

# *The Cost of Youth Homelessness in Australia*

## RESEARCH BRIEFING

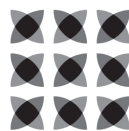
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*The Costs of Youth Homelessness in Australia* project is an ARC Linkage research project undertaken by the Swinburne University Institute for Social Research, the University of Western Australia and Charles Sturt University, in partnership with The Salvation Army, Mission Australia and Anglicare Canberra & Goulburn.

## Summary of Key Findings and Policy Implications

1. Youth Homelessness remains a significant social issue in Australia. When young people are forced to leave home early, they find it very difficult to gain sufficient income to live independently. Family support is crucial for young people during the transition to an independent adulthood and a sustainable livelihood. When family support is weak or non-existent, young people are much more likely to experience homelessness and long-term disadvantage.

### ***Youth Homelessness:***

2. **Family violence is a major issue and a major driver of young people becoming homeless.** Over one third of the homelessness youth surveyed reported that violence in the home had reached the point where police had to be called. Nearly two-thirds (63%) of the homeless youth surveyed had been placed in some form of out-of-home care by the time that they had turned 18.
3. **The experience of homelessness is fraught with insecurity, a lack of safety, exposure to drugs and alcohol, more health and medical issues and the likelihood of greater contact with the criminal justice system.**

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### ***Health Issues:***

4. Homeless young people experience a range of health issues to a much greater extent than the general population or other disadvantaged young people, who were unemployed but not homeless. Half of the homeless youth surveyed (53%) reported that they had been diagnosed, at some point in their lives by a medical practitioner, with at least one mental health condition. The incidence of self-injury and attempted suicide is much higher than the general population or other disadvantaged young people.
5. **The costs to the Australia economy of health services associated with young people experiencing homelessness is an average of \$8,505 per person per year or \$355 million across all young people aged 15-24 accessing Specialist Homelessness Services.** This is \$6,744.00 per person per year more than for long-term unemployed youth (another key group of disadvantaged youth).

**Justice Issues:**

6. Homeless young people are much more likely to have contact with the criminal justice system than the general population or other disadvantaged young people, who are long-term unemployed but not homeless. **The cost to the Australian economy is an average of \$9,363 per person per year or \$391 million across all young people aged 15-24 accessing Specialist Homelessness Services. This is \$8,242 per person per year more than for long-term unemployed youth.**

**Costs to the community:**

7. Apart from the cost of supported accommodation provided through the Specialist Homeless Service system there are additional costs to the Australian economy and community when young people (or any Australians) experience homelessness. **The total costs of health services and the justice system due to young people experiencing homelessness is an average of \$17,868 per person per year; \$14,986 per person per year more than unemployed youth.** These costs do not include the additional lifetime impact of early school leaving and low engagement with employment.
8. On the basis of the 41,780 young people aged 15-24 years who were clients of Specialist Homelessness Services in 2014-15 and present alone rather than in a family group, **the total cost to the Australian economy of additional health and justice services is an estimated \$747million annually or \$626m annually more than for young unemployed youth. This exceeds the total cost (approx. \$619m) of providing Specialist Homelessness Services to the 256,000 people (young and old) assisted by the system over the same period.**

**Policy Implications**

9. Given the high cost offsets of youth homelessness, preventing young people becoming homeless in the first place – i.e. early intervention or ‘turning off the tap’ – is the critical policy implication from this research. Ensuring that a young person at-risk does not actually become homelessness will involve an investment in early intervention but that expenditure is far outweighed by the potential savings for the community and the economy.

The Reconnect program is currently the one program that delivers an early intervention focused homelessness response for young people. Continuing this existing program beyond 2017 would preserve the existing Reconnect ‘early intervention’ capacity at its current level. But, if this ‘status quo’ option is taken, there are strong grounds for accepting the need to expand that capacity.

Beyond Reconnect, there is a 'community of schools and services' or COSS approach being developed in Victoria, New South Wales and South Australia, which is a promising, more robust and integrated place-based 'collective impact' reform of support for vulnerable youth and families. About half of the young adults, who experience homelessness, have had their first experiences of homelessness while they were much younger. Identifying risk during secondary school and supporting the at-risk cohort on a community-wide basis through secondary school and beyond is a systemic strategy that is premised on local system reform to reduce homelessness as well as early school leaving or other associated adverse outcomes.

**Invest in local system reform of schools and services capacity to support disadvantaged and vulnerable youth and families.**

10. For those young people, who become homeless despite early intervention, or who were already living independently prior to homelessness, **the policy imperative is to support them to exit homelessness as quickly as possible. Early intervention for these young people is setting them up in safe, secure and appropriate housing quickly – or rapid rehousing.** A rapid and agile response has proved difficult to deliver because it requires quick access to some form of appropriate youth housing.

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The challenge is one of increasing the supply of housing, but housing options designed appropriately for young people. When consideration is given to the human needs of young people, what is most important is wrap-around integrated support for young people to remain in education, training or employment, resembling the all inclusive support that families provide.

The Australian foyers that have been developed in recent years as well as other emerging foyer-like models of youth appropriate support and housing linked to education, training and/or employment should attract public investment, again on the understanding that such investment carries with it a cost saving to the economy.

**Invest in the development of foyers and foyer-like models of wrap around support including accommodation linked to participation in education, training and employment.**

**“Being homeless is one of the worst experiences ever”**  
(Cost of Youth Homeless in Australia participant)

## 1. Background

Homelessness is the ultimate experience of disadvantage and social exclusion. In 2011, the Australian Bureau of Statistics found that there were 44,000 young Australians under the age of 25 who were homeless on Census night. On the same night, the Census count was 105,000, underlining the fact that children and young people are a significant proportion of those who experience homelessness.

Another way of looking at the problem statistically is to examine the data on people assisted by the Specialist Homelessness Service (SHS) system in Australia. The SHS system consists of about 1,500 agencies throughout Australia which are funded to provide support and accommodation for people who are homeless or at very high risk of becoming homeless.

In Australia, unlike other comparable countries, youth homelessness has been accorded a high profile in the policy discourse about homelessness. During the 1980s, there was a considerable amount of community activism to set up youth refuges and supported accommodation for young people who were experiencing homelessness. However, media coverage tends to focus on young people sleeping rough in public spaces or in derelict buildings and in squalid conditions. This helps explain why a common view amongst the general public is that homelessness is only about sleeping rough on the streets of Australian capital cities and towns.

A more informed view is that homelessness is more than ‘rooflessness’: homelessness is defined as ‘a state of non-permanent accommodation’ and includes: living on the streets or sleeping in parks, cars and makeshift dwellings (sleeping ‘rough’), staying in crisis or transitional accommodation, temporarily living with other households because individuals have no accommodation of their own, staying in hotels or motels, and living in boarding houses (Chamberlain & Mackenzie, 1992).

Homelessness is typified by transience and for many young people this means staying temporarily with friends or other families (including other extended family members), but not at home with their immediate family. This is commonly referred to as ‘couch surfing’ and affects many young people across Australia.

During the post-war period from 1945 to the early 1970s, the homeless population was seen to be largely male, consisting of men who had a marginal attachment to the labour market, and who often had alcohol and/or mental health issues. The service system consisted of a few large inner city shelters operated by charitable organisations. Today, the homeless population is much more diverse consisting of families, and young people as well as single adults. Whereas once there was near full employment, the labour market and the economy has restructured to be radically different from the 1960s and 1970s. Most young people cannot and do not leave school at 15 years of age and enter the workforce as they did then. Whereas, four decades ago, a young person could leave home as a teenager, get a job and begin to live independently, that trajectory is out of reach for many young people now. The unskilled work that was available then and the demand for labour has changed. Employment is more casualised and job security more tenuous than in past decades. The affordability of housing has declined. An early school leaver entering the labour force must compete with a large number of Year 12 graduates, university and TAFE students who compete for part-time work.

## 2. Why study the costs of youth homelessness?

In public debate about major government investment, the call for a cost-benefit assessment is frequently made. This is done in order to have *a priori* evidence that an investment is likely to yield a return on the investment. Despite the computational difficulties of doing such an analysis, this is

certainly case with major infrastructure projects in the national arena such as the National Broadband Network. Similarly, in the context of a shift towards tying funding to outcomes (procuring for outcomes), it is becoming more common to seek cost-benefit analyses for social programs and social interventions. The youth services system including homelessness services that can be accessed by young people tend to be 'crisis-oriented' in that they are designed and funded to respond to referrals of individuals experiencing a crisis. The Specialist Homelessness Services system receives some \$619m annually (2013-14).

If intervening early to prevent the onset of homelessness produces significant savings, there will be a strong incentive for governments to invest in developing an early intervention infrastructure. Similarly, if rapid rehousing can be achieved for young people who are homeless and for whom there is no way back to families, and the cost of providing youth housing represents a significant saving then that is an incentive to invest in such housing.

Engaging in policy debate on all fronts is necessary in the 21<sup>st</sup> century. There are moral arguments about why young Australians becoming homeless is anathema to the Australian community, and debate about the most effective ways to address social problems such as homelessness. However, the complexity of an issue such as 'homelessness' and the need for a long-term policy perspective and strategy historically have been difficult for governments to address. There are also additional arguments about cost efficiency and how to spend public funds to produce net benefits for the community overall within the broader discourse about homelessness.

The focus of the present study was to gather empirical data on both the personal costs to individuals of homelessness as well as the costs to society of homelessness and compare those costs with what society invests in programs to address youth homelessness. Where the costs borne by society as a result of homelessness are large relative to the investment in solutions to address homelessness then there is a strong economic justification for investment programs which act to reduce those costs. There has been no targeted research on the costs of youth homelessness. The present study contributes significantly to reduce a major knowledge gap in the evidence-base on youth homelessness.

### **3. What do we know about the economic costs of homelessness?**

Despite interest in quantifying the costs of homelessness, there exist few research studies that have attempted to seriously analyse the costs of youth homelessness. An early, but relatively simplistic attempt at constructing a cost-benefit argument can be found in *Our Homeless Children, the Report of the National Inquiry into Homeless Children* (the "Burdekin Report") by the Human Rights and Equal Opportunity Commission Inquiry into Youth Homelessness (1989) headed by Brian Burdekin. Dixon (1993) provided some estimates of the cost of youth homelessness based on the loss of income/tax revenue and of higher government benefit payments resulting from unemployment among homeless youth. Pinkney and Ewing (1997) modelled the cost implications of school-based early intervention. By extrapolating from evidence on loss of earnings associated with early school leaving and the costs of ill-health and interactions with the criminal justice system for homeless youth, they derived estimates of the cost of youth homelessness to the Australian community. In total, the cost of early intervention was found to be much lower than the ultimate cost to the community when early intervention did not happen. Their result was based on modelling rather than empirical data on the costs of service usage by a cohort of homeless young people as employed in this study.

