

# TRANSCRIPT

## LEGISLATIVE COUNCIL LEGAL AND SOCIAL ISSUES COMMITTEE

### Inquiry into Homelessness in Victoria

Melbourne—Friday, 22 November 2019

#### MEMBERS

Ms Fiona Patten—Chair

Dr Tien Kieu—Deputy Chair

Ms Jane Garrett

Ms Wendy Lovell

Ms Tania Maxwell

Mr Craig Ondarchie

Dr Samantha Ratnam

Ms Kaushaliya Vaghela

#### PARTICIPATING MEMBERS

Ms Melina Bath

Mr Rodney Barton

Ms Georgie Crozier

Dr Catherine Cumming

Mr Enver Erdogan

Mr Stuart Grimley

Mr David Limbrick

Mr Edward O'Donohue

Mr Tim Quilty

**WITNESSES**

Mr Bevan Warner, Chief Executive Officer, and

Ms Karren Walker, Manager, Entry Points, Launch Housing.

**The CHAIR:** Thank you so much for making yourselves available today.

As you would obviously see, this is being recorded and it is also being broadcast today. There are certain rules around giving evidence to a committee such as this. It is protected by parliamentary privilege, and that is provided under our standing orders but also under our *Constitution Act*, so therefore any information you give us today is protected by law. However, if you repeat any of those comments outside—not that I expect you are going to say anything like that—it may not be protected. Also, false and misleading information and evidence to the Committee can be considered a contempt of Parliament. You will receive a transcript of this a few days afterwards.

I would really welcome you to make some opening comments and then the Committee can ask questions.

**Mr WARNER:** Thank you for having us. Just to be clear, we have prepared a list of citations that we can share with the secretariat, so wherever I reference something, the research will be available to the secretariat.

**The CHAIR:** Great. Thanks very much.

**Mr WARNER:** Can I begin by saying I will address the questions posed, but before I do I wanted to remark that the persistent and continued growth of homelessness is really unacceptable and unforgivable, we feel. But we also feel that it is eminently solvable, given the right policies, programs and the attendant political leadership which is required to make that happen. We do not have to tolerate it. It is in that spirit that we recommend the following.

There is an urgent need to invest in more social housing, and it is shameful that Victoria has the lowest level of public and community housing stock in Australia, at 3.5 per cent. We cannot end homelessness without more homes, and that is a theme I will come back to.

We do need more and better assistance for people to sustain a rental tenancy, whether that is private or public, and to prevent the spiral into homelessness, so we can build on programs that work. We commend the recent State Government announcement to expand the Private Rental Assistance Program and to include a new category, private rental assistance plus.

We urgently need better discharge from hospitals and other institutions. It really beggars belief that someone would be discharged from a hospital back to homelessness. I observed the discussion with Kate Colvin earlier about children leaving the out-of-home care system and being taken by their caseworker to a youth refuge. I mean, this is a sign of systems failure. It is like the canary in the mine that we could easily measure and report on, just like we recount the road toll on nightly news bulletins.

We do need an improved response for crisis accommodation. Purchasing beds from substandard private hotels and motels with very poor amenities is not only unsafe, it is expensive, and it further traumatises very vulnerable families and individuals.

We need to increase the supply of housing first or permanent supportive housing models, where services are insourced to residents who need ongoing support to retain a safe tenancy. It is cheaper than treating street homelessness and it is the correct economic and moral course to pursue, so let us do that.

We need to double down on and expand the provision of Education First Youth Foyers to provide proven pathways to vulnerable young people back into education and employment as a basis for a rich and productive life.

I am going to talk about the scope of homelessness—the three questions. Homelessness takes many forms, ranging from rough sleeping, so literally being homeless, to living in conditions of severe overcrowding, and

we have provided some citations about that. But the overall level of homelessness continues to increase. Launch Housing saw 16 000 clients last year, an increase of 4 per cent on the previous year. If we had more resources, we would have seen more than 4 per cent, so we are capacity constrained. The rate of homelessness—of presentation to entry points, people seeking assistance for the first time, people coming back to us on many occasions because we have not resolved their housing situation—continues to increase.

