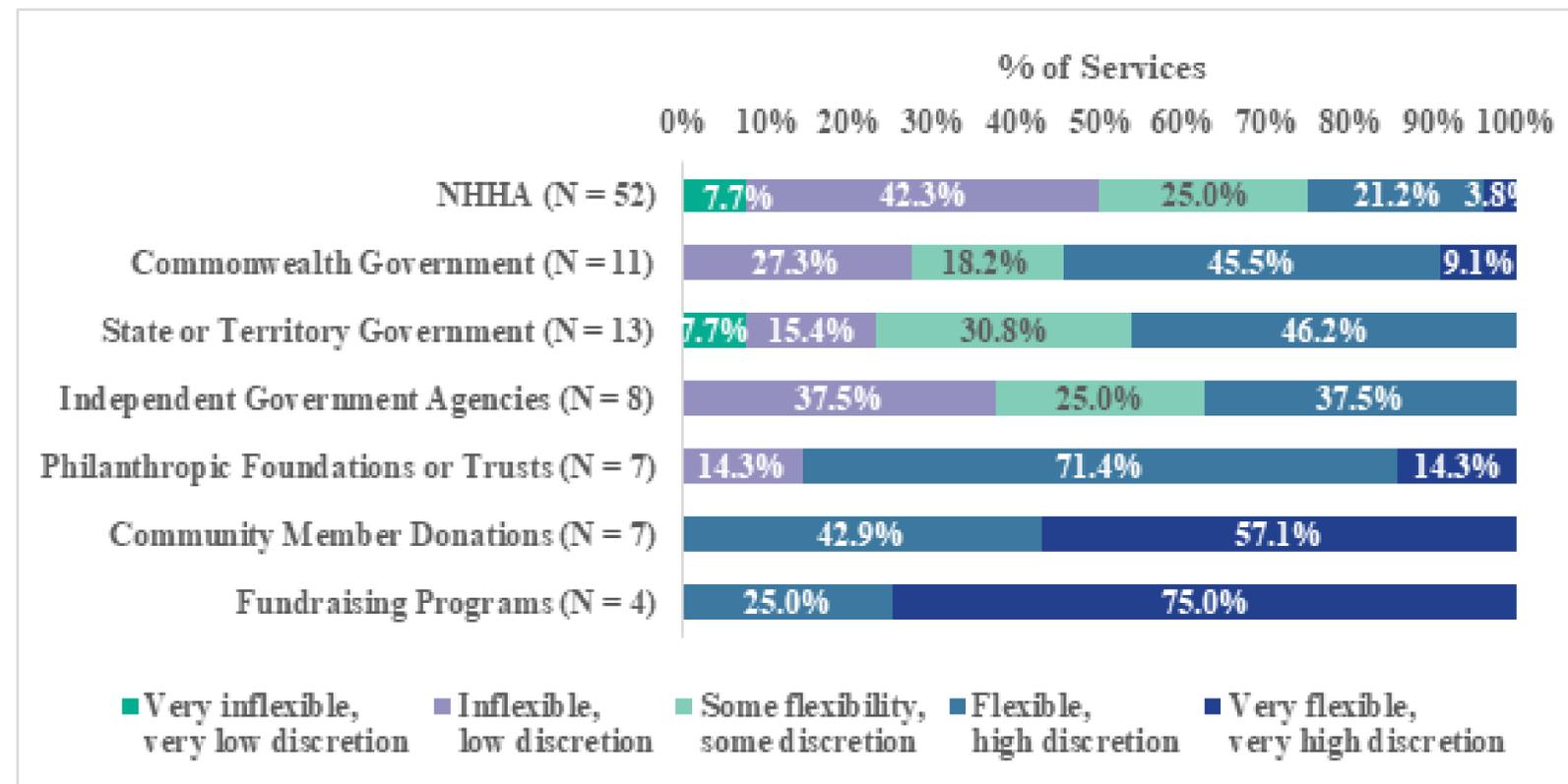
- The ten-year rollover of SHS contracts with the Department of Communities without reassessment of costs gives agencies no opportunity to renegotiate funding terms. The level of funding is not keeping pace with CPI.
- Short notice of rollover confirmation has resulted in agencies losing staff.
- The rollover of contracts over many years has resulted in outdated contracts in terms of the complexity of needs, and agencies not being able to apply to tender to meet the outcomes for specific cohorts of people experiencing homelessness.

Short-term contracts

- Short term contracts make it difficult for services to provide appropriate emergency response services, retain qualified staff, and provide a consistent service delivery.
- Short term contracts do not allow adequate response with respect to housing and homelessness service delivery and create uncertainty within the sector.