No previous studies have provided estimates of the cost of youth homelessness based on detailed survey or administrative data. Data on the utilisation of a range of mainstream services by homeless youth over time relative to the utilisation of the same services by young people who do not experience homelessness is fundamental to an accurate estimation of costs. Australian studies which have attempted this approach have done so only for adults (Flatau et al. 2008, Flatau and Brady 2008, Flatau

et al. 2010, Flatau et al. 2012, Flatau et al. 2013, Zaretsky et al. 2013, and Zaretsky and Flatau 2013). These studies have estimated the health and justice-related costs of those experiencing homelessness using findings from a survey of homeless adults and adults at-risk of homelessness. The main finding was that health and justice costs for homeless respondents were well above those experienced by the general population and more than twice the recurrent and capital cost of providing accommodation and other support services to the adult homeless population. In the limited international literature on the costs of homelessness, homeless people have been found to be a group of heavy and repeat users of acute and emergency health and other services (Kuhn and Culhane 1998, Culhane et al. 2002, Webster and Harris 1988, D'Amore et al. 2001, Kushel et al. 2002; Ash et al. 2003, Champion 2003, Dent et al. 2003 and Moore et al. 2007). An implication of these findings is the proposition that if earlier interventions could succeed and a more effective and sustainable support regime put in place, then it may be possible to reduce the use of health and justice services to levels more consistent with the general population, and consequentially, produce a net savings for government budgets over future years.

#### 4. What did the CYHA Study do?

The *Cost of Youth Homelessness in Australia* research study is the first national youth homelessness study of its kind in Australia. The longitudinal study attempts to understand the experience and impacts of youth homelessness in terms of economic costs to the Australian community.

The absence of safe and secure accommodation, compounded in many cases by poor health, difficult financial circumstances and social isolation, has direct adverse effects on young people's mental health and general wellbeing. Furthermore, the choices many young homeless people make, in order to cope or survive, put them at further risk of harm. In short, homelessness has wide-ranging personal and social impacts.

But we need to know more about these impacts, about the experiences and lives of young people and about the effectiveness and cost-effectiveness of homelessness programs. This study contributes to the evidence base on these issues and better informs both policy makers and agencies working with young people regarding the homelessness experience and its personal and societal costs.

The methodology used in this study was a longitudinal repeat measures design. The total sample consisted of 394 young people. The homeless group was a sample of 298 young Australians who had experienced homelessness and were in contact with a homeless service when first contacted in Wave 1 and a job-seeker comparison group consisting of 96 unemployed and generally disadvantaged young people who were clients of Job Service Australia agencies.

#### **The Costs of Youth Homelessness in Australia survey**

In the study, participating homeless young Australians answered questions on the *Cost of Youth Homelessness in Australia Survey*. The majority of those surveyed were either homeless or at very high risk of homelessness. Their responses were compared to a group of disadvantaged young job-seekers. Both groups reported experiencing difficult circumstances, but as the results from our study reveal, the difficulties faced by young homeless people are particularly compelling.

The *Cost of Youth Homelessness in Australia Survey* is comprised of a series of questions across a broad range of fields, and was administered by way of interview. At the time of the first interview, respondents in the homeless group were receiving support from a specialist homelessness service or a Reconnect service while those in the job-seeker category were receiving support from Job Services Australia services. Data was gathered about respondents' childhood, their family relationships, their health, their early homelessness experiences and their life in general.

The survey measures demographics, relationships with parents, living arrangements, education, income, physical and mental health, substance abuse and service usage of participants. Longitudinal data on the wellbeing and experiences of this group has been collected thus allowing the research team to calculate the cost of youth homelessness, in terms of the personal, social and economic costs based on young people's actual experience as reported annually over the triennium.

Data collection occurred in three waves from 2012-2015 in Victoria, Western Australia, New South Wales, the Australian Capital Territory, South Australia and Queensland (See table 1 for a breakdown of responses). With the exception of the ACT, each of these jurisdictions also had representation from young job-seekers.

This *Cost of Youth Homelessness in Australia* report provides main results on the economic costs of youth homelessness in comparison with another group of disadvantaged young people who were not homeless but unemployed. This comparison provides a net average cost difference that can be attributed to homelessness. The other point of comparison for survey results of our homeless youth sample is with the general Australian population.

### **CYHA Specialist research papers**

Five specialist papers are in the process of being prepared for publication examining in more detail (a) the health and justice costs of youth homelessness in Australia, how these costs changed over the three years participants were interviewed and the determinants of these costs; (b) suicide and self-harm behaviour among young homeless people; (c) a regional and rural analysis of youth homelessness and outcomes for Indigenous young Australians; (d) resilience as a protective factor in relation to homelessness and other adverse outcomes; (e) the outcomes experienced by those who had been in out-of-home care arrangements.

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## **5. The profile of study participants**

Beginning in 2012, the first wave of the *Cost of Youth Homelessness in Australia Survey* was administered to 298 young people who were receiving support from a Specialist Homelessness Service or a Reconnect service when they were interviewed. These young people were the 'homeless group'. However, any findings about this group beg the question: 'in comparison to what other group'. One comparison is with the broader population. However, a more appropriate comparison is with disadvantaged young people who were similar to the homeless participants except that they were not homeless. We therefore included a comparison group consisting of 96 job-seeking young people receiving support from Job Services Australia.

A profile of the 394 participants in the study is presented below in Table 1. The participants were 'young people' including teenagers (aged mainly 15-17) and young adults over the age of 18 years but no older than 25. The median age of the homeless group was 18 years. There were more females (61%) than males (39%). Most of the homeless group (85%) were Australian-born, with 12 per cent identifying as Aboriginal or Torres Strait Islanders (ATSI). The comparison group of unemployed young people, who were not homeless ('job-seeking young people') when first contacted, was not identically matched with the homeless group, but were a similarly disadvantaged sample of young people for the purpose of the comparisons relevant to this study. The median age for young job-seekers was 20 years. The gender balance of the comparison unemployed group was 56 per cent male and 44 per cent female.

Interviews were conducted in all jurisdictions with the exception of the Australian Capital Territory where no interviews for the job-seeking group were undertaken.



Table 1: Gender, age, background and residence of sample

		Homeless young people	Job-seeking young people
Number of respondents		298	96
Gender	Male	39%	56%
	Female	61%	44%
Age	Range	13-25	16-25
	Median	18	20
	Mean	18.57	20.56
Background	ATSI	12%	7%
	Australian born	85%	87%
Residence	NSW	25%	9%
	WA	20%	21%
	QLD	7%	34%
	VIC	25%	24%
	SA	20%	12%
	ACT	4%	0%

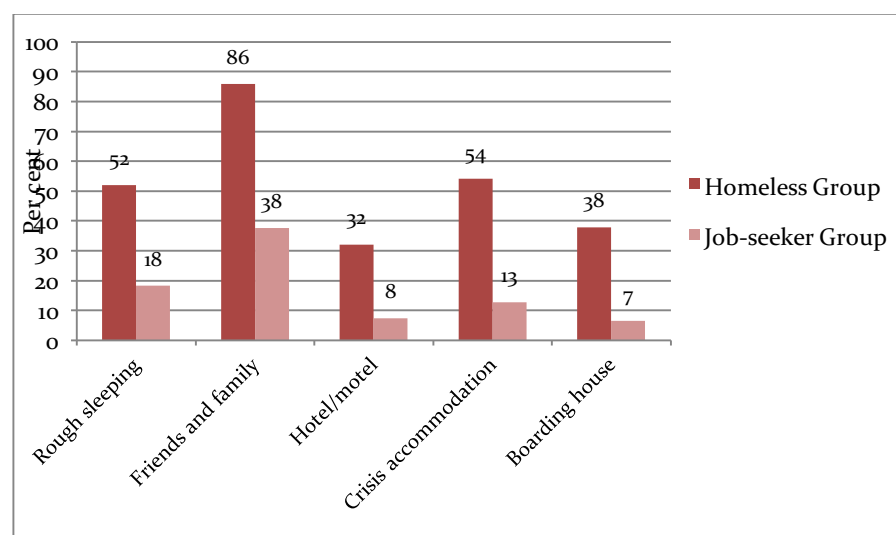
Source: The Costs of Youth Homelessness in Australia Survey - Wave 1.

### **The homeless experience**

The homeless population in Australia is diverse, consisting of older single adults, families, often women with children escaping domestic violence, but also teenagers and young adults.

Figure 1 compares the history of homelessness experienced prior to the age of 18 for the homeless youth group and the young job seekers group.

**Figure 1: Homelessness situations experienced before 18 years of age, homeless and unemployed youth**



Half of the young homeless people in the CYHA study had slept rough at some point prior to the age of 18. However, as is evident, the homelessness experience involves various forms of temporary shelter not just sleeping rough. When young people leave home early they typically rely on the support of

friend's families or relatives. Staying temporarily with others is often referred to as 'couch surfing' and the process of detachment from family can take place over a prolonged period of time before a young person is aware of or seeks help from a Specialist Homelessness Service.

Some of the young people in the job-seekers group had prior past experiences of homelessness. However, they were not experiencing homelessness at the time they commenced participating in the *Cost of Youth Homelessness in Australia* study (CYHA). Half the homelessness group had slept rough prior to the age of 18, but at the time of the survey were most commonly staying temporarily with friends and/or family seeking help from a crisis service.

**Figure 2: Frequency of experienced homelessness situations, homeless youth group before 18 years of age**

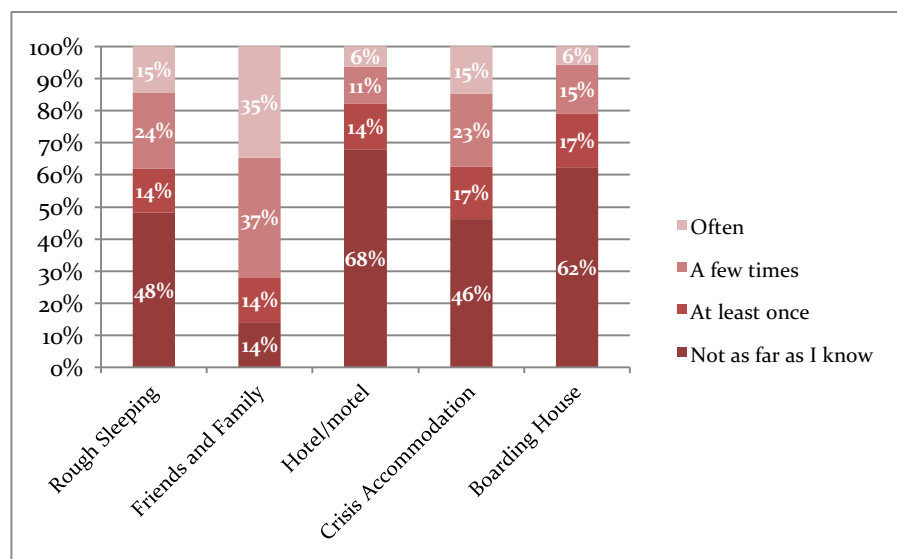


Figure 2 shows the frequency of young people's experience of the various homelessness situations. Rough sleeping is experienced by about half of the young people prior to 18, but only 15 per cent report that they had experienced rough sleeping often prior to the age of 18. On the other hand, couch-surfing with friends or relatives is common prior to the age of 18 (35% - often, 37% - a few times). Teenagers are less likely to stay in a hotel or boarding house than adult homeless people. Around half (46%) of the homeless young people had not been in a crisis service prior to the age of 18. In short, Figure 2 provides evidence of just how dynamic the experience of homelessness tends to be for young people.

