



Addressing Homelessness: Partnerships and Plans



VICTORIA

Victorian
Auditor-General

Addressing Homelessness: Partnerships and Plans

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The Hon. Bruce Atkinson MLC
President
Legislative Council
Parliament House
Melbourne

The Hon. Ken Smith MP
Speaker
Legislative Assembly
Parliament House
Melbourne

Dear Presiding Officers

Under the provisions of section 16AB of the *Audit Act 1994*, I transmit my report on the audit *Addressing Homelessness: Partnerships and Plans*.

Yours faithfully



Dr Peter Frost
Acting Auditor-General

6 February 2013

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Audit summary

Homelessness has a significant impact on both individuals and the community. Homeless people have poorer health, fewer social connections and fewer opportunities for education or employment. This in turn generates considerable cost to government, through its provision of direct support services, demand on health services and lost economic participation.

The 2011 census data indicates that the rate of homelessness in Victoria has increased by 21 per cent since 2006. In 2011, 22 789 Victorian people were homeless on census night, and 16 per cent of these were children under 12.

National partnerships are time-limited agreements between the states and the Commonwealth designed to achieve mutually agreed outcomes of national importance. The intent of the National Partnership Agreement on Homelessness (NPAH), which commenced in 2008, was to contribute to achieving sustainable housing and social inclusion for those who are homeless or at risk of homelessness. The *Victorian Homelessness Action Plan 2011–2015* (VHAP) is a state policy which aligns with NPAH and supports new approaches to homelessness.

This audit contributes to an Australasian Council of Auditors-General initiative to conduct a concurrent audit across state and Commonwealth jurisdictions on an area of national importance. All Australian jurisdictions, except for South Australia, are participating in the concurrent process, with each tabling its own performance audit report.

The audit examined whether Victoria's implementation of NPAH and VHAP is effective in addressing homelessness. VAGO assessed whether:

- Victorian initiatives within the NPAH–Victorian Implementation Plan (NPAH–VIP) prevent or reduce homelessness
- sound governance supports Victoria's implementation of NPAH
- departments included in NPAH–VIP comply with NPAH requirements
- VHAP is on track to achieve its objectives.

Conclusion

To date, Victoria can only demonstrate that two of the 24 NPAH–VIP initiatives have effectively contributed to reducing homelessness. This does not mean that efforts by departments and service providers have made no difference to those experiencing or at risk of homelessness. However, the lack of meaningful outcome and output measurement, and comprehensive evaluation for NPAH–VIP, means its achievements are not fully demonstrable. While there are inherent difficulties in measuring the impact of any one action on an issue with many causes like homelessness, this still represents a missed opportunity to understand the effect of this \$209.5 million partnership agreement.

Victoria has overwhelmingly met targets for service levels as set out in NPAH–VIP, however, this alone does not constitute success. The Department of Human Services (DHS), the lead implementer, has not measured the impact of NPAH–VIP on homelessness and at December 2012 had only evaluated three of its 22 NPAH–VIP initiatives. This means it is not possible to know which initiatives are more effective than others in tackling homelessness. Gaps in understanding the performance of initiatives significantly reduce the evidence-base for future State Budget decisions and negotiations with the Commonwealth.

NPAH–VIP has not been supported by good governance arrangements. No single department is accountable for performance against NPAH–VIP or the state's compliance with NPAH. From the commencement of NPAH–VIP until this audit, there was no overarching process to specifically monitor achievement and other obligations against this agreement. This includes the coordination of the five departments involved in negotiating, delivering and reporting on NPAH–VIP: DHS and the departments of Health, Justice, Premier and Cabinet (DPC), and Treasury and Finance (DTF).

A clear and coordinated approach to governance is particularly important when multiple departments have varying roles and responsibilities. With no department leading efforts and monitoring progress, and no coordinated communication, the state has not positioned itself well to readily capitalise on its achievements.

The two NPAH initiatives examined in detail, A Place to Call Home (APTCH) and Assertive Outreach, were effective in reducing homelessness. Both the *Supportive housing* and *Dispersed dwellings* components of APTCH are providing stable accommodation for those at immediate risk of, or previously experiencing, homelessness. In total, DHS will have provided 118 new dwellings to the target group by the end of the agreement. Assertive Outreach is effectively targeting chronically rough sleepers, with 76 per cent of those supported by the initiative now in permanent, short-term or temporary accommodation. Rough sleepers are people who have a history of repeated homelessness and are living on the street.

DHS has demonstrated comprehensive planning and a considered approach to improving homelessness service delivery in VHAP. It has established mechanisms to support the achievement of VHAP including interdepartmental collaboration and oversight, and an evaluation framework built into the plan's design. If implemented according to plan, VHAP should deliver the reforms needed to drive homelessness system improvement.

Findings

Victorian achievement against NPAH

NPAH–VIP outcomes

No department can demonstrate the overall impact of NPAH–VIP on people supported through this partnership agreement. Victoria declined to set state-specific outcome targets during negotiations with the Commonwealth. However, neither DPC, which led negotiations, nor DHS, the lead implementer, set internal outcome measures for NPAH–VIP, despite the importance of its service delivery intent and its allocation of \$209.5 million in state and Commonwealth funding.

Consequently, it is necessary to gauge success in other ways, such as by evaluating NPAH–VIP initiatives. DHS has not made this a priority, despite the government, at the outset, requesting DHS complete evaluations by December 2012. At December 2012, DHS had only evaluated three of its 22 initiatives, with one being evaluated nationally, and the Department of Health evaluating one initiative also.

DHS has scheduled the remaining evaluations to be completed by February 2013, giving contractors two months to complete them. The lack of data on outcomes and specific services delivered, the number of initiatives, and the very short time frame, raise doubts about the achievability of meaningful evaluations by the deadline. It is likely that robust and reliable evaluations will not be available in time for State Budget processes, despite DPC communicating evaluation requirements, which are standard for lapsing programs, in early August 2012.

NPAH–VIP outputs

DHS reporting against performance indicators shows that Victoria is on track to achieve its NPAH–VIP targets. However, reported data should be interpreted with caution.

Reported numbers of clients assisted are not necessarily accurate, as they can include multiple counts of the same clients. Numbers of clients assisted also fail to describe the type or intensity of the service provided, which vary greatly within and between initiatives. DHS has not attempted to collect more meaningful information.

Significant over-performance of targets for family violence-related initiatives does not necessarily imply greater achievement. Instead, it suggests DHS experienced unexpected demand and that service providers are coping by providing more short-term assists. Without evaluation, it is unknown whether the change in initiative delivery is affecting client outcomes.

Effectiveness of two NPAH initiatives

A Place to Call Home

The *Supportive housing* component of APTCH provides 50 single-bed units in Elizabeth Street Melbourne and is fully operational, housing long-term homeless clients and maintaining tenancies. This is an achievement given the complex needs of this client group, who have often never had secure accommodation in their adult life.

The *Dispersed dwellings* component of APTCH, is also effective at housing those at risk of immediate homelessness, and has achieved its target of 59 properties across Victoria at December 2012.

Assertive Outreach – Melbourne Street to Home

The Melbourne Street to Home program is effective at contacting and accommodating long-term rough sleepers. Of the 114 rough sleepers assisted by Melbourne Street to Home, 76 per cent are in permanent, short-term or temporary accommodation.

Victorian management of NPAH

Governance

No department identified as having overall responsibility for Victoria's compliance with NPAH requirements or for NPAH–VIP. DTF and DPC guidance assigns oversight and monitoring of national agreements to DTF. However, DTF stated its role as being confined to monitoring and reporting NPAH–VIP revenue and expenditure. There is no detailed, practical policy guidance about departmental roles and responsibilities for partnership agreements.

DTF and DPC rely on implementing departments to self-report NPAH–VIP progress in the annual Victorian Performance Update and standard Budget reporting processes. For NPAH–VIP, this has not provided central agencies with a comprehensive view of performance for this important partnership agreement. DHS updates in 2010–11 and 2011–12 did not report on material matters including reallocated expenditure, explanations for significant variance against targets, and progress against APTCH, despite this being a significant component of the agreement.

DHS has not complied with requirements set by government at NPAH–VIP's commencement to:

- clearly badge and acknowledge all NPAH funding as such
- evaluate all NPAH–VIP initiatives before 2013
- submit annual progress reports to DPC and DTF prior to sending them to the Commonwealth.

In addition, neither DPC nor DTF followed up with DHS about these government directives.

The lack of a lead department for this agreement is exacerbated by the absence of any mechanism to coordinate the departments involved in NPAH–VIP. Despite the strategic importance of this partnership agreement, departments have had no structured, ongoing means of communication, oversight and coordination. In response to the audit findings, an interdepartmental committee established to oversee VHAP has been expanded to include oversight of NPAH–VIP.

Meeting funding requirements

Victoria has met its NPAH funding requirements. However, no one department is actively overseeing compliance with NPAH and routinely tracking expenditure beyond annual acquittals to the Commonwealth. Neither DTF nor DHS can easily identify state revenue and expenditure of NPAH–VIP funds. Funding is not clearly badged and DTF does not clearly communicate committed state investment in NPAH–VIP to DHS on an ongoing basis.

Lack of checking by DHS and DTF of reported expenditure against NPAH–VIP has meant that in 2010–11, DTF provided a materially inaccurate acquittal to the Commonwealth of Victorian matched funding allocation and expenditure. This undermines the intent of national partnerships, which is to increase jurisdictional transparency and accountability.

In December 2012, DHS was in the process of generating the 2011–12 acquittal. At this time, DHS was unable to provide assurance to the audit of expenditure for 2011–12.

Varying the agreement

The NPAH–VIP agreement allocated \$15.7 million to the NPAH output of ‘workforce development and career progression for workers in homelessness services’. DHS has significantly varied this commitment but cannot provide evidence of dialogue with the Commonwealth about this change. This is despite the agreement specifying that amendments to implementation plans be negotiated, and the Commonwealth explicitly communicating to DHS, in 2011, that ‘any change to the purpose of the initiatives funded under NPAH would require an exchange of formal correspondence’.

DHS transferred the majority—\$12 million—of the workforce development funding to VHAP. VHAP does not specify workforce development as a core objective, or include specific workforce development activities.

Meeting reporting requirements

The accuracy of Victorian NPAH performance reporting cannot be assured. For 2009–10, DHS used an informal data collection system that relied on verbal reports. For all the years of NPAH–VIP, DHS has not verified any of the data, which is self-reported by funded service providers. For the years 2009–10 and 2010–11, reported figures are largely rounded to a five or zero. DHS has not provided an explanation for this.

The Victorian Homelessness Action Plan 2011–2015

DHS gathered a strong evidence base for VHAP, and is supporting its implementation through an interdepartmental committee and concurrent evaluation process. The department’s approach to the Innovation Action Projects is a positive example of trialling fresh models of service delivery to a complex group of clients. Although early in its implementation, one of the three Youth Foyers is six months behind DHS’s internal schedule due to delays in site selection. However, DHS reports that it will achieve the publicly committed target to establish all Youth Foyers within the government’s current term.