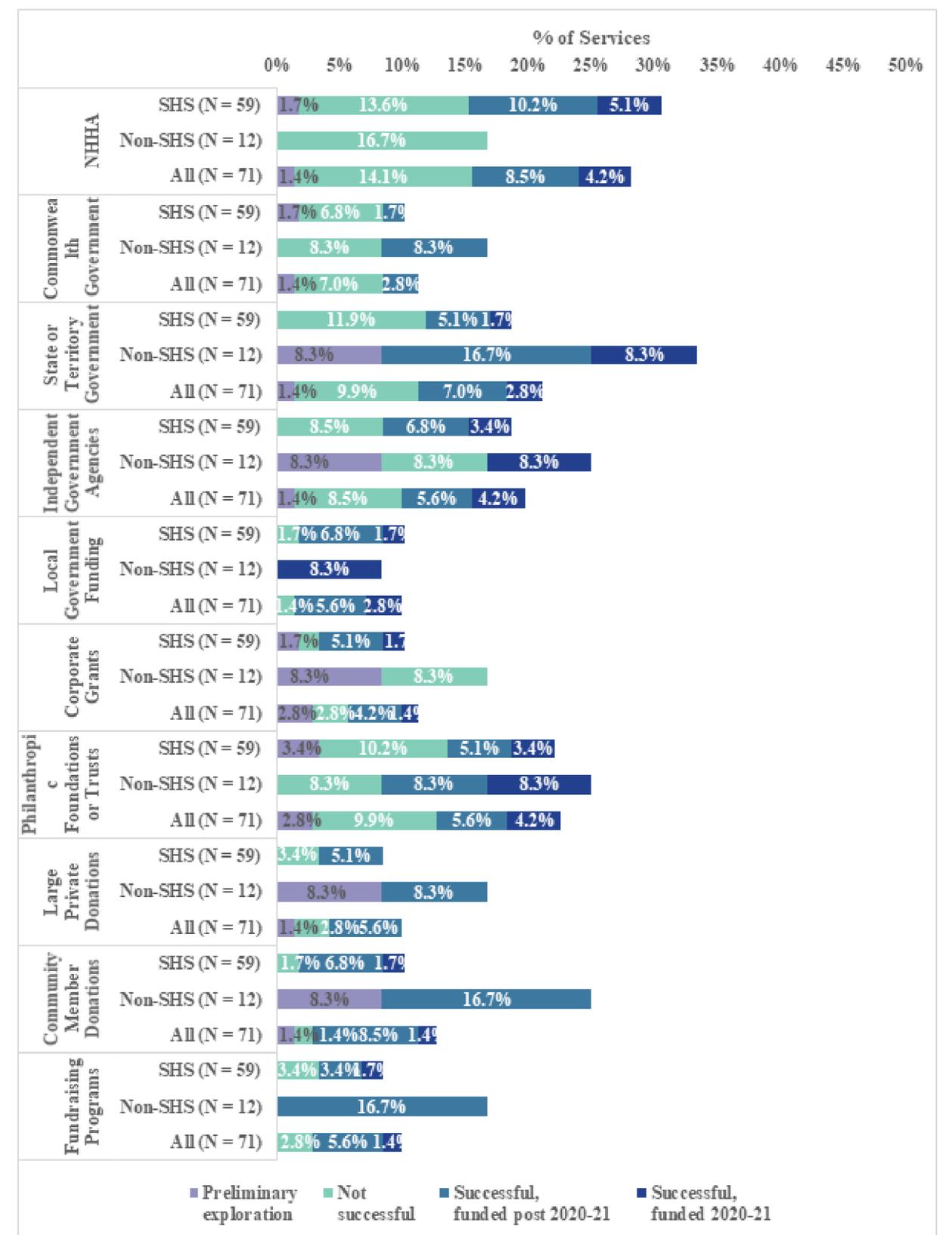
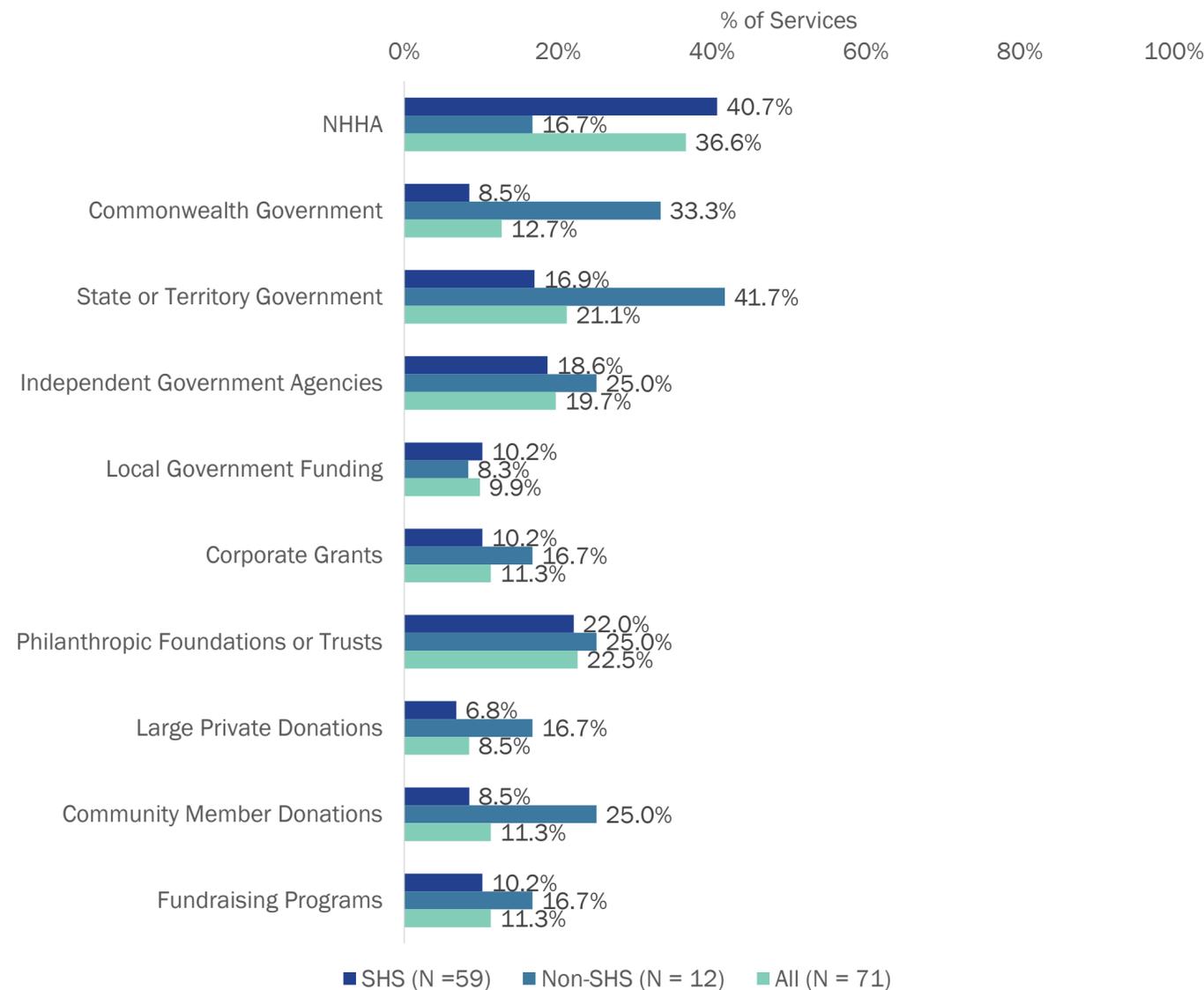
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Figure 14 Degree of flexibility by funding source