For some young people, the experience of homelessness is relatively short-term; issues are addressed with their family or they are helped out of homelessness quickly by support workers. For many though, becoming homeless means a long period of transience and temporary accommodation.

## 6. Characteristics and experiences of the homeless group

The Costs of Youth Homelessness in Australia Snapshot report released in 2015 provided detailed comparisons between the homeless and unemployed youth in the sample (see Flatau et.al., 2015). Four key issues mentioned in that report are discussed briefly below. They are early school leaving, labour market disadvantage, family violence as a key driver of homelessness and the particular vulnerability of children and young people who have been in out-of-home care.

### **Education – early school leaving**

More than two thirds of the homeless and at risk young people (69%) had not completed secondary school to Year 12. They are among the significant minority young Australians (about 25% overall) who leave secondary school early. Of the comparison job seekers group, 43 per cent had not completed secondary school. Of the homeless young people under the age of 18 years, about one third (31%) had already left school. Early school leaving leads to disadvantage in the labour market and, for some, life-long disadvantage.

### **Employment – labour market disadvantage**

Only a small percentage of both the homeless group (2%) and the job-seeker group (2%) were employed in full-time jobs. Table 2 presents a profile of the labour market position of the homeless and job-seeker groups. We divided our youth sample into those employed and unemployed (who together make up the so-called ‘labour force’) and those not-in-the-labour force. To be employed a person needs to have worked one hour or more in the reference period. Unemployed people are those who are not employed, who are actively seeking work and available to start work. The not-in-the-labour force category includes all who are neither employed nor unemployed.

Two-thirds (65%) of the job seeker group were looking for work (i.e. unemployed) compared to about half of the homeless group (52%). A significant minority (38%) of the homeless group were ‘not in the labour force’ for various reasons including a range of health issues and not available for employment. Another difference between the two groups was that nearly one quarter (22%) of the homeless young people had never worked whereas that was the case for only a small number (6%) of the job-seeker group.

### **Family violence – a driver of homelessness**

Family violence was found to be a major issue in the lives of the homeless young people in this study.

Nine out of ten of homeless young people reported that they had seen violence between family members at home in one form or another, including their parents or carers arguing; criticising or calling the other person names; threatening to physically hurt the other person; hearing or seeing a parent or carer throw, hit, kick or smash something in front of the other person; threaten the other person with a weapon; and/or physically hurt or fight with the other person. Nearly half (48%) of homeless youth reported police coming to their home because of violence between parents on one or more occasions, with 14 percent reporting that police visited their house more than 10 times. More than half (56%) of the homeless youth sample had left home because of violence between parents or guardians on at least one occasion, and about one in six (15%) had run away from home more than ten times because of violence. For many, this happened at a very young age (the median age of first time leaving home was ten years of age). It is common for young people, who have run away from home, to stay with relatives or friends (32%) but one in five found themselves sleeping rough somewhere. The Victorian Royal Commission into Family Violence has presented copious evidence on family violence and the link with homelessness.

When abuse and/or neglect is found to occur in families, young people are taken into out-of-home care. The experience of violence and out-of-home care were both found to be major factors in the life experience of the homeless young people in this study.

### **Out-of-home care**

Nearly two out three (63%) of the homeless young people reported that they had been placed in some form of out-of-home care by the time they turned 18 years of age. Most (63%) had been in residential

care at some point, nearly half (45%) in kinship care and about one third (33%) had been in foster care. For the comparison group of young job seekers, it was about one in five (18%).

Out-of-home care refers to foster care, kinship care (where the caregiver is a family member or a person with a pre-existing relationship with the child), or residential care (in a residential building with paid staff). In June 2013, there were 40,459 children in out-of-home care, or 0.78 percent of Australian children (AIHW, 2014).

## 7. Health Issues, Health Service Usage and Costs

Homeless young people in this study were found to face significant health issues and make far greater use of a range of health and medical services than the general population.

### *Mental health and homelessness*

Half of the homeless youth (53%) in the study sample reported that they had, at some point in their lifetime, been diagnosed by a medical practitioner with at least one mental health condition in their lifetime. By comparison, for the young job-seekers group, the lifetime prevalence of diagnosed mental health conditions was one in three or 34 per cent. In a large Australian study of homeless men, which used the same criteria for lifetime prevalence of a diagnosed mental health disorder, almost three-quarters (71%) of participants reported lifetime diagnosis of a mental health disorder (Spicer et al. 2015).

Australian statistics of the prevalence of mental health disorders use reported presence of symptoms of disorders among respondents to surveys and so are not directly comparable to those presented above. For those aged 16-65 in Australia, the lifetime prevalence of a mental health condition at some time in their lifetime is 45.5 per cent and the 12 month prevalence rate was around 20% (ABS 2008, AIHW 2014b). In the general Australian population of young people aged 18-24 years, the 12-month prevalence rate of mental illness is reported to be about one in four young people (26%) (AIHW, 2007 ABS 2008). Mood and anxiety disorders are the most common mental health conditions reported by young people.

Such a high prevalence of mental health conditions, particularly if such conditions go untreated, has serious implications for how readily homeless young people are able to cope with living in an independent household and participate in further education and/or training, or participate in the labour market and find and maintain employment.

### *Young people and psychological distress*

A widely used measure of self-reported psychological distress is the Kessler 10 (K10), a 10-item scale for measuring non-specific psychological distress, based on respondents' answers about their experienced level of nervousness, fatigue, depression and sense of self-worth over the previous four weeks. The measure is not a diagnostic tool which identifies particular psychological conditions, but it is an indicator of distress. A score of between 30-50 suggests a potentially clinical level of psychological distress or 'high risk'. For the general Australian population, about 3.4 per cent fall into the category of very high risk (ABS, 2011-12).

The levels of distress experienced by participants varied greatly between the two groups. The proportion of the homeless group who experienced very high or high distress was 57 per cent, compared to 35 per cent for the job-seeker group. In contrast to this, only 12 per cent of male and 19 per cent of female Australians aged 18-24 fell into the category of experiencing high or very high levels of distress (AIHW, 2007). For whole school samples of secondary students in several disadvantaged Australian communities, the proportion indicating a clinical level of psychological distress was higher,

from 15 to 22 per cent with variation between schools and communities (MacKenzie & Thielking, 2014).

However, the levels of psychological distress among the homeless group was similar to levels of psychological distress recorded in a recent study of homeless Australian adults, where 62 per cent recorded high or very high levels of psychological distress (Zaretsky et al., 2013). Furthermore, there was a gender difference in the measured psychological distress within the two comparison groups in this study. In the homeless youth group, about half (51%) of all males experienced very high or high distress. In contrast, 61 per cent of all young homeless women experienced very high or high distress. In the job-seekers group, 31 per cent of males and 41 per cent of females experienced high or very high levels of distress.

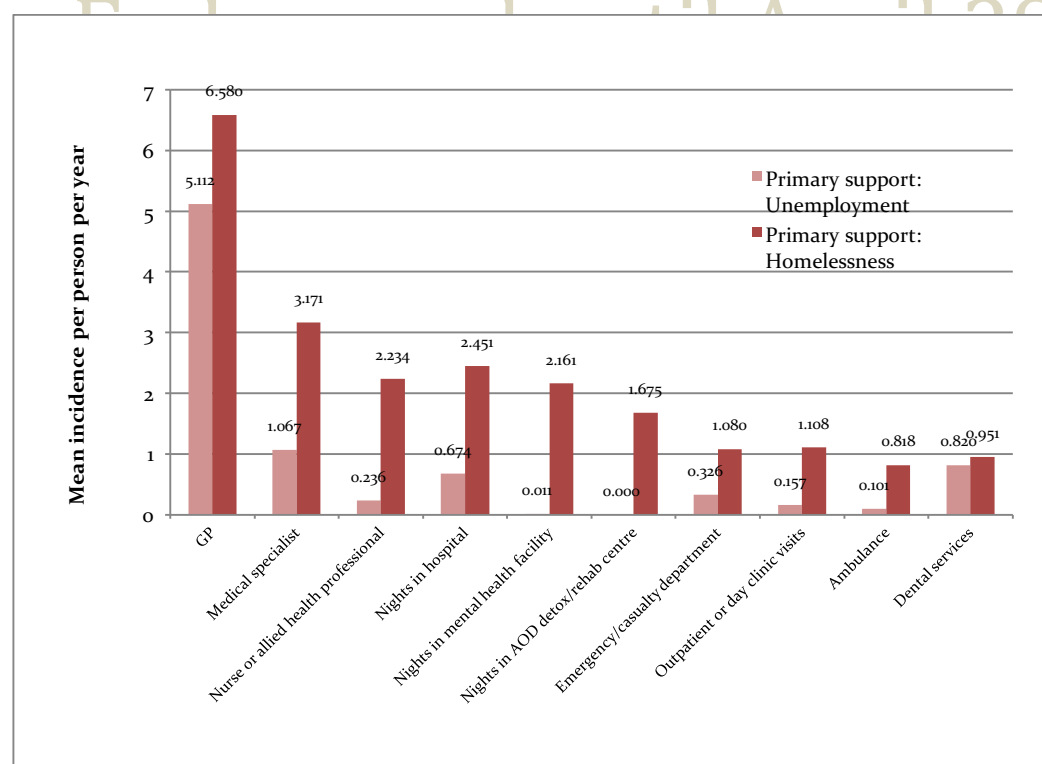
Clearly, there are significantly higher levels of mental health issues and psychological distress amongst homeless young people, than the comparison group of job-seeking young people. An implication of this finding is that there is a higher use of medical and health services by homeless young people.

One in three of the homeless group (33%) reported having a long-standing physical health condition compared with one in five (19%) of young job-seekers. The reported physical health conditions of the homeless group included health issues such as shoulder/back injuries, 3<sup>rd</sup> degree burns, asthma, epilepsy, migraines, heart murmurs, and migraines.

### Health care utilisation

Figure 3 shows the health and medical service usage by homeless youth compared to a comparison group of unemployed (hence disadvantaged) youth.

