

TRANSCRIPT

LEGISLATIVE COUNCIL LEGAL AND SOCIAL ISSUES COMMITTEE

Inquiry into Homelessness in Victoria

Melbourne—Wednesday, 12 February 2020

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WITNESSES

Dr Catherine Brown, Chief Executive Officer, Lord Mayor's Charitable Foundation, and Expert Panel Member, Social Impact Investment Taskforce, Department of the Prime Minister and Cabinet; and

Ms Erin Dolan, Program Manager, Affordable Housing and Homelessness, Lord Mayor's Charitable Foundation.

The CHAIR: Thank you so much for making the time available. I apologise for us running a little bit behind, but we have all been getting very immersed in just some of the fantastic programs and projects we have been hearing about today. As you know, this is the Inquiry into Homelessness in Victoria. All evidence taken at this hearing is protected by parliamentary privilege, and that is via the Constitution Act 1975 and the standing orders of the Legislative Council. This means that any information you give today is protected by law. However, if you were to make the same comments outside this place, that protection is not extended. Any deliberately false evidence or misleading of the Committee may be considered a contempt of Parliament. As you can see, we have the wonderful Hansard people here, who are recording and transcribing. You will receive a copy of the transcript, which you can have a look over, and please correct it if we have made any errors. Also—and it is fairly new initiative at Parliament—we are broadcasting our Committee hearings, and we are very pleased to do it. It is great having people here today, but enabling people to view this and hear you remotely we think is a good initiative. So, yes, the world is watching. We would welcome you to make some opening comments and statements, and then we can open it up for a broader discussion.

Dr BROWN: Thank you very much for the opportunity to present to the Inquiry. I would like to acknowledge the traditional owners, the people of the Kulin nation, and pay my respect to elders past, present and emerging.

I want to talk about both our work addressing homelessness and also increasing the supply of affordable housing. We have worked within a priority of homelessness since 2009, and we are essentially Melbourne's community foundation. So we were set up in 1923 by the Lord Mayor then, and we basically work on whatever the big issues are facing Melbourne. At the moment one of those is clearly homelessness. We made more than \$3 million in grants to homelessness last year. Our corpus is \$265 million, and that is a perpetual fund, so we are in a very fortunate position of being able to take quite a long-term view to some of these social and other environmental issues that we work on. I am just really choosing some projects to highlight and then maybe make some observations from. First of all, I wanted to talk about the grant you made to Journey to Social Inclusion back in 2009. Over a number of years we funded the evaluation, the first evaluation of that project, with a grant of \$750 000, so at that time it was quite a significant grant. As you probably know—they have probably presented to you—that provides intensive and individualised support to people.

The CHAIR: We have not heard from them yet.

Dr BROWN: Oh, you haven't heard?

Ms DOLAN: This is Sacred Heart.

Dr BROWN: This is Sacred Heart Mission. Then they did a phase 2, which was not funded by us but other foundations. That led to a social impact investment financed by the Victorian Government. We have just recently funded them for \$150 000 to actually do the toolkit on measurement and evaluation to help scale that project in other regions. I guess the key point here really, and maybe this will come through what I say, is philanthropy's role in some of this. Part of it is funding evaluation of innovative responses. That is where we see we have an important role to play, and sometimes de-risk may be for government or other funders.

I notice they mentioned Housing First before. We recently have granted the Council to Homeless Persons to bring that Housing First Europe model to Australia. That is a train the trainer program and that is on the basis that a stable home is very critical to education, employment, mental and physical health and so on. No doubt over all of these presentations you have heard of the complexity of homelessness.

Another important initiative I think was funding the homeless service coordination program. We initially funded the Council to Homeless Persons to bring 13 different homelessness organisations together from all different sectors—so they were covering housing, health, mental health, alcohol and drugs, youth-specific, very diverse—to actually meet regularly and coordinate their services. That has been very successful and continues. It was then funded with the City of Melbourne, and then we stepped back and DHHS took over. We would see that sort of coordination of services—that could be replicated in other places, and is very critical. One of our roles actually is funding networks and collaboration as well, and demonstrating a new way of working.