The face of homelessness is increasingly an older woman, a family and a child; it is also a returned veteran and, importantly, someone who is working. So we can rethink that stigma about who homeless people are because that is what the data is telling us. It is the woman leaving a violent partner, and it is increasingly an Indigenous Victorian. As we recently discussed with the royal commission into mental health, homelessness is a reality for many people who experience mental ill health and who due to their psychosocial disability have a very increased risk of living in precarious housing and homelessness. Fortunately for some people, experiencing homelessness only occurs once and for a shorter time, but for others homelessness is persistent, chronic and can reoccur throughout their life. It is those high-acuity clients that Launch Housing is dedicated to—to not give up on, to persist with. Again, hearing Kate Colvin's response to the question about resourcing the system—around outcomes and potential risks of unintended consequences, of organisations being encouraged financially to move upstream and to forsake people with the most complex needs—is something that I would reinforce, that point of caution.

Homelessness does not discriminate by place or suburb. It is visible in the inner city but it is also a growing presence in our outer suburbs and regions. For example, inner Melbourne has a homelessness rate of 84 people per 10 000, whereas Dandenong has a rate of 97 people per 10 000. In inner Melbourne we have got rough sleeping; in Dandenong we have got very severe overcrowding. To suggest that severe overcrowding, because there is a roof over someone's head, is not as bad as someone who is sleeping rough on the streets is incorrect. There are very severe risks in severe overcrowding for sexual exploitation and for serious assault and for harm to befall people. It is not something where we can say one is worse than the other: they are both bad. People do not have the safety and security to get about their daily life or to plan for the future when they are in precarious housing, and that includes severe overcrowding.

Despite what aspect of homelessness we may wish to emphasise, its existence and persistence in Victorian communities is not an accident. It is not a quirk of fate or someone's bad choices or just a sad fact of life. We do not need to tolerate it as a natural condition of a First World economy based around winners and losers. No one chooses homelessness. It may indeed have causes connected to personal factors, but the barriers to exiting homelessness are structural.

Causes of homelessness: it has its roots, unquestionably, in a flawed housing market and inadequate incomes. As a community we continue to prioritise property price speculation as a means to private wealth creation, through people owning more than one home, ahead of our fellow citizens' basic needs. We are stretching inequality further, and this will be a threat to social cohesion and a problem handballed to future generations. This housing system crisis has been unfolding for 30 years and we need to act now to reverse it.

As highlighted in Launch Housing's Australian Homelessness Monitor, a strong contributing cause of homelessness is the persistence of crushing poverty. It is the inadequacy of Newstart payments, with the majority of Launch Housing clients hardly surviving on a Centrelink payment like Newstart. But it is also the failure of multiple service systems—housing, justice, hospitals and mental health, for instance—to provide the shared support and housing needed. It is more than 500 people being discharged from acute mental health care into rooming houses, motels and other homelessness situations each year. Launch Housing supports the recommendation of the Productivity Commission that state and territory governments should commit to a formal policy of no exits into homelessness for people discharged from institutional care. However, this is very cheap rhetoric without more homes to send people to. I am sure that people in the hospital system do not enjoy sending people out of acute situations into homelessness. If there was an alternative, they would be grabbing it.

It is the people who frequently cycle through acute mental care and exit to homelessness only to return repeatedly to hospital-based care and the prison system that is costing us money and producing untold human damage, but fundamentally homelessness is a lack of affordable housing. Shamefully, Victoria has the lowest level of public and community housing stock, well below the national average of 4.5 per cent. It is also the

depressing lack of affordable private rentals. For example, only 0.3 per cent of one-bedroom dwellings are currently affordable to recipients of Newstart in metropolitan Melbourne.

This is the permanent crisis of housing endured by many Victorians of poor-quality rental, the exploitative rooming house and the notice to vacate. And it is the lack of crisis beds: many people who seek assistance when in crisis are turned away without being assisted at all, and more often than not a crisis response is a substandard hotel or motel purchased at high cost to taxpayers. They are oversubscribed and are used mainly by people with high support requirements and histories of trauma. In any other system, churn like this would attract an intervention and wholesale redesign of the system. We know this. We have known it for some time, and there has been a failure to act. The consequences of homelessness are devastating. This is not a theory. This is not a theoretical issue.