Figure 3: Utilisation of health services, homeless and unemployed youth



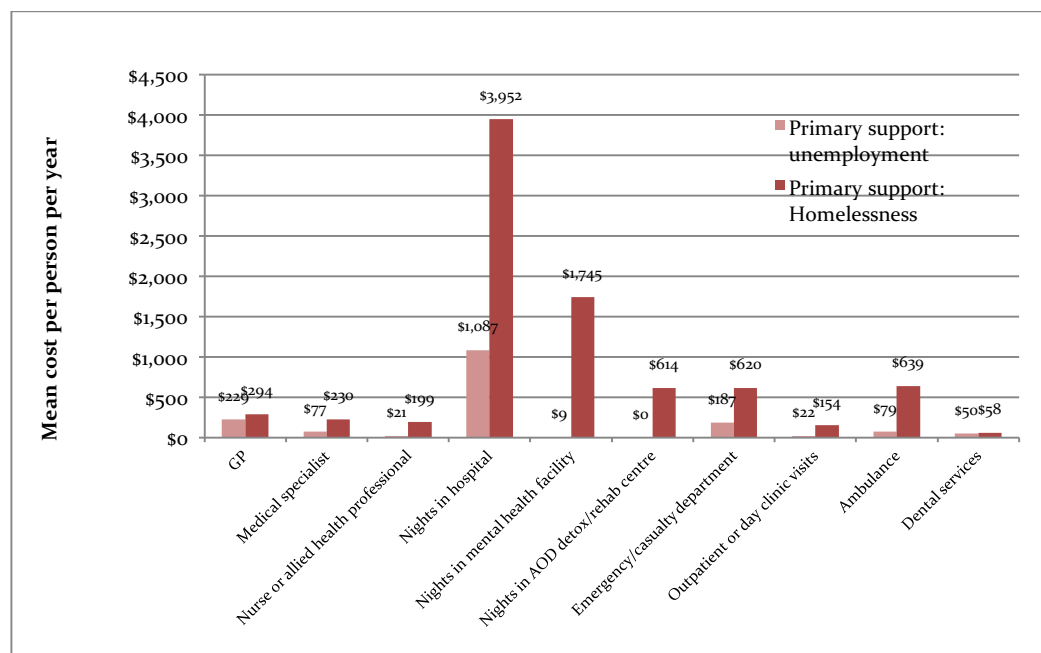
In all categories, other than for GP services, the homeless group used health and medical services to a greater extent than the unemployed group. The greatest difference in health care utilisation between the homeless youth group and the unemployed group lie in areas of more intense use of health facilities: 'spending nights in a mental health facility', 'nights in AOD detox/rehabilitation', 'nights in

hospital’ ‘emergency department use’. While it may be the case that homeless young people are being assisted by homeless services to access various health and medical services, the health conditions for which treatments were required are generally very serious. The difference between the homeless group and the comparison group suggest that certain health conditions and issues are associated with young people who become homeless and/or the homelessness experienced by these young people creates significant health issues.

Using Australian average prices for health care services used we compared the annual health care cost for young homeless people in the study to those of unemployed people and those of the general population. The average cost per person per year of health care in to the community was \$2,271 per person (see Appendix 1 Table 11). The health cost of the homeless group is \$8,505 per person per annum, or three times higher than the average for the general population. The average incidence per person for every item comprising health services is higher for the homeless group than on average in the general population except for dental services. The service usage that contributes to the high relative costs of health care for homeless young people are nights in mental health facilities, nights in detox and rehab centres and nights in hospital. On average, individuals in the homeless cohort spent 2.161 nights in mental health facilities per annum (c.f. 0.117 for the general population) and 1.675 nights in detox and rehab centres (c.f. 0.020 nights for the average community member). In making these comparisons it is important to remember that the general population contains people of all ages and as people age they make greater use of health services.

Figure 4 compares the costs to the health system for both the homeless and unemployed groups.

Figure 4: Comparison of the cost of health services for homeless and unemployed youth



The salient comparison in this study is between homeless young people and other disadvantaged youth such as job-seekers, who are not homeless but share many of the characteristics of the homeless group. Table 4 compares the health cost breakdown for both groups – the homeless group and the unemployed group. The total average health cost per person per year for unemployed group in this study is about half that for the general Australian population (\$1761 compared to \$2271).

Table 4 shows that the costs of health and medical services usage by the homeless group is five times that of the comparison unemployed group (\$8505 compared to \$1761). It may be that homeless young

people who are clients of Specialist Homeless Services are encouraged and assisted to seek treatment for their various health issues and this may be more so the case than for unemployed young people who are clients of Job Services Australia providers. Also, it may be the case that young people are reluctant to seek help for some issues such as mental health conditions. Notwithstanding such moderating factors, the significantly higher cost of health and medical services has to be attributed to a much greater prevalence of health issues in the homeless youth population. The net difference in health and medical costs for between the homelessness group and unemployed group is an average of \$6,744 per person per year.

**Table 4: Health services costs, homeless and unemployed group compared**

	Government cost per incident (2011-12 \$)	Primary support: Homelessness			Primary support: Unemployment		
		Average incidence per person per year	Cost per person per year	Percentage of total health and justice cost	Average incidence per person per year	Cost per person per year	Percentage of total health and justice cost
<b>Health services</b>							
General practitioner consultation	\$45	6.580	\$294	2%	5.112	\$229	8%
Medical specialist consultation	\$72	3.171	\$230	1%	1.067	\$77	3%
Nurse or allied health professional (incl. psychologist) consultation	\$89	2.234	\$199	1%	0.236	\$21	1%
Night in hospital	\$1,612	2.451	\$3,952	22%	0.674	\$1,087	38%
Night in mental health facility	\$807	2.161	\$1,745	10%	0.011	\$9	0%
Night in AOD detox/rehab centre	\$367	1.675	\$614	3%	0.000	\$0	0%
Casualty or emergency	\$574	1.080	\$620	3%	0.326	\$187	6%
Outpatient or day clinic	\$139	1.108	\$154	1%	0.157	\$22	1%
Ambulance	\$782	0.818	\$639	4%	0.101	\$79	3%
Dental services	\$61	0.951	\$58	0.3%	0.820	\$50	1.7%
<b>Total average health cost</b>			<b>\$8,505</b>	<b>48%</b>		<b>\$1,761</b>	<b>61%</b>

Some 41,000 young people aged 15 to 24 years seek and receive support and accommodation from the Specialist Homelessness Service system every year (based on 2013-2014 AIHW statistics). Using the above estimates the total estimated health and medical cost for young clients of these services is \$276m annually.

## 8. Justice Issues, Justice Service Usage and Costs

Criminal offences, particularly petty crimes, are disproportionately committed by young people (15-19 years) compared with any other age group and this is reflected in the various crime statistics – police incident reports, court records, corrections data as well as victims of crime data (Australian Institute of Criminology 2016). Reported crimes are not always clear and alleged offenders may or may not be convicted in a court of law; and even if convicted, an offender may not necessarily serve time in a correctional facility. Young people 15-19 years of age are more likely to be processed by police for an offence than any other age group mainly for ‘acts intended to cause injury’ to another person. An important policy setting has been to divert young offenders from entering correctional facilities if that can be achieved, in order to avoid the deleterious influences of being incarceration with hardened offenders.

In terms of assault, young people are the largest group of victims, but also the group most likely to have been the perpetrators of the assaults. The victimisation rates for young males (15-24 years) was 1,874 per 100,000 in 2014 and, for young women (15-24 years) the rate is 2,465 per 100,000 (Australian Institute of Criminology 2016). When sexual assault and family violence is separated out from assault overall, young women are the main victims (Australian Institute of Criminology 2016). Similarly, for ‘unlawful entry with intent’ the rate for 15-19 year olds is 1206 per 100,000, 627 per 100,000 for the 20-24 year old cohort, but the rates for this offence are much lower for older age groups as well as juveniles 10-14 years.

As previously stated, young people generally have higher offending rates than older adults for many social and psychological reasons including biological changes during adolescence, immaturity, a tendency to risk-taking behaviours, a propensity to peer influences, the onset of mental illness and drug and alcohol related violence and crimes related to illicit drug use. Most young people ‘grow out’ of offending and become law-abiding citizens.

However, homeless young people are more likely to be involved with the justice system than other young people. Many factors associated with this group and the life experiences of homelessness suggest a higher rate of involvement with police and the criminal justice. There are no official statistics which routinely report the living situation of young people prior to being apprehended by police or their labour force status. In this context, the CYHA survey provides insights into the interactions with the justice system of young people experiencing homelessness and long-term unemployment. The CYHA survey asks questions such as whether a young person has been a ‘victim of assault/robbery which resulted in police contact’ and about ‘being apprehended by the police’.

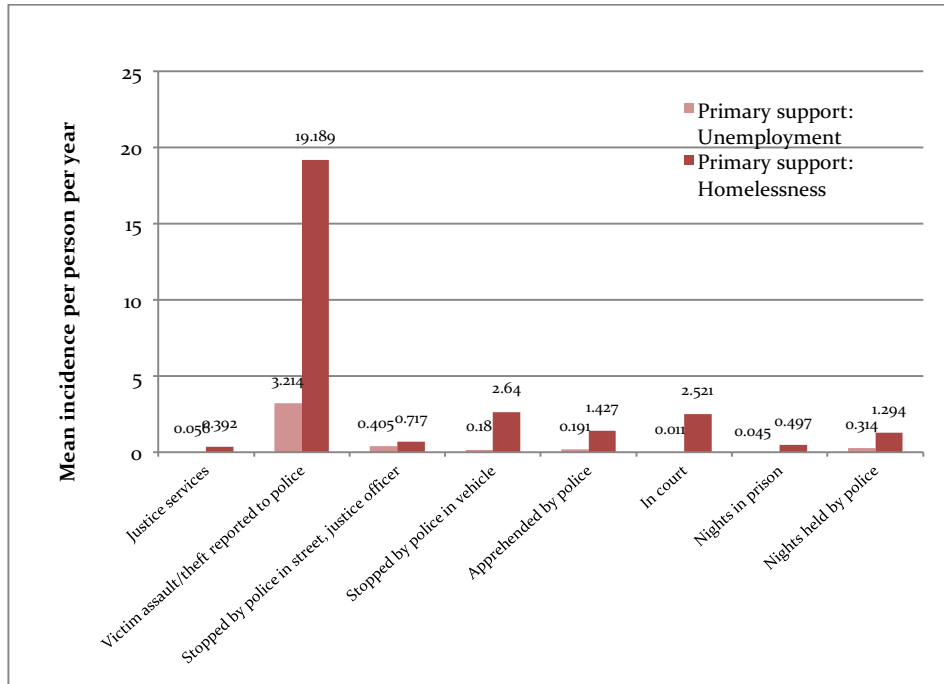
Figure 5 provides a profile of the utilisation of selected justice services by young homeless people in the study as compared to the comparison group of unemployed people. The findings presented provide a partial overview of justice system costs. Left out are a range of costs such as costs of lawyers and legal representation and a broad range of indirect costs.