In terms of policy, we have been an active partner in the Transforming Housing partnership at the University of Melbourne. That has been recognised by the university as an important project or initiative. That is now an affordable housing hallmark initiative, which means the university actually allocates funding to it for researchers. So that has been exciting. It has been cross-sector and we have learnt a lot from that. Through that there have been submissions made to *Plan Melbourne* and *Plan Melbourne: Refresh* and a number of other government amendments to Acts and so on. But we also have been able to use some of the knowledge we have gained in actual projects we have funded. So, for example, they developed site location criteria for affordable housing, which we were then able to apply in some of the projects we funded. For us that idea of locating housing well and near public transport and near services and near education and near employment opportunities is absolutely critical, and we were able to do that in our affordable housing challenge, which we are doing with the City of Darebin. So I think all of this work adds to making better outcomes for affordable housing.

In terms of family violence, which is obviously another key issue, we have funded Launch Housing's women's and children's service in Dandenong, actually in total \$900 000. We have helped leverage other philanthropic funding, so that should be going ahead soon. That is one of many examples—I have got a couple more—of where philanthropy and government have worked together to fund best practice, and I think it is a very effective approach for demonstration projects.

An area that has become really of great concern to us for quite a while is older women and long-term income poverty. We started working on this. The Productivity Commission, as some of you would know, did a staff-initiated research paper on deep and persistent disadvantage in Australia in 2013 and highlighted that there were 500 000 older women living in long-term income poverty, so I suppose that was a real red light to me. We know that that is a consequence of doing a lot of casual and unpaid work during a woman's life—low superannuation balances, pay inequity. And then all you really need is a major life event—an illness, a divorce, a death in the family—and it can quickly lead to financial insecurity. We have worked in two ways on that. One is actually funding projects and particularly social enterprises that are looking to increase the employment opportunities for older women. We funded particularly Fitted for Work's SheWorks, which is a social enterprise; we funded their scaling-up grant. So after they had demonstrated what they wanted to do and they had a business plan from PwC, we were able to make a grant of \$100 000 for them to go to the next level. In that they work a lot with women who are 50-plus, who are not considered fresh enough to do quite a few jobs, particularly in male-dominated industries. A few examples: one I love is the work they did with Yarra Trams. They have had 40 women successfully obtain roles as tram drivers. With John Holland the first female overhead wiring technicians have commenced apprenticeships, and also with Salesforce, they are actually placing women into Salesforce administrator roles, so encouraging that transition into the digital world. In all of these the majority of women placed have been over 50.

In addition we have funded research. We did a project called *Time of our Lives?* in March 2016 with Dr Susan Feldman and Dr Harriet Radermacher, and that was about building opportunity and capacity for economic and social participation of older women. The report highlighted the importance of financial counselling, the need for housing support and information to prevent older women falling into homelessness and also the huge gap in data about older women in a lot of our research. We also then followed that with a study called *Giving Older Women in Greater Melbourne a Voice*, where Dr Feldman actually went to 20 focus groups all around Melbourne last year. We got a lot of feedback with some recommendations for action, particularly to encourage investors to build rent-only properties across Melbourne that include units suitable for single older women to enable women to stay connected with their friends and communities in their existing communities—so that idea of not losing your social connections—and to support innovative models for early intervention and for creating housing. So we funded the women's housing initiative and McAuley Community Services amongst many others in that space.

I heard mentioned just before the issue of time in developments, and the issue of the poor community understanding of homelessness has been another concern to us. One thing we have done on that this year, or actually in 2019, is to fund for the first time the Victorian Homelessness Media Awards program to encourage responsive and respectful reporting of homelessness in four different categories. That has been really effective—actually Erin was there at the presentation of all of that—just so people understand that it is an issue affecting younger people, older women, families, and it is not just male rough sleepers. You know, it really is something that could happen to many people easily.

