

Consequences of defunding the ERO supplementation for homelessness services within the National Housing and Homelessness Agreement

Australia is at a critical juncture in how it funds and provides for some of its most vulnerable people. A decision by the Federal Government to defund the Equal Remuneration Order (ERO) supplementation for Federally funded homelessness services funded via the National Housing and Homelessness Agreement, if enacted, will result in significant impact on support provided people at risk of an experiencing homelessness.

Homelessness services are already seeing increased demand in response to the economic impacts of COVID-19 and alongside this are facing financial uncertainty and vulnerability as a consequence of a loss of philanthropic funding and charitable donations. A cut to the ERO supplementation funding will result in services having to cut jobs to maintain service viability, resulting in significantly reduced service capacity across the sector.

It is recommended that the Federal Government reconsider this cut in light of the anticipated increased demand for homelessness services, and the reduced fundraising capacity of homelessness services as a consequence of the economic impacts of COVID-19.

What is the homelessness component of the NHHA?

The National Housing and Homelessness Agreement (NHHA), is an agreement between the Commonwealth and the States and Territories, to 'improve housing outcomes across the housing spectrum, including outcomes for Australians who are homeless or at risk of homelessness'.

The NHHA funds homelessness services to 'people who are homeless or at risk of homelessness to achieve sustainable housing and social inclusion' and outlines the roles and responsibilities of the Commonwealth and the State and Territories in relation to reducing and preventing homelessness. The Commonwealth's contribution to NHHA funding is specified: 'From 2019-20, the Commonwealth's estimated financial contribution will be ongoing and the 2018-19 general and homelessness funding will be indexed annually by Wage Cost Index 1'.¹

How has the NHHA accounted for the ERO?

The NHHA required the Commonwealth to contribute ERO supplementation funding from 2018-19 until 2020-21, reaching \$56.7 million in 2020-21. From 2021-22 onwards, the ERO supplement was 'to be determined'². This is outlined in the NHHA in Table 1.

¹ Australian Government (2018). National Housing and Homelessness Agreement. Retrieved from https://www.federalfinancialrelations.gov.au/content/npa/other/other/NHHA_Final.pdf

² Australian Government (2018). National Housing and Homelessness Agreement. Retrieved from https://www.federalfinancialrelations.gov.au/content/npa/other/other/NHHA_Final.pdf

Table 1: Estimated financial contributions

(\$ million)	2018-19	2019-20	2020-21	2021-22	2022-23	Total
Estimated total budget (1)*	1,656.9	1,689.9	1,725.1	1,684.3	1,709.6	8,465.8
Estimated National payment (2)						
General	1,379.1	1,398.4	1,419.4	1,440.7	1,462.3	7,099.8
Homelessness	116.6	118.2	120.0	121.8	123.6	600.3
General (Social and Community Services)**	35.7	41.5	47.6	tbd	tbd	124.8
Homelessness (Social and Community Services)	4.5	6.8	9.1	tbd	tbd	20.3
Total Commonwealth contribution	1,535.8	1,564.9	1,596.0	1,562.5	1,585.9	7,845.2
Balance of non-Commonwealth contributions#	121.1	125.0	129.1	121.8	123.6	620.6
(3) = (1) – (2)						

* This is the total Commonwealth contribution plus the State matched funding required under sub-clause 17(e).

** SACS funding beyond 2021-22 is subject to a future Government decision given that Commonwealth funding under the National Partnership Agreement on Pay Equity for the Social and Community Services Sector is terminating.

This is the State matched funding required under sub-clause 17(e).

(a) Estimated financial contributions are based on 2018-19 Budget estimates and are subject to adjustment in accordance with Part 5 of this Agreement.

The NHHA schedule reveals that the cut as a consequence of ceasing ERO supplementation is greater than the net decrease in funding in the 2020 Budget Papers of \$41.3 million³ between 2020-21 to 2021-22, as Commonwealth NHHA funding is also adjusted by the Wage Cost Index 1.

What does the NHHA deliver in partnership with the States and Territories?

Governments across Australia fund a range of services to support people who are homeless or at risk of homelessness. Services support both those that are homeless as well as those at risk of homelessness and include generalist services as well as those for more specific target groups, including women and children escaping domestic and family violence and youth.

In the 2016 Census, 116,427 people were classified as homeless in Australia. This figure includes people in supported accommodation for the homeless, people in temporary accommodation, those 'sleeping rough', people who are 'couch surfing', and people living in severely crowded dwellings (those that required 4 or more extra bedrooms to accommodate the residents)⁴.