Recommendations

Number	Recommendation	Page
	That the Department of Human Services:	
1.	evaluate all National Partnership Agreement on Homelessness–Victorian Implementation Plan initiatives to inform the state and Commonwealth of their effectiveness	17
2.	ensure efficient systems exist to track revenue and expenditure as needed to meet external reporting requirements	27
3.	validate a representative proportion of National Partnership Agreement on Homelessness–Victorian Implementation Plan data.	27
	That the departments of Treasury and Finance and Premier and Cabinet:	
4.	determine and clearly communicate departmental roles and responsibilities for national partnership agreements	27
5.	have an ongoing process to coordinate, monitor and review national partnership agreements that are identified as high risk and which involve multiple agencies.	27

Submissions and comments received

In addition to progressive engagement during the course of the audit, in accordance with section 16(3) of the *Audit Act 1994*, a copy of this report was provided to the departments of Human Services, Treasury and Finance, Premier and Cabinet, Health, and Justice with a request for submissions or comments.

Agency views have been considered in reaching our audit conclusions and are represented to the extent relevant and warranted in preparing this report. Their full section 16(3) submissions and comments are included in Appendix D.

1 Background

1.1 Introduction

The Australian Bureau of Statistics defines a person as homeless if they do not have suitable accommodation alternatives and their current living arrangement is in a dwelling that:

- is inadequate or has no tenure
- has a short or non-extendable tenure
- does not allow them to have control of, and access to, space for social relations.

The 2011 census reported that 22 789 Victorian people were homeless, a 21 per cent increase since 2006.

Homelessness has many causes, including lack of affordable housing, long-term unemployment, mental health issues, substance abuse, failed transitions from state care or prison, family and relationship breakdowns, and family violence. In 2011, Victorians who sought assistance from homelessness support services mainly did so due to domestic and family violence.

Homelessness has a significant impact on both individuals and the community. Homeless people have poorer health, fewer social connections and fewer opportunities for education or employment. This in turn generates considerable cost to government, through its provision of direct support services, demand on health services and lost economic participation.

1.2 National Partnership Agreement on Homelessness

In November 2008, the Council of Australian Governments initiated a whole-of-government approach to address the problem of housing affordability—the National Affordable Housing Agreement (NAHA). The National Partnership Agreement on Homelessness (NPAH) is one of three partnership agreements that support NAHA.

Objectives

National partnerships are time-limited agreements between the states and the Commonwealth, with NPAH originally running from 2008 until 2013. The intent is to achieve mutually agreed outcomes on matters requiring national effort. The objective of NPAH is to contribute to the NAHA outcome, that 'people who are homeless or at risk of homelessness achieve sustainable housing and social inclusion'.

NPAH is expected to contribute to the following outcomes:

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

There are three national performance benchmarks to measure outcomes:

- a 7 per cent reduction in the number of homeless Australians
- a 33 per cent decrease in the number of Indigenous Australians who are homeless
- a 25 per cent reduction in the number of Australians sleeping rough.

NPAH requires each state and territory to:

- establish an implementation plan to deliver NPAH at the state level
- contribute funding as specified in the implementation plan
- deliver the funded measures in the implementation plan
- provide performance and financial reporting as required.

NPAH also sets out specific funding allocated to the A Place to Call Home (APTCH) initiative, which includes capital development.

Funding

NPAH and the state and territory implementation plans are subject to the provisions of the *Intergovernmental Agreement on Federal Financial Relations*. This agreement sets the framework for Commonwealth-state financial relations.

NPAH requires states and territories to match funds provided by the Commonwealth.

Specific requirements in relation to matched funding are that:

- it addresses the outputs of NPAH
- it is new effort identified in the state or territory 2008–09 Budget
- it is new recurrent or capital funding to address homelessness
- it could include states' contribution to the National Partnership Agreement on Social Housing if directly linked to homelessness services.

1.3 Victorian Implementation Plan

The NPAH–Victorian Implementation Plan (NPAH–VIP) commenced on 1 July 2009. NPAH–VIP sets out state initiatives to contribute towards achieving intended national outcomes. Figure 1A shows the NPAH–VIP-funded initiatives by target group.

Figure 1A
Initiatives funded under NPAH–VIP

NPAH–VIP initiative
Targeting adults
Assertive outreach for chronically homeless (Melbourne Street to Home)
Building the capacity and responsiveness of mainstream services
Support for people exiting prison
Providing tenancy support for the Mental Health Strategy
Supportive housing for people who are homeless
Opening Doors—providing access to services
Psychosocial support for the chronically homeless
Court Integrated Services Program
Targeting family violence
Family violence—case management for men
Family violence—support for women and children to remain safely in the home
Family violence—support for Indigenous women and children
Family violence—face-to-face support after hours
Legal assistance—Indigenous women
Family Violence Stage 2
Targeting families and children
Support to maintain tenancies
Children—specialist support and engagement with education
Support to A Place to Call Home
Support for families at risk of homelessness
Support for vulnerable tenancies
Targeting youth
Young people leaving care—early intervention housing support
Young people—dual diagnosis workers
Youth homelessness services—reform, restructure and expand
Family reconciliation—with a focus on young people aged 16 to 18
Employment, education and training—life skills development and Youth Foyer development
Targeting sector reform
Program funding reform to Homelessness sector—workforce training and development

Source: Victorian Auditor-General's Office, from the National Partnership Agreement on Homelessness–Victorian Implementation Plan.

NPAH–VIP sets performance indicator targets for this range of initiatives, measured by the numbers of clients assisted. Figure 1B outlines these targets.

Figure 1B
NPAH–VIP performance indicators and targets:
numbers of clients assisted

Performance indicators	2009–10	2010–11	2011–12	2012–13
The number of families who maintain or secure safe and sustainable housing following family violence	80	180	450	500
Increase in the number of people exiting care and custodial settings into secure affordable housing	700	750	800	800
Reduce the number of people exiting social housing and private rental into homelessness	300	450	800	1000
The proportion of people experiencing repeat periods of homelessness	500	500	500	650
Number of young people (12–18 years) who are homeless or at risk of homelessness who are re-engaged with family, school and work	350	400	650	750
Number of children (under 12) who are homeless or at risk of homelessness who are provided with additional support to maintain contact with school	300	350	450	500
Number of families who are homeless or at risk of homelessness who receive financial advice, counselling or case management	100	150	200	250
Number of people who are homeless or at risk who are provided with legal services	50	70	100	140
Number of staff of specialist homeless services provided with formal training and development opportunities	0	250	300	350

Source: Victorian Auditor-General's Office, from the National Partnership Agreement on Homelessness–Victorian Implementation Plan.

Funding

The Commonwealth has provided Victoria with \$76.2 million from 2009–10 to 2012–13. Victoria has committed \$78.4 million in matched funding over the same period. In addition, the Commonwealth has provided Victoria with \$29.54 million from 2008–09 to 2012–13 for APTCH, with Victoria required to provide \$25.5 million.

Figure 1C shows funding under NPAH–VIP, including the APTCH component.

Figure 1C
NPAH–VIP funding by year and source, \$ million

	2008–09	2009–10	2010–11	2011–12	2012–13	Total
Commonwealth	4.9	18.8	24.9	25.9	31.2	105.7
Victoria	5.4	26.1	23.2	21.7	27.5	103.9
Total	10.3	44.9	48.1	47.6	58.7	209.5^(a)

(a) Difference due to rounding.

Source: Victorian Auditor-General's Office.

1.3.1 Roles and responsibilities

Both central and portfolio departments have roles and responsibilities in relation to NPAH–VIP. Figure 1D lists these departments and their role.

Figure 1D
NPAH–VIP departmental roles and responsibilities

Department	Role/responsibilities
Department of Premier and Cabinet	Coordinates Commonwealth-state relations and policy advice, and led negotiation of NPAH–VIP with the Commonwealth.
Department of Treasury and Finance	General oversight and monitoring of national partnership agreements within the broader budget framework. Control of flow of Commonwealth and state funds to portfolio departments.
Department of Human Services	Received majority, 84.2 per cent, of NPAH–VIP funds and is responsible for delivering most NPAH–VIP initiatives. Coordinates output reporting for all portfolio departments with NPAH–VIP funding.
Department of Health	Receives NPAH–VIP funds to deliver one initiative.
Department of Justice	Receives NPAH–VIP funds to deliver one initiative.

Source: Victorian Auditor-General's Office.

1.4 Victorian Homelessness Action Plan 2011–2015

The *Victorian Homelessness Action Plan 2011–2015* (VHAP) aims to boost homelessness supports, develop and deliver innovative services, and reform the homelessness service system. Announced in October 2011, VHAP commits a total of \$76.7 million, including \$10.77 million from the Commonwealth.

Figure 1E
Overview of the initiatives under VHAP

Initiative	Description	Funding (\$mil)
Youth Foyers	Three purpose-built facilities that each offer supported accommodation for 40 young people between the ages of 16 and 25 to improve housing and educational outcomes	30.1
Innovation Action Projects	Investment in key innovation projects across Victoria to apply new prevention and early intervention approaches	25.0
Immediate funding	To provide intensive case management, assist the take-up of tenancies in transitional housing and new accommodation facilities, increase the private rental brokerage pool and support agencies to improve service delivery	14.0
Work and Learning Centres	Establish five Work and Learning Centres	4.6
System Reform	Develop a long-term package of system reform	2.25
Ministerial Advisory Council on Homelessness	Provide options to government for future service design	0.75

Source: Victorian Auditor-General's Office.

There are four key phases under VHAP. From 2011 to 2013, the Department of Human Services (DHS) plans to establish governance structures and develop the evidence base for future directions and system reform. From 2013–15, DHS plans to develop new service delivery and funding models and implement system reform.

1.5 Audit objective and scope

This audit contributes to an Australasian Council of Auditors-General (ACAG) initiative to conduct a concurrent audit across state and Commonwealth jurisdictions on an area of national importance. All Australian jurisdictions, except for South Australia, are participating in the concurrent process, with each tabling its own performance audit report.

The audit objective is to determine whether Victoria's implementation of NPAH–VIP and VHAP is effective in addressing homelessness. The following sub-objectives will support assessment against the objective:

- departments included in NPAH–VIP comply with NPAH requirements
- sound governance and monitoring supports Victoria's implementation of NPAH
- initiatives within NPAH–VIP are effective in contributing to preventing or reducing homelessness
- VHAP is on track to achieve its objectives.

The audit scope included the departments of Human Services, Treasury and Finance, Premier and Cabinet, Health, and Justice. In particular, the audit sampled two core output initiatives under NPAH; APTCH and Assertive Outreach. Community service organisations providing NPAH–VIP-funded initiatives were consulted as part of the audit.

1.6 Audit method and cost

The audit was undertaken in accordance with section 15 of the *Audit Act 1994* and Australian Auditing and Assurance Standards.

The audit cost was \$390 000.

1.7 Structure of the report

Part 2 of the report examines achievement against NPAH and NPAH–VIP; Part 3 assesses departmental management of NPAH–VIP; and Part 4 makes an initial assessment of DHS's implementation of VHAP.

2 Victorian achievement against NPAH

At a glance

Background

The intent of partnership agreements is to achieve mutually agreed outcomes of national importance. The National Partnership Agreement on Homelessness (NPAH) has output and outcome measures, and evaluating specific initiatives can further inform understanding of the effectiveness of this agreement in reducing homelessness.

Conclusion

Although reported performance meets or exceeds output targets, to date, Victoria can only demonstrate that two of the 24 NPAH–VIP initiatives have effectively contributed to reducing homelessness. Despite NPAH–VIP commencing in July 2009, the Department of Human Services (DHS) lacks a sufficient evidence base to best inform future State Budget decisions and funding negotiations with the Commonwealth. Failure to fully assess NPAH–VIP performance means that DHS is unable to demonstrate the impact of its service delivery efforts.