The Community Housing Industry Association—we have also been working with them on a project which is identifying common barriers and success factors for social housing developments when they receive objections from local residents or councils. They are developing a kit to actually make it easier for local government to respond to that. They are just some practical steps.

In terms of increasing the supply of affordable housing, we added that into our strategy in 2016 because we wanted to try and address this issue of lack of affordable housing, the availability. We want to demonstrate what best practice looks like. We want to encourage cross-sector collaboration. We include sustainability in the design requirements and also, as I said before, well-located sites so there are good life opportunities and more and more encouraging opportunities for impact investment alongside other financing and funding.

I have just got a few examples. I am probably rushing, but I have probably got too much to say. The redevelopment of Ozanam House by VincentCare—we were the first funder of that. They bought that on the back of an envelope—or not quite—but with some drawings, and it was very inspiring on a number of fronts, particularly because it included older women for the first time. Up until then they had only provided services to older men. They expanded the housing to 154 apartments. They had crisis, short-term and medium-term housing, and a really clever aspect of the design is that the longer term housing has a completely different entrance. It is a beautiful building if you have not been there. They have co-located some services in a service hub, which means that some of the more complex issues can be dealt with as well.

It is very well designed, very sustainably designed. EnergyAustralia actually gave half a million dollars of in-kind support to make sure it was sustainable. And when I went to the launch, I heard someone say, ‘So this is what affordable housing can look like’, and I thought, ‘Brilliant, that’s what we want’. It really is. People are proud to live there.

Frontyard by Melbourne City Mission is another project that we have supported, and again they have been incredibly innovative. They are supporting young people with very complex mental health issues. And having visited there, it is again individual rooms with ensuites, very valuing for people, and then they have got some really nice shared living spaces as well. Both of these have been funded by government and philanthropy, so it is really interesting to see now more and more of that happening.

We have an affordable housing challenge which we are working on with the City of Darebin. We said we would put a million dollars into a project if a local government would put forward a site, and we called for expressions of interest. We got a few proposals and we have selected a site in Darebin which is a car park, so it is being built over a car park. It is incredibly well located. We are working through the process with them. We have had to go through all our charitable governance processes and then they have to go obviously through local government processes, but that is well advanced, so, you know, hopefully we will have more to say on that. Erin and Sophie from the City of Darebin are also working on a toolkit which we will be able to share with other local governments and foundations.

Another interesting one is the Housing Choices Australia Nightingale development in Brunswick. For the first time we have actually funded 21 units in a mainstream development. We are quite excited about that because that again gives really good life opportunities for the residents. HESTA is an impact investor in another part of that development, so again that is a cross-sector project.

Habitat for Humanity is also mentioned—a lot of crossovers. We have provided an impact investment to them as a loan through SEFA, which is Social Enterprise Finance Australia.

The CHAIR: Do you do that often—provide loans?

Dr BROWN: No, not often, but more.

Ms DOLAN: Increasingly.

The CHAIR: Increasingly? Right, interesting.

Dr BROWN: Increasingly might be the right thing. So that is working capital for them for their low-income housing projects. I suppose from these points the insights are that all these projects have various combinations of funding, government and philanthropic, and financing, which is mainstream and impact investment. Philanthropy can go in early with a grant and give a vote of confidence to some of the more innovative projects.

Also to explain that we can be impact investors. As well as making grants we have corpus which we can also invest in line with our mission, and I think that is a growing area which I might just touch on in a moment. So our fund at the moment is \$265 million; if you think of all the foundations in Australia, if we all put 5 per cent at least of our capital towards impact investment so you are getting a social or environmental return as well as a financial return, that is very significant.