It not only damages people's spirit and sense of hope but it literally harms your health and increases the chances of premature death. This is evident for fellow Victorians who experience increased morbidity and chronic health problems. It also results in premature and preventable deaths. In the 12-month period to June this year, Launch Housing alone were aware of 47 known deaths of people who were a current or former client, and that is likely to be a large undercount. It is traumatic for those people who lose their lives and for their families; it is traumatic for our staff.

Compassion is cheap if it does not address the systemic causes of homelessness and make the investments needed in housing and support programs. This is fundamentally a question of priority and politics. Solutions to homelessness are known. They are doable and practical, but we need to scale these up and hold the course. At their core all solutions rely on increased investment in and the supply of social and affordable housing. This is the golden thread common to all other programs and policies; for example, you cannot have better discharge plans in place for hospitals if there are no homes to go to. It is the same for people exiting the out-of-home care system or exiting the justice system. There is an urgent need to invest adequately in social housing. Victoria spends less than half the amount per head of population on social housing than the national average, and we pride ourselves on being the world's most livable city and a very progressive state. We support calls to the Victorian Government to fund an additional 3000 social housing properties and 3000 affordable housing properties for the next 10 years—the Council to Homeless Persons' submission.

Solutions to homelessness also include timely assistance to sustain a rental tenancy. Intervening early is about stabilising an existing tenancy and it is a key mechanism to respond to the housing crisis. It means working together with local government, developers and the community to increase the supply of housing in each neighbourhood, in each municipality and in each region. We believe there is a very clear need to socialise private profits via inclusionary zoning to increase stock for low-income people that they can afford to rent. In the property development approval process there should be a contribution from those profits back to social and affordable housing.

From our extensive practice experience, there are a number of scalable solutions for the parliamentary Committee to consider; for example, our education first youth foyers that divert young people from homelessness and improve their education. A recent evaluation highlighted positive education and training outcomes as well as a sixfold increase in independent living by the end of their supported tenancy in our foyers. Solutions to homelessness require an expansion in housing first or permanent supportive housing that finally provides housing security.

I heard earlier the discussion about support periods. Where people are in transitional housing for six months, 18 months or two years, they cannot put a marker down in that community and say, 'I'm actually going to fully commit. I'm going to get a job, I'm going to take my kids to school, I'm going to be part of this community', because they do not know whether they are going to be there. Transitional housing, not moving straight to permanent housing as quickly as possible, damages people as well as being wasteful.

There are real cost savings to government from models of permanent supportive housing. It is cheaper to house someone in a housing first model than to keep them in the homelessness service system, bouncing between hospitals and the justice system. It includes provision of support for parents and children to attend school and reconnect with the local community, and this is highlighted in the success of our education pathways program that saw the vast majority of young students re-enrolled at school, who were disconnected from school as they

were following usually their mother around various crisis support services in the province of the schooling system but hidden from the schooling system.

Any policy solutions must take the agency and voice of people with a lived experience of homelessness into account. It is about acknowledging their stories, respecting their courage and strengths and their right to enjoy life too.

In conclusion, homelessness is solvable. It is not something that we have to accept. We do not have to imagine that because we see it in other cities in the world we have to tolerate a level of homelessness in our community. We should aim higher than that. It means taking what we know already works to scale and committing to the investment that is needed. And fundamentally it is about honouring the social contract with fellow citizens, who equally need and deserve housing. In this country we have accepted that it is the role of government to design, underwrite through tax and spend and deliver a world-class education system and a world-class health system, to build roads and rail so we can all move around freely and stimulate transport economics so we can live our individual lives, but I think we are half-pregnant and unsure about what the role of government is in relation to the housing system. We need to resolve that question. Your Committee would do well to resolve that question—to define a role for government in shaping a housing system that ensures basic safety and security for every citizen. Thank you very much.

**The CHAIR:** Thank you very much. Again, I think Launch has been doing a lot of work in this area. I am interested in where you have moved into real estate and offering those services, which I think is a very interesting model. We have had some submissions from people that say there is housing out there, it is empty, it is not being used. Would you agree with that—that there are actually properties out there that we are just not utilising in the way that we should be?

**Mr WARNER:** Well, we cannot find them. I have read media reports from time to time often attributing overseas investors who are buying and holding and choosing not to tenant, but that is not something that we come across. What we see—and the rental affordability index will come out next week—is a shortage of supply, a shortage of stock, and the stock that is available is unaffordable. So there is a double whammy here for people who need housing most: they either are not available at all or they are out of reach.