Findings

- DHS, as lead implementer for NPAH–VIP, has not attempted to fully measure its impact on homelessness.
- DHS has only evaluated three of its 22 initiatives.
- Although Victoria is overwhelmingly achieving its output targets, these figures give little indication of the type, intensity or quality of service provision.
- The two initiatives examined in detail—A Place to Call Home and Assertive Outreach—have effective accommodation outcomes for their respective client groups.

Recommendation

That the Department of Human Services evaluate all National Partnership Agreement on Homelessness–Victorian Implementation Plan initiatives to inform the state and Commonwealth of their effectiveness.

2.1 Introduction

The intent of partnership agreements is to give the state greater flexibility in relation to Commonwealth funds, to improve accountability, and to increase focus on achieving mutually agreed outcomes of national importance. The National Partnership Agreement on Homelessness (NPAH) has output and outcome measures, and evaluation of specific initiatives can further inform understanding of the effectiveness of this agreement in reducing homelessness.

2.2 Conclusion

The Department of Human Services (DHS), the lead implementing department, can only demonstrate that two of the 24 NPAH–Victorian Implementation Plan (NPAH–VIP) initiatives have effectively contributed to reducing homelessness. This does not mean that efforts by departments and service providers have made no difference to those experiencing or who are at risk of homelessness. However, without proper outcome measurement and evaluation, achievements and opportunities for improvement are not demonstrable. This does a great disservice to the homelessness service sector and its clients, government and the Victorian community.

DHS has overwhelmingly met NPAH–VIP targets. However, this alone does not constitute success. These reported figures of numbers of clients assisted give no indication of the type, intensity, quality or impacts of services provided. In addition, DHS has evaluated only three of its 22 NPAH–VIP initiatives to date. DHS therefore does not know the impact NPAH–VIP has made, or which initiatives are more effective than others in addressing homelessness. This is disappointing, given that the two initiatives examined in detail by this audit demonstrate good outcomes.

Two core NPAH initiatives, A Place to Call Home (APTCH) and Assertive Outreach, are effective in accommodating their respective client groups. The *Supportive housing* component of APTCH, making use of 50 single-bed units, is fully operational, housing long-term homeless clients, and maintaining tenancies. This is a considerable achievement given the complex needs of this client group, many of whom have never had secure accommodation in their adult lives.

The *Dispersed dwellings* component of APTCH—comprising 59 properties across Victoria, with a further nine due in 2013—is also housing clients. Although DHS does not track what happens to clients exiting the initiative after the 12–14 month support period, the audit found that, of the 46 APTCH tenants that exited the program by December 2012, 45 remain in their original dwelling at December 2012. This component of the program is effective at stabilising and maintaining accommodation for the client group.

Assertive Outreach or Melbourne Street to Home (MS2H) is effective at contacting and accommodating long-term 'rough sleepers'. Rough sleepers are people who have a history of repeated homelessness and are living on the street. Of the 114 rough sleepers assisted by MS2H, 76 per cent are in permanent, short-term or temporary accommodation.

2.3 Measuring outcomes

In 2009, the Council of Australian Governments (COAG) launched NPAH—a foundation partnership under the National Affordable Housing Agreement. The objective of NPAH is to contribute to the National Affordable Housing Agreement outcome 'people who are homeless or at risk of homelessness achieve sustainable housing and social inclusion'.

There are four outcomes specified in NPAH:

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

2.3.1 Performance against NPAH outcomes

All states signed up to three national outcome targets by 2013:

- a 7 per cent decrease in the number of Australians who are homeless to less than 97 350 people
- a 33 per cent decrease in the number of Indigenous Australians who are homeless
- a 25 per cent decrease in the number of Australians sleeping rough.

Unlike other states, Victoria declined to commit to state-specific outcome targets that it would achieve by 2013. Victoria instead stated that all NPAH–VIP initiatives would contribute to the overall national outcome targets.

When negotiating NPAH, the Department of Premier and Cabinet (DPC) did not set outcome targets, as it doubted their achievability given:

- the impact of external factors such as the global financial crisis, bushfires, flooding events, and population growth that are not under state control
- DPC's view that NPAH funding was insufficient
- the accuracy of homelessness data used to measure outcomes.

DPC also stated that the Commonwealth approach was too prescriptive to the state, and inconsistent with the overarching framework for national partnerships, the *Intergovernmental Agreement on Federal Financial Relations* (IGAFFR), in seeking to dictate both process and outcomes.

Regardless, DPC and departments receiving NPAH funds still have an obligation to show outcomes in return for state funding, which comprises around half the total funding, or \$103.9 million, under NPAH–VIP. This is necessary to help inform future state funding decisions as well as to best position the state in future funding negotiations with the Commonwealth.

Evaluation of NPAH–VIP initiatives

Unlike all other states, Victoria did not include plans and methods for program evaluation in its implementation plan, and did not develop these until December 2012 despite:

- the COAG reform council noting in its November 2011 report on the progress of the IGAFRR reform agenda that states should have developed evaluation frameworks for NPAH by the end of November 2011
- the Commonwealth noting the lack of progress of the Victorian evaluation framework in its 2010–11 analysis.

DHS, the main implementing department, has not attempted to measure NPAH–VIP outcomes, nor has it evaluated NPAH–VIP in its entirety. DHS has only completed evaluations for three of its 22 NPAH–VIP initiatives, and the Commonwealth is evaluating one nationally. This is despite:

- the agreement originally having been due to expire in June 2013
- in 2009, the Victorian Government requesting DHS complete evaluations of NPAH–VIP initiatives before 2013
- a Victorian Government requirement for departments to evaluate all lapsing programs, including those in NPAH–VIP, for the Budget process in late January/early February 2013.

During this audit, DHS released a tender including work to evaluate all NPAH–VIP initiatives. DHS scheduled this work to commence in mid-December 2012, for completion by February 2013. Producing meaningful evaluations in this time frame is unrealistic given the lack of available, reliable data on outcomes and costs, the breadth and number of NPAH–VIP initiatives, and the short time frame. Even if achieved, evaluations would not have met the original due date of December 2012 and may well be too late to inform State Budget processes.

The lack of planning for and timely delivery of NPAH–VIP evaluation means DHS:

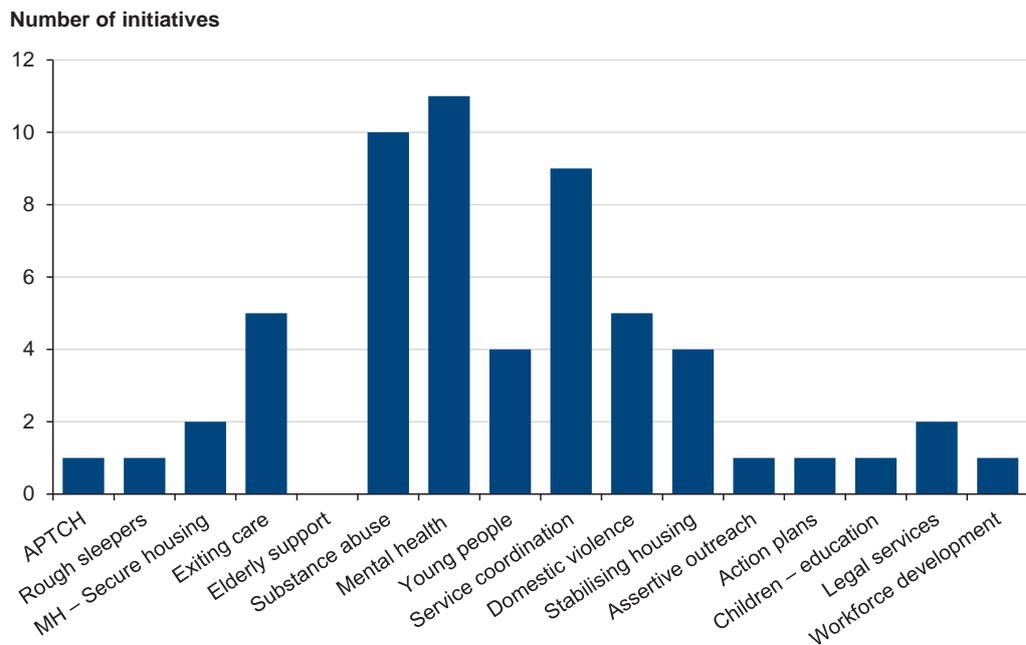
- does not know which initiatives are most effective in addressing homelessness
- cannot show the value of state and Commonwealth investment
- cannot demonstrate the achievements of funded service providers in the homelessness sector
- lacks information to inform State Budget decisions and discussion of future policy and funding priorities with the Commonwealth.

2.4 Measuring outputs

NPAH–VIP outputs

NPAH specifies the four core outputs that all states must address, and up to 12 additional outputs, for selection based on state priorities. Appendix A details these outputs. NPAH–VIP addresses all core and 10 of the 12 additional output areas. Figure 2A shows the number of initiatives implemented through NPAH–VIP to address the NPAH outputs. Victoria prioritised the provision of integrated services to assist homeless people with mental health and substance abuse problems to secure or maintain accommodation.

Figure 2A
NPAH–VIP initiatives by output area



Note: The *Victorian Homelessness Action Plan 2011–2015* was released in 2011 and addresses the additional output in the National Partnership Agreement on Homelessness at 17 (i) – State action plans.

Source: Victorian Auditor-General’s Office using National Partnership Agreement on Homelessness–Victorian Implementation Plan information.

No initiative addresses the output ‘support services and accommodation to assist older people who are homeless or at risk of homelessness’. Instead, Victoria has funded an innovation action project through the *Victorian Homelessness Action Plan 2011–2015* (VHAP), discussed in Part 4, targeting this client group.

NPAH–VIP targets

NPAH includes performance indicators for each output, and NPAH–VIP sets targets against these that count the number of people provided with assistance. DHS determined target numbers against outputs by identifying how many clients service providers could assist given the funding provided per initiative, based on the complexity of client needs. As shown in Figure 2B, DHS report that NPAH–VIP is on track to achieve its targets.

Figure 2B
NPAH–VIP performance

Performance Indicator	2009–10		2010–11		2011–12		2012–13
	Target	Actual	Target	Actual	Target	Actual	Target
Rough sleeping	100	100	160	170	200	143	200
Family violence	80	200	180	1 240	450	2 149	500
Exiting care and custodial settings	700	700	750	1 040	800	1 564	800
Maintain tenancies	300	350	450	635	800	1 194	1 000
Repeat periods of homelessness	500	500	500	630	500	586	650
Re-engagement with family, school and work	350	250	400	541	650	656	750
Additional support to stay in school	300	300	350	395	450	552	500
Family case management	100	150	150	250	200	259	250
Legal services	50	50	70	106	100	56	140
Staff training and development	0	0	250	0	300	507	350
Total	2 480	2 600	3 260	5 007	4 450	7 666	5 140

Source: Victorian Auditor-General's Office, using Department of Human Services annual reports to the Commonwealth and National Partnership Agreement on Homelessness–Victorian Implementation Plan information.