There were 1,583 agencies funded to deliver Specialist Homeless Services in 2018-19. These agencies delivered the following across Australia⁵:

- 290,317 people were assisted
- 25.7 million days of support were delivered
- 23.5 million nights of accommodation were provided

³ See Budget Paper 3 – Table 2.7.

⁴ ABS (2018). Census of Population and Housing: estimating homelessness, 2016. Retrieved from: <https://www.abs.gov.au/statistics/people/housing/census-population-and-housing-estimating-homelessness/latest-release>

⁵ AIHW (2019). Specialist Homelessness Services annual report 2018-19. Retrieved from: <https://www.aihw.gov.au/reports/homelessness-services/shs-annual-report-18-19/data>

The data collected provides insight into the complex needs of the people specialist homelessness services support:

- 37.7% of clients were seeking support for domestic and family violence
- 2.5% of clients presented with a disability
- 29.8% of clients had a current mental health issue.

Specialist homelessness services provided critical support to families, children and young people:

- 100,421 clients were part of a family with children
- 85,787 clients were children (aged under 18 years), of which 10.7% had a care and protection order
- 42,960 were young people (aged 15 – 24 years) presenting alone
- 8.3% of young people presenting alone were sleeping rough⁶.

What impact will de-funding of the ERO supplementation have on the capacity to respond to and prevent homelessness in different states and territories?

The net loss in funding to each state and territory is included in Table 2.7 in Budget Paper 3.

National Housing and Homelessness Agreement

Smillion	NSW	VIC	QLD	WA	SA	TAS	ACT	NT	Total
2020-21	489.3	414.6	327.6	170.3	110.9	34.5	27.1	20.2	1,594.5
2021-22	485.3	399.0	320.7	163.4	107.1	33.1	25.7	19.0	1,553.2
2022-23	490.1	405.2	325.4	165.0	107.9	33.4	26.0	19.0	1,571.9
2023-24	496.0	412.7	330.5	166.7	108.8	33.7	26.3	19.1	1,593.9
Total	1,960.7	1,631.5	1,304.2	665.4	434.7	134.7	105.1	77.3	6,313.5

⁶ Note: Based on young people whose support period was closed within the financial year

The state and territory breakdown of ERO funding is detailed in Table 2 in the NHHA.

(\$ million)	2018-19	2019-20	2020-21	2021-22	2022-23	Total
Estimated National payment						
General						
New South Wales	441.1	447.5	454.5	461.5	468.4	2,273.0
Victoria	357.8	364.9	372.5	380.1	385.8	1,861.1
Queensland	276.1	279.8	283.8	287.8	292.1	1,419.6
Western Australia	143.4	144.6	146.0	147.4	149.6	730.9
South Australia	95.4	95.9	96.5	97.2	98.6	483.6
Tasmania	28.8	28.9	29.0	29.2	29.6	145.5
ACT	23.0	23.3	23.7	24.0	24.4	118.4
NT	13.5	13.5	13.5	13.5	13.7	67.7
General (SACS)*						
New South Wales	4.7	5.5	6.3	tbd	tbd	16.5
Victoria	13.7	16.1	18.6	tbd	tbd	48.5
Queensland	6.9	7.7	8.5	tbd	tbd	23.2
Western Australia	4.7	5.5	6.4	tbd	tbd	16.7
South Australia	2.7	3.2	3.7	tbd	tbd	9.6
Tasmania	1.2	1.4	1.6	tbd	tbd	4.1
ACT	1.1	1.4	1.6	tbd	tbd	4.1
NT	0.6	0.7	0.8	tbd	tbd	2.1
Homelessness						
New South Wales	30.4	30.9	31.3	31.8	32.3	156.7
Victoria	23.1	23.4	23.8	24.1	24.5	119.0
Queensland	29.1	29.5	30.0	30.4	30.9	149.9
Western Australia	15.2	15.4	15.6	15.9	16.1	78.1
South Australia	9.0	9.1	9.3	9.4	9.5	46.3
Tasmania	2.8	2.9	2.9	3.0	3.0	14.6
ACT	1.5	1.6	1.6	1.6	1.6	7.9
NT	5.4	5.5	5.6	5.6	5.7	27.8
Homelessness (SACS)*						
New South Wales	0.6	0.9	1.2	tbd	tbd	2.6
Victoria	0.8	1.3	1.7	tbd	tbd	3.8
Queensland	1.4	2.2	2.9	tbd	tbd	6.5
Western Australia	0.9	1.4	1.8	tbd	tbd	4.1
South Australia	0.4	0.5	0.7	tbd	tbd	1.6
Tasmania	0.1	0.2	0.2	tbd	tbd	0.5
ACT	0.1	0.1	0.1	tbd	tbd	0.3
NT	0.2	0.3	0.4	tbd	tbd	0.9

(a) Estimated financial contributions are based on 2018-19 Budget estimates and are subject to adjustment in accordance with Part 5 of this Agreement.