**The CHAIR:** Obviously, yes, the 6000 properties and, as you say, working with developers and local government. You mentioned putting profits back into affordable housing. Could you expand a little bit on that please?

**Mr WARNER:** I should begin by saying property development is a noble profession. It is how we have built and expanded and enhanced our communities. But as private capital speculates on the fringes of capital cities and waits for the metropolis to catch up and then decides to convert a rural property to a suburban subdivision, they make economic decisions about the cost of capital, the cost of holding onto that land and the cost of subdividing it and selling it, and they do that in a capitalist frame, which is totally fine. And governments, representing all citizens, make rules, and say, ‘Well, we want you to provide a certain amount of public open space, and we actually want to do a contra with you on who is going to bear the cost of deep sewage’, all as we get to the house and land package. Why isn’t it a simple extra next step to say, ‘And for that 250-house and land package release that we’re approving, we want 5 or 10 or 15 per cent of that locked away for a secure and affordable housing strategy’? That is government acting by the people for the people. It is an alternative to traditional tax and spend and moving the money back through the budget process to build more public housing or deliver incentives to organisations like mine. It is one way, and we should do that, but there is also a very direct and simple way, which is to get serious about inclusionary zoning. If property developers had enough lead time, they would accept that new economic reality and they would reprofile their investment decisions and we would start to get a stream of social and affordable housing out of the market. If you think about what has been happening over the last 30 years as government has reduced its investment in public housing, it is because there is a belief that somehow the market is going to provide for these things. Well, the trigger to make the market provide these things is inclusionary zoning, so let us do it.

**Ms LOVELL:** But wouldn’t that just shift the cost from government to the private sector and drive up the cost of private housing? Because the developers are obviously just going to pass that cost on to where they are selling the rest of their blocks to average mum and dad house owners.

**Mr WARNER:** So there will be a price transfer somewhere, but the question that really needs to be asked is what is the most efficient way to deliver the social and affordable housing stock? That is a very efficient way to deliver that social and affordable housing stock.

**Ms LOVELL:** But is it fair to shift that onto just the people who are purchasing their own homes and not the broader state as a whole?

**Mr WARNER:** There will be a recalibration in the whole housing market as prices are reweighted, but the alternative is to sort of tax everyone through the income tax system or to change stamp duty arrangements. So the other alternatives to State Government raising money are to get into negotiations with the Commonwealth for big funding streams, to raise its own taxes and to hope that somehow in that commonwealth-state agreement there will be a commitment to the levels of investment that are required to deliver the stock that we know we need. All we are saying is we need all of those options to be explored, and at the end of the day the community will save money if we have people housed because it costs more to treat them in the service system.

**Ms LOVELL:** Absolutely.

**Dr KIEU:** I would just like to follow up on that. Yes, the cost of housing a person in hospital or in prison is very high—hundreds of thousands per year per head. Those people, when they exit the system, some of them will be homeless and then they will be a burden on society as well and they will keep going back to the system. But your proposal or your model of having a certain part of a newly developed estate to be reserved for social housing, apart from the question that Ms Lovell just raised that there will be a transfer of the cost somewhere—it will be transferred to maybe the consumer buying houses in that estate—for the developer they could consider that as another level of tax apart from the taxation already at the state level or the federal level: the land tax and on the cost and the GST and so on. For example, with the cladding problem, there is a case going on as reported in the newspaper that some developer in Footscray is taking the Government—or a minister of the Government—to court because the levy seemed to be too high for that development.

I heard you mention that it may be more efficient to do it that way, but on the other hand there needs to be consideration of the consumer—I am not against it; I am just raising the thinking—and also consideration of the developers who see, maybe rightly, that it is another taxation, and that may lead to consequences like abolishing, as some people have argued, the investment. Then that would lead to a tighter market and less development of housing and that would be another follow-on impact on the people, particularly younger people moving into housing.

**Mr WARNER:** Well, look I do not think we should be shy about recognising the three principal levers that government has. Parliaments pass laws and governments produce taxes and they produce incentives. Governments might prioritise energy efficiency and offer a whole lot of incentives for solar abatement or the installation of solar panels. Governments do that. Governments might tax and do incentives to send signals to the market, and in fact governments do that all the time. In trying to achieve this outcome, which is repricing the value in the developer's mind about what the cost of capital is going to realise for them when it is developed, and bear in mind that there is no automatic right to develop—it has got to comply with land use arrangements, it has got to comply with local council regulations, there are issues there about scale and intensity. Government could choose to reduce the economic cost to the developer who has got a model in their mind about what this tract of land is worth by giving rebates or incentives to reduce land tax for that proportion of the development that is going directly to social or affordable housing.