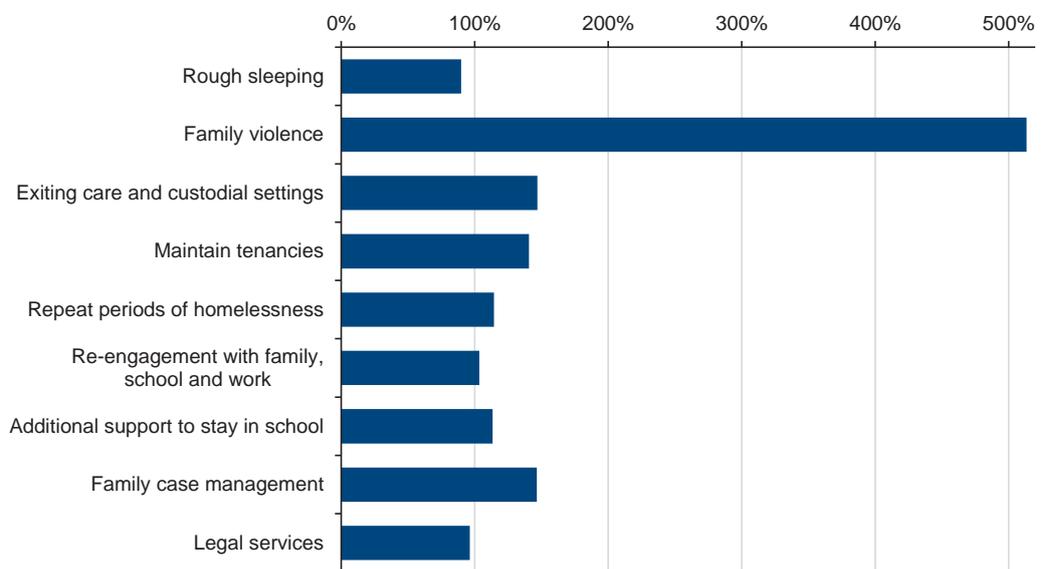
However, the usefulness of these target numbers for service planning or measuring achievement is minimal. While DHS reports to the Commonwealth on the intended service types for each initiative, DHS do not collect data on what service types are actually provided. Reported output figures merely show throughput of new clients. A client service period may be an hour-long assessment and referral or 12 months of intensive case management support. Both are recorded as one output. The reported figures therefore give no indication of the type or intensity of service provision.

The reported figures also fail to accurately describe the number of people assisted, as they can include multiple counts of the same clients. A client is closed if they are absent from a service for a month, and then recorded as a new client on their return.

Exceeding targets

As shown in Figure 2C, at June 2012, Victoria had exceeded targets in all but two performance indicators. These related to the provision of legal services, which includes legal assistance for Indigenous women and the Court Integrated Services Program, and assistance to rough sleepers, which were at 94 and 90 per cent of target respectively.

Figure 2C
Achievement against NPAH–VIP performance targets, 2009–12



Source: Victorian Auditor-General’s Office based on Victoria’s National Partnership Agreement on Homelessness annual reports.

Performance against the indicator measuring client numbers accessing family violence initiatives exceeds target by 413 per cent. DHS reports that initiatives contributing to this indicator have experienced a very high demand for services. The family violence suite of initiatives is the largest funded suite in NPAH–VIP, at \$31.2 million.

‘Over-performance’ within programs with capped funding does not necessarily imply greater achievement. Instead, it shows that DHS experienced unexpected service demand. DHS acknowledges that service providers have altered service delivery to cope with demand, providing more short-term interventions. Without evaluation, it is unknown whether the change in initiative delivery is compromising client outcomes.

2.5 Effectiveness of NPAH initiatives

At December 2012, DHS had completed evaluations of three initiatives, and the Department of Health has an ongoing evaluation with preliminary findings for one initiative. Figure 2D shows the findings of these evaluations.

Figure 2D
Findings of NPAH–VIP evaluations

Initiative	Findings
Opening Doors (2012)	<ul style="list-style-type: none"> • Staff working beyond capacity • Unable to determine if there are better client outcomes due to lack of effective data collection systems • Improved collaboration among agencies in the sector • Improved access through single-point access
Case management for men who use family violence (2011)	<ul style="list-style-type: none"> • Unable to show outcomes due to poor data collection
APTCH Supportive Housing (2012)	<ul style="list-style-type: none"> • Residents were satisfied with their access to services and the quality of services • The client group had needs met that were not met in the existing service system • Type of housing and on-site support were key factors in enabling clients to maintain stable housing
Psychosocial Packages – interim evaluation (2012)	<ul style="list-style-type: none"> • No interpretation of client outcomes possible as there is no trend data available yet • Demonstrable improvements in resource allocation

Source: Victorian Auditor-General's Office.

These evaluations demonstrate the difficulty in measuring outcomes in the absence of a planned approach to collecting outcome data.

To examine the effectiveness of NPAH–VIP in reducing homelessness in more detail, the audit examined two of the 24 initiatives—APTCH and Assertive Outreach (Melbourne Street to Home). These are core NPAH initiatives and outputs, requiring implementation by all jurisdictions.

The objectives of these initiatives are to provide support and house clients with complex needs. Australian and international evidence shows that stable, secure housing is fundamentally important to the success of homelessness assistance programs and client outcomes. Access to such housing, coupled with intensive support, is particularly beneficial for vulnerable people with complex needs, such as those suffering from mental illness or substance abuse.

2.5.1 A Place to Call Home

The Victorian \$55 million APTCH initiative forms part of a \$150 million national five-year program that commenced in July 2008. The Commonwealth provides funding for capital, while the state provides the remaining capital and support services. In Victoria, APTCH has two components:

- *Supportive housing* aims to provide 50 single bed units in one central location in the Melbourne central business district, with 24-hour on-site support including health, education and general living skills for highly vulnerable, chronically homeless singles.
- *Dispersed dwellings* aims to provide 68 houses across outer metropolitan and regional Victoria, coupled with 12–14 months of support services to stabilise those at high risk of cycling through the homeless services system. After this period, the property should transfer to public housing stock, allowing tenants to remain housed without disruption. Another property from DHS's pool of transitional housing replaces this property, thereby maintaining the number of dwellings available for the APTCH program.

Effectiveness of APTCH

The APTCH program is reducing homelessness in Victoria by providing stable, long-term accommodation to members of a vulnerable client group who have repeatedly been homeless or who are at immediate risk of homelessness.

Supportive housing

The *Supportive housing* component, located in Elizabeth Street Melbourne, is particularly effective, as it is not only fully operational, but has and continues to house chronically homeless clients with complex needs for an average of 1.4 years since opening two years ago. This is commendable given the complex needs of, and the previous failure to engage with, this client group. DHS has successfully managed to provide stable housing for those who have rarely had ongoing and secure accommodation in their adult lives.

An independent evaluation, which includes client interviews, demonstrates the success of this model. It found that the *Supportive housing* component of APTCH is effectively providing long-term housing for those with complex needs. The only concern was around client safety, related to the number of assaults due to co-location of the premises with additional non-APTCH units catering to people exiting the justice system. DHS and the service provider are currently altering the tenant mix to address this.

Dispersed dwellings

The *Dispersed dwellings* component is also housing clients who have been homeless or who are at immediate risk of homelessness. For this initiative, the Commonwealth provides funds for acquiring or constructing dwellings, and DHS is on track to deliver the 68 dwellings as agreed.

The NPAH–VIP requires that at the end of the 12–14 month support period, DHS transfer the APTCH property to public housing and replace it with another property provided with APTCH support services. This allows initial APTCH tenants to transfer to the stability of public housing tenure while maintaining the number of APTCH properties available to new tenants. The tenants remain in the same property, and can maintain existing social connections, such as to local schools, after exiting the APCTH program.

DHS does not track what happens to clients exiting the initiative after the 12–14 month support period despite clients largely exiting and becoming public housing tenants, managed by DHS. However, the audit did and found that, of the 46 APTCH tenants that exited the program by December 2012, 45 were stabilised and remain in their original property, as intended, at December 2012. This component of the program is effective at stabilising and maintaining accommodation for the client group.

2.5.2 Assertive Outreach

Assertive Outreach targets rough sleepers. In Victoria, the initiative is called Melbourne Street to Home (MS2H) and aims to put people into housing first by providing outreach services to them to support the transition.

The initiative commenced in 2010, with \$4.09 million in NPAH–VIP funding.

Service delivery includes:

- providing a stable continuous point of contact, trust and ongoing access for individual rough sleepers
- street level service delivery and case management such as health, harm minimisation, material and food aid, income assistance and housing advocacy
- assisting rough sleepers to access temporary and longer-term accommodation.

Effectiveness of MS2H

The group of clients is among the hardest to reach and deliver services to. Australian research indicates that for assertive outreach to work there must be clear pathways and timely access to stable housing. The initiative has been effective in achieving housing outcomes. Of the 114 rough sleepers assisted by MS2H, 76 per cent have been housed in permanent, short-term or temporary accommodation. This is a notable achievement.

Victoria's rate of rough sleeping is among the lowest in Australia, having achieved the national NPAH performance benchmark of six homeless people sleeping rough per 10 000 of population at the outset. However, the 2011 census data reveals that the rate of rough sleeping in Victoria has increased by 25 per cent since 2006. Although it is not possible to isolate the impact of NPAH–VIP initiatives from other homelessness services, this means that over the time of the NPAH–VIP the rate of rough sleeping has not decreased.

Recommendation

1. That the Department of Human Services evaluate all National Partnership Agreement on Homelessness–Victorian Implementation Plan initiatives to inform the state and Commonwealth of their effectiveness.
-

3 Victorian management of NPAH

At a glance

Background

Good governance and management must underpin nationally important partnership agreements involving multiple departments. This includes leadership, oversight of implementation, management of funds and reporting, and ongoing coordination.

Conclusion

Poor oversight and lack of coordination of the National Partnership Agreement on Homelessness–Victorian Implementation Plan (NPAH–VIP) means that government has not had the benefit of a consolidated view of the progress, opportunities and challenges to Victoria’s implementation of this significant agreement.

Findings

- No department took overall responsibility for Victoria’s compliance with, and achievement against, NPAH–VIP.
- Participating departments have had no formal means of coordination.
- Lack of clear funds tracking and checking meant the departments of Human Services (DHS) and Treasury and Finance provided a materially inaccurate report to the Commonwealth for 2010–11.
- While DHS has met the NPAH reporting requirements, it does not validate its data, which renders its quality questionable.

Recommendations

That the Department of Human Services:

- ensure efficient systems exist to track revenue and expenditure as needed to meet external reporting requirements
- validate a representative proportion of NPAH–VIP data.

That the departments of Treasury and Finance and Premier and Cabinet:

- determine and clearly communicate departmental roles and responsibilities for national partnership agreements
- have an ongoing process to coordinate, monitor and review national partnership agreements that are identified as high risk and which involve multiple agencies.

3.1 Introduction

Good governance and management arrangements are necessary to implement effective partnership agreements with multiple departments that have a variety of roles and responsibilities. These arrangements should include:

- ongoing coordination
- strong leadership—including overall oversight and accountability
- clearly defined roles
- effective systems to support funding and reporting requirements
- timely review of the agreement and its associated implementation plan.

3.2 Conclusion

The National Partnership Agreement on Homelessness—Victorian Implementation Plan (NPAH—VIP) has not been supported by effective governance arrangements, resulting in a lack of oversight and coordination. This has meant that no single department has had a complete view of the level of Victoria's compliance with agreed National Partnership Agreement on Homelessness (NPAH) requirements, or of its performance against NPAH—VIP.