(b) Per capita shares may not add to estimated total budget due to rounding.

* SACS funding beyond 2021-22 is subject to a future Government decision given that Commonwealth funding under the National Partnership Agreement on Pay Equity for the Social and Community Services Sector is terminating.

In summary, the total cut by state and territory per annum is:

State or Territory	Total loss of NHHA ERO supplementation
NSW	\$7.5 million
VIC	\$20.3 million
QLD	\$11.4 million
WA	\$8.2 million
SA	\$4.4 million
TAS	\$1.8 million
ACT	\$1.7 million
NT	\$1.2 million

The following descriptions provide some measure of the impact the loss of the ERO supplementation funding will have on each state and territory. Cuts to homeless programs will see an increase in costs – in dollar terms – across the criminal justice system, welfare agencies, mental health services, schools and in health centres and hospitals.

New South Wales

Under the NHHA in 2020-21, New South Wales (NSW) receives \$489.3 million, of which \$31.3 million is specifically for homelessness services funded under the former NPAH.⁷ Including additional contributions from the NSW Government, in 2018-19, the total state expenditure on homelessness services was \$241 million⁸.

This funding enabled 339 agencies to deliver Specialist Homeless Services, which assisted 70,570 people across NSW⁹.

Funding enhancements were delivered through the NHHA to 24 domestic and family violence services to deliver an enhanced response at known crisis times, and to 29 youth services to enable a 24/7 crisis response.

NSW stands to lose \$7.5 million in ERO supplementation funding (2020-21 dollars)¹⁰, equivalent to around 75 front line workers.

The loss of the ERO supplementation in NSW would create service gaps for women and children escaping domestic and family violence and quality support for young people in 24/7 crisis accommodation.

Victoria

Under the NHHA in 2020-21, Victoria received \$414.6 million¹¹, of which \$23.8 million is specifically for homelessness services funded under the former NPAH¹². In 2019-20, the Victorian Government contributed an additional \$242 million to housing and homelessness services.¹³

In 2018-19, 112,800 people received support from Specialist Homeless Services in Victoria¹⁴.

Homelessness services funded through the NHHA that relate to funding formerly included in the NPAH include: services for families at risk of homelessness services, domestic and family violence services, specialist services for children experiencing homelessness, youth homelessness services,

⁷ Australian Government (2020). Budget 2020-21, Table 2.7 in Budget Paper 3. Retrieved from <https://budget.gov.au/2020-21/content/bp3/index.htm>

⁸ Australian Productivity Commission (2020). Report on Government Services: Section G. Retrieved from <https://www.pc.gov.au/research/ongoing/report-on-government-services/2020/housing-and-homelessness/homelessness-services#downloads>

⁹ AIHW (2019). Specialist Homelessness Services annual report 2018-19. Retrieved from: <https://www.aihw.gov.au/reports/homelessness-services/shs-annual-report-18-19/data>

¹⁰ Australian Government (2018). National Housing and Homelessness Agreement. Table 2. Retrieved from https://www.federalfinancialrelations.gov.au/content/npa/other/other/NHHA_Final.pdf

¹¹ Australian Government (2020). Budget 2020-21, Table 2.7 in Budget Paper 3. Retrieved from <https://budget.gov.au/2020-21/content/bp3/index.htm>

¹² Australian Government (2018). National Housing and Homelessness Agreement. Table 2. Retrieved from https://www.federalfinancialrelations.gov.au/content/npa/other/other/NHHA_Final.pdf

¹³ Victorian Government, 2019-20 Victorian Budget, 2019-20 Service Delivery, p 219.

¹⁴ AIHW (2019). Specialist Homelessness Services annual report 2018-19. Retrieved from: https://www.aihw.gov.au/getmedia/29e84edc-c552-4f5d-b11a-1c14011ddca8/VIC_factsheet-20-05-2020.pdf.aspx

services for people with mental health issues, tenancy support programs, assertive outreach and intensive case management for rough sleepers, and access points.