That brings me to the Social Impact Investing Taskforce, which I am on the expert panel for in Prime Minister and Cabinet. Just some observations, we have done an interim report, and we have got a final report in June. There is clearly an opportunity to grow the impact investment market—your question is perfect—and bring additional capital towards addressing social challenges. There was \$5.8 billion at the end of 2017 in impact investment, but only 4 per cent was socially focused, so in the task force that I am on the panel for we are looking at social impact investment. It became clear investors need investable projects, so we need more supply. Large institutions need projects at a very large scale. In the roundtables they would make comments such as, ‘Fifty million is a minimum investment’, so there is really work to be done.

We have looked at payment by results programs—so social impact bonds—social enterprises of different sizes and also large-scale social investments. The recommendation is that there needs to be more support for early-stage social enterprises, including contract readiness and investment readiness; more support, particularly around data and measurement for social impact bonds; and looking at an impact investing wholesaler. It is just a very interesting area if you are looking at the whole area of housing. In terms of the final report the team are looking at which areas could be suitable for larger social impact investments, and clearly housing, such as social housing, aged care and so on, is being looked at along with employment, which is also relevant.

So my final observations are that it is absolutely critical that we all support the economic participation of older women to reduce the risk of homelessness. It is a very big issue. We need to design affordable housing for older women and to really listen to them about what they need and want. We should include social and affordable housing in well-located sites and, where possible, within mainstream developments to encourage the life opportunities for employment and education.

On philanthropy, our role really is to help with demonstration projects, to evaluate what works and to derisk projects for other funders. So I think increasingly we will see these cross-sector partnerships in these areas, and I think no one sector will solve this challenge on their own.

The CHAIR: True. Thank you. Erin, did you want to add to that?

Dr BROWN: Sorry, Erin is our Program Manager, as you can see. She is here to take questions as well.

The CHAIR: Excellent.

Dr BROWN: Is that all right? Unless you really want to add something.

Ms DOLAN: No, no. That is fine.

The CHAIR: We were talking to somebody else around where philanthropy works best and where that investment is the most impactful. The previous person was saying that where there is greater risk other charities may not want risk, so that is where philanthropic investment can step in. But I note that you were mentioning a lot of philanthropic-government partnerships, which I think is really interesting. Is there anything that you

would like us to take away in how we could enhance those sorts of relationships or how we could enhance the way that philanthropic funds are used to their best possible purpose and not in places where governments should be doing it or where charities could be doing it?

Dr BROWN: Do you want to make a comment?

Ms DOLAN: In terms of partnerships, we spoke practically about the Social Housing Growth Fund and compared it to a fund that the Federal Government is currently running, Safe Places. It is a similar grant round, or another grant round, for developing housing. In the federal instance they brought us in really early. They talked to us about what our needs were and what our time frames were. I actually sent them our criteria, and the Federal Government was kind of interested in minimising the time and energy and effort for the community housing providers, for those groups that were building.

The Social Housing Growth Fund, I think there is still an expectation that philanthropy will participate in that. We have not had the same level of interaction with that, so that is definitely something that I would strongly encourage. We are really open to that. And part of that is—like we keep talking about time being a resource—having to have community housing providers write us an application and government an application and them being very different criteria. It would be better if we could share all those at the beginning.

The CHAIR: Right.

Dr BROWN: Quite often we might make a grant that is then conditional on receiving government funding or other funding. It is just the timing of getting everything to shovel-readiness, really.

The CHAIR: Yes, I had not thought of that.

Ms DOLAN: We are also required by the legislation that governs charity law broadly to distribute a certain amount each year. So having really clear time frames from government is really helpful, because we cannot make commitments that we cannot then honour, or conversely—

Dr BROWN: Or we underspend and then we are finding other projects later in the year and so on.