Central agencies and the Department of Human Services (DHS), the lead implementing department, did not establish effective mechanisms to administer and coordinate NPAH—VIP, despite:

- the national and state importance of this plan
- the significant financial investment
- the involvement of multiple departments
- the risk associated with such a time-limited initiative.

This represents a lost opportunity to identify and address obstacles to the delivery of NPAH—VIP, enhance implementation through coordination and shared experience, and capitalise on areas of success.

In this environment, through its lack of oversight, DHS has failed to demonstrate compliance with agreed NPAH requirements for varying implementation plans, ignored directives by government and failed to report holistically to central agencies on NPAH—VIP progress. In addition, departmental errors in acquitting NPAH expenditure have meant that the Department of Treasury and Finance (DTF) provided the Commonwealth with a materially inaccurate report on Victorian matched funding for 2010–11.

3.3 Governance arrangements

Partnership agreements such as NPAH, which commenced in 2008, constitute a new approach to Commonwealth-state relationships, offering states greater autonomy and flexibility in relation to Commonwealth funds. This places a responsibility on states to have effective governance arrangements. It is therefore important that there is clear oversight of the administration of partnership agreements such as NPAH. This is necessary to meet the intent of national partnership agreements, which is to focus on outcomes and increase accountability and transparency.

In addition, the state needs assurance of performance against NPAH–VIP so it can:

- account for achievement against state funding contributions
- position the state well when negotiating future partnership agreements on homelessness
- make informed decisions about future funding allocations to NPAH–VIP initiatives whether under a new partnership agreement or not.

3.3.1 Departmental roles and responsibilities

No department took leadership or overall responsibility for Victoria's compliance with NPAH or for the direction and achievement of NPAH–VIP over its 2009–13 time frame. The Premier signed NPAH and the Minister for Housing signed NPAH–VIP, but there is no designated departmental lead for this multi-agency initiative.

Consequently, no department has sought the necessary information to comprehensively understand whether Victoria is meeting its obligations under NPAH or achieving its aims under NPAH–VIP.

Formal guidance on governance arrangements for the state implementation of national partnership agreements was not available for the first two years of NPAH. In 2011, the Department of Premier and Cabinet (DPC) and DTF released the *Commonwealth-State funding agreements—Victorian governance and approvals process*.

This guidance assigns DTF responsibility for oversight and monitoring of national agreements. However, DTF considers that its role is not to monitor specific agreements, and in regards to NPAH–VIP is confined to monitoring NPAH–VIP revenue and expenditure and providing annual reports to the Commonwealth on overall Victorian NPAH expenditure.

DPC sees its role as leading negotiations for NPAH–VIP, with limited involvement in reviewing its progress.

The 2011 central agency guidance states that portfolio departments are responsible for the program design and implementation of such agreements and underlying implementation plans. In line with this guidance, DHS considers that it is only responsible for implementing the initiatives for which it receives funding. As the recipient of the majority—84.2 per cent—of NPAH–VIP funds, and with portfolio responsibility for homelessness programs, DHS also collates NPAH–VIP reporting information from the departments of Justice (DOJ) and Health (DH) and submits annual progress reports to the Commonwealth.

Departments involved in national agreements need more specific guidance on roles, responsibilities and expectations. Central agencies are currently reviewing the guidance document. Improvements needed include clear information on:

- the assignment of leadership and accountability roles
- what ‘general oversight and monitoring’ means in practice
- coordination for agreements involving multiple agencies.

3.3.2 Monitoring administration

DHS has failed to comply with requirements set by the Victorian Government for NPAH–VIP administration.

In March 2009, at the outset of NPAH, the government imposed conditions on DHS because of the risk of entering into a time-limited agreement that raised service expectations without ongoing funding certainty. On the advice of DTF and DPC, the government requested that DHS:

- clearly badge and acknowledge all NPAH funding
- evaluate all NPAH–VIP initiatives before 2013.

In March 2009, the government directed DHS to submit annual progress reports to DPC and DTF prior to sending them to the Commonwealth.

DHS did not comply with any of these directions, and claims it was unaware of the conditions until the issue was raised by this audit. In addition, neither DPC nor DTF followed up these government directives or insisted that DHS meet them.

3.3.3 Monitoring performance

Neither DTF nor DPC actively monitor or oversee implementation of the NPAH–VIP initiatives by contributing departments—DHS, DOJ and DH. Instead, DTF and DPC rely on these departments to self-report progress against national and partnership agreements in the annual Victorian Performance Update, and standard Budget reporting processes.

Self-reporting has not proven sufficient for providing central agencies with a holistic view of NPAH–VIP performance. DHS updates in 2010–11 and 2011–12 capture some of the challenges affecting NPAH–VIP such as the difficulty in accurately measuring homelessness. However, DHS did not report on material matters including reallocated expenditure, explanations for significant variance against key outputs, and progress against the largest NPAH initiative, A Place to Call Home.

The Commonwealth provided DHS with its analysis of the Victorian 2010–11 annual report, identifying performance shortfalls. These included lack of an evaluation framework for NPAH–VIP initiatives, the limited number of clients accommodated under the Assertive Outreach program at that time, the lack of reporting against the Court Integrated Services program, and delays in completing the capital component for a number of initiatives. DHS did not share this analysis with DPC or DTF. In response, DHS updated the next year’s report and noted that NPAH–VIP initiatives would be evaluated as part of VHAP. However, DHS gave no detail of methods or time lines for this.

3.3.4 Coordination

The lack of a clearly designated lead department for this agreement is exacerbated by the absence of a mechanism to coordinate the departments involved in NPAH–VIP. Despite the strategic importance of this partnership agreement, participating departments have had no formal means of ongoing communication, oversight and coordination.

National partnership agreements involve several departments, traversing multiple stages. NPAH–VIP has had five departments variously involved in negotiations (DPC, DTF and DHS), implementation (DHS, DH and DOJ), reporting (DTF, DHS, DH and DOJ) and evaluation (DHS and DH). The *Commonwealth-State funding agreements—Victorian governance and approvals process* guidance is silent on the need or process for coordinating the efforts of participating departments through the life of national agreements and partnership agreements.

Participating departments could have mitigated the error in 2010–11 financial reporting and the lack of communication about performance, had representatives from each department met regularly through a committee structure with a clear remit to monitor the achievement of NPAH–VIP. This did not occur.

3.4 Meeting the funding requirements

Financial arrangements between the Commonwealth and states, outlined in the *Intergovernmental Agreement on Federal Financial Relations* (IGAFFR), are fundamentally important to the State Budget. NPAH is subject to IGAFFR and Victoria has agreed to provide matched funding, as summarised in Figure 3A and detailed in NPAH–VIP. States are required to spend NPAH funding on specified outputs or outcomes.

Figure 3A
NPAH–VIP funding by year and source, \$ million

	2008–09	2009–10	2010–11	2011–12	2012–13	Total
Commonwealth	4.9	18.8	24.9	25.9	31.2	105.7
Victoria	5.4	26.1	23.2	21.7	27.5	103.9
Total	10.3	44.9	48.1	47.6	58.7	209.5^(a)

(a) Difference due to rounding.

Source: Victorian Auditor-General’s Office.

Under NPAH–VIP, state-matched funding must meet the following requirements:

- it directly addresses the outputs of NPAH
- it may include new funding provided in the 2008–09 State Budget
- it could include the states' contribution to the National Partnership Agreement on Social Housing if directly linked to homelessness services
- it is new effort.

State-matched funding does directly address outputs, and does include funding from the 2008–09 State Budget. All new initiatives must be approved through the annual State Budget process, including those that require state-matched funding under NPAH–VIP. In March 2009, a total of \$78.4 million of new state funds from 2008 until 2013 was approved, as agreed in NPAH–VIP. This Budget decision complies with the NPAH funding requirements that state-matched funds are new effort.

3.4.1 NPAH revenue and expenditure

Victoria has met its funding requirements. However, DTF and DHS systems do not support the timely extraction of information on state revenue and expenditure for NPAH–VIP funds. This resulted in inaccurate reporting to the Commonwealth in 2010–11. No department is actively overseeing compliance with matched-funding requirements and routinely tracking expenditure, beyond annual acquittals to the Commonwealth. This reduces confidence in Victorian reporting and fails to support the intent of national partnerships, which is to increase jurisdictional transparency and accountability.

To determine whether the state is contributing the required amount as specified within the NPAH–VIP agreement, DTF and the portfolio departments—DHS, DOJ and DH—must be able to provide a clear breakdown of state and Commonwealth revenue, and corresponding expenditure by the NPAH–VIP initiative.

Revenue

Commonwealth revenue provided to the state reconciles with the amount in NPAH–VIP.

State funding contributions to NPAH–VIP are extremely difficult to identify, partly because DTF does not badge the state NPAH contribution separately from general funding provided to departments. Where revenue is intended for a specific commitment such as NPAH, and it is important to demonstrate matched-funding commitments are met, DTF should document this and make it clear to departments before initiatives commence.

Implementing departments should also fully understand which revenue streams are tied to particular agreements. Financial management within the DHS division then responsible for homeless services, the Housing and Community Building division, had no record of which initiatives and their corresponding funds, were approved in the State Budgetary process as part of the state-matched funding contribution for NPAH–VIP.

Initial information provided by DHS incorrectly included revenue for homelessness programs outside NPAH–VIP and omitted actual NPAH funding streams. This was due to a lack of understanding of NPAH–VIP by finance staff with the responsibility for administering these funds.

Expenditure

For the initiatives they were responsible for implementing, DOJ and DH provided expenditure reports demonstrating how funds had been spent in accordance with the NPAH–VIP amounts. DHS took over three months to provide a full report demonstrating expenditure in line with NPAH–VIP. This is because DHS needed to generate this material specifically for the audit, as they were not routinely monitoring NPAH–VIP expenditure against requirements in the agreement.

Acquittals against NPAH–VIP that DTF submitted to the Commonwealth do not reconcile with DHS allocation and expenditure reports. This further highlights the lack of oversight and coordination of NPAH–VIP. While the 2009–10 acquittal agrees with the amount outlined in NPAH–VIP, DTF’s report to the Commonwealth for 2010–11 does not acquit against the full amount for that year. It reports the state’s contribution as \$19.2 million less than that committed to in NPAH–VIP, an error discovered by this audit. DTF asserts that it had reported on information received from DHS and that the Commonwealth raised no query in relation to the reported underfunding.

In December 2012, DHS was in the process of generating the 2011–12 acquittal. At this time, DHS was unable to provide assurance to the audit of expenditure for 2011–12.

Varying the agreement

In relation to state implementation plans, the NPAH agreement states that ‘amendments to the plan can be requested by any party to the agreement at any time, to accommodate emerging issues’. This implies the need for communication between states and the Commonwealth about changes to implementation plans.

The NPAH–VIP agreement allocated \$15.7 million to the NPAH output ‘workforce development and career progression for workers in homelessness services’. However, DHS has significantly varied this commitment and cannot provide evidence of prior dialogue with the Commonwealth about this change. This is despite the Commonwealth explicitly communicating to DHS, in 2011, that ‘any change to the purpose of the initiatives funded under NPAH would require an exchange of formal correspondence’.