Victoria stands to lose \$20.3 million in ERO supplementation funding (2020-21 dollars)¹⁵, equivalent to around 203 front line workers. This will have an enormous impact on service capacity across initial assessment and planning, case management, tenancy support and family violence services, including services for young people, families, and rough sleepers.

Queensland

Under the NHHA in 2020-21, Queensland receives \$327.6 million¹⁶, of which \$29 million is specifically for homelessness services funded under the former NPAH.¹⁷

In 2018-19, 43,100 people received support from Specialist Homeless Services in Queensland¹⁸.

Homelessness services funded through the NHHA that relate to funding formerly included in the NPAH include: Common Ground Brisbane, outreach and Street to Home services, Homeless Health projects, intensive support and recovery programs, domestic and family violence services, youth homelessness programs, and support programs for people with disability experiencing homelessness.

Queensland stands to lose \$11.4 million in ERO supplementation funding¹⁹, equivalent to around 114 front line workers.

Western Australia

Under the NHHA in 2020-21, Western Australia (WA) receives \$170.3 million²⁰, of which \$15 million is specifically for homelessness services funded under the former NPAH.²¹

In 2018-19, 24,900 people received support from Specialist Homeless Services in WA²².

Homelessness services funded through the NHHA that relate to funding formerly included in the NPAH include: specialist services for children in homeless families, domestic and family violence services, the Street to Home program, services for rough sleepers, youth homelessness services, support workers in homeless accommodation, support workers for people exiting corrective services, for people with drug and alcohol issues, and for people with mental health issues; housing support workers; tenancy support services, assessment and referral services.

¹⁵ Australian Government (2018). National Housing and Homelessness Agreement. Table 2. Retrieved from https://www.federalfinancialrelations.gov.au/content/npa/other/other/NHHA_Final.pdf

¹⁶ Australian Government (2020). Budget 2020-21, Table 2.7 in Budget Paper 3. Retrieved from <https://budget.gov.au/2020-21/content/bp3/index.htm>

¹⁷ Australian Government (2018). National Housing and Homelessness Agreement. Table 2. Retrieved from https://www.federalfinancialrelations.gov.au/content/npa/other/other/NHHA_Final.pdf

¹⁸ AIHW (2019). Specialist Homelessness Services annual report 2018-19. Retrieved from: <https://www.aihw.gov.au/reports/homelessness-services/shs-annual-report-18-19/data>

¹⁹ Australian Government (2018). National Housing and Homelessness Agreement. Table 2. Retrieved from https://www.federalfinancialrelations.gov.au/content/npa/other/other/NHHA_Final.pdf

²⁰ Australian Government (2020). Budget 2020-21, Table 2.7 in Budget Paper 3. Retrieved from <https://budget.gov.au/2020-21/content/bp3/index.htm>

²¹ Australian Government (2018). National Housing and Homelessness Agreement. Retrieved from https://www.federalfinancialrelations.gov.au/content/npa/other/other/NHHA_Final.pdf

²² AIHW (2019). Specialist Homelessness Services annual report 2018-19. Retrieved from: <https://www.aihw.gov.au/reports/homelessness-services/shs-annual-report-18-19/data>

WA stands to lose \$8.2 million in ERO supplementation funding²³, equivalent to around 82 front line workers.

South Australia

Under the NHHA in 2020-21, South Australia (SA) receives \$110.9 million²⁴, of which \$8.9 million is specifically for homelessness services funded under the former NPAH.²⁵

In 2018-19, 19,600 people received support from Specialist Homeless Services in SA²⁶.

Homelessness services funded through the NHHA that relate to funding formerly included in the NPAH include: homelessness assistance for older people, Common Ground, Homeless Gateway services, the Street to Home program, generalist homeless services, domestic and family violence services, and youth homelessness services.

SA stands to lose \$4.4 million in ERO supplementation funding²⁷, equivalent to around 44 front line workers.

Tasmania

Under the NHHA in 2020-21, Tasmania receives \$34.5 million²⁸, of which \$2.8 million is specifically for homelessness services funded under the former NPAH.²⁹

In 2018-19 6,600 clients were seen by homelessness services in Tasmania³⁰.

Homelessness services funded through the NHHA that relate to funding formerly included in the NPAH include: Common Ground, long term supported accommodation services, dedicated youth supported accommodation services, youth head lease programs, and Housing Connect.

Tasmania stands to lose \$1.8 million in ERO supplementation funding³¹, equivalent to around 18 front line workers.