Using the average incidence per person per year, it is possible to state that homeless young people are six times more likely to be a victim of assault/robbery and many times more likely to be apprehended as an offender by police when compared to the general community. The homeless cohort has a much higher incidence of reporting assault and theft. This is not surprising given the circumstances of the homeless cohort; the fact they are unable to secure their property and do not have safe or secure accommodation. Compared to jobseeker youth, homeless youth are seven times more likely to be



victims of assault/robbery and 15 times more likely to be apprehended by police, six times more likely to be stopped by police, seven times more likely to be in court and 230 times more likely to serve time in prison.

Figure 5: Utilisation of Justice Services, homeless and unemployed groups



There are major cost implications from the high levels of interaction with the criminal justice system by homeless young people. Figure 6 compares the homeless and unemployed cohorts and illustrates the major differences between the two cohorts in utilisation of justice services and shows that across the board costs of various justice services are higher for the homeless cohort than the unemployed cohort. There are costs differences for every category, the least being stopped by police, the largest for imprisonment.

Figure 6: Justice service costs, homeless and unemployed group compared

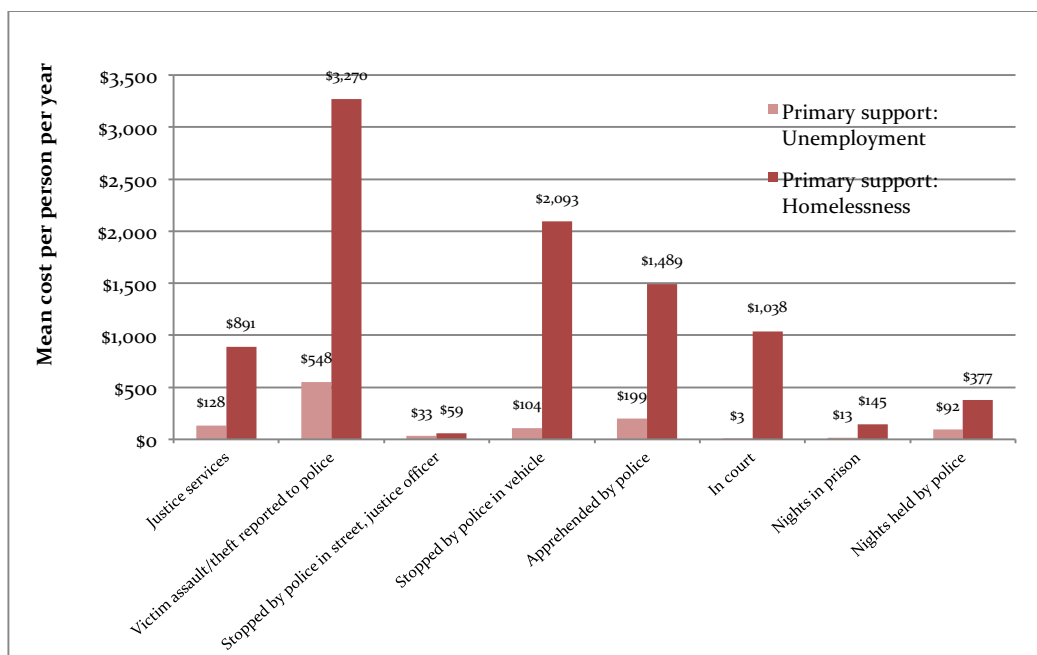


Table 5 provides a detailed breakdown of the use of selected justice services and their associated costs for the homeless group compared with the unemployed group.

Table 5: Justice Services, homeless and unemployed groups compared

	Government cost per incident (2011-12 \$)	Primary support: Homelessness			Primary support: Unemployment		
		Average incidence per person per year	Cost per person per year	Percentage of total health and justice cost	Average incidence per person per year	Cost per person per year	Percentage of total health and justice cost
<b>Justice services</b>							
Victim assault/theft reported to police	\$2,274	0.392	\$891	5%	0.056	\$128	4%
Stopped by police in street, visits from justice officer	\$170	19.189	\$3,270	18%	3.214	\$548	19%
Stopped by police in vehicle	\$83	0.717	\$59	0%	0.405	\$33	1%
Apprehended by police	Juvenile: \$1,032 Adult: \$516	2.640	\$2,093	12%	0.180	\$104	4%
In court	\$1,044	1.427	\$1,489	8%	0.191	\$199	7%
Nights in prison	Juvenile: \$624 Adult: \$305	2.521	\$1,038	6%	0.011	\$3	0%
Nights held by police	\$292	0.497	\$145	1%	0.045	\$13	0%
Nights in detention/remand/correction	\$292	1.294	\$377	2%	0.314	\$92	3%
<b>Total average justice cost</b>			\$9,363	52%		\$1,121	39%

The average population level cost of justice services to the community was \$496 per person per year (Appendix 1, Table 12). On average, the homeless cohort consumed justice services costing \$9,363 or over eighteen times the average cost for the general population. The average incidence per person for every item comprising justice costs is higher for the homeless group than the average person in the general population except in the case of being stopped by police.

The comparable figure for the unemployed group is \$1,121 (Table 5) which is more than that for the general population, but considerably less than that of the homeless group.

The overall difference across all justice services is a total average cost per person per year of \$9,363 for the homelessness group compared to \$1,121 for the unemployed youth comparison group – a net average difference of \$8,242 per person per year.

## **9. The costs of providing Specialist Homelessness Services assistance to young people**

In addition to the health and justice costs of homelessness, the *Cost of Youth Homelessness in Australia* study also sought to analyse the costs of providing homelessness services to young people through the Specialist Homelessness Service (SHS) system. There is no routine reporting of the SHS costs associated with providing various SHS services to young people as a specific group of service users. Over some years many agencies have grown and diversified funding from a range of sources, mainly government programs. Agencies working with young people will often also work with families or indeed the full range of people requiring homelessness services making it difficult to unpack the costs of increasingly complex service and cost mixes.

This section considers the cost of providing accommodation and services to the young homeless individuals surveyed in the study by the agencies and services. The analysis looked at the services provided, duration of assistance as well as funding arrangements from government and non-government sources.

### **Cost of providing programs to assist young homeless people**

The diversity of issues and challenges faced by young homeless and disadvantaged persons is reflected in the CYHA survey results which indicate a range of difficult situations and circumstances faced by homeless and other disadvantaged youth. The survey included clients from ATSI and newly-arrived Australian populations, as well as those with mental health, addiction issues and physical disabilities. In addition, a number of young women were caring for infants and young children. Accordingly, the type of assistance and programs provided by agencies varies greatly according to the needs of the population serviced.

In all 14 agencies were involved in the client survey spread across 60 programs. Each agency was sent a short survey relating to agency and program level finance and operating metrics. These surveys were followed up with telephone and face to face meetings as needed. The aim of the financial and operating data survey was to ascertain the average cost of providing accommodation and support of those young people involved in the client survey. Of the 60 programs, 38 provided accommodation and support and 22 provided support only. It was not possible to ascertain data on every program that clients were involved with. Several programs had shut down during the course of the research, and many program managers had changed while two of the agencies had merged operations. In a number of instances, there was only one client surveyed in a program, hence it was not appropriate to include them in this component of the study.

### **Cost of providing accommodation and support**

Programs offering accommodation included those offering crisis accommodation, transitional housing and supported accommodation for varying lengths of time. All of the programs offering accommodation offered varying levels of support from 24 hour 7 day a week on site support to floating support arrangements to periodic assistance.

Where accommodation and support were provided, support included:

- Help to find housing
- Independent living skills such as cooking cleaning and washing
- Drug and Alcohol Counselling
- Psychological counselling
- Financial counselling
- Assistance in gaining employment
- Emotional support
- Material assistance including food, blankets and travel assistance payment of TAFE fees and educational support

Homeless young clients were surveyed in outer and inner metropolitan locations as well in regional and rural areas so the real costs of providing residential accommodation for clients as well as office accommodation for support staff varied considerably. Few agencies owned the properties they used to provide accommodation for homeless clients. Some agencies rented properties on the private rental market. However, most of the properties used by agencies were rented from social housing associations which had previously been part of the public housing stock. In such situations, properties were formally rented at less than commercial rates but rental rates were steadily being increased closer and closer to match commercial rents.

Table 6 Provides details of the number of programs and clients as well as cost of providing accommodation and assistance of surveyed clients. The table classifies accommodation and service types according to whether the program provides short-term crisis or emergency assistance, transitional accommodation or longer term supported care. Longer-term supported care is further categorised into short-term (12 to less than 26 weeks) medium term (26 to less than 52 weeks) and longer term (52 weeks or more).

**Table 6: Accommodation and support costs by type of program, CYHA**

Accommodation type	No. of Programs	No. of clients			Cost per client		
		Min	Max	Mean	Min	Max	Mean
Crisis	5	34	132	86	\$6,132	\$16,201	\$10,270
Short Term	3	8	77	31	\$23,299	\$31,169	\$28,349
Medium Term	5	7	43	24	\$10,000	\$40,667	\$23,530
Long Term	2	59	60	60	\$4,333	\$4,381	\$4,375
Transitional	5	12	230	79	\$2,252	\$15,591	\$5,549

The costs shown are the actual amounts spent during the financial year 2011 -2012 inclusive of funds from government, donations and contributions from residents. These figures for 2011-2012 to match the timing of the first wave of completed interviews.

Table 6 Shows that there is considerable variability in cost of providing accommodation and support service mainly due to the level of case complexity and service provision, hence, the figures need to be interpreted with some caution. For example, with respect to short-term provision, the program with the largest average cost per client provided 24-hour support. Youth refugees were once generally funded

to this level of support. However, full 24-hour staffing is now less and less common. The average cost of medium-term accommodation and support also varied considerably between programs. Two programs indicated an average cost per client in excess of \$40,000. Again, these two programs provided 24-hour on-site support with one providing support to young mothers. Three of the programs indicated average cost per client of less than \$15,000 per client, but in one case, accommodation was owned by the agency, and in the other two cases, the accommodation was owned by the state department of housing and rented at peppercorn rates. In terms of the costs of long-term accommodation and support programs, the average cost was much lower, but one agency was leasing its premises at half commercial rates, while in the other program, support continued for some time after clients had left the agency's accommodation.

In the crisis accommodation category, the service with the lowest average cost had housing provided at subsidised rates by the state housing authority. The average cost per client in transitional housing is somewhat skewed with three of the programs having average costs of less than \$3,000, while another had average cost of client of less than \$5,000. One program had an average cost per client of \$15,591 but provided onsite case workers and support.