DHS transferred \$12 million of the workforce development funding to the *Victorian Homelessness Action Plan 2011–2015* (VHAP). VHAP does not specify workforce development as a core objective, and DHS cannot detail any particular workforce development activities in VHAP.

The Commonwealth, in its 2011 analysis of Victoria's annual report on progress against NPAH–VIP, sought clarification regarding NPAH Commonwealth funding allocated to VHAP. The Commonwealth subsequently published a media statement after VHAP's release acknowledging the contribution of NPAH funds to VHAP. However, there is no evidence that DHS, or any other government department, fully engaged with and advised the Commonwealth about these changes as part of the decision-making process.

3.5 Meeting the reporting requirements

In addition to financial reporting, IGAFRR aims to enhance public accountability through simpler, standardised and more transparent performance reporting. The departments funded also have a responsibility to report to the state on the use of state funding.

Reporting framework

Clauses 27 to 30 of NPAH specify reporting requirements. Victoria is required to provide a timely, detailed report on an annual basis to the Commonwealth against the outputs, performance indicators and time lines in NPAH. Victoria has met these NPAH reporting requirements.

Nevertheless, the accuracy of Victorian NPAH performance reporting cannot be assured. In 2009–10, the first reporting period for NPAH, there was no formal state reporting framework in place. DHS relied on verbal reporting from the service providers funded to deliver NPAH initiatives, and reported all targets as rounded estimates. It is therefore unlikely the reported figures are accurate.

For 2010–11 onwards, DHS implemented a manual NPAH–VIP reporting template for service providers to complete and forward to DHS regional offices. Providers report quarterly on the number of new clients they assist under NPAH–VIP initiatives. The regional office then provides central DHS with a regional summary on new clients assisted per initiative, per region. DHS uses this information in annual reports to the Commonwealth.

However, numbers reported in the 2010–11 period were also largely rounded figures. Only two of nine indicators reported did not end in a five or zero. DHS has not provided an explanation for this.

In addition, DHS does not validate any of the data submitted by service providers.

Recommendations

That the Department of Human Services:

2. ensure efficient systems exist to track revenue and expenditure as needed to meet external reporting requirements
3. validate a representative proportion of National Partnership Agreement on Homelessness–Victorian Implementation Plan data.

That the departments of Treasury and Finance and Premier and Cabinet:

4. determine and clearly communicate departmental roles and responsibilities for national partnership agreements
 5. have an ongoing process to coordinate, monitor and review national partnership agreements that are identified as high risk and which involve multiple agencies.
-

4 The Victorian Homelessness Action Plan 2011–2015

At a glance

Background

The Department of Human Services (DHS) is implementing the *Victorian Homelessness Action Plan 2011–2015* (VHAP), which is separate from the National Partnership Agreement on Homelessness. VHAP focuses on early intervention and prevention, a better targeting of resources and supporting new approaches to homelessness.

Conclusion

VHAP aligns well with the National Partnership Agreement on Homelessness, and DHS has demonstrated comprehensive planning and a considered, evidence-based approach to improving homelessness service delivery through this plan. DHS has structured VHAP not only to address current shortcomings in homelessness services, but also to develop future solutions. This positive start positions Victoria well for reforming its homelessness service system and informing future direction. As with any ambitious program of work, DHS will need to maintain its effort and oversight to deliver VHAP.

Findings

- DHS has a strong evidence base to support the direction of VHAP.
- VHAP has formal structures for interdepartmental communication and monitoring.
- DHS's approach to the Innovation Action Projects is a positive example of trialling fresh models of service delivery to a complex group of clients.

4.1 Introduction

The *Victorian Homelessness Action Plan 2011–2015* (VHAP) aims to shift homelessness services from predominantly crisis responses for people who are already homeless to also include prevention activities and solutions that end recurring homelessness. The objectives of VHAP are to:

- support innovative approaches to homelessness
- investigate models that focus on early intervention and prevention
- target resources when and where they are most needed and will make the biggest difference.

4.2 Conclusion

As international and Australian evidence shows, it is socially responsible and more cost-effective to intervene early to prevent people from becoming homeless. There is also a clear need to change approaches to homelessness services. Census figures for 2011 show increasing homelessness in Victoria, despite a 39 per cent funding increase over the past five years. VHAP therefore appropriately focuses on prevention and early intervention and new, integrated approaches to addressing homelessness.

The Department of Human Services (DHS) has demonstrated comprehensive planning and a considered approach to improving homelessness service delivery in developing VHAP, as it has:

- a strong evidence base
- clear objectives, time frames and deliverables
- an oversight and coordination mechanism—an interdepartmental committee (IDC) involving relevant departments
- a direct communication line to the Minister for Housing—the Ministerial Advisory Committee for Homelessness (MACH)
- sector involvement—through planning consultation, the Innovation Action Projects (IAP) and representation on MACH
- built-in evaluation and the flexibility to select and expand new models that are successfully being piloted through IAPs
- initiatives that bring various services together to address the multiple causes of homelessness
- investment in developing evidence to support decision-making through reviewing homelessness services and mapping the current system.

DHS has structured VHAP not only to address current shortcomings in homelessness services, but also to provide future solutions. If implemented according to plan, VHAP should deliver the reforms needed to drive homelessness system improvement.

4.3 The evidence base

Allocation decisions for state funds and effort should rely on sound evidence that an initiative will likely make the desired impact. Such evidence may include research, past program evaluations and stakeholder consultation.

DHS gathered a sound evidence base to inform VHAP. It consulted extensively with stakeholders such as social researchers and homelessness service providers before developing the direction and components of VHAP. DHS used a range of inputs including:

- feedback from stakeholder consultations and roundtable discussions from the previous government's *Victorian Homelessness Strategy 2020*
- findings from formal evaluations of homelessness initiatives such as case management and private rental brokerage
- targeted consultation with 11 homelessness service researchers and service providers through roundtable discussions conducted over three months
- a comprehensive submission process.

4.4 Implementation of VHAP

VHAP commits \$76.7 million, including \$10.77 million of Commonwealth National Partnership Agreement on Homelessness (NPAH) and National Affordable Housing Agreement funds, to seven areas. Of those, the following are new initiatives:

- IAPs, which will test and evaluate new prevention and early intervention service approaches to inform future service system design
- Youth Foyers, which are three new 40-bed facilities that aim to integrate accommodation with education and employment opportunities
- MACH, which will advise the Minister for Housing on emerging issues, consider approaches for specific target groups—such as singles, older people and Indigenous people—and provide options for future service system design
- work on system reform, which will:
 - map the current distribution of homelessness services and funding
 - review and evaluate a range of existing homelessness programs
 - identify opportunities for integration, coordination and improved service delivery
- an IDC to advise the Minister for Housing on VHAP and coordinate departmental approaches to the plan.

As shown in Appendix B, most components of VHAP are on schedule. One of the three Youth Foyers is six months behind DHS's internal schedule due to delays in site selection. However, DHS reports that it will achieve the publicly committed target to establish all Youth Foyers within the government's current term.

4.4.1 Interdepartmental committee

Implementation of VHAP is supported by a forum of relevant departments—DHS and the departments of Health, Justice, and Education and Early Childhood Development. Through the IDC, these departments discuss issues relating to homelessness prevention and intervention, and monitor VHAP. The IDC first met in December 2011. However, the IDC's remit was restricted to VHAP. This is too narrow, as there are other ongoing homelessness services, and substantial funding through the NPAH–Victorian Implementation Plan (NPAH–VIP) of around \$50 million per year.

In response to this audit, the IDC has widened its scope to include NPAH–VIP. This will allow the IDC to more comprehensively consider and review homelessness responses.

4.4.2 Ministerial Advisory Committee for Homelessness

MACH first met in December 2011, and its purpose is to inform the Minister for Housing of emerging issues in the sector and to provide advice on future service models. The Minister for Housing selects committee members from funded community services, business, philanthropic organisations and peak bodies, according to their expertise in the field of homelessness. As part of VHAP, MACH will use committee members' expertise to develop an options paper for the minister that contributes to the design and modification of future service models. This paper is due for submission to the minister in July 2013.

4.4.3 Innovative Action Projects

In light of increasing rates of homelessness in Victoria, DHS committed to funding new approaches to homelessness intervention and prevention. The IAP initiative addresses all objectives of VHAP and shows promise in addressing the complex causes of homelessness. A key aim of IAPs is to demonstrate integration across sectors, so that the clients can have a single worker, or point of contact, coordinating access to different services. In addition, IAPs:

- encourage the homelessness sector, those at the 'coalface', to propose improvements to the current service system. This not only makes sense, but has been well received by the sector
- do not commit DHS to any single intervention, or any at all, and allow DHS to scale up and expand those IAPs with demonstrable outcomes
- encourage efficient use of funds by supporting only those IAPs that can demonstrate successful pilots.

The IAP model simultaneously trials several approaches to homelessness prevention and intervention to gauge which are most effective. The key to gauging success or otherwise is DHS's twofold evaluation strategy. An ongoing evaluation through the first phase of IAPs will determine which IAPs progress to the next stage. The second stage will scale-up IAPs with demonstrable outcomes to different geographic locations or across different client groups.

At the conclusion of IAPs in June 2014, the evaluation strategy will assess which initiatives achieved the intended outcomes for clients. This will then inform and improve the broader service system.

DHS has announced 11 successful IAPs to receive the first round of funding. Appendix C describes each IAP, its funded organisations and the funding allocated to each project.

4.4.4 System reform

VHAP includes work to reform the service system that involves a review and mapping of current homelessness services to provide a sector overview, identify gaps, and direct future funding and program design. This work was put out to tender in October 2012, with work to start in December 2012. The tender outlines five modules of the system reform:

- mapping and analysis of homelessness funding and services by late February 2013, including comparative analysis of NPAH-funded initiatives
- review of other homelessness programs by June 2013
- MACH support and research to develop the draft options paper by July 2013
- a forecasting study of future client need by December 2013
- an outcomes-based funding model and framework by December 2013.

This component of VHAP is pivotal, as it will:

- identify which approaches to homelessness prevention and intervention are most effective
 - identify where demand for services exists, and from where to expect future demand
 - inform future priorities for DHS and government.
-

Appendix A.

Outputs of NPAH

Figure A1

Outputs of the National Partnership Agreement on Homelessness (NPAH)

Outputs
Core outputs
<ul style="list-style-type: none">• A Place to Call Home• Street to Home initiatives for chronic homeless people (rough sleepers)• Support for private and public tenants to help sustain their tenancies, including through tenancy support, advocacy, case management, financial counselling and referral services• Assistance for people leaving child protection services, correctional and health facilities, to access and maintain stable, affordable housing
Additional outputs
<ul style="list-style-type: none">• Support services and accommodation to assist older people who are homeless or at risk of homelessness• Services to assist homeless people with substance abuse problems to secure or maintain stable accommodation• Services to assist homeless people with mental health issues to secure or maintain stable accommodation• Support to assist young people aged 12 to 18 years who are homeless or at risk of homelessness to re-engage with their families where it is safe to do so, maintain sustainable accommodation and engagement with education and employment• Improvements in service coordination and provision• Support for women and children experiencing domestic and family violence to stay in their present housing where it is safe to do so• Assistance for homeless people, including families with children, to stabilise their situation and to achieve sustainable housing• Outreach programs to connect rough sleepers to long-term housing and health services• National, state, and rural (including remote) homelessness action plans to assist homeless people in areas identified as having high rates of homelessness• Support for children who are homeless or at risk of homelessness, including to maintain contact with the education system• Legal services provided to people who are homeless or at risk of homelessness as a result of legal issues including family violence, tenancy or debt• Workforce development and career progression for workers in homelessness services

Source: Victorian Auditor-General's Office, from the National Partnership Agreement on Homelessness.