²³ Australian Government (2018). National Housing and Homelessness Agreement. Retrieved from https://www.federalfinancialrelations.gov.au/content/npa/other/other/NHHA_Final.pdf

²⁴ Australian Government (2020). Budget 2020-21, Table 2.7 in Budget Paper 3. Retrieved from <https://budget.gov.au/2020-21/content/bp3/index.htm>

²⁵ Australian Government (2018). National Housing and Homelessness Agreement. Retrieved from https://www.federalfinancialrelations.gov.au/content/npa/other/other/NHHA_Final.pdf

²⁶ AIHW (2019). Specialist Homelessness Services annual report 2018-19. Retrieved from: <https://www.aihw.gov.au/reports/homelessness-services/shs-annual-report-18-19/data>

²⁷ Australian Government (2018). National Housing and Homelessness Agreement. Retrieved from https://www.federalfinancialrelations.gov.au/content/npa/other/other/NHHA_Final.pdf

²⁸ Australian Government (2020). Budget 2020-21, Table 2.7 in Budget Paper 3. Retrieved from <https://budget.gov.au/2020-21/content/bp3/index.htm>

²⁹ Australian Government (2018). National Housing and Homelessness Agreement. Retrieved from https://www.federalfinancialrelations.gov.au/content/npa/other/other/NHHA_Final.pdf

³⁰ AIHW (2019). Specialist Homelessness Services annual report 2018-19. Retrieved from: <https://www.aihw.gov.au/reports/homelessness-services/shs-annual-report-18-19/data>

³¹ Australian Government (2018). National Housing and Homelessness Agreement. Retrieved from https://www.federalfinancialrelations.gov.au/content/npa/other/other/NHHA_Final.pdf

Australian Capital Territory

Under the NHHA in 2020-21, the ACT receives \$27.1 million³², of which \$1.5 million is specifically for homelessness services funded under the former NPAH.³³

In 2018-19 3,800 clients were seen by homelessness services in the ACT³⁴.

Homelessness services funded through the NHHA that relate to funding formerly included in the NPAH include: a Supportive Tenancy Service, a Managed Accommodation Program, the Street to Home program, Transitional Support and Head Tenancy services, Housing and Support Initiative packages, domestic violence and youth homelessness services, and entry point services.

The ACT stands to lose \$1.7 million in ERO supplementation funding³⁵, equivalent to around 17 front line workers.

Northern Territory

Under the NHHA in 2020-21, the NT receives \$20.2 million³⁶, of which \$5.3 million is specifically for homelessness services funded under the former NPAH.³⁷

In 2018-19 9,600 clients were seen by homeless services in the Northern Territory³⁸.

Homelessness services funded through the NHHA that relate to funding formerly included in the NPAH include: domestic and family violence services, youth homelessness services, South Terrace Managed Accommodation, Katherine Family Accommodation & Support service, tenancy support services, supported accommodation, transitional housing, a long-term accommodation hostel, service providing assistance for people leaving Corrections, men's crisis accommodation, Street2Home, and a head lease program.

The NT stands to lose \$1.2 million in ERO supplementation funding³⁹, equivalent to around 12 front line workers.

³² Australian Government (2020). Budget 2020-21, Table 2.7 in Budget Paper 3. Retrieved from <https://budget.gov.au/2020-21/content/bp3/index.htm>

³³ Australian Government (2018). National Housing and Homelessness Agreement. Retrieved from https://www.federalfinancialrelations.gov.au/content/npa/other/other/NHHA_Final.pdf

³⁴ AIHW (2019). Specialist Homelessness Services annual report 2018-19. Retrieved from: <https://www.aihw.gov.au/reports/homelessness-services/shs-annual-report-18-19/data>

³⁵ Australian Government (2018). National Housing and Homelessness Agreement. Retrieved from https://www.federalfinancialrelations.gov.au/content/npa/other/other/NHHA_Final.pdf

³⁶ Australian Government (2020). Budget 2020-21, Table 2.7 in Budget Paper 3. Retrieved from <https://budget.gov.au/2020-21/content/bp3/index.htm>

³⁷ Australian Government (2018). National Housing and Homelessness Agreement. Retrieved from https://www.federalfinancialrelations.gov.au/content/npa/other/other/NHHA_Final.pdf

³⁸ AIHW (2019). Specialist Homelessness Services annual report 2018-19. Retrieved from: <https://www.aihw.gov.au/reports/homelessness-services/shs-annual-report-18-19/data>

³⁹ Australian Government (2018). National Housing and Homelessness Agreement. Retrieved from https://www.federalfinancialrelations.gov.au/content/npa/other/other/NHHA_Final.pdf