Government can play with its tax and incentive levers, but the basic idea is you do not have to tax and bring it through the budget process and then have it dealt with through a government department in a grant system. You can just create the lever for the market to produce the stock that we recognise we need. Let us acknowledge that this problem that has been unfolding for 30 years is because of—it is not my word, but we talk about it—neoliberalism, we talk about the market being the best source of guidance for what the community needs. We have let the market reign supreme in the housing system. We have given some incentives like negative gearing or some other sorts of incentives and first home buyer grants, but we have not actually given the incentives to create social and affordable housing stock. My urging is that this Committee should consider both: what governments can do to create genuine private sector involvement, which is generally thought to be good in

delivery of social and affordable housing, and through traditional tax and spend ways commission new services so that organisations like mine can provide more support to people.

**Ms VAGHELA:** Thanks for your time today, Bevan. I understand Launch Housing and Homeground Real Estate operate the affordable housing initiative. Are there any other organisations who do similar sorts of initiatives where they offer affordable housing other than you?

**Mr WARNER:** In the real estate business?

**Ms VAGHELA:** Yes.

**Mr WARNER:** The Women's Property Initiatives do, and we have arrangements with a counterpart in Canberra and Sydney to maximise the Homeground Real Estate brand and to use some common advertising to increase the pool of investors who will trust us with their properties so that we can take the profits from providing that service in competition with private real estate agents and/or where the investors who trust us with their properties are prepared to take a below-market rent. We run that social enterprise real estate business for the sole purpose of taking those profits back into our business, and also the people who we are housing are also getting that benefit as well.

**Ms VAGHELA:** So HomeGround is based in Victoria.

**Mr WARNER:** That is right.

**Ms VAGHELA:** You mentioned 16 000 people—you saw that many clients last year. So if there were more agencies like yours which were providing services at, say, 16 000 per initiative like you have and then other real estate agencies, would that be a long-term solution?

**Mr WARNER:** We are probably talking at two ends of the spectrum here. We have got about 200 homes through HomeGround Real Estate that we are managing. We would love to quadruple that number. Our 16 000 clients are people who are first-time homeless coming to the front counter and wanting to be assisted, in severe distress. Young people in our Education First Youth Foyers have got a two-year secure tenancy provided they are engaging with the TAFE system. We run four crisis centres across the state—behind the casino in Southbank, down in Dandenong, one in St Kilda and another one in South Melbourne—so there are crisis beds.

We run Victoria's leading permanent supportive housing model at Elizabeth Street Common Ground, just up the road from the Queen Vic market. It is celebrating its 10th anniversary next year, and it is a wonderful solution for people with ongoing mental health issues who are able to live in purpose-built accommodation—60 beds with staff working out of the building and 24/7 concierge security who are maintaining a level of familiarity with the residents that enables people to recognise when maybe someone needs a little bit more care and attention or a chat. The residents are able to take advantage of the services in the building or they have to be referred out to services in the community. So there is that sense of permanent supportive housing.

A lot of people's experience of homelessness will be brief and only once, but for some people who have ongoing needs we need to build things and staff them in a way that the private for-sale market would never build or that even the director of public housing will not build and staff. That is the sort of work that we do, and we need more of that investment in Victoria.

**The CHAIR:** It is far cheaper than a prison.

**Ms VAGHELA:** You seem very optimistic, because you have repeated a few times that the homelessness problem is solvable. Is this one of the solutions you are suggesting?

**Mr WARNER:** Yes, absolutely. I think the Lord Mayor, Sally Capp, to her great credit, has taken a key interest in solving street homelessness, particularly in the city. It was a great encouragement for me that in her election campaign she was examining these issues, and part of her campaign agenda was that we needed at least four more of these Elizabeth Street Common Grounds, because they are cost-effective and they are targeting people who would otherwise be sleeping rough. It is a solution that we have in Victoria that we designed with good international evidence behind it, but it is a shame that we have got one. This is a source of frustration for

me—we pilot things, we prove them and then we do not take them to scale. So again my encouragement to the Committee would be to double down on the evidence of what works and to recommend that we do more of that. We do not always have to pilot new things all the time just to make us feel as if we are doing something innovative when we are bypassing the opportunity to take things that already work to scale.