The variations in the cost of providing accommodation and support can be seen clearly in Table 6. Long-term programs have lower average cost than other accommodation types as they provide lower resources to clients, and do not provide 24/7 onsite support. Like-wise, transitional housing models are typically low cost because clients require less supervision as by definition these young clients are transitioning to independent living. The crisis accommodation programs provide more supervision and hence incur more costs than transition programs. The highest cost per client programs are those offering short and medium-term accommodation and support as many involve intensive case management and 24/7 support, training in life skills. Also, some of these programs include clients with higher needs such as new mothers, who require significant support and assistance.

Agencies provided a breakdown of the cost of providing homeless programs. Costs were categorised into four major groups - staff costs, property costs, other costs (including brokerage) and administration costs. The average percentage breakdown of costs into these broad categories was found to be:

- Staffing costs 71.25%;
- Property costs 6.52%;
- Other costs (including brokerage) 15.16%, and;
- Administration costs 9.79%.

Property costs were a small percent of the cost of the various programs but this could well drift upward in the future. As stated previously, several agencies indicated that public housing stock, which has been used for program accommodation is increasingly being transferred to housing associations and a consequence of this is that rents are slowly but steadily being increased to near commercial rates.

Given the variability in length of support period it is useful to turn the unit cost per client into a cost of providing accommodating and support per week as indicated in Table 7.

When the cost of accommodation and service provision is adjusted for the length of clients stay in the program, it is evident that the average cost of providing crisis and short-term accommodation is generally higher than longer duration accommodation options.

The weekly cost of providing support to crisis clients is at the high-end, but somewhat distorted by one program which had an average cost per client per week of \$3,864. This program provided an enhanced model of care with 24/7 care psychological counselling and brokerage provided to clients. This level of care and service provision was demonstrably (and necessarily given the nature of their clients) higher

than that provided by other programs. The other four programs had average cost per client per week of less than \$1,800. Similarly transitional program typically had very low and similar average cost per client per week. Four programs had an average cost per week of less than \$100 with one, the only one to offer 24/7 onsite case workers which had an average cost of \$268.

Table 7: Average accommodation and support costs by type of program per week

Accommodation type	No. of Programs	Cost per client			Cost per client per week		
		<i>Min</i>	<i>Max</i>	<i>Mean</i>	<i>Min</i>	<i>Max</i>	<i>Mean</i>
Crisis	5	\$6,132	\$16,201	\$10,270	\$789	\$3,846	\$1,773
Short Term	3	\$23,299	\$31,169	\$28,349	\$970	\$2,038	\$1,652
Medium Term	5	\$10,000	\$40,667	\$23,530	\$250	\$1,452	\$681
Long Term	2	\$4,333	\$4,381	\$4,375	\$56	\$77	\$67
Transitional	5	\$2,252	\$15,591	\$5,549	\$21	\$268	\$113

In general, consistent with the figures presented in Table 6 and 7, programs offering long-term accommodation tended to be the lowest cost. These programs provided basic accommodation and regular contact with support workers, however, one of the programs had heavily subsidised rents while in the other clients tended to leave to program after a period but still could seek support for an extended time.

### **The Cost of providing support only**

In four agency programs, the service model provided support only but not accommodation. About one in ten of the young people responding to the CYHA survey received support and case management without accommodation. Table 8 presented data on several of the 'support only' programs clients were involved in. Once again, the figures need to be interpreted with caution as the extent of assistance provided, duration of support and level of case complexity vary across programs. Support included referral to accommodation or legal services, material aid, therapeutic, counselling and mental health services, assistance with budgeting, advice on tenancy rights and responsibilities, life skills involving cooking, cleaning, parenting skills, employment assistance

Table 8: Cost of support only programs (no accommodation provided)

Program type	No. of Programs	No. of clients			Ave. cost per client		
		Min	Max	Mean	Min	Max	Mean
Support only	4	32	156	74	\$2,263	\$4,837	\$3,793

Table 8 shows the cost of support only programs. The length of support lasted in the four programs from 12 to 48 weeks with the number of clients exiting the programs ranging from 32 to 156. The average cost per client ranged from a low of \$2,263 to a high of \$4,837.

In addition to the services, that provided case management and support, there were three other programs which because of the unique nature of the services provided require individual consideration. Table 9 sets down the number of clients and the cost per client for these three 'alternative' services.

**Table 9: Programs offering alternative support and assistance**

Program	Number of clients being assisted p.a.	Average cost per client
A. Referral	2,500	\$360
B. Long-term transitional support	150	\$6,667
C. Education only	200	\$2,075

The first program (A) acted mainly as a referral service with call centre. It assisted a large number of clients (2,500) and thus incurred a very low average cost per client of \$360. The second service (B) provided long-term transitional support to a target group of young people coming out of state care. In this case, young people could repeatedly seek and receive assistance from the service for several years after initial period of support and accommodation. As a result, the unit cost per client (\$6,667) was substantially higher than for other transitional housing programs. The third service (C) provided a purely educational program for disadvantaged youth, not necessarily homeless, and the unit cost of \$2,075 per client reflects this type of service.

## 10. Summary

The *Costs of Youth Homelessness in Australia* study sought to establish empirically what additional costs accrue to the health and criminal justice systems when young people experience homelessness. The main finding from this research is that there is a significant average cost in terms of health and justice services for homeless youth above that incurred by either other disadvantaged youth or the general population. Homeless young people cost, in terms of identifiable health and justice services, on average, \$17,868 per person per year. This is \$14,986 per person per year more than for young long-term unemployed young people. In terms of the total global cost to the Australian economy, this amounts to some \$747million per year calculated in terms of the number of young people accessing the Specialist Homelessness Service system annually. To provide some perspective to this figure, if young homeless people utilised health and justice services at the same level as long-term unemployed youth the cost would be \$120million per year. In other words, an additional cost of \$626 million results from the additional disadvantaged attached to the homelessness experience.

There are two other cost issues. The first is that whenever a young person avoids entering the homelessness service system there is a cost saving that could be potentially saved over the medium to long-term. There are a wide variety of costs of support depending on the situation of the young homeless person but in terms of those receiving supported accommodation, an average cost of \$15,000 per client is possible. The second issue is that early school leaving produces a significant social cost to the community. Homeless young people are among the most disadvantaged early school leavers. Support to complete school or the vocational equivalent of Year 12 therefore also is a significant cost offset.

## 11. Policy Implications - The Economic Costs of Homelessness

Policy discussion on the economics of homelessness too often focuses on the budget allocation for homelessness services. Since 1985, when the joint Commonwealth-State Supported Accommodation and Assistance program (SAAP) was created, homeless services have been a program with matched funding from the Commonwealth and the states and territories. SAAP ended in 2009, and was replaced by the National Affordable Housing Agreement (NAHA) which packaged funding for homelessness services together with a larger quantum of funding for social housing. The funding that supports homelessness services, now referred to as Specialist Homelessness Services (SHS) is provided from a new National Partnership Agreement on Homelessness. Total recurrent government expenditure for specialist homelessness services was \$507m in 2011-12, \$587.8m in 2012-13 and \$619m in 2013-2014. SHS funding supports some 1,500 services throughout Australia to provide support and/or accommodation for homeless people or people at-risk of becoming homeless.

Every individual is counted as a client including children. In 2013-2014, specialist homelessness services assisted a quarter of a million individuals (254,000). Nearly one third (30%) of the individuals assisted were single, another one third were sole parents with children (33%), just less than one third were other families (29%), and the residual being 'other groups' of non-related persons (7%). Close to a half (45%) of people approaching the specialist homelessness services were already homeless, while the others were at-risk of becoming homeless (55%). In 2013-2014, of the 76,200 individuals who were alone when they presented to services, 44,414 were young people aged 15-24 years, or nearly six out of every 10 single clients. Of these young people, about 34,000 were aged between 18 and 24 and about 10,000 teenagers were aged between 15 and 17 years of age. Half of all these young people were enrolled in education, either school or some form of post-secondary education or training. Although, the Australian Institute of Health & Welfare (AIHW) reported a small decrease in the number of young people presenting to services alone – down from 44,414 in 2013-2014 to 41,780 in 2014-15, a reduction of about 6 per cent which occurred similarly in all jurisdictions.

The Productivity Commission's Report on Government Services stated that the specialist homelessness service system cost \$30 per client per day and an average recurrent cost per client of accessing homelessness services of \$2,437. Clients of homelessness services are assisted over varying lengths of time so service costs are widely distributed. It is difficult to establish exactly what proportion of the total cost of homelessness services can be confidently attributed to support and accommodation services for eligible client groups in the Specialist Homelessness Service system. For young people, an estimate is about \$200m for teenagers and young adults on their own, not presenting as part of family units. Several youth crisis services disclosed that the average cost per client per year is approximately \$10,000. The unit costs of transitional housing tends to be less than for crisis services, but service provision costs do vary widely between jurisdictions as well as within jurisdictions, particularly in Western Australia or Queensland. Nevertheless, the average cost of support and/or accommodation in the Specialist Homeless Services program is estimated to be about an average of \$15,000 per person per year for young clients.

The broad historical trend is that there is a continual flow of individuals and families seeking help from homeless services every year. Some people experience homelessness over many years but it is common to find people experiencing multiple episodes of homelessness interspersed by periods living in private rentals or with family. The cost of providing homelessness services is a continuing cost to the Commonwealth and state/territory budgets.

The homeless young people in the CYHA study reported significantly higher prevalence of adverse health issues than the general population or even when compared to other unemployed, job-seeking youth – an average cost of \$6,744 per person per year. Also, experiencing homelessness means considerably greater contact with and involvement in the justice system – an average cost of \$8,242



higher than for the unemployed group. The total cost offsets for young people becoming homeless is an average of \$14,986 per person per year. From an economic standpoint, policies that respond to homelessness in ways that avoid these costs to the economy and the Australian community have to be seriously considered. There is a compelling economic case for doing so.

## 12. Policy Priority One: Early Intervention

Several policy implications arise from these findings, but the clearest is 'early intervention' to stem the flow of young people becoming homeless in the first place. The 2008 White Paper, *The Road Home: A National Approach to Reducing Homelessness* outlined two headline objectives. One was to 'halve overall homelessness by 2020' and the other was to 'offer supported accommodation to all rough sleepers who need it by 2020'. The key strategies were threefold.

*Turning off the tap:* services will intervene early to prevent homelessness.

*Improving and expanding services:* services will be more connected and responsive to achieve sustainable housing, improve economic and social participation and end homelessness for their clients.

*Breaking the cycle:* people who become homeless will move quickly through the crisis system to stable housing with the support they need so that homelessness does not reoccur.

(The Road Home, Page ix)

The White Paper raised the importance of working with mainstream services and finding ways of bringing mainstream services into the strategy to reduce homelessness.

