

RE: Submission to NSW Treasury Follow the Dollar Reforms September 2022

Dear Secretary,

Thank you for the opportunity to provide input into the proposal to provide legislative powers to the NSW Auditor General to carry out performance audits on non-public sector entities (NPSEs) – known commonly as Follow the Dollar.

Homelessness NSW is a not-for-profit organisation that operates as a peak agency for its member organisations to end homelessness across NSW. We exist to build the capability of people and the capacity of systems to end homelessness. We have a vision for a future where there is enough quality and safe housing and support services to ensure no one is homeless in NSW. Our 150 members include specialist homelessness services, allied organisations and services working to end homelessness.

Homelessness NSW fully supports and champions the need for transparency and accountability in the use of public money, however, this proposal introduces significant administrative costs and burden for our sector without clarity on benefits for the people of NSW. Specialist homelessness services already provide significant transparency of operations to the NSW Government through reporting, contracts and accreditation standards. The Follow the dollar reform fails to identify how it will deliver benefits beyond existing information available.

A blanket power of audit beyond existing administrative requirements without investment and warranted cause will come at the expense of service delivery – the sector cannot absorb additional compliance requirements without funding and clear justification of outcomes. Homelessness in NSW is in crisis and redirecting frontline services away from client needs is not an acceptable outcome.

Our submission calls on the NSW Government to seek alternative models to this proposal and to:

1. Fund additional administrative requirements to reduce burden on services already operating over capacity with high levels of accountability in place.
2. Implement measures to alleviate the administrative burden on the homelessness services sector by utilising existing information.

We welcome the opportunity to provide this submission. Please contact Joshua Greenwood, Partnerships & Governance Lead at joshua@homelessnessnsw.org.au should you wish to discuss any element of our submission further.

Yours Sincerely,

Trina Jones

CEO, Homelessness NSW

Homelessness NSW – Submission regarding NSW Treasury’s *Follow the Dollar* proposal

Homelessness NSW is a not-for-profit organisation that operates as a peak agency for its member organisations to end homelessness across NSW. We exist to build the capability of people and the capacity of systems to end homelessness. We have a vision for a future where there is enough quality and safe housing and support services to ensure no one is homeless in NSW. Our 150 members include specialist homelessness services, allied organisations and services working to end homelessness. We work with our members, people with lived experience and broad network of partners to understand drivers of homelessness, advocate for solutions, build skills and knowledge, and scale innovation.

We thank you for the opportunity to provide input into the proposal to provide legislative powers to the NSW Auditor General to carry out performance audits on non-public sector entities (NPSEs) – known commonly as *Follow the Dollar*. While Homelessness NSW fully supports and see the need for transparency and accountability in the use of public money, this current proposal introduces significant administrative costs for our sector without additional transparency benefits for the people of NSW.

We would welcome the opportunity to engage with the NSW Treasury and the Auditor General in the development of mechanisms which ensure that the data regarding the performance of our sector, which is already provided to NSW Government departments, can be accessed for performance audit purposes.

Homelessness NSW supports transparency and accountability in the use of public money

The specialist homelessness services sector provides significant transparency of its operations to the NSW Government. The Follow the dollar reforms fail to identify how they will deliver beyond existing information available.

The Specialist Homelessness Services (SHS) sector understands the importance of ensuring public money is appropriately accounted for. A significant investment of funding provided to Specialist Homelessness Service sector is from the NSW Government, with \$258 million invested this financial year. SHS contracts and Joint Working Agreements (JWAs) require providers to report on their activities, outputs and outcomes to the NSW Government on a regular basis. In addition, SHS providers are required to provide data to the Australian Institute of Health and Welfare (AIHW) and the National Productivity Commissions Report on Government Services (RoGs) as part of the National Housing and Homelessness Agreement. This provision of data provides Government with transparency on the operations of the sector.

The NSW Government has also required all SHS providers to be Australian Service Standard Service (ASES) accredited by 30 June 2024. ASES is a set of standards and national quality improvement program that aims to assist non-government organisations (NGOs) to improve their business systems, management practices and service delivery. By attaining ASES accreditation, the NSW Government has the confidence in the delivery capability and capacity of SHS providers.