The CHAIR: Of course. Sorry, just following on from that quickly and then I will open it up. One of the other comments that we have heard from previous witnesses and also in submissions is pilot funding becomes available but ongoing funding is quite often very difficult. So they get pilot funding to test something, the evaluation is great, but there is nowhere to find ongoing funding. I am just wondering, because it seems like philanthropy takes that risk at the beginning but it should be governments that take that ongoing—

Dr BROWN: In an ideal world when something has been tested and evaluated and demonstrated and shown to be working, then some level of government could take that on, or else you then have to think is there another way of financing some of this through impact investing or social procurement opportunities et cetera. It is an issue though because I mean philanthropy, we are so small compared with government, so we have to use our funds strategically. Some people say that philanthropy is the venture capital of the not-for-profit sector, and I think we take that quite seriously. We are there to support innovation and research.

Ms DOLAN: And risk.

The CHAIR: And risk, yes.

Dr BROWN: And derisk things really for government or the private sector. You know, help people demonstrate.

Dr KIEU: You just mentioned philanthropy. In Australia it is small compared to what government has, but it is very important because there are certain gaps and areas that government cannot go into or are not prepared to go into. You were talking about demonstration and derisking for a second and so on. This is just a more general question. We know that the level of philanthropy's contribution in Australia is quite low compared to say USA or Europe, why is it so and is there anything that we can encourage people to give more?

Dr BROWN: That is a big question. You can start.

Ms DOLAN: If you compare it to America, which we all look to as the leaders in the amount of money, they also do not have the same social welfare system. So that would be kind of our starting point—that we would say, ‘Well, they’re much more active because government is much less active’. And if you think of our organisation, for example, we were created to fund hospitals in the first instance. Now that is clearly the role of government. So that is a big component of it, you know, you are not comparing apples with apples.

Dr BROWN: And there is a cultural sort of difference. In the US there is very big pressure when you go to school or college or university that you give back, and that is noticed by everybody. We have not yet got that culture. It is growing. I mean, middle Australia is very generous generally when we get all those figures, but it is a cultural thing. A lot of people say, ‘Well, government should be doing that or is doing that’.

Dr KIEU: You pay enough tax for government to do that.

Dr BROWN: We pay enough, exactly.

Ms DOLAN: We recognise that. I would say also the affordable housing in particular is a bit unusual because government has recently done a lot of stock transfers. So those stock transfers mean that philanthropy is now really able to get involved in that, and that is quite new. When we say that it is our priority since 2016, we were kind of leaders in that, in recognising that that was something we could get involved with.

Dr BROWN: Yes, because we have to fund charitable organisations obviously as philanthropy. So we cannot fund government, we have to kind of work alongside government.

Ms LOVELL: We heard earlier from a group of businesspeople, and one of the things that they mentioned was regulation and red tape that created barriers for them. They talked about having regulated incentives or even holidays to encourage more private sector investment. I am just wondering as a long-term charitable fund and also a highly regarded one, whether you find that there are any barriers to you becoming involved in things through red tape or regulation?

Dr BROWN: No. I think for us as sort of philanthropic investors or even impact investors there are not real barriers. I think it is more on the development side when people are trying to get things done quickly or to bring in very big institutional investors who have a higher return expectation. I think in the US they have got a lot of tax incentives for those sorts of opportunities.

Ms DOLAN: Yes, I think so, and we could talk about planning red tape, but I am sure that everyone has already spoken to you about that, so we would probably echo that—that various levels of governments make building developments time-consuming and then that time is a cost that we all wear.

Dr BROWN: Yes, I think the community understanding of homelessness and affordable housing is sort of a delaying aspect that we have seen in projects. So the more education people have to understand that this could be their aunt, their son, their whoever, that it can be really well-designed and it can be sustainably designed and it can enhance your neighbourhood—it is not the nimby, not in my backyard thing—that would really help.

Ms LOVELL: People do not even understand what homelessness is. They think homelessness is the rough sleepers, and that is a very small percentage of it.

Dr BROWN: Yes, and I think a lot of older women are very dignified. They have managed their lives very well, and sometimes just by a quirk of circumstance they find themselves homeless—

Ms LOVELL: Yes, that is right. We could be in that position tomorrow.

Dr BROWN: and they do not want to talk about that.

The CHAIR: That is right.

Dr BROWN: But I think we must address that.