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Figure 19 Proportion of services that took active steps to obtain additional funding in 2020-21, by funding type



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“Due to the length of the contract, there is limited capacity to pivot. Our knowledge of how we should approach housing and homelessness service delivery now looks very different to how it would have done 10 years ago and even in the last two years with COVID. If nothing else, it has taught us that we need to be able to be responsive. And now in a housing crisis, how we're delivering programs in a private market with 0.01% vacancy and availability.” [Service provider]

Source: Flatau P, Lester L, Callis Z, Kyron M. (2022). *The Funding of Western Australian Homelessness Services*, Perth: The University of Western Australia. <https://doi.org/10.25916/xvt3-5c91>

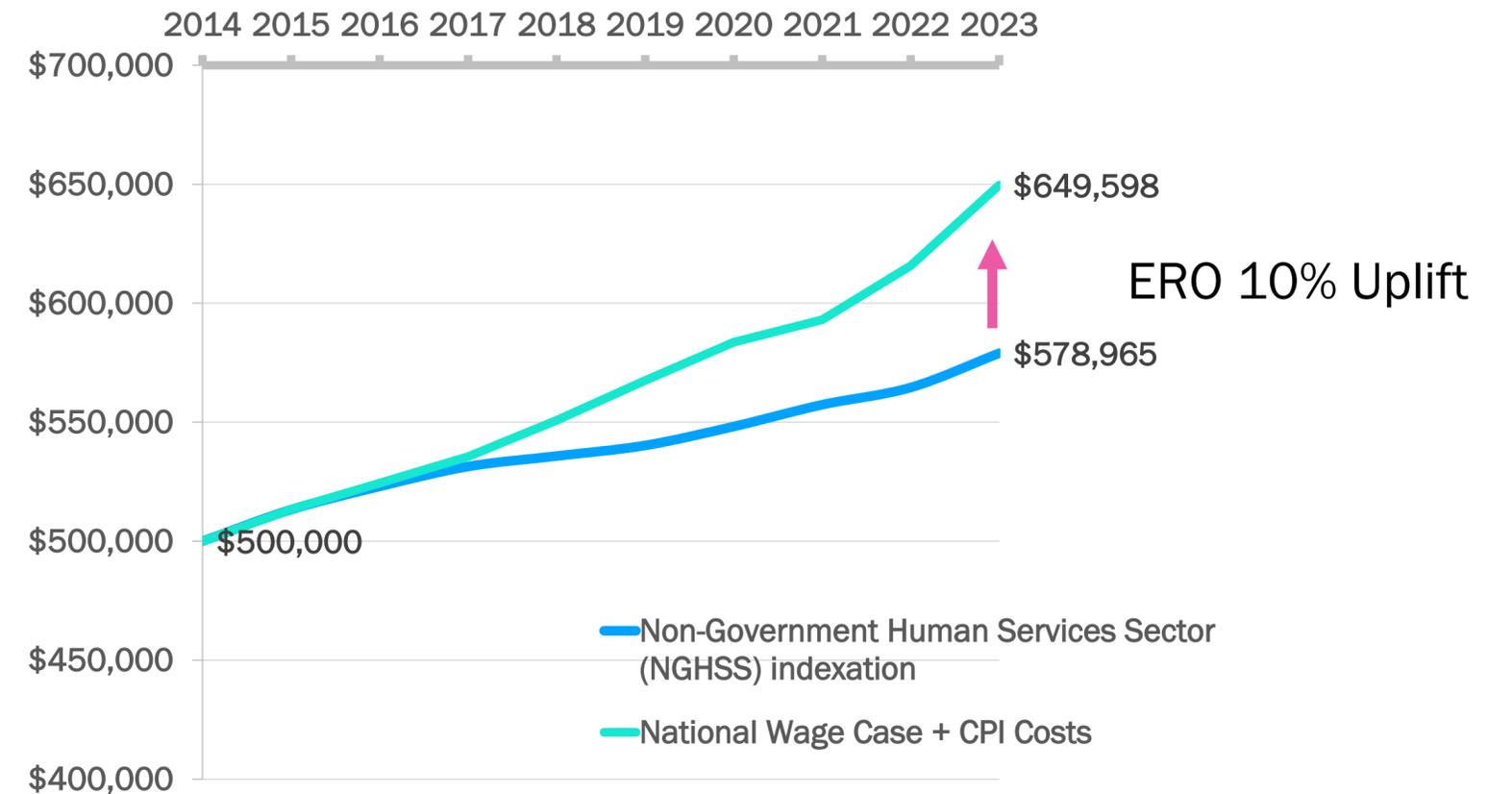


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Current indexation policies adopted by the WA State Government for the Not-For-Profit sector should be reviewed. Salary costs comprise a major component of homelessness service costs but are not adequately accounted for in the present NGHSS indexation uplifts.

It is estimated over the period 2014-15 to 2022-23 the aggregate shortfall between the indexation received by providers (based on NGHSS Wage Price Index and Consumer Price Index estimates) and service costs (based on National Wage Case estimates and CPI) is around 12% but may be higher with certain service costs thought to be outstripping CPI increases. There have also been productivity-reducing impacts due to COVID in recent years placing further pressure on services.

The shortfall has led to a reduction in service staffing, operating hours (or increased workload), employment of suitably qualified people cuts in training and development, and reduced investment in innovation or research. The 10% ERO Uplift is critical but is still a little short of the mark



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The current level of funding for homelessness services is **not adequate to cover the costs of programs**, with some agencies not tendering for services due to the lack of **sustainability**.

For some organisations, current government funding **does not cover wages or operational costs**.

Many organisations are **not able to employ the experienced and qualified staff** they need to successfully work with clients suffering from complex trauma.

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7. Homelessness services funding, commissioning and contracting in Western Australia

- Clarity is needed around operationalisation of the State Government's 10-year strategy and Action Plan, through the establishment of an **Implementation Group**.
- **Review current indexation policies adopted by the WA State Government for the Not-For-Profit sector.** A review of current funding models to ensure appropriate funds are being allocated to services to meet the changing needs of clients and are adequate to cover the costs of programs.
- **Agencies are to be encouraged to diversify their funding base** to assist in covering the cost of services, meet client outcomes, and allow for qualified staff retention. Government and philanthropic programs are required to support agencies to expand their funding options.
- **Contract costs need to be reassessed rather than the current practice of contract rollovers** to give agencies the opportunity to renegotiate funding terms and to take into account the complexity of needs in costing algorithms.
- The **length of contract terms** needs to be increased to ensure agencies have the resources and capacity to provide appropriate emergency response services, retain qualified staff, and provide a consistent service delivery.
- **Confirmation of contract award needs to be timely** to prevent the loss of staff within agencies.
- The Western Australian Government to consider **pilot options for outcomes commissioning and social impact bonds**.