



Alice Tibbitts
Social Housing and Homelessness Services
Locked Bag 3000
Belconnen ACT 2616
socialhousingreporting@act.gov.au

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Dear Alice,

On behalf of the Youth Coalition of the ACT (the Youth Coalition), I would like to thank Social Housing and Homelessness Services (SHHS) for the opportunity to provide input into the paper 'Review of current homelessness costing structure – proposing alternative costing model options' (the review).

About the Youth Coalition of the ACT

The Youth Coalition is the peak youth affairs body in the ACT. Comprised of 90 members, programs, and individuals the Youth Coalition is responsible for representing and promoting the interests and wellbeing of young people aged 12 to 25 years and those who work with them.

The Youth Coalition is represented on many ACT Government advisory structures and provides advice to the ACT Government on youth issues, along with providing information to youth services about policy and program matters.

A key role of the Youth Coalition is the development and analysis of ACT social policy and program decisions for young people and youth services. The Youth Coalition facilitates the development of strong linkages and promotes collaboration between the community, government and private sectors to achieve better outcomes for young people in the ACT.

Response to the Paper

The Youth Coalition commends SHHS for seeking input into the review. The Youth Coalition has reviewed the paper and has participated in and given input to the ACT Council of Social Services (ACTCOSS) consultations with the community sector. The Youth Coalition, in conjunction with ACTCOSS, also conducted a consultation with the Youth Housing and Homelessness Forum on the paper. The Youth Coalition broadly supports the ACTCOSS submission to this review and would like to take the opportunity to highlight some comments.

The Youth Coalition welcomes the publication of the key findings of the desk review and notes with interest the findings that a number of services in other jurisdictions have been found to not be funded at full cost, nor adequately to deliver quality services and desired outcomes. We are keen for a commitment from ACT Government to use this review as an opportunity to ensure the funding of the full cost of service delivery.

Through consultations, the Youth Coalition has not received clear feedback that would indicate the sector's endorsement of any particular model. Whilst having a transparent and consistent approach to funding homelessness services is a worthy aim, a 'one size fits all' approach is to be cautioned against. There are a range of support and other services funded within the homelessness sector and it is unlikely that a single costing model will be 'best fit' for all of these services.

The Youth Coalition would like to raise some comments around 'Option 1' outlined in the discussion paper. As 'Option 1' was the funding model used in the recent review and procurement of youth homelessness services in the ACT, it would be appropriate to conduct an evaluation of the funding of those services to determine the efficacy of the model, prior to considering its broader implementation.

A great deal of concern has been expressed around the amounts allocated within 'Option 1' and some services currently funded under 'Option 1' have reported that the funding amount has not covered the full cost of service delivery. For example, it allocates the amount for administration at 12% of staffing costs. Services report 15% of the full tendered amount (not staffing costs) is a more realistic estimate of administration costs. The description of the model lists utility bills within this administration fee. That may be realistic if it were solely utilities for an office space, however, where homelessness services manage a number of properties utilities costs can increase exponentially. For example, the energy costs of a 'cluster model' of crisis accommodation are well beyond the energy costs of a single property.

This is not to say that 'Option 1' is not a workable model for a range of services. The model itself may be workable if costings were reviewed to ensure funding covered the full cost of service delivery. The Youth Coalition would therefore urge SHHS to evaluate the application of 'Option 1' in the procurement of youth homelessness services, prior to the model being applied more broadly across the homelessness sector.

The Youth Coalition would also call on SHHS and Housing ACT to take this opportunity to conduct a concurrent review of rental charges on Housing ACT properties head-leased by homelessness services. Historically the charging of rent on head-leased properties to homelessness services has been inconsistently applied, with some services being charged rent according to a resident's income, and others being charged at 33.3% of market rent. Where the 33.3% of market rent model is applied, there can be significant shortfall in rent collected by services from tenants, and rent to be paid to Housing ACT. These shortfalls, which have to be made up by services, are not insignificant amounts and can take up a significant proportion of allocated funding, especially for those services who head-lease a high number of properties. These kinds of shortfalls are ones which can grow significantly over time, as rents increase at a much higher rate than allowances and benefits. Even where initial funding amounts might include amounts sufficient to cover the cost of rents (and associated shortfalls), indexation applied to funding does not adequately keep up with increases in shortfalls which arise from market rent increases.

A proportion of market rent model will always be affected by the tight rental market in the ACT and its continuous increase in rents. This can have unintended and significant impacts on service providers who are expected to allocate increasing resources to meet the ensuing shortfalls. Therefore it is essential that rent of properties head-leased by homelessness services be income dependent. This is especially the case for properties where young people are housed, as the rates of income support for young people are even lower than those receiving other income

support payments. Models other than a proportion of income model run the risk of not funding the full cost of service delivery and relying on agencies to subsidise rents and provide revenue to Housing ACT.

This issue has been raised by the sector for many years, including by ACTCOSS who wrote a letter on this issue to SHHS in September 2011. The sector received the response that there was an internal review of rental structures being conducted. The sector has received no information as to the progress of this review. The Youth Coalition would urge Housing ACT to progress this review in conjunction with the current review of costing models.

As this discussion paper is only one part a broader review of the Homelessness Service system in the ACT, it is timely not only to review the costing model used in the recent review of youth homelessness services, but to implement a broader evaluation framework for the provision of youth homelessness services. There are likely to be significant learnings that would come from such an evaluation, which would be useful in guiding the review of the broader homelessness service system.

Finally, we would encourage SHHS to also build an evaluation framework into this review of the costing structure of homelessness services, and into the upcoming review of the homelessness services system. With any review it is essential that an evaluation framework is built in to ensure the aims of the review are being achieved, the full cost of service delivery has been granted, and to highlight any unforeseen service gaps which may have resulted from the review.

The Youth Coalition would welcome the opportunity to work with SHHS to support the youth sector to have input into the further development of this review process.

Please do not hesitate to contact me on (02) 6247 3540 or at director@youthcoalition.net if you wish to discuss this letter further.

Sincerely,



Emma Robertson
Director
Youth Coalition of the ACT
Phone: (02) 6247 3540
Email: director@youthcoalition.net