Appendix B.

Progress against VHAP

Figure B1
Victorian Homelessness Action Plan 2011–2015 (VHAP)
components and progress as at December 2012

Funding	Description	Schedule	Progress
Innovation Action Projects (IAP)			
\$25 million	Commonwealth and state funds to provide innovative initiatives for homelessness that address highly vulnerable groups, according to a comprehensive submission process	Receive submissions and provide funding for IAPs (2011–12)	On target. Submissions received and first stage funding provided to 11 projects
		Progress IAP evaluations (2012–13)	Tender for IAP evaluation released May 2012
Youth Foyers			
\$30.1 million	Three 40-bed foyers to provide supported youth accommodation for young people who are experiencing, or who are at risk of, homelessness	Site preparation for first foyer (June 2012)	Site preparation commenced
		Construction commencement first foyer (October 2012)	Delayed. Revised date January 2013
		Site selection second and third foyers (June 2012)	Partially delayed. One site has yet to be selected
		Commencement construction second and third foyers (February 2013)	Partially delayed. One foyer will utilise an existing building, the remaining foyer has no construction start date yet

Figure B1
Victorian Homelessness Action Plan 2011–2015 (VHAP)
components and progress as at December 2012 – continued

Funding	Description	Schedule	Progress
Immediate funding for new clients entering the system			
\$14 million	Commonwealth and state funds to provide intensive case management, private rental brokerage and housing for family violence victims	Current, ongoing	\$5.77 million spent as at 30 August 2012
Work and Learning centres			
\$4.6 million	State funds to establish Work and Learning centres for homeless people and public housing tenants to increase vocational education and opportunities	Implementation of two centres (by October 2011)	Completed
		Implementation of third and fourth centres (by July 2012)	Underway
		Implementation of fifth centre (by October 2012)	
System reform			
\$2.25 million	Mapping and review process to assess which approaches to homelessness are most effective, and concurrent evaluation of the IAPs to ascertain which receive ongoing funding	Commence reviews of homelessness programs. (2011–12) Begin mapping and assessing the effectiveness of current homelessness services (2012–13)	Evaluators appointed, commenced December 2012. Work to be completed by June 2013
Ministerial Advisory Committee for Homelessness (MACH)			
\$0.75 million	Provide the minister with information on emerging issues in the sector and deliver an options paper on proposed models for homelessness prevention and early intervention	Establish MACH (2011–12)	On target. MACH established
		Receive MACH options paper by July 2013 (2012–13)	Options paper due July 2013
Interdepartmental committee (IDC)			
No specific funding allocation	Forum for discussion between departments on issues relating to VHAP	Establish the IDC (2011–12)	On target. IDC established

Source: Victorian Auditor-General's Office.

Appendix C.

Innovation Action Projects

Figure C1
Innovation Action Projects (IAP) as at December 2012

IAP	Organisation	Project objectives	Funding
Detour	Melbourne City Mission, Kids Under Cover, Uniting Care Cutting Edge	Support and housing for young people Provide skills and employment	\$1 556 869
HomeConnect Hub	Vincent Care Victoria, Anglicare Victoria, Australian Community Services Organisation	Connect individuals and families with integrated support and links with the local community before they reach crisis	\$1 855 060
Regional Outreach for Elderly Homeless	Wintringham Specialist Aged Care	Work with older people at risk of, or experiencing homelessness in regional Victoria Help people sustain affordable accommodation and access to aged care and support services	\$1 402 858
The Geelong Project	Time for Youth, Barwon Youth, Swinburne University	Identify and help young people at risk of homelessness and leaving school early and provide support to their families	\$1 167 431
Restart	Mission Australia, Melbourne Citymission	Provide comprehensive support, training and long-term housing for women with complex needs and their children	\$1 284 973
Back on Track	Haven, Advocacy and Rights Centre, Centre for Non-Violence, Cobaw Community Health Service, St Luke's Anglicare	Work closely with local real estate agents to provide early intervention and prevention services to people whose tenancies are at risk	\$1 567 143
Star Housing	Rural Housing Network together with 14 health and welfare partners	Work with individuals and families in the private rental market at risk of losing their tenancy, or struggling to access the private rental market	\$722 197
Safe Exits	Salvation Army Victoria Property Trust: Project 614, Interact Australia, Recover Australia	Provide wrap-around case management, support, mental health services, training and employment services	\$693 552

Figure C1
Innovation Action Projects (IAP) as at December 2012 – *continued*

IAP	Organisation	Project objectives	Funding
Home at Last	Housing for the Aged Action Group	Intervene early with older people at risk of, or experiencing homelessness Provide a one-stop information centre for housing and assistance	\$1 073 709
Next Steps	Jesuit Social Services, Brosnan Support Services, Wise Employment	Link employment, housing, and personal support programs for vulnerable young people	\$410 356
Families at Home	Uniting Care, Salvation Army Crossroads and Home Ground	Deliver a domestic violence-specific response to homelessness	\$1 043 922

Source: Victorian Auditor-General's Office.



Appendix D.

Audit Act 1994 section 16— submissions and comments

Introduction

In accordance with section 16(3) of the *Audit Act 1994* a copy of this report, or relevant extracts, were provided to the departments of Human Services, Treasury and Finance, Premier and Cabinet, Health, and Justice with a request for submissions or comments.

The submissions and comments provided are not subject to audit nor the evidentiary standards required to reach an audit conclusion. Responsibility for the accuracy, fairness and balance of those comments rests solely with the agency head.

Responses were received as follows:

Department of Human Services	42
Department of Treasury and Finance.....	45
Department of Premier and Cabinet	48
Department of Health	51
Department of Justice	52

Further audit comment:

Acting Auditor-General's response to the Department of Treasury and Finance	47
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RESPONSE provided by the Secretary, Department of Human Services



Department of Human Services

Secretary

31 JAN 2013



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Dr Peter Frost
Acting Auditor-General
Victorian Auditor General's Office
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Dear Dr Frost

Thank you for the opportunity to comment, under section 16(3) of the *Audit Act 1994*, on the proposed audit report "Addressing homelessness: partnerships and plans" (the report) to be tabled in Parliament in February 2013.

The Department of Human Services has reviewed the proposed report and attached is a final response to each of the recommendations for the Department of Human Services.

As the report acknowledges, Victoria has met or exceeded performance targets for service levels as set out in the National Partnership Agreement on Homelessness (NPAH)-Victorian Implementation Plan. The two initiatives examined in detail, Assertive Outreach for Rough Sleepers and A Place to Call Home, demonstrated sustained positive housing outcomes for the clients and the effectiveness of the initiatives in reducing homelessness for those clients.

Over the course of the NPAH, thousands of vulnerable Victorians have been supported by a range of NPAH initiatives that prevented them from becoming homeless or alternatively helped them to break the cycle of homelessness. For some people, this involved contact with one service provider for one initiative. For people with more complex needs, such as rough sleepers, this may have involved a range of services with multiple service providers to meet their needs. For some people, this involved a short-term intervention and others more long term case management.

A number of the initiatives established under the NPAH drew on relevant research, including the A Place to Call Home initiative and the youth refuge reforms. The 24 Victorian initiatives established under the NPAH cover a broad range of support including legal assistance, support for people after leaving prison, family violence interventions, bed-based services and intensive case management for people with complex needs.



**RESPONSE provided by the Secretary, Department of Human Services –
continued**

The NPAH procurement process documents outlined the individual initiative priority target group, types of interventions which include intensity, duration of an intervention/support period to be provided to a client, and the annual numbers of clients to be supported. The department selected providers with demonstrated experience in delivering services to the relevant target group. Implementation working groups were established for many of the initiatives to ensure they met service requirements. The department has continued to monitor the implementation of the NPAH initiatives through the department's contract management process for monitoring the performance of service providers.

As noted in the report, Victoria has experienced a significant increase in the reporting of family violence over the last 12 months in particular. Family violence is one of the most common reasons people seek assistance from specialist homelessness services. Victoria has implemented a range of services to help people experiencing family violence from short-term interventions (such as brokerage to pay for locks and keys to be replaced) to longer-term interventions (such as intensive case management). These NPAH initiatives have performed significantly over their targets responding to the increased demand. A timely response is critical in assisting people experiencing family violence and the data captured in the evaluation will be critical in assessing the outcomes for these families.

As the report details, evaluations completed to date are positive and show promising sustained outcomes for some of those most at risk. The two evaluations undertaken by the department cover over \$42 million of NPAH funding for two of the most significant initiatives. The department has appointed an independent evaluator to complete the remaining evaluations in a 2 stage process by June 2013.

During the first year of the NPAH, Victoria was focused on establishing the new services as quickly as possible. It was recognised that a new data collection system would be needed for the NPAH reporting which was implemented from 2010-11. This reporting framework is now fully operational and as the audit report acknowledges, the NPAH reporting requirements have been met. Reporting will be further improved in the new Departmental structure which commenced recently. A new Performance, Regulation and Reporting team has been established to oversee departmental reporting requirements. The department will continue to work with other jurisdictions and the Australian Institute of Health and Welfare to better utilise the new national homelessness data collection in addition to Victorian data collected.

The report covers the Victorian Homelessness Action Plan (VHAP) and acknowledges the department's comprehensive planning and considered, evidence-based approach to tackling homelessness over the next four years. Implementation of the VHAP complements the NPAH and is well underway. The reform will build a contemporary evidence-base of the most effective interventions and provide a platform for further reform. The VHAP, combined with the NPAH initiatives, ensures Victoria is well placed to continue the reform of homelessness service delivery.

The report's findings reinforce the complexity of the drivers of homelessness and the corresponding need for a multi-faceted service response.

Yours sincerely



Gill Callister
Secretary

Encl.

**RESPONSE provided by the Secretary, Department of Human Services –
continued**

**DEPARTMENT OF HUMAN SERVICES responses to the Proposed Audit report
Addressing homelessness: partnerships and plans**

1. The Department of Human Services evaluate all National Partnership Agreement on Homelessness- Victorian Implementation Plan initiatives to inform the state and Commonwealth of their effectiveness

Accepted.

The department has appointed an independent evaluator to complete the remaining NPAH initiatives in a two stage process by June 2013.

2. The Department of Human Services ensure efficient systems exist to track revenue and expenditure as needed to meet external reporting requirements

Accepted.

The Department has completed a major restructure which will improve the financial management and oversight of all program areas, including those related to the delivery of homelessness services. A dedicated Performance, Regulation and Reporting Unit has been established which will improve departmental reporting processes. The department notes that the audit concluded that the department met all its reporting requirements in relation to the NPAH.

3 The Department of Human Services validate a representative proportion of all National Partnership Agreement on Homelessness - Victorian Implementation Plan data

Accepted.

The department will examine the most efficient process to validate data provided by service providers relating to the National Partnership Agreement on Homelessness.