*A repeated theme of submissions to the Green Paper was the need to improve the response of mainstream services to people who are homeless. This will in many cases prevent people becoming homeless – by catching them early. It will also reduce the demand for specialist homelessness services by helping those mainstream services work more effectively with people – who despite the best efforts – do become homeless and require assistance from specialist homeless services. (The Road Home, p36)*

For adolescents, the mainstream institution is secondary school. but the question is how best to harness these institutions to prevent young people from becoming homeless.

Early intervention for young people was advanced first in the mid to late 1990s and after the election of 1996, the Prime Minister John Howard established a Prime Ministerial Youth Homelessness Taskforce to examine what could be done. After a pilot program, the Reconnect program was launched and rolled out between 1997 and 2003 to provide an early intervention response on referral of young people at imminent risk of homelessness or only recently homeless. The program receives recurrent Commonwealth funding of about \$23m for 100 services throughout Australia. An evaluation of Reconnect in 2003 concluded that the program was achieving positive outcomes for young people and their families. There was self-reported improvement of their situation from three quarters of the young people and parents involved with the program (RPR Consulting, 2003; Ryan, 2003). A limitation of the Reconnect program, despite generally positive findings about the program, is that like the crisis service system it depends on timely referrals.

A finding from the Counting the Homeless project was that from 2001 to 2006, the number of homeless youth had decreased from 26,060 to 21,940. The longer-term trend from the early 1990s to 2001, had been that the homeless youth population continued to increase despite an improving economy and falling youth unemployment.

More recently, a Departmental Review of Reconnect (2013) found the program was achieving 'positive impacts for clients' and generally 'meeting or exceeding its performance indicators'. Also, it must be conceded, that in 2016, specialist homelessness services are more attuned to attempting to provide early intervention rather than simply admitting presenting youth into the homelessness service system.

On the other hand, there was no dedicated investment in ‘turning off the tap’ or early intervention by the Labor Government between 2008 and 2013 (a five-year period). After the change in Government at the 2013 Federal election, there was a Prevention and Early Intervention round-table convened in October 2014 at the behest of the then Minister Kevin Andrews. But, no major initiatives have since been enacted nor has there been any major early intervention investment by the Federal Government between 2013 and the present day.

A clear implication from the finding of high cost offset in health and criminal justice for homeless young people is that efforts to successfully achieve early intervention have the capacity to save significant public funds into the future.

If only five percent of the young people entering the homelessness system every year could be diverted from becoming homeless at the outset, then the saving to the budget bottom line in reduced health and justice services and Specialist Homelessness Services usage and would be approximately \$60m annually. If these same young people could be at the same time supported to remain in school and finish Year 12, there is another significant saving for the Australian community over the long-term.

### **Early Intervention with at-risk youth and vulnerable families**

The first policy priority arising from the key CYHA findings is ‘early intervention’ or reaching a young person where there is a discernable risk of homelessness and intervening to avert a crisis whereby a young person actually becomes homeless. For many teenagers and young adults living with their families, family conflict, often involving violence, is a major driver of young people exiting their family situation. If intervention can resolve the family issues sufficiently to avert home leaving, then there is a major cost advantage in doing so. As outlined previously, there is some early intervention already in place and being directed to young people. This is the Reconnect program launched in 1997 after a Prime Minister’s Youth Homelessness Taskforce. There is some suggestive evidence that this effort may have produced a small decrease in the number of young people passing through the homelessness service system, or perhaps arrested what otherwise would have been an increase in line with the increase in homelessness for other groups.

There is evidence that for about half of young adults (18-24 years), they first experienced homelessness while still at school or during adolescence. If this flow could be averted then this will eventually have impact over time on the adult homeless population as well. One option would be to increase the Reconnect program. This is would represent at least a status quo response that would maintain or if there was additional investment, strengthen the capacity of this program to deliver early intervention.

However, another promising emerging approach is to reform local service systems so that young people at-risk are identified early, supported through secondary school and beyond, whenever, some extra help is required. The Geelong Project (TGP) ‘community of schools and services’ (or COSS) model of early intervention is the leading exemplar of what is aptly described as ‘collective impact’, in which a community’s support resources work collaboratively to a common vision and practice framework using the same data measurement tools. As social innovation in service delivery, The Geelong Project involves a raft of practice innovations in order to realise a more effective early intervention local service system. The COSS model involves a place-based approach focused on actual communities of action, the formation of new local collaborative structures and processes to enable more effective support, population screening for risk, shared data amongst the schools and key agencies, youth-focused but family-centred casework support, and a strong commitment to measuring outcomes in terms of reducing entry into the homelessness service system at the same time as reducing early school leaving. The COSS model is being adopted in New South Wales on a pilot basis. There are currently two pilot sites (The Northern Beaches Project – The Burdekin Association and The Ryde project – Mission with a further seven foreshadowed in the near future. Pilot sites are under development in South Australia and there is also interest in the Australian COSS model from Canada and the United States.

The COSS model relies on the breaking down of education and community sector silos at the local level and early interventions to reach vulnerable young people and their families prior to crises happening.

Investment in the COSS model and reform of local service system to more effectively support vulnerable young people should be drawn from both the education and community services state budgets. Embedding the existing Reconnect capacity in the new models would be a logical decision but in line with the Federal Government's rhetoric about 'innovation' and the devolution of service provision to the states and territories. Significant seed funding to accelerate the development of the COSS model and its piloting would be appropriate to make sufficient changes and reforms in the various jurisdictions so that cost offset savings begin to accrue more quickly. At the state and territory level, the potential cost savings from Specialist Homelessness Services are not strictly demand driven, but over time, by progressively reallocating various welfare expenditures from crisis to pre-crisis as early intervention begins to impact on outcomes, state and territory government should be able to find some of the funding required to establish and maintain the collective impact COSS approach throughout their jurisdictions.

### ***Early intervention with young people who have been in out-of-home care***

Young people who have entered out-of-home care at any point in their lives have already experienced a seriously problematic family situation. In the various jurisdictions, there are laws such as the Children (Care and Protection) Act 1987 in New South Wales or the Children and Young Persons Act 1989 in Victoria, that require doctors, nurses, police officers and teachers to report young people to the appropriate authorities if they have 'reasonable grounds (that arise as a consequence of their employment) to suspect that a child is at risk of significant harm' (AIHW 2013-14 Appendix D-1).

About two-thirds of the homeless young people had been placed in some form of out-of-home care before they turned 18. By comparison, only 18 per cent of the job-seekers group had been in out-of-home care.

The goal of child protection is to attempt to provide family support so that removal into out-of-home care is not necessary. If removal from the family is necessary, the preference and priority is to place young people requiring out-of-home care with related family members or if that is not possible in foster homes. In 2013-14, of the 15,858 children and young people (0-17 years) in out-of-home care, 14,665 or 92.5 per cent were either in foster care (37.4%) or with relatives/kin (45.1%) or other home-based care (10.1%). Only 1,157 or 7.3 per cent were placed in residential care. The trend in child protection policy has been to reduce the reliance on residential settings in part due to a recognition of the problems associated with institutionalisation, but also due to a growing understanding of the effects of this kind of setting on child development. Family settings with relatives are the preferred out of home option, or foster carers where family members are not able to provide care. The young people, who are placed in residential care, now tend to be the more emotionally disturbed and behaviourally difficult children.

However, nearly two-thirds (63%) of the homeless young people in this study, who had been in out-of-home care, had been placed in residential care at some point.

Young people who have been through the care and protection system have been recognised as a particularly vulnerable group. But, vulnerability will vary depending on the severity of their experiences and whether children can be successfully returned to live with their family or not. Children who experience multiple foster care placements or who spend long periods in residential settings are especially vulnerable to becoming homeless at some point in their lives and often not long after they have left care.

### **Leaving care – an opportunity for early intervention**

Young people, who have been in out-of-home care during adolescence and are still in out-of-home care when they turn 18 years of age, then face the prospect of having to live independently when they may be ill-prepared for that step. Ainsworth and Hansen (2005) drew attention to the fact that the decline in residential care under the Child Protection system has seen a significant number of 'young people who might well have been placed in residential care are now instead being served by homeless youth programs'. Their verdict at the time was harsh.

*Indeed, it can be argued that State and Territory authorities have offloaded many of the most disturbed and difficult children and young people to the less-professional SAAP programmes (Community Services Commission, 2001). In that sense, SAAP facilities have become the de facto residential programmes of the child care and protection system.*

In the White Paper, *The Road Home* (2008), it was noted that 'A significant number of people who are chronically homeless were under the care of child protection systems in the past' and specifically that 'young people leaving care and child protection systems also report high levels of homelessness ... child protection systems have not been able to provide secure, stable accommodation (and) service providers report that many young adults who are experiencing homelessness have recently left child protection systems and do not have the income or skills to manage a home of their own' (p.9).

There are various leaving care initiatives designed to provide post-out-of-home support, however, many of young people making the abrupt transition to independence experience considerable difficulty. From the perspective of early intervention to prevent the onset of homelessness, the process of leaving care is one of those transitions at which support can be delivered and if delivered appropriately and sufficiently should be able to prevent a young person leaving care experiencing homelessness and entering the homelessness service system.

### **Early intervention with early school leavers**

It was not a goal of this research to longitudinally study early school leaving as such. But, it happens that more than two thirds (66%) of homeless youth (over the age of 18 years) were early school leavers. However, more broadly, early school leavers comprise one in four young people (about 25%). Indigenous youth have much lower Year 12 completion rates than non-Indigenous youth. Some young people who become homeless while still at school will become early school leavers as a result of that. Some young people who leave school early return for vocational training or re-enter education, but, that leaves about 10 per cent of early school leavers who will go on to experience quite possibly a long period of labour market disadvantage, for some even life-long, and who are much more at-risk of becoming homeless as some later point in their lives. In the *Journey's Home* (2010-2016) longitudinal study, six out of ten of the homeless in their sample of 1500 homeless and at-risk of homelessness individuals were early school leavers. The Australian Bureau of Statistics asked about homelessness in the General Social Survey 2014. Altogether 2.5 million people over the age of 15 years reported that they had experienced homelessness at some stage in their lives, 1.4 million within the previous decade and 315,000 in the previous 12 months. About one third had not completed school beyond Year 10 (ABS 2011).

There are major cost implications of early school leaving. One 1999 study undertaken by the National Centre for Social and Economic Modelling (NATSEM) in partnership with the Dusseldorf Skills Forum found that the total social cost of early school leaving was about \$4b (adjusted from 1999 to 2016 Australian dollars) per year. All of the highlighted policy and program initiatives have a strong focus on keeping homeless and marginal young people engaged in education and training (King, 1999).

A promising initiative being piloted in Victoria is the Navigators Pilot Program (\$8.6m) which will target young people aged 12-17 years who are not connected to schools at all or at risk of disengaging.