**Mr GRIMLEY:** Thank you for the submission. I listened with interest when you spoke about the overcrowding in regional areas and particularly in Dandenong. It is something that I have spoken about regularly—that the unintended consequence of a low unemployment rate in some of the regional areas has been a decrease in rental properties, which means an increase in homelessness for those that are trying to source rental properties in those areas, so I get where you are coming from there, and also crisis accommodation, with the beds in hotels being totally unacceptable for domestic violence persons, which I also have experience with as well.

You spoke about private sector involvement and the additional taxation policies that may be an avenue to pursue. Given that the current social housing rate is around 3.4 per cent of all housing in Victoria, what is your opinion in terms of creating a government policy that legislates a percentage of all housing developments to be either public or affordable housing as a viable option?

**Mr WARNER:** I think it is an important part of the solution. We elect governments to take care of the community. I think we are failing the community, and I would not be shy about using legislative options when you legislate all the time about lots of things.

**Mr GRIMLEY:** What do you think would be a suitable percentage of new housing developments that would be required to adequately reduce—

**Mr WARNER:** I think it is somewhere between 5 and 15 per cent, and I think it is a question of whether you stage into that over time—start with five and grow—so that the property industry can factor that into their long-term planning. I think we need to—

**The CHAIR:** And we can incentivise it.

**Mr WARNER:** Absolutely. I would not encourage a sudden shock, but where you can clearly say that this is going to happen and people have lead time to plan, then I think that is the sort of thing we need to do to unwind the last 30 years. It might take a considerable amount of time to unwind the increasing rate of homelessness that we are witnessing, but it needs to start somewhere. Those policies need to have a long chance to run; they need to be put in place and left there for the market to adapt and adjust and to then be part of that solution. Only part of it—they do not need to do all of the heavy lifting by themselves. There are other things that government needs to do in traditional ways.

**Ms LOVELL:** Thank you for your comments about the Education First Youth Foyer, something I am particularly proud of and a policy that I wrote in conjunction with one of your predecessors, Tony Keenan, and Tony Nicholson from the Brotherhood of St Laurence, and thank you for your brief snapshot of just how successful they have been. We were to have Connie this morning, and I am hoping when she comes in we will get a lot more information about that five-year evaluation. Education youth foyers were obviously something where we took some best practice from the UK and their youth foyers but we adapted it to put the ‘education first’ component in it. It is now talked about as being the leading model for the delivery of youth foyers internationally. I was just wondering if you could point us to any other areas where there is best practice that perhaps we could adopt, we could have a look at, we could maybe even improve on, as we have with the Education First Youth Foyers.

**Mr WARNER:** The great thing about the Education First Youth Foyers is that it is more than a home or a roof. It is the support model inside the foyer, and the support model takes an advantaged thinking approach. It presumes that young people have talents that we want to enhance and develop with them, supporting them to resolve what it is that they want to do with their life, rather than gaps and deficits that we need to fill. A lot of young people who are vulnerable have bounced in and out of services where people have told them what they are not. It might have been school achievement; it might have been other sorts of things. The great thing about the Education First Youth Foyers, what makes them world-class, is that they are purpose-built and the service

model is intentionally designed to work with that cohort to get the sort of outcome, a really positive outcome, for them and the community.

Another example would be our Education Pathways Program, and our Families Supportive Housing project that we are currently developing in Dandenong, which is targeting 60 women and up to 200 children with a housing first or permanent supportive housing model, bypassing refuges and women's refuges, taking people straight from family violence or sleeping in cars to a permanent supportive housing model where services come into the building and also people are encouraged to be activated into the broader community in Dandenong and all the various community organisations. What that thinking—the impact model in that thinking—is about is that we know that the science tells us that trauma leads to developmental delays in children. The experience of family violence, of not having a secure place to live, maybe staying with mum in a car for three months—all of this sort of trauma for a young person directly harms their developing brain and reduces the chances of good educational outcomes. Somewhere along the line we want that to be corrected, and where we have women in crisis centres with children who experience stigma, who are not connected to that local community where they are currently residing in crisis, those kids are not going to school. It is not the school authorities to blame, because they do not even know the kids are there, 200 metres away from school. The only people who know they are there are the police and our housing workers. What we have done is we have designed a walking school bus with nutritional breakfasts. We work with the school. We have employed a speech therapist because, again, the science tells us that if you do not learn to read by grade 3, you will never read to learn, and we have got young children here who are falling out of the school system, who have been traumatised, who are experiencing developmental delay, and we as a housing and homelessness services organisation are attending to their educational and early childhood development needs.