Any additional administrative costs cannot be absorbed by our sector

1. Fund additional administrative requirements to reduce burden on services already operating over capacity with high levels of accountability in place.

Specialist Homelessness Services play a vital role in the Homelessness system, acting as the safety net for people at risk of and experiencing homelessness. Specialist Homelessness Services have been under increased strain:

- Specialist Homelessness Services are seeing an average 27% more clients than they are contracted to service.¹ In other words, most services exceed the contracted funded levels of service because the demand is so high. This is having an impact on the quality of the service that can be provided to each client as services are operating over capacity.
- Specialist Homelessness Services operating over capacity cannot meet the current need and complexity of clients due to limited resources. The Australian Institute of Health & Welfare's Annual Report on Homelessness services found that 36 per cent of service providers reported rarely or never being able to meet demand.²
- The Productivity Commission has calculated the current NSW investment equates to \$36 per day of support per homeless client. This is the lowest per day spend of any Australian jurisdiction.³
- A recent NSW Ombudsman Report found that "SHS providers are grappling with the difficulties associated with meeting the needs of their clients, managing associated risks, fulfilling contractual and duty of care obligations, and dealing with waiting lists and service system shortages."⁴

This demonstrates the strain on the sector already. In addition to those service delivery challenges, administration requirements have continued to increase. An Australian Council of Social Services (ACOSS) report into the *Cost of Doing Business as a non-government organisation* found that there were "increasingly sophisticated risk management and accountability requirements, new service standards and delivery models, outcomes-based data collection and other developments – all of which have contributed to the growing management and administrative burden for NGOs."⁵ The *Follow the Dollar Proposal* would add additional administrative requirements onto a sector already under the strain of high client demand and complex administrative requirements.

A blanket power of audit beyond exiting administrative burden without investment and warranted cause will come at the expense of service delivery – the sector cannot absorb additional requirements. Homelessness in NSW is in crisis and redirecting frontline services away from client needs is not an acceptable outcome. Any additional administrative requirements would need to:

¹ Australian Institute of Health and Welfare 2020, Specialist Homelessness Services Annual Report, cat. No. HOU 322.

² <https://www.aihw.gov.au/reports/homelessness-services/specialist-homelessness-services-annual-report/contents/unmet-demand-for-specialist-homelessness-services>

³ <https://www.pc.gov.au/research/ongoing/report-on-government-services/2021/housing-and-homelessness/homelessness-services> Table 19A.16

⁴ https://www.ombo.nsw.gov.au/__data/assets/pdf_file/0004/137767/Specialist_homelessness_service_s_special_report.pdf

⁵ <https://www.ncoss.org.au/wp-content/uploads/2022/06/The-High-Cost-of-Doing-Business-FINAL-2.pdf>

- Be funded Directly to assist with compliance – for example, NPSE’s that are subject to a performance audit by the Auditor General could be provided with a benchmarked administration grant.
- Be developed in consultation with demonstratable outcomes for the public benefit.

Alternative solutions should be explored

2. The Government should implement measures to alleviate the administrative burden on the homelessness services sector by utilising existing information.

Homelessness NSW would welcome consultation on alternative solutions. Given the extensive data available provided to the Government it is not entirely clear the problem the Government is trying to solve. If there is a barrier to ensuring the Auditor General can effectively monitor the use of public money, then other options should be explored. For example, a review of how the above could be incorporated into existing infrastructure in a way that does not cause unwarranted disadvantage or burden to specialist homelessness services.

In addition, the NSW Government should seek to adopt the recommendations of the NCOSS report: *The high cost of doing business – administrative and management overload in smaller NGOs*⁶ to help relieve the administrative burden on a sector already dealing with significant and growing client demand. The key recommendations of this report are:

1. Reduce red tap
2. Use an organisation’s Australian Charities Not-for-Profit Commissioner (ACNC) “Charity Passport” data for standardised reporting
3. Longer term funding
4. Trial the establishment of combined back-office/administrative hubs
5. Use a prequalification process
6. Standardise DCJ contract management approaches
7. Streamline emergency responses
8. Placed-based program development

⁶ <https://www.ncoss.org.au/wp-content/uploads/2022/06/The-High-Cost-of-Doing-Business-FINAL-2.pdf>