The initiative may be delivered through schools or by community agencies. Navigator providers will have regular contact with participants, tracking and monitoring their progress, reporting on outcomes and providing whatever support is appropriate to improve the educational outcomes for this particularly disadvantaged cohort. Beginning in 2016, the Department of education and Training will establish a Disadvantaged Students Register to track early school leavers and provide follow-up despite the fact that they have left secondary school (see DET website for information on Navigators Pilot initiative).

### **13. Policy Priority Two: Rapid Rehousing – housing exit pathways from homelessness**

For young people, who have become homeless and for whom there is no realistic prospect of reconciliation or returning to living with family, the policy imperative is to move these young people as quickly as possible into independent living. The broader context is that there is a crisis of housing affordability in Australia. The income limitations of young people are such that even access into social housing is somewhat problematic for social housing providers. Homeless young people on their own are about half (54%) of all single people who seek help from homelessness services, but they are only two to three per cent of tenants in social housing in New South Wales. Mainstream social housing providers are often reluctant to accept young residents because of their low and insecure incomes, and in general, they are regarded as a high-risk group of tenants. This is not publicly stated but social housing managers will often say that from a business perspective they have to limit the number of young tenants for these reasons. The statistics on young tenants in social housing reflect this thinking and the decisions that flow consequentially.

One issue is the time it takes to provide new housing. Creating housing supply is inelastic when compared with demand for housing to accommodate young people who have become homeless and need to move onto independent affordable housing. One way to gain more flexibility has been to seek properties in the private rental market and provide rental subsidies. However, rising rents and greater competition for rental properties in the market, places pressure on this strategy and its ongoing affordability and extensibility.

The other issue is whether housing options are appropriate for young people. Over the past three to four decades, due mainly to structural changes in the labour market, young people have tended to remain living in the family home for longer. In 1986, about one in five young adults (aged 20-34 years) were still living with their parents, but by 2006, this had increased to one in four or 23 per cent of young adults. About one third of 20-24 years olds (34.9%) still live at home. Also, moving out but later returning for a period and perhaps doing this several times is common. This family support is not available to those young people who have to leave home early and who become homeless.

When young people attempt independent living at any age, the most common situation is a group or share house, generally occupied by unrelated individuals. About three-quarters of group household members will be either working full-time or studying full-time with a sufficient allowance or family support to be able to afford living in a group house situation. Successful group households require a reasonable degree of cooperation and involve a degree of mutual support. Households will often decide on which applicant they will accept to rent an available room. The young people in the homeless cohort have many issues, including mental health, early school leaving, trauma etc and are therefore not readily able to access nor afford this kind of group housing.

One model of youth housing that incorporates the notion of wrap-around extended support, provided by families for most young people, is the 'youth foyer', originally developed in the UK in the early 1990s, but more recently adopted in Australia. The Ladder foyers in Hoddle Street, Melbourne and Adelaide, the Victorian Education First Foyers and Foyer Oxford in Perth, W.A. (Sercombe, 2014) are notable examples. The core concept of the foyer model is the packaging of support including

accommodation with participation in education, training and/or employment. Participation in education, training and/or employment is not optional but is a condition of residency. The duration of residency in a foyer is usually for about two years (but with some flexibility around the end date) and there is a strong expectation that young people will achieve positive outcomes in terms of education, vocational skills and employment and be able to move on independent living in private rentals or social housing. In the Australian context, some questions have been raised about the financial viability of foyers. Currently, supplementary funding for support is provided on a special project basis and not via higher levels of youth benefits or support funding intrinsically linked to capital investment in the model.

A range of foyer-like models have been suggested as a way of providing the same level of support linked to education, training and/or employment. Many of these differ from the large multi-storey buildings, which are typical of how foyers have been represented and developed. For these kinds of buildings, capital costs are relatively high. Lower-cost prefabricated and relocatable units in clusters might be one way of achieving a lower capital cost while not compromising the support component of the model. The use of land for such buildings at schools and colleges or the temporary rather than permanent use of public land are possibilities for lowering capital costs.

A key advantage of foyer-like models is that they do address the support required to enable young people to develop the skills, habits and responsibility for independent living. This does go some way to addressing issues of 'appropriateness' when providing housing options for young people.

The problem of an increased housing supply specifically for young people remains a major limitation for achieving rapid rehousing. Rental options may provide more flexibility on the supply side, but carry an administrative cost load and suffer from market pressure on rents. The agencies providing Specialist Homelessness Services, even the larger charitable organisations have not been able to expand youth housing to any significant extent except as transitional housing. Even in cases where the community organisations are also registered social housing providers, they have tended to follow the same business logic as mainstream social housing providers in terms of accepting a much lower proportion of young tenants than would be the case if their intake was more consistent with the proportion of young people passing through the homelessness service system.

Therefore, the launch of the first youth specific youth housing company, Myfoundations Youth Housing Company in early 2015, promises to be a significant initiative. The company, mainly based in New South Wales at present but with national ambitions holds some \$20m of housing stock, with 71 properties under management and over 130 young tenants across Western and South Western Sydney as well as the Mid-North Coast. While is a small operation in its formative stage of development, it has declared a strategic goal of 500 properties within five years. The youth social housing provider will be seeking a significant investment out of the \$1b social and affordable housing fund over the next decade. The New South Wales has set new targets for housing homeless youth and is committed to continued investment in the new youth housing venture. Myfoundations has advanced the concept of foyer-like support throughout its housing stock. If the company is successful in gaining the support of other state and territory governments to follow the lead of New South Wales, then this level of investment would begin to substantially increase the supply of youth housing in Australia (NSW Government – Family & Community Services, 2014).

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<sup>1</sup> A list of agencies is included in Appendix 2 to this report.

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## 16. Appendix 1

Table 10: Health costs, Homelessness group and general population compared

	Government cost per incident (2011-12 \$)	General population			Primary support: Homelessness		
		Average incidence per person per year	Average incidence per person per year	Percentage of total health and justice cost	Average incidence per person per year	Cost per person per year	Percentage of total health and justice cost
Health services							
General practitioner consultation	\$45	5.452	\$244	9%	6.580	\$294	2%
Medical specialist consultation	\$72	1.123	\$81	3%	3.171	\$230	1%
Nurse or allied health professional (incl. psychologist) consultation	\$89	0.901	\$80	3%	2.234	\$199	1%
Night in hospital	\$1,612	0.688	\$1,109	40%	2.451	\$3,952	22%
Night in mental health facility	\$807	0.117	\$94	3%	2.161	\$1,745	10%
Night in AOD detox/rehab centre	\$367	0.020	\$7	0%	1.675	\$614	3%
Casualty or emergency	\$574	0.288	\$165	6%	1.080	\$620	3%
Outpatient or day clinic	\$139	1.994	\$276	10%	1.108	\$154	1%
Ambulance	\$782	0.144	\$112	4%	0.818	\$639	4%
Dental services	\$61	1.652	\$101	4%	0.951	\$58	0.3%
<b>Total average health cost</b>			\$2,271	82%		\$8,505	48%

Embargoed until April 28

Table 11: Health costs, unemployed group and general population compared

	Government cost per incident (2011-12 \$)	General population			Primary support: Unemployment		
		Average incidence per person per year	Average incidence per person per year	Percentage of total health and justice cost	Average incidence per person per year	Cost per person per year	Percentage of total health and justice cost
<b>Health services</b>							
General practitioner consultation	\$45	5.452	\$244	9%	5.112	\$229	8%
Medical specialist consultation	\$72	1.123	\$81	3%	1.067	\$77	3%
Nurse or allied health professional (incl. psychologist) consultation	\$89	0.901	\$80	3%	0.236	\$21	1%
Night in hospital	\$1,612	0.688	\$1,109	40%	0.674	\$1,087	38%
Night in mental health facility	\$807	0.117	\$94	3%	0.011	\$9	0%
Night in AOD detox/rehab centre	\$367	0.020	\$7	0%	0.000	\$0	0%
Casualty or emergency	\$574	0.288	\$165	6%	0.326	\$187	6%
Outpatient or day clinic	\$139	1.994	\$276	10%	0.157	\$22	1%
Ambulance	\$782	0.144	\$112	4%	0.101	\$79	3%
Dental services	\$61	1.652	\$101	4%	0.820	\$50	1.7%
<b>Total average health cost</b>			<b>\$2,271</b>	<b>82%</b>		<b>\$1,761</b>	<b>61%</b>

Embargoed until April 28

Table 12: Justice Costs, homelessness group and general population compared

	Government cost per incident (2011-12 \$)	General population			Primary support: Homelessness		
		Average incidence per person per year	Cost per person per year	Percentage of total health and justice cost	Average incidence per person per year	Cost per person per year	Percentage of total health and justice cost
<b>Justice services</b>							
Victim assault/theft reported to police	\$2,274	0.067	\$151	5%	0.392	\$891	5%
Stopped by police in street, visits from justice officer	\$170	0.322	\$55	2%	19.189	\$3,270	18%
Stopped by police in vehicle	\$83	0.827	\$68	2%	0.717	\$59	0%
Apprehended by police	Juvenile: \$1,032 Adult: \$516	Juvenile: 0.0016 Adult: 0.0025	\$1.38	0.05%	2.640	\$2,093	12%
In court	\$1,044	0.057	\$59	2%	1.427	\$1,489	8%
Nights in prison	Juvenile: \$624 Adult: \$305	Juvenile: 0.120 Adult: 0.466	\$129	5%	2.521	\$1,038	6%
Nights held by police	\$292	0.00015	\$0.04	0.002%	0.497	\$145	1%
Nights in detention/remand/correction	\$292	0.108	\$31	1%	1.294	\$377	2%
<b>Total average justice cost</b>			\$496	18%		\$9,363	52%

Table 13: Justice Costs, Unemployed group and general population compared

	Government cost per incident (2011-12 \$)	General population			Primary support: Unemployment		
		Average incidence per person per year	Cost per person per year	Percentage of total health and justice cost	Average incidence per person per year	Cost per person per year	Percentage of total health and justice cost
Justice services							
Victim assault/theft reported to police	\$2,274	0.067	\$151	5%	0.056	\$128	4%
Stopped by police in street, visits from justice officer	\$170	0.322	\$55	2%	3.214	\$548	19%
Stopped by police in vehicle	\$83	0.827	\$68	2%	0.405	\$33	1%
Apprehended by police	Juvenile: \$1,032 Adult: \$516	Juvenile: 0.0016 Adult: 0.0025	\$1.38	0.05%	0.180	\$104	4%
In court	\$1,044	0.057	\$59	2%	0.191	\$199	7%
Nights in prison	Juvenile: \$624 Adult: \$305	Juvenile: 0.120 Adult: 0.466	\$129	5%	0.011	\$3	0%
Nights held by police	\$292	0.00015	\$0.04	0.002%	0.045	\$13	0%
Nights in detention/remand/correction	\$292	0.108	\$31	1%	0.314	\$92	3%
Total average justice cost			\$496	18%		\$1,121	39%