We are doing that with philanthropy. We have proven it. We won a Victorian Government health award 12 months ago, and this is another example of a fantastic program that has been proven to work and that can be delivered because we are right there with that family. But we are trying to figure out how to take it to scale. It should not be the case that only those lucky young children who happen to be in the crisis service working with Launch Housing are being pulled back into the school system. It should not be that philanthropy has to pay for the speech therapists and the engagement with the primary school; those services should be available statewide. We are currently in a constructive conversation with government about, 'Look at this program. We know it's not something that you funded. We pulled it together with philanthropy and we've been running it for five years, but hey, it's about time that you did fund it and that you took it to scale'. So the value proposition of the community sector is that we will do things that government cannot. We are a bit more nimble. But what we need government to do is meet us halfway, and when we have proven up something, then you need to sort of be like the investment bank. You need to take it to scale.

It would be great if you could inquire upon the success of that program and form your own opinions about what I have just told you. If you feel as if the evidence is clear, then make recommendations in your report about supporting those sorts of programs that attack intergenerational disadvantage. It is through no fault of their own that those children have been traumatised, exposed to that homelessness scenario. Well, we can do better to make sure they are not part of that group who are high-welfare-needs people 20 years down the track. Let us follow the evidence. Let us intervene earlier and do it through a housing and homelessness service provider, because it works.

**Ms LOVELL:** The response to homelessness, as you said, is complex, because there are a lot of complex needs of people, and it is not just housing; there are all these different service provisions. Earlier in the year the *Herald Sun* were running a few articles where they were suggesting that perhaps churches and other organisations could just open up their halls so that rough sleepers could access those halls—something that I was horrified at, but I would be interested in your perception of that and what you think.

**Mr WARNER:** I am glad that you are horrified at that, because I am too. Karren may have something to add here. Her functional responsibilities include our Assertive Outreach rough sleeping program, our crisis centres and our entry points, so as the Acting General Manager of Getting Housing, she sees through her staff the really sharp end of the homelessness services system. But when we remove the problem from sight and pretend that if we can make sleeping rough less harsh for people and we do not provide a permanent housing solution, I think what we are really doing is trying to make ourselves feel better. We are trying to reduce the

emotional difficulty that we have as we walk past a rough sleeper rather than actually setting that person up for a life of dignity. We absolutely do not support service responses which treat homelessness and perpetuate homelessness and remove it from full view. We are better than that.

**The CHAIR:** Yes. It is not providing a home, is it?

**Mr WARNER:** No.

**Ms WALKER:** Thank you, Bevan. What I would probably reflect on in this space is it fails to also recognise the significant trauma that each of the individuals who are sleeping rough on our streets are experiencing. People do not wake up in the morning and go, 'I'll become street homeless today'. It is a long duration of engagement with multiple systems that have failed to meet their needs. Simply providing a bed in a church hall does nothing to address the underlying conditions that people are bringing to the experience. As Bevan said, we can make ourselves feel a little better by saying there is a roof and a camp stretcher, but bringing a whole group of people into a space without proper support, proper assessments and the resources to address the trauma that each of them face is an insignificant response.

Kate spoke of the service coordination that happens in the homelessness service system. Across the north-west regions in 2017 we did a large consumer survey. The most compelling outcome to the survey, that we were told most frequently, was, 'All I want is a space where I can lock the door and have control of what's happening behind that door'. So well-intentioned responses that make us feel good about taking people off the street do very little in terms of actually addressing the underlying trauma and their ongoing need for a proper and respectful place to live.

**Ms LOVELL:** Yes. You could also increase the level of vulnerability of people to violence and stuff by having so many of them together because they all have complex needs.