Ms LOVELL: But when you try and do something for homeless women or something they think it is going to be all the rough sleepers coming in, so that is where you run into the community backlash.

Dr KIEU: They are disadvantaged because of the wage disparity during their working lives—

Dr BROWN: That is right.

Dr KIEU: or the discrimination against them as well.

Dr BROWN: And a lot of unpaid work.

Ms LOVELL: A lot of them stay home and raise children, and then the children leave home and the marriage breaks down, and they have no superannuation of their own.

Dr KIEU: They have nothing.

Dr BROWN: Exactly.

Dr KIEU: And so just another observation. On the time issue for the developer or the builder, it is not only the real cost but the opportunity cost and the uncertainty that goes with that. Maybe now the market is doing well, but maybe by the time they are finished there may be an incident or maybe an event somewhere in the world and they will be losing money. So that is very critical for them.

The CHAIR: True.

Dr RATNAM: Thanks so much for the presentation, and it is incredible to hear about the project-saving funding over the years. I was interested, with the focus on housing and homelessness, in the types of projects you are being asked to fund. Have you noticed any trends over the last few years, particularly as you made that your focus, in the types of things you are being asked to support? I am just kind of interested to know what people are looking to fund and get off the ground and the types of innovations people are looking at.

Ms DOLAN: Yes. I think again due to our guidelines being quite focused people come to us with that expectation that it is something that government will not fund or something that is really innovative. In the most recent round we have done quite a bit on perpetrators in family violence, particularly really high acuity ones, so young, out-of-home care or ones who have been subject to intervention orders but are still under 18, so children in that instance. So again, I think we recognise that it is an issue that we can trial and test and take some risks with.

Dr BROWN: And do the research, I think the other side would be different models of housing, so shared equity and different ways that housing could be developed—

Ms DOLAN: Funded.

Dr BROWN: Yes. Legal sort of models That is coming through.

Dr RATNAM: That is interesting.

The CHAIR: Do you have any further comments to make on those other models that you are helping get off the ground? I suppose with you taking that risk and taking that initiative on the innovative side, that is when government needs to be picking up with that.

Ms DOLAN: The innovative funding model is something that we are quite passionate about, and we have been looking at a women's property initiative. They are doing a variety of ones. The one that we funded was where women bought into a share of a house. That one in particular is what we call the 'middle woman', which is not our best name; we are still working on the name. But it is women who have very few assets but who will lose all those assets within a very short period because they are not eligible for community housing. So what do you do with them before they become homeless, so that kind of preparatory work.

We are also looking at a top-of-shop model with McAuley. That is based in Ballarat where we are funding this idea that is looking at underutilised buildings. Again underutilised land and underutilised buildings—that is another innovation that we are exploring in affordable housing. But shared equity, delayed second mortgage—that is something we are really interested in, probably because HomesVic has secured that for us, where people

feel that there is some certainty around it. We are going to probably see some emerging trends with that in the future.

The CHAIR: I am imagining some of the contractual or some of our legislative barriers around that type of ownership—

Ms DOLAN: It is mainly tax, though.

The CHAIR: It is tax?

Dr BROWN: It is property law.

The CHAIR: It is property law. At a state level or—

Ms DOLAN: Yes.

Dr BROWN: Property law is state.

The CHAIR: Yes, so it is probably something that it is worth investigating further, how we can enable wider models of ownership and investment.

Ms DOLAN: Yes, absolutely. I would say a lot of those we borrowed from different jurisdictions as well, where they have already been tested and tried, and now we just have to translate them to make them tax effective and in other kinds of Australian contexts effective.

The CHAIR: Yes, fascinating. Thank you. That is just wonderful—an amazing range of work that you have rolled off there. Yes, thank you. I think we can call this hearing closed.

Ms DOLAN: Thank you very much.

The CHAIR: Thank you, everyone. Thank you, Hansard; thank you, IT; thank you, video people.

Committee adjourned.