RESPONSE provided by the Acting Secretary, Department of Treasury and Finance



Department of Treasury and Finance

30 JAN 2013

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Dear Dr Frost

AUDIT ACT 1994, S16(3) – PROPOSED AUDIT REPORT – ADDRESSING HOMELESSNESS: PARTNERSHIPS AND PLANS

Thank you for your letter of 15 January 2013 inviting comments on the proposed audit report *Addressing homelessness: partnerships and plans*. I appreciate the considerable consultation undertaken by your office with the Department of Treasury and Finance (DTF) to ensure facts are accurately represented in the report.

DTF notes the findings contained in the proposed audit report, with particular reference to your consideration of Victoria's implementation of the National Partnership Agreement on Homelessness (NPAH).

I am pleased that this review has confirmed that Victoria is on track to meet all output targets and funding obligations under the NPAH. I expect this will make a significant contribution towards those experiencing, or at risk of, homelessness. In addition, it demonstrates the seriousness with which Victoria approaches its commitment to agreed national reforms, and to fully discharging its responsibilities under intergovernmental funding agreements.

DTF is committed to good governance and considers it crucial to achieving successful outcomes. Accordingly I acknowledge the opportunities highlighted by this review to improve whole of government oversight and interdepartmental coordination, and efficient administration of financial reporting requirements for the NPAH. DTF will work with DPC and DHS to ensure that these improvement opportunities are fully explored, and any lessons for other complex, cross portfolio agreements are identified.

This will need to be pursued within the context of Victoria's output based budget management system, and the principles of effective fiscal federalism outlined in the 2008 *Intergovernmental Agreement on Federal Financial Relations (2008 IGA)*. A central element of Victoria's broader governance system is the devolution of responsibility for the management of global budgets to deliver agreed outputs to portfolio ministers and departments. This approach integrates budget and service delivery accountability while providing flexibility to respond to local needs and circumstances. It allows Victoria to deliver the extraordinarily diverse range of service outcomes and infrastructure for which it is responsible.



RESPONSE provided by the Acting Secretary, Department of Treasury and Finance – continued

The core role of DTF in this system is, together with the Department of Premier and Cabinet, to provide the processes and systems to articulate the Government's goals and priorities, support Government's allocation of resources across these, and monitor performance. While it is not appropriate or desirable for DTF to be directly involved in the implementation of specific outputs or programs as a matter of course, there exist a number of processes by which responsible departments and ministers can identify risks requiring whole of government consideration, including with respect to Commonwealth funding agreements. I note and support in principle your findings regarding the importance of guidance material explicitly and accurately reflecting responsibilities of departments in implementation of intergovernmental funding agreements. DTF will work with DPC to ensure this is achieved, with particular focus on agreements that are complex or span multiple portfolios.

This devolution of responsibility for service delivery, budget and outcomes to those agents with greatest capacity to manage them is consistent with the core principles of the 2008 IGA. This agreement explicitly moved federal financial instruments away from the inefficient specification and acquittal of inputs between various levels of government, towards accountability to the public for meaningful outcomes and outputs. Accordingly, while Victoria is committed to discharging all of its agreed responsibilities under the NPAH and other agreements, DTF would strongly disagree with any general suggestion that capacity to track the flow of specific funding streams is a necessary or effective element of accountability for intergovernmental agreements.

Should you require any further information, please contact Teresa Stewart, Assistant Director, Tax and Intergovernmental Relations on 9651 5364 or by email on teresa.stewart@dtf.vic.gov.au.

Yours sincerely



Brendan Flynn
Acting Secretary

Acting Auditor-General's response to the Department of Treasury and Finance

For the sake of clarity, Recommendation 2 is addressed to the Department of Human Services (DHS), not the Department of Treasury and Finance (DTF), and is not a general suggestion as described by DTF. The recommendation is to ensure, where DHS is expected to externally acquit against funding requirements, as is the case for the National Partnership Agreement on Homelessness, it has the necessary accounting systems in place to do this efficiently and accurately.

RESPONSE provided by the Secretary, Department of Premier and Cabinet



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B13/185

29 JAN 2013

Dr Peter Frost
Acting Auditor-General
Victorian Auditor-General's Office
Level 24, 35 Collins Street
MELBOURNE VIC 3000

Dear Dr Frost

Thank you for your letter of 15 January 2013 inviting comment on the proposed audit report *Addressing Homelessness: Partnerships and Plans* (the report).

I welcome this report, both as an important precedent for future concurrent audits of Commonwealth-State agreements, and more generally, as this is the first time the Victorian Auditor-General's Office (VAGO) has looked at the State's public commitments in an intergovernmental agreement under the 2008 Intergovernmental Agreement on Federal Financial Relations (IGA FFR) framework.

I note your findings which emphasise the need for Victoria to build a better understanding of how the National Partnership Agreement on Homelessness (NPAH) – Victorian Implementation Plan (VIP) has contributed to reducing homelessness and for a clearer and more coordinated approach to the governance of national partnership agreements (NPAs) in Victoria.

My Department has reviewed existing arrangements and is implementing a range of new measures aimed at strengthening Victoria's governance of NPAs. This includes reconsidering both the annual review of performance under NPAs and national agreements (NAs), and existing guidance material on the development and implementation of Commonwealth-State agreements. In addition, DPC has recently established a monthly reporting process with other Departments to monitor Commonwealth-State agreements involving financial arrangements.

The report acknowledges that Victoria has met its funding and reporting requirements and that it is on track to achieve all its output targets under the NPAH-VIP. The NPAH-VIP output targets measure the State's contribution to the achievement of national outcomes.



Your details will be dealt with in accordance with the *Public Records Act 1973* and the *Information Privacy Act 2000*. Should you have any queries or wish to gain access to your personal information held by this Department please contact our Privacy Officer at the above address.

**RESPONSE provided by the Secretary, Department of Premier and Cabinet –
continued**

The report also recognises the difficulties in attributing outcomes or measuring the impact of initiatives on a multifactorial issue like homelessness. These difficulties were also noted in the Review of the NPAH in November 2011.

The comprehensive planning and considered approach to improving homelessness service delivery in Victoria, as demonstrated through the Victorian Homelessness Action Plan, is also highlighted in the report.

The report's findings reinforce the importance of "staying the course" on the core principles of the IGA FFR reform framework. Individual NPAs promote and reinforce genuine State-level policy and implementation responsibility for Commonwealth-State initiatives. To deliver on the underlying policy logic of the IGA FFR, it is also critical that individual agreements enable States to tailor responses to local need, integrate programmes into the wider context of State government service systems, support innovation in service delivery approaches and clarify respective intergovernmental roles.

VAGO is uniquely positioned to advise the Victorian Parliament on Victorian agencies' efforts to comply with the State's commitments under such intergovernmental agreements, and how the underlying State and Commonwealth-State joint initiatives operate within Victoria's public policy and service delivery context.

Thank you for the opportunity to comment on the proposed audit report on the *Addressing Homelessness: Partnerships and Plans* audit.

Please find attached a response to each of the recommendations concerning my Department.

Regards



Helen Silver
Secretary

RESPONSE provided by the Secretary, Department of Premier and Cabinet – continued

Department of Premier and Cabinet: responses to the recommendations of the proposed audit report *Addressing Homelessness: Partnerships and Plans*

Recommendation 4 – [that DTF and DPC] determine and clearly communicate departmental roles and responsibilities for national partnership agreements.

Accepted.

The Department recognises the opportunities to improve the governance arrangements associated with national partnership agreements highlighted in this report.

DPC is currently updating existing guidance material on the development and implementation of intergovernmental agreements (guidance material). This work will replace the existing guidance document on inter-departmental roles and responsibilities. It will incorporate the report's findings on the importance of allocating the relevant lead department an explicit overall responsibility for accountability for, and coordination of, implementation of an individual agreement (particularly where the agreement has cross-portfolio components).

Recommendation 5 – [that DTF and DPC] have an ongoing process to coordinate, monitor and review national partnership agreements that are identified as high risk and which involve multiple agencies.

Accepted.

The Department recognises the opportunities to improve the governance arrangements associated with national partnership agreements highlighted in this report.

In revising the guidance material, DPC is clarifying the additional coordination and compliance responsibilities of lead departments in relation to Commonwealth-State agreements that are high risk and involve multiple agencies. DPC is also implementing this recommendation through refinements to Victoria's annual review of performance under national partnership agreements and national agreements. In addition, DPC has recently established a monthly reporting process with other Departments to monitor Commonwealth-State agreements involving financial arrangements. These actions are in addition to standard budget reporting processes, portfolio-based Ministerial responsibility and overarching Cabinet oversight, and ongoing and informal liaison relationships with departments.

RESPONSE provided by the Secretary, Department of Health



Department of Health

Secretary

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29 JAN 2013



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Dr Peter Frost
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Dear Dr Frost *PK*

Thanks you for your letter regarding the proposed audit report *Addressing homelessness: partnerships and plans*.

The Department of Health once again welcomes the proposed audit report and supports the recommendations put forward by the Victorian Auditor General's Office. There are no matters the Department wishes to raise for further consideration therefore we will not be providing a submission at this time.

Whilst there are no specific recommendations for the department, we are committed to working collaboratively with other government departments to deliver the outcomes of the Homelessness National Partnership Agreement.

Yours sincerely

Dr Pradeep Philip
Secretary



RESPONSE provided by the Acting Secretary, Department of Justice



Department of Justice

Acting Secretary



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Mr Peter Frost
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Dear Mr Frost

Proposed Audit Report -Addressing Homelessness: Partnerships and Plans

Thank you for providing the Department of Justice with the opportunity to comment on the proposed audit report on *Addressing Homelessness: Partnerships and Plans*.

The audit has made constructive comments regarding the analysis of the National Partnership Agreement on Homelessness (NPAH) and its aim to achieve sustainable housing for those who are homeless or at risk of homelessness.

I would like to thank you for your report.

Yours sincerely

Dr Claire Noone
Acting Secretary



Auditor-General's reports

Reports tabled during 2012–13

Report title	Date tabled
Carer Support Programs (2012–13:1)	August 2012
Investment Attraction (2012–13:2)	August 2012
Fare Evasion on Public Transport (2012–13:3)	August 2012
Programs for Students with Special Learning Needs (2012–13:4)	August 2012
Energy Efficiency in the Health Sector (2012–13:5)	September 2012
Consumer Participation in the Health System (2012–13:6)	October 2012
Managing Major Projects (2012–13:7)	October 2012
Collections Management in Cultural Agencies (2012–13:8)	October 2012
Effectiveness of Compliance Activities: Departments of Primary Industries and Sustainability and Environment (2012–13:9)	October 2012
Auditor-General's Report on the Annual Financial Report of the State of Victoria, 2011–12 (2012–13:10)	November 2012
Public Hospitals: Results of the 2011–12 Audits (2012–13:11)	November 2012
Water Entities: Results of the 2011–12 Audits (2012–13:12)	November 2012
Port of Melbourne Channel Deepening Project: Achievement of Objectives (2012–13:13)	November 2012
Portfolio Departments and Associated Entities: Results of the 2011–12 Audits (2012–13:14)	November 2012
Local Government: Results of the 2011–12 Audits (2012–13:15)	November 2012
Prison Capacity Planning (2012–13:16)	November 2012
Student Completion Rates (2012–13:17)	November 2012
Management of the Provincial Victoria Growth Fund (2012–13:18)	December 2012
Learning Technologies in Government Schools (2012–13:19)	December 2012

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