**Ms WALKER:** Absolutely, absolutely.

**Ms LOVELL:** Thank you very much for that. And also, one last thing, just on the outcome funding, no-one would ever suggest that we should allow a sector to become so lazy that they only treat the very easy cherry pickers. You can structure outcome funding so that you actually make it that treating the most vulnerable is the most attractive option for actually getting that funding. I think it is something that we should not totally disregard. It is certainly something that has been advocated for by one of your predecessor organisations, Hanover, in the past. As long as it is structured properly to make sure the services are being delivered at the right levels, I think it could be very useful.

**Mr WARNER:** I agree with that, and one of the cleanest options for that sort of outcome-based incentive funding would be very deep subsidies—or a deep subsidy—to enable community housing providers like mine to take cheap debt and build more stock off our own balance sheet, accepting that we are only charging 30 per cent of someone's income as a social rent. So 30 per cent of Newstart is not enough to leverage the balance sheet, service the debt—even at very cheap debt rates—and look after the life cycle of the asset, so we need a subsidy for the high-acuity client, the client with complex needs. The commonwealth and the state governments should sort out their differences, resolve what that subsidy is and reinstitute a deep subsidy, because it is a very efficient, direct way to prioritise the outcome. We want more homes for people with acute needs, and we are prepared to pay a direct subsidy to supplement that person's rent to ensure that we can then pay the bills to build the stock.

**Ms LOVELL:** It worked for hospital funding. When they first brought in WIES funding, everyone threw their hands in the air and said, 'This is not going to work', but it actually prioritised them to not focus on those people who were not really sick and overservice them—to move them on quickly and focus on the people who are really sick.

**Mr WARNER:** I agree entirely.

**Mr BARTON:** Just a little technical question for the Launch Housing czar: how does negative gearing affect the rental crisis?

**Mr WARNER:** Well, I think what happens is that where it is more attractive for investors to buy a second or third or fourth property, and they expect a return, then a combination of investor speculation in existing stock and a lack of new stock being built makes rents unaffordable. Rents are increasingly unaffordable, the social safety net is being hollowed out and people's income support—

**Mr BARTON:** That gap is—

**Mr WARNER:** The gap is getting bigger, and that is what is making it harder for everyone to look after themselves.

**Mr BARTON:** I am glad you see it the same way as I do.

**The CHAIR:** Just to follow on, I think, on that notion of looking at existing properties and how we might use them, I know that Sally Capp, the Lord Mayor, is becoming very proactive in the city in looking at empty properties and how we might retrofit them, and Robert Pradolin with his Housing All Australians is also looking at that. Do you have an opinion on those sorts of models?

**Mr WARNER:** I think re-using vacant buildings and floors of buildings with donated goods and services from the private sector has its place, but it is not a permanent supportive housing option. It can be part of the crisis response. We have a whole lot of unsafe, damaging rooming house, hotel and motel accommodation that we are using because there is nothing else. If we thoughtfully refurbished and staffed—so it is not just the roof alone; it is—

**The CHAIR:** Yes. It is McAuley, or it is—

**Mr WARNER:** Who is paying for the staff to actually provide the case-management support and clinical type of support for people? And then we have to resolve service models. Is it bunk in, bunk out every night? That is pretty distressing. Is it a six-week stay? Well, what model is that? So the idea of using buildings that are not being used well and involving the generous contributions of people who want to help is good, but the question is—

**The CHAIR:** What does it look like?

**Mr WARNER:** what is the service model and is the Government going to pay for the services into those buildings? They should, because one of the problems with the unsafe motel and rooming house accommodation is they are high-needs people without any services. It takes a net addition of investment to make the unused buildings work. So Rob Pradolin and the ability that he has had to engage the business community is fantastic, but it is sort of like the eggs without the bacon. It is not enough.

**The CHAIR:** Yes. So it can help in that kind of acute crisis, I suppose much the same as McAuley in that it can assist in getting people back on track and back into services.

**Mr WARNER:** That is right.

**The CHAIR:** Thank you so much. That was really informative and wide reaching.

**Mr WARNER:** Thank you so much for the work of the Committee.

**The CHAIR:** No, thank you. And as I said, there will be a transcript sent to you in the next few days.

**Mr WARNER:** Thank you.

**Ms WALKER:** Thank you.

**Witnesses